NEW ISSUE-BOOK-ENTRY ONLY **Ratings:** See "RATINGS" herein.

In the opinion of Kutak Rock LLP, Bond Counsel to the City, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2017A Bond for any period during which such Series 2017A Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2017A Bonds, or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Bond Counsel is further of the opinion that (a) interest on the Series 2017A Bonds is a specific item of tax preference for purposes of the federal alternative minimum tax and (b) interest on the Series 2017B Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax, except that interest on the Series 2017B Bonds will be included in a corporate taxpayer's adjusted current earnings for purposes of computing its federal alternative minimum tax. Bond Counsel is further of the opinion that, under the existing laws of the State of Utah, as presently enacted and construed, interest on the Series 2017 Bonds is exempt from State of Utah individual income taxes. See "TAX MATTERS" herein.

$1,000,000,000
SALT LAKE CITY, UTAH
$826,210,000 Airport Revenue Bonds, Series 2017A (AMT)
$173,790,000 Airport Revenue Bonds, Series 2017B (Non-AMT)

SALT LAKE CITY INTERNATIONAL AIRPORT

Dated: Date of Delivery **Due: July 1, as shown on the inside cover page hereof**

Salt Lake City, Utah (the "*City*") is issuing its Airport Revenue Bonds, Series 2017A (AMT) (the "*Series 2017A Bonds*") and its Airport Revenue Bonds, Series 2017B (Non-AMT) (the "*Series 2017B Bonds*" and, with the Series 2017A Bonds, the "*Series 2017 Bonds*") to finance portions of the Terminal Redevelopment Program and the North Concourse Program, as described herein, and related costs of the City's Department of Airports (the "*Department*") at Salt Lake City International Airport (the "*Airport*"). The Series 2017 Bonds will be issued pursuant to a Master Trust Indenture (the "*Master Indenture*") and a First Supplemental Indenture (the "*First Supplemental Indenture*," and, with the Master Indenture, the "*Indenture*"), each by and between the City and Wilmington Trust, National Association, as trustee (the "*Trustee*"). The Series 2017 Bonds are limited obligations of the City payable solely from and secured by a pledge of (a) Net Revenues, (b) certain funds and accounts held by the Trustee under the Indenture, and (c) other amounts payable under the Indenture, all as defined herein. None of the properties of the Airport System, as defined herein, are subject to any mortgage or other lien for the benefit of the owners of the Series 2017 Bonds, and neither the full faith and credit nor the taxing power of the City, the State of Utah (the "*State*") or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Series 2017 Bonds.

The Series 2017 Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). Purchasers will acquire beneficial ownership interest in the Series 2017 Bonds in denominations of $5,000 or integral multiples thereof and will not receive physical delivery of bond certificates. So long as Cede & Co. is the registered owner of the Series 2017 Bonds, principal of and interest on the Series 2017 Bonds will be payable by the Trustee to Cede & Co., as nominee for DTC. See "APPENDIX E – Book-Entry Only System" herein.

The Series 2017 Bonds will bear interest from their date of original delivery, payable each January 1 and July 1, commencing on July 1, 2017.

The Series 2017 Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

See the inside cover page hereof for maturities, principal amounts, interest rates, yields and prices of the Series 2017 Bonds.

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

The Series 2017 Bonds are offered when, as and if issued by the City and received by the Underwriters, subject to the receipt of an unqualified approving opinion as to validity of Kutak Rock LLP, Denver, Colorado, Bond Counsel to the City, and certain other conditions. Certain legal matters will be passed upon for the City by the City Attorney, Margaret D. Plane, and Disclosure Counsel to the City, Foley & Lardner LLP, Boston, Massachusetts, and for the Underwriters by their counsel, Gilmore & Bell, P.C., Salt Lake City, Utah. Public Financial Management, Inc., San Francisco, California, serves as Financial Advisor to the City. Delivery of the Series 2017 Bonds to DTC or its custodial agent is expected in New York, New York on or about February 23, 2017.

Citigroup

BofA Merrill Lynch **Goldman, Sachs & Co.** **Morgan Stanley** **RBC Capital Markets** **Zions Bank**

February 8, 2017

SALT LAKE CITY, UTAH

$826,210,000
Airport Revenue Bonds, Series 2017A (AMT)

Serial Bonds

Due (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2021	$ 1,105,000	5%	1.86%	113.076	795576 FF9
2022	16,180,000	5	2.00	115.161	795576 FG7
2024	7,065,000	5	2.40	117.432	795576 FH5
2025	10,990,000	5	2.61	117.835	795576 FJ1
2026	13,255,000	5	2.80	117.993	795576 FK8
2027	19,865,000	5	2.91	118.567	795576 FL6
2028	22,915,000	5	3.03	117.394[C]	795576 FM4
2029	24,070,000	5	3.14	116.331[C]	795576 FN2
2030	25,270,000	5	3.23	115.469[C]	795576 FP7
2031	26,535,000	5	3.31	114.710[C]	795576 FQ5
2032	27,855,000	5	3.39	113.957[C]	795576 FR3
2033	29,255,000	5	3.47	113.210[C]	795576 FS1
2034	30,710,000	5	3.53	112.653[C]	795576 FT9
2035	32,245,000	5	3.58	112.192[C]	795576 FU6
2036	33,855,000	5	3.62	111.825[C]	795576 FV4
2037	35,550,000	5	3.66	111.459[C]	795576 FW2

$206,260,000 5% Term Bonds due July 1, 2042; Yield 3.73%; Price 110.822[C] CUSIP† 795576 FX0
$263,230,000 5% Term Bonds due July 1, 2047; Yield 3.79%; Price 110.279[C] CUSIP† 795576 FY8

$173,790,000
Airport Revenue Bonds, Series 2017B (Non-AMT)

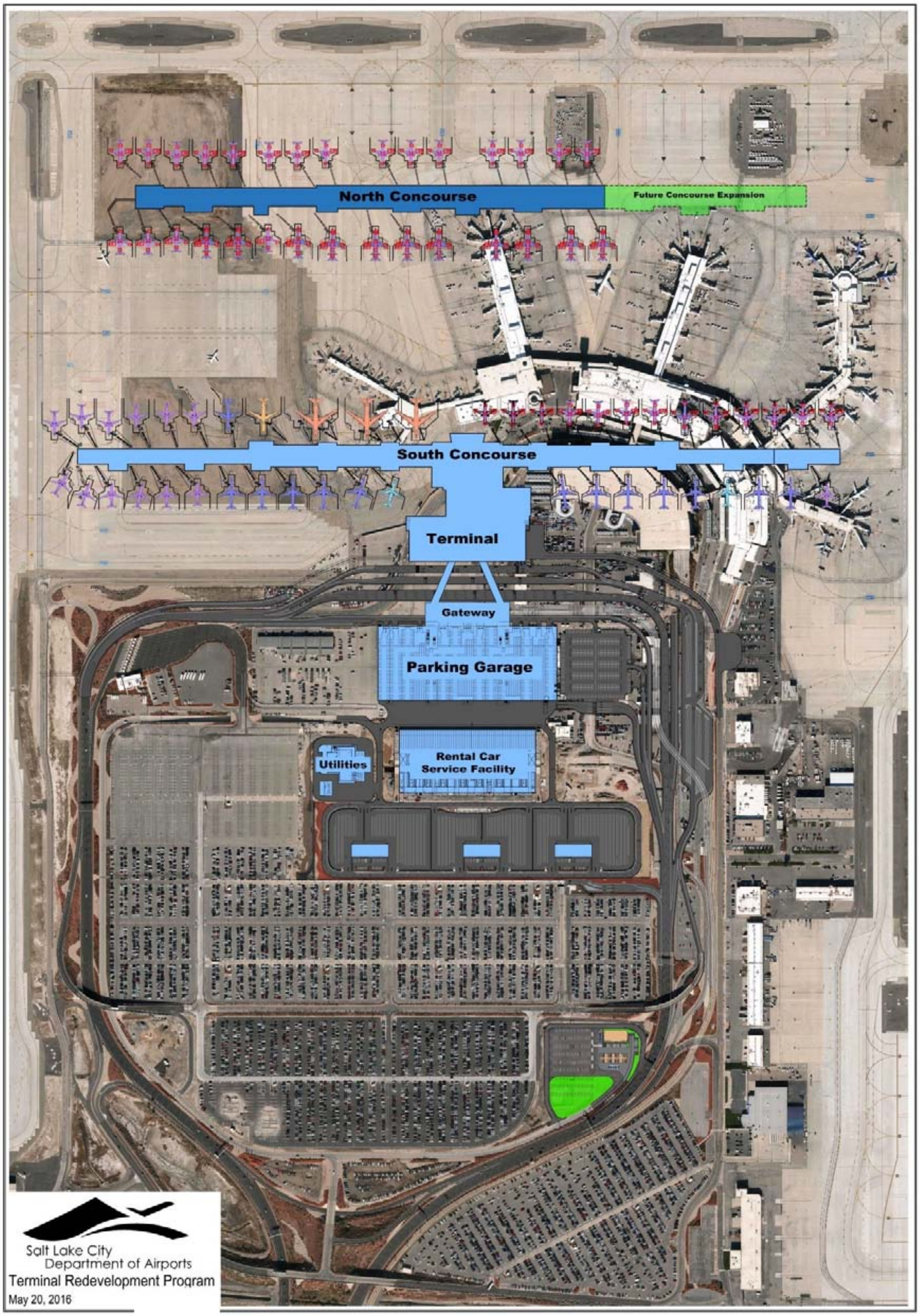
Serial Bonds

Due (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2021	$ 35,000	5%	1.63%	114.111	795576 FZ5
2022	4,165,000	5	1.63	117.213	795576 GA9
2024	955,000	5	2.08	119.817	795576 GB7
2025	1,910,000	5	2.29	120.499	795576 GC5
2026	2,455,000	5	2.48	120.922	795576 GD3
2027	4,075,000	5	2.59	121.764	795576 GE1
2028	4,845,000	5	2.71	120.553[C]	795576 GF8
2029	5,080,000	5	2.82	119.456[C]	795576 GG6
2030	5,340,000	5	2.91	118.567[C]	795576 GH4
2031	5,600,000	5	2.99	117.783[C]	795576 GJ0
2032	5,895,000	5	3.07	117.006[C]	795576 GK7
2033	6,180,000	5	3.17	116.043[C]	795576 GL5
2034	6,490,000	5	3.26	115.184[C]	795576 GM3
2035	6,815,000	5	3.31	114.710[C]	795576 GN1
2036	7,165,000	5	3.35	114.333[C]	795576 GP6
2037	7,520,000	5	3.39	113.957[C]	795576 GQ4

$43,600,000 5% Term Bonds due July 1, 2042; Yield 3.44%; Price 113.489[C] CUSIP† 795576 GR2
$55,665,000 5% Term Bonds due July 1, 2047; Yield 3.49%; Price 113.024[C] CUSIP† 795576 GS0

[C] Priced at the stated yield to the July 1, 2027 optional redemption date at a redemption price of 100%

† Copyright, American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2017 Bonds and the City does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.


North Concourse
Future Concourse Expansion
South Concourse
Terminal
Gateway
Parking Garage
Utilities
Rental Car
Service Facility
Salt Lake City
Department of Airports
Terminal Redevelopment Program
May 20, 2016

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SALT LAKE CITY, UTAH

CITY COUNCIL

Stan Penfold	Council Chair
Charlie Luke	Council Vice Chair
Lisa Ramsey Adams	Council Member
Andrew Johnston	Council Member
Derek Kitchen	Council Member
James Rogers	Council Member
Erin J. Robinson Mendenhall	Council Member

CITY ADMINISTRATION

Jacqueline M. Biskupski	Mayor
Patrick Leary	Chief of Staff
Margaret D. Plane	City Attorney
Cindi Mansell	City Recorder
Marina Scott	City Treasurer

AIRPORT ADVISORY BOARD

J.T. Martin	Chair
Larry Pinnock	Vice Chair
Igor Best-Deveraux	Member
Michael D. Gallivan	Member
Natalie Gochnour	Member
Sam Granato	Member
State Senator Karen Mayne	Member
Cynthia D. Miller	Member
Kim V. Rolfe	Member
James Rogers	City Council Representative

DEPARTMENT OF AIRPORTS

Maureen Riley	Executive Director
John Buckner	Director of Administrative and Commercial Services
Edwin Cherry	Director of Information Technology
Eddie Clayson	Director of Maintenance
Peter L. Higgins	Director of Operations
Allen G. McCandless	Director of Planning and Environmental
Kevin F. Robins	Director of Engineering
Ryan R. Tesch	Director of Finance and Accounting
Craig Vargo	Chief of Police
Nancy Volmer	Director of Public Relations and Marketing

BOND COUNSEL
Kutak Rock LLP
Denver, Colorado

DISCLOSURE COUNSEL
Foley & Lardner LLP
Boston, Massachusetts

FINANCIAL ADVISOR
Public Financial Management, Inc.
San Francisco, California

INDEPENDENT AUDITORS
Eide Bailly LLP
Salt Lake City, Utah

AIRPORT CONSULTANT
Trillion Av, LLC
Austin, Texas

TRUSTEE
Wilmington Trust, N.A.
Los Angeles, California

The information contained in this Official Statement has been furnished by the City, DTC and other sources that are believed to be reliable. No dealer, broker, salesperson or any other person has been authorized by the City or the Underwriters to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon as having been authorized by the City or the Underwriters.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Series 2017 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the City or in any other information contained herein, since the date of this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors 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.

The Series 2017 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such act. Any registration or qualification of the Series 2017 Bonds in accordance with applicable provisions of the securities laws of the states in which the Series 2017 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2017 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Official Statement contains "forward-looking statements" within the meaning of the federal securities laws in the sections hereof entitled "THE TERMINAL REDEVELOPMENT PROGRAM AND NORTH CONCOURSE PROGRAM," "THE AIRPORT," "REPORT OF THE AIRPORT CONSULTANT" and APPENDIX B. These forward-looking statements include, among others, statements concerning expectations, beliefs, opinions, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements.

This Official Statement contains forecasts, projections and estimates that are based on current expectations. In light of the important factors that may materially affect the financial condition of the City and the aviation industry generally and other economic and financial matters, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the City or the Underwriters that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

The City and the Department each maintain a website. However, the information presented on those websites is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2017 Bonds.

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OFFICIAL STATEMENT

of

SALT LAKE CITY, UTAH

Relating to its

$826,210,000 Airport Revenue Bonds, Series 2017A (AMT)
$173,790,000 Airport Revenue Bonds, Series 2017B (Non-AMT)

INTRODUCTION

General

This Official Statement of Salt Lake City, Utah (the "*City*") sets forth certain information concerning the City, its Department of Airports (the "*Department*"), the Salt Lake City International Airport (the "*Airport*") and the City's $826,210,000 Airport Revenue Bonds, Series 2017A (AMT) (the "*Series 2017A Bonds*") and its $173,790,000 Airport Revenue Bonds, Series 2017B (Non-AMT) (the "*Series 2017B Bonds*" and, with the Series 2017A Bonds, the "*Series 2017 Bonds*").

Salt Lake City

The City, a municipal corporation and political subdivision of the State of Utah (the "*State*"), has a Council-Mayor form of government. The City Council consists of seven members, who are elected by voters within seven geographic districts of approximately equal population. The Mayor is elected at large by the voters of the City and is charged with the executive and administrative duties of the government. The Mayor appoints and the City Council approves the appointment of the Executive Director of the Department. See "THE AIRPORT – The City" herein.

The Airport is owned by the City. In addition to the Airport, the City owns South Valley Regional Airport ("*South Valley*" or "*U42*") and Tooele Valley Airport ("*Tooele*" or "*TVY*") (collectively with the Airport, the "*Airport System*"), which are all operated and managed by the Department. The Mayor of the City and the City Council oversee the Department's affairs. A nine-member advisory board (the "*Airport Advisory Board*") of citizen volunteers advises the Mayor.

Salt Lake City Department of Airports

The day-to-day operations of the Airport System are managed by the Executive Director, who reports directly to the Mayor. The Executive Director leads the management staff of the Department and the Department's nine Division Directors, including the Department's Police Chief, oversee each of the primary operating and administrative divisions of the Department and report to the Executive Director.

Salt Lake City International Airport

The Airport is located on approximately 9,400 acres about five miles west of the City's downtown. The airfield at the Airport contains four runways, three of which are used for airline traffic and the fourth of which is used for general aviation traffic. The existing terminal complex consists of three terminal buildings, including the International Arrivals Building ("*IAB*"), and five concourses currently providing 76 aircraft parking positions. The Airport also currently contains a four level parking structure for short-term parking along with surface parking for longer-term parking and employees. The Airport is classified by the Federal Aviation Administration ("*FAA*") as a Large Hub facility based upon its share of nationwide enplaned passengers. The FAA classifies Large Hub airports as those serving at least 1% of annual U.S. passenger enplanements. See "THE AIRPORT – Airport Management" and " – Airport Facilities" herein. The Airport is also a hub for Delta Air Lines, Inc. ("*Delta*"). In the fiscal year ended June 30, 2016 ("*FY 2016*"), Delta and its affiliates carried 70.2% of the passengers enplaned at the Airport. See "THE AIRPORT – Aviation Activity at the Airport."

The Terminal Redevelopment Program and North Concourse Program

The Terminal Redevelopment Program ("*TRP*") and the North Concourse Program ("*NCP*") are a comprehensive and integrated series of projects that will result in the replacement of substantially all of the Airport's landside and terminal complex facilities. The TRP is a $2.177 billion capital improvement program that consists of the following project elements: (1) the South Economy parking lot, (2) the Rental Car Quick Turn Around and three Rental Car Remote Service Site facilities, (3) the Central Utility Plant, (4) a new Terminal Facility, (5) the Gateway Center, (6) the South Concourse-West, (7) the Parking Garage, (8) a new terminal roadway system to serve the new landside facilities, (9) the South Concourse-East, and (10) related infrastructure improvements, including apron reconfiguration, information technology, utilities and landscaping. The NCP is a separate, but programmatically integrated $737 million set of projects consisting of a concourse (the "North Concourse") planned to contain a total of 30 domestic gates and is expected to be constructed in two phases. The North Concourse will be located parallel to the South Concourse and connected to it by a passenger tunnel. The completion of the TRP and NCP will result in the replacement of substantially all of the landside and terminal complex facilities at the Airport and the demolition of a number of existing facilities. See "THE TERMINAL REDEVELOPMENT PROGRAM AND NORTH CONCOURSE PROGRAM" herein.

Purpose of the Series 2017 Bonds

The Series 2017 Bonds are being issued as the first Series of the City's airport revenue bonds under the Master Indenture described below to finance a portion of the design and construction of the TRP and the NCP. The City currently expects that it will issue additional series of airport revenue bonds under the Master Indenture (collectively, with the Series 2017 Bonds, the "*Bonds*") to fund approximately $1.1 billion of construction costs of elements of the TRP and the NCP in addition to the costs funded with proceeds of the Series 2017 Bonds. See "THE TERMINAL REDEVELOPMENT PROGRAM AND NORTH CONCOURSE PROGRAM" and "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – CIP Plan of Finance.".

The Series 2017 Bonds

The Series 2017 Bonds are being issued pursuant to the Master Trust Indenture to be dated as of February 1, 2017 (the "*Master Indenture*") between the City and Wilmington Trust, National Association, as trustee (the "*Trustee*"), the First Supplemental Indenture to be dated as of February 1, 2017, between the City and the Trustee (the "*First Supplemental Indenture*" and, together with the Master Indenture the "*Indenture*") by and between the City and the Trustee, and the Act, as defined in the Master Indenture. The Series 2017 Bonds have been approved by a resolution of the City Council adopted on December 13, 2016. The Series 2017 Bonds are subject to optional and mandatory redemption prior to maturity as provided herein. See "THE SERIES 2017 BONDS" herein.

Security for the Bonds

The Series 2017 Bonds and any other Bonds issued pursuant to the Master Indenture will be limited obligations of the City payable solely from and secured by a pledge of (1) Net Revenues, (2) certain funds and accounts held by the Trustee under the Indenture, and (3) other amounts payable under the Indenture. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Series 2017 Bonds or any other Bonds, and neither the full faith and credit nor the taxing power of the City, the State or any political subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, and interest on the Series 2017 Bonds or any other Bonds. See "SECURITY FOR THE SERIES 2017 BONDS."

Forward-Looking Statements

This Official Statement contains forecasts, projections and estimates that are based on current expectations. In light of the important factors that may materially affect the financial condition of the Department and the aviation industry generally and other economic and financial matters, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the City that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The Department disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Department's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Additional Information

This Official Statement includes a description of the City, the Department and the Department's facilities and certain financial and operational factors relating to the Department, and a description of the Series 2017 Bonds and the security therefor. Except where noted, all information presented in this Official Statement has been provided by the City. The following appendices are included as part of this Official Statement: APPENDIX A – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DEPARTMENT FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015; APPENDIX B – REPORT OF THE AIRPORT CONSULTANT prepared by Trillion Av, LLC ("*Trillion Aviation*" or the "*Airport Consultant*") dated January 23, 2017; APPENDIX C – FORM OF MASTER INDENTURE; APPENDIX D – FORM OF AIRLINE USE AGREEMENT; APPENDIX E – BOOK-ENTRY ONLY SYSTEM; APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT; and APPENDIX G – FORM OF OPINION OF BOND COUNSEL. APPENDICES C and G have been prepared by Kutak Rock LLP, Bond Counsel to the City. APPENDIX F has been prepared by Foley & Lardner LLP, Disclosure Counsel to the City. The information included in APPENDIX E has been obtained from The Depository Trust Company ("*DTC*").

Certain defined terms that are capitalized but not defined herein are defined in the Master Indenture. See "APPENDIX C – FORM OF MASTER INDENTURE - ARTICLE I – DEFINITIONS; INTERPRETATION." All references in this Official Statement to the First Supplemental Indenture, the Series 2017 Bonds, the Continuing Disclosure Agreement, the Airline Use Agreement and all other agreements, statutes and instruments are qualified by reference to the complete document. Copies of the First Supplemental Indenture are available for examination at the offices of the Department and the Trustee.

The Department's principal office is located at 776 North Terminal Drive, Salt Lake City, Utah 84122. The Department's telephone number is (801) 575-2400. Copies of certain documents, including the Department's Comprehensive Annual Financial Report ("CAFR") for FY 2016, are available electronically on the Department's website at: http://www.slcairport.com/about-the-airport/financial-information. However, no information on the Department's or the City's website is part of or incorporated into this Official Statement, except to the extent such information is expressly disclosed herein.

The Department's CAFR for fiscal year 2015 ("*FY 2015*") has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association ("*GFOA*") and the CAFR for FY 2016 has been submitted to the GFOA. The Department's CAFR has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the GFOA for more than ten consecutive years.

THE SERIES 2017 BONDS

General Provisions

The Series 2017 Bonds will bear interest at the rates and mature on the dates set forth on the inside front cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 2017 Bonds will be dated their initial date of delivery, and will bear interest from that date payable semi-annually on January 1 and July 1 of each year, commencing July 1, 2017 (each an "*Interest Payment Date*"). Interest due and payable on the Series 2017 Bonds on any Interest Payment Date will be paid to the person who is the registered owner as of the Record Date (DTC, so long as the book-entry system with DTC is in effect). Each Series 2017 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2017 Bond will bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Series 2017 Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before June 15, 2017, in which event such Series 2017 Bond will bear interest from its date of delivery. If interest on the Series 2017 Bonds is in default, Series 2017 Bonds issued in exchange for Series 2017 Bonds surrendered for transfer or exchange will bear interest from the last Interest Payment Date to which interest has been paid in full on the Series 2017 Bonds surrendered.

The Series 2017 Bonds will be issued in denominations of $5,000 and integral multiples thereof. The Series 2017 Bonds will be issued in fully registered form and will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Series 2017 Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Series 2017 Bonds purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2017 Bonds, references herein to the Bondholders or registered owners means Cede & Co. and does not mean the Beneficial Owners of the Series 2017 Bonds.

So long as Cede & Co. is the registered owner of the Series 2017 Bonds, the principal of and interest on the Series 2017 Bonds will be payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC participants for subsequent disbursement to the Beneficial Owners. See "APPENDIX E — BOOK-ENTRY ONLY SYSTEM."

Redemption of the Series 2017 Bonds

Optional Redemption

Series 2017A Bonds. The Series 2017A Bonds maturing on or before July 1, 2027 are not subject to optional redemption prior to maturity. The Series 2017A Bonds maturing on or after July 1, 2028 are redeemable on or after July 1, 2027 at the option of the City, in whole or in part at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of the Series 2017A Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

Series 2017B Bonds. The Series 2017B Bonds maturing on or before July 1, 2027 are not subject to optional redemption prior to maturity. The Series 2017B Bonds maturing on or after July 1, 2028 are redeemable on or after July 1, 2027 at the option of the City, in whole or in part at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of the Series 2017B Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption

The Series 2017A Bonds maturing on July 1, 2042 are subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

July 1 of the Year	Principal Amount
2038	$37,330,000
2039	39,190,000
2040	41,160,000
2041	43,210,000
2042*	45,370,000

*Final Maturity Date

The Series 2017A Bonds maturing on July 1, 2047 (together with the Series 2017A Bonds maturing on July 1, 2042, the "*Series 2017A Term Bonds")* are subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

July 1 of the Year	Principal Amount
2043	$47,635,000
2044	50,020,000
2045	52,525,000
2046	55,150,000
2047*	57,900,000

*Final Maturity Date

The Series 2017B Bonds maturing on July 1, 2042 are subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

July 1 of the Year	Principal Amount
2038	$7,890,000
2039	8,285,000
2040	8,700,000
2041	9,135,000
2042*	9,590,000

*Final Maturity Date

The Series 2017B Bonds maturing on July 1, 2047 (together with the Series 2017B Bonds maturing on July 1, 2042, the "*Series 2017B Term Bonds*") are subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

July 1 of the Year	Principal Amount
2043	$10,075,000
2044	10,575,000
2045	11,105,000
2046	11,660,000
2047*	12,250,000

*Final Maturity Date

At the option of the City, to be exercised by delivery of a written certificate to the Trustee on or before the 60th day next preceding any mandatory sinking fund redemption date for the Series 2017A Term Bonds or the Series 2017B Term Bonds (collectively, the "*Series 2017 Term Bonds*"), the City may (a) deliver to the Trustee, for cancellation, Series 2017 Term Bonds or portions thereof (in Authorized Denominations) purchased in the open market or otherwise acquired by the City or (b) specify a principal amount of such Series 2017 Term Bonds or portions thereof (in Authorized Denominations), which prior to said date have been optionally redeemed and previously cancelled by the Trustee at the request of the City and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Series 2017 Term Bond or portion thereof so purchased, acquired or optionally redeemed and delivered to the Trustee for cancellation will be credited by the Trustee, at 100% of the principal amount thereof, against the obligation of the City to pay the principal of such applicable Series 2017 Term Bond on such mandatory sinking fund redemption date.

Notices of Redemption to Bondholders; Conditional Notice of Optional Redemption

The Trustee will give notice of redemption, in the name of the City, to Bondholders affected by redemption (or to DTC, so long as the book-entry system with DTC is in effect) at least 30 days but not more than 60 days before each redemption date and send such notice of redemption by first class mail (or with respect to Series 2017 Bonds held by DTC, either via electronic means or by an express delivery service for delivery on the next following Business Day) to each registered owner of a Series 2017 Bond to be redeemed; each such notice will be sent to the owner's registered address.

Each notice of redemption will specify the date of issue, the applicable Series, the maturity date, the interest rate and the CUSIP number of the applicable Series 2017 Bonds to be redeemed, if less than all Series 2017 Bonds of a Series, maturity date and interest rate are called for redemption, the numbers assigned to the Series 2017 Bonds to be redeemed, the principal amount to be redeemed, the date fixed for redemption, the redemption price, the place or places of payment, the Trustee's name, that payment will be made upon presentation and surrender of the applicable Series 2017 Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

The City may provide that, if at the time of mailing of notice of an optional redemption there has not have been deposited with the Trustee moneys and/or securities sufficient to redeem all the applicable Series 2017 Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee not later than one Business Day prior to the scheduled redemption date, and such notice will be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit one Business Day prior to the scheduled redemption date, then the redemption will be canceled and on such cancellation date notice will be mailed to the Holders of such Series 2017 Bonds.

Failure to give any required notice of redemption as to any particular Series 2017 Bonds will not affect the validity of the call for redemption of any Series 2017 Bonds in respect of which no failure occurs. Any notice sent as provided in the First Supplemental Indenture will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Series 2017 Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price. In the event that funds are deposited with the Trustee sufficient for redemption, interest on the Series 2017 Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

Effect of Redemption

On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Indenture and as described above and sufficient moneys for payment of the redemption price being held in trust to pay the redemption price, interest on such applicable Series 2017 Bonds will cease to accrue from and after such redemption date, such Series 2017 Bonds will cease to be entitled to any lien, benefit or security under the Indenture and the owners of such Series 2017 Bonds will have no rights in respect thereof except to receive payment of the redemption price. Series 2017 Bonds which have been duly called for redemption and for the payment of the redemption price of which moneys will be held in trust for the holders of the respective Series 2017 Bonds to be redeemed, all as provided in the Indenture, will not be deemed to be Outstanding under the provisions of the Indenture.

Selection of Series 2017 Bonds for Redemption; Series 2017 Bonds Redeemed in Part

Redemption of the Series 2017 Bonds will only be in Authorized Denominations. The Series 2017 Bonds are subject to redemption in such order of maturity and interest rate within a Series (except mandatory sinking fund payments on the Series 2017 Term Bonds) as the City may direct and by lot within such maturity and interest rate of such Series selected in such manner as the Trustee (or DTC, as long as DTC is the securities depository for the Series 2017 Bonds) deems appropriate.

Except as otherwise provided under the procedures of DTC, on or before the 45th day prior to any mandatory sinking fund redemption date, the Trustee will proceed to select for redemption (by lot in such manner as the Trustee may determine) from the Series 2017 Term Bonds an aggregate principal amount of such Series 2017 Term Bonds equal to the amount for such year as set forth in the applicable table under "Mandatory Sinking Fund Redemption" above and will call such Series 2017 Term Bonds or portions thereof (in Authorized Denominations) for redemption and give notice of such call.

Book-Entry Only System

DTC will act as securities depository for the Series 2017 Bonds. The Series 2017 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each Series of the Series 2017 Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC. For more information regarding DTC and its procedures, see "APPENDIX E – BOOK-ENTRY ONLY SYSTEM."

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the issuance of the Series 2017 Bonds are summarized below (rounded to the nearest dollar)*:

	Series 2017A Bonds	Series 2017B Bonds	Total
Sources of Funds			
Principal amount	$826,210,000	$173,790,000	$1,000,000,000
Plus Original Issue Premium	100,616,757	25,864,074	126,480,831
Total Sources of Funds	$926,826,757	$199,654,074	$1,126,480,831
Uses of Funds			
Deposit to Construction Fund	$727,178,889	$156,895,183	$884,074,072
Capitalized Interest[1]	136,143,928	29,081,850	165,225,778
Deposit to Common Reserve Fund	60,608,426	13,056,074	73,664,500
Costs of Issuance[2]	2,895,514	620,966	3,516,481
Total Uses of Funds	$926,826,757	$199,654,074	$1,126,480,831

*Amounts may not add due to rounding.

[1] Interest capitalized through June 30, 2020. See also footnote 2 to the schedule under the heading "DEBT SERVICE SCHEDULE" herein.

[2] Includes underwriters' discount, trustee fees, legal fees, financial advisor and consultant fees, rating agency fees, printing expenses and other miscellaneous fees and expenses.

DEBT SERVICE SCHEDULE

Upon their issuance, the Series 2017 Bonds will be the only outstanding Bonds of the City payable from the Net Revenues of the Airport System. Based on the final pricing of the Series 2017 Bonds, the City currently expects to issue approximately $1.1 billion of additional Bonds to fund additional project costs for the TRP and NCP through FY 2021. The following schedule sets forth the debt service for the Series 2017 Bonds:

	Series 2017A Bonds		Series 2017B Bonds		
Period Ending[1]	Principal	Interest	Principal	Interest	Aggregate Debt Service Total
7/1/2017	--	$ 14,688,172[2]	--	$ 3,089,600[2]	$ 17,777,778
7/1/2018	--	41,310,500[2]	--	8,689,500[2]	50,000,000
7/1/2019	--	41,310,500[2]	--	8,689,500[2]	50,000,000
7/1/2020	--	41,310,500[2]	--	8,689,500[2]	50,000,000
7/1/2021	$ 1,105,000	41,310,500	$ 35,000	8,689,500	51,140,000
7/1/2022	16,180,000	41,255,250	4,165,000	8,687,750	70,288,000
7/1/2023	--	40,446,250	--	8,479,500	48,925,750
7/1/2024	7,065,000	40,446,250	955,000	8,479,500	56,945,750
7/1/2025	10,990,000	40,093,000	1,910,000	8,431,750	61,424,750
7/1/2026	13,255,000	39,543,500	2,455,000	8,336,250	63,589,750
7/1/2027	19,865,000	38,880,750	4,075,000	8,213,500	71,034,250
7/1/2028	22,915,000	37,887,500	4,845,000	8,009,750	73,657,250
7/1/2029	24,070,000	36,741,750	5,080,000	7,767,500	73,659,250
7/1/2030	25,270,000	35,538,250	5,340,000	7,513,500	73,661,750
7/1/2031	26,535,000	34,274,750	5,600,000	7,246,500	73,656,250
7/1/2032	27,855,000	32,948,000	5,895,000	6,966,500	73,664,500
7/1/2033	29,255,000	31,555,250	6,180,000	6,671,750	73,662,000
7/1/2034	30,710,000	30,092,500	6,490,000	6,362,750	73,655,250
7/1/2035	32,245,000	28,557,000	6,815,000	6,038,250	73,655,250
7/1/2036	33,855,000	26,944,750	7,165,000	5,697,500	73,662,250
7/1/2037	35,550,000	25,252,000	7,520,000	5,339,250	73,661,250
7/1/2038	37,330,000	23,474,500	7,890,000	4,963,250	73,657,750
7/1/2039	39,190,000	21,608,000	8,285,000	4,568,750	73,651,750
7/1/2040	41,160,000	19,648,500	8,700,000	4,154,500	73,663,000
7/1/2041	43,210,000	17,590,500	9,135,000	3,719,500	73,655,000
7/1/2042	45,370,000	15,430,000	9,590,000	3,262,750	73,652,750
7/1/2043	47,635,000	13,161,500	10,075,000	2,783,250	73,654,750
7/1/2044	50,020,000	10,779,750	10,575,000	2,279,500	73,654,250
7/1/2045	52,525,000	8,278,750	11,105,000	1,750,750	73,659,500
7/1/2046	55,150,000	5,652,500	11,660,000	1,195,500	73,658,000
7/1/2047	57,900,000	2,895,000	12,250,000	612,500	73,657,500
	$826,210,000	$878,905,928	$173,790,000	$185,379,350	$2,064,285,278

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[1] Pursuant to the provisions of the Master Indenture, the City is required to make monthly deposits to the Series 2017A Debt Service Fund and the Series 2017B Debt Service Fund so that sufficient amounts are on deposit in such funds 15 days prior to each applicable principal payment date (July 1) and interest payment date (January 1 and July 1) for the Series 2017 Bonds. See "SECURITY FOR THE SERIES 2017 BONDS" and "APPENDIX C —FORM OF MASTER INDENTURE."

[2] All of the interest due on the Series 2017 Bonds during the periods ending July 1, 2017 through, and including, July 1, 2019 will be paid with a portion of the proceeds of the Series 2017 Bonds. $38,834,750 of the interest due on the Series 2017A Bonds payable during the period ending July 1, 2020 and $8,613,250 of the interest due on the Series 2017B Bonds during the period ending July 1, 2020 will be paid with a portion of the proceeds of the Series 2017 Bonds.

THE TERMINAL REDEVELOPMENT PROGRAM AND NORTH CONCOURSE PROGRAM

Summary of the TRP and NCP

The TRP and the NCP are a comprehensive and integrated series of projects that will result in the replacement of substantially all of the Airport's landside and terminal complex facilities. The TRP is an estimated $2.177 billion capital improvement program, including soft costs, to build new facilities to replace aging facilities, mitigate seismic risks, accommodate current operations and prepare for future growth. The existing terminal complex and landside facilities were built to accommodate 11 million passengers annually, but in FY 2016, the Airport served over twice that number of passengers. The City anticipates achieving Leadership in Energy and Environmental Design gold certification for the new terminal facilities and not less than silver certification for the entire TRP, as required by City ordinance. In addition to right-sizing the Airport's facilities to accommodate current and future demand, the TRP is also expected to solve certain operational problems resulting from the existing facility layout, improve customer service and maintain the Airport's competitive cost structure.

The TRP consists of the following project elements: (1) the South Economy parking lot, (2) Rental Car Quick Turn Around ("*QTA*") and three Rental Car Remote Service Site ("*RSS*") facilities, (3) the Central Utility Plant ("*CUP*"), (4) a new Terminal Facility, (5) the Gateway Center, (6) the South Concourse-West, (7) the Parking Garage, (8) the Terminal Roadway System, (9) the South Concourse-East (collectively with the South Concourse-West, the "*South Concourse*"), and (10) related infrastructure improvements, including apron reconfiguration, information technology, utilities and landscaping. The NCP is an estimated $737 million separate, but programmatically integrated, set of projects consisting of the North Concourse parallel to the South Concourse to be constructed in two phases. The North Concourse ultimately will be connected to the South Concourse by a passenger tunnel.

The TRP was originally conceived in a 1997 Airport Master Plan that was developed to identify facilities necessary to accommodate the long term growth of aviation activity at the Airport. Following the recession of 2008-2010, the Department, in consultation with Delta, undertook a comprehensive study of the Airport's existing facilities to determine the improvements necessary to extend the useful lives of these facilities for an additional 30 years. The Airport's two main terminal buildings were originally constructed in 1961 and 1978, respectively, and the IAB was built in 1996. Although these facilities have undergone remodeling and expansion over the years, significant interior renovations and upgrades to building systems would be required to allow these facilities to serve adequately for another 30 years. In addition, the structural components of the existing facilities all require substantial seismic retrofits to meet current building codes. Lastly, the existing alignment of the gates along finger piers is an inefficient arrangement, especially for a connecting hub like the Airport. This alignment results in delays because of aircraft being unable to move through congested areas of the apron at various points and often requires connecting passengers to change concourses.

The cost and utility of making extensive renovations to the existing facilities was compared by the Department to the cost of replacing these facilities with new and more efficient ones. The Department and the air carriers operating at the Airport, including Delta, concluded that replacement of the majority of the landside and terminal complex facilities at the Airport would be the better approach. Accordingly, the Department and the seven signatory air carriers serving the Airport (the "*Signatory Airlines*") negotiated a new Airline Use Agreement that became effective July 1, 2014 (the "*AUA*") that includes approval of the TRP, as well as providing for a process for the Signatory Airlines to approve additional capital projects, including the NCP. On September 12, 2016, in accordance with the provisions of the AUA, Delta approved on behalf of all Signatory Airlines a revised project budget for the TRP of $2.177 billion, or $1.896 billion, excluding soft-costs of approximately $281 million. See "THE AIRPORT –The Airline Use Agreement."

The NCP was also originally envisioned as part of the 1997 master planning process as a complementary concourse structure located to the north of the South Concourse being constructed as part of the TRP. The NCP was not included in the TRP approved by the Signatory Airlines and it was instead planned as a future development undertaken as demand warranted, with the existing Concourses B, C and D being retained and renovated to accommodate existing demand. As planning for the TRP progressed, however, the Department and the Signatory Airlines reevaluated the NCP. The cost of renovating Concourses B, C and D was determined to be over $400 million, considerably greater than originally anticipated. In addition, the construction period was predicted to extend beyond 2024 and the operational characteristics of retaining Concourses B, C and D were not nearly as efficient as the proposed NCP. For these reasons and the additional ones described in the following paragraph, on April 30, 2016, the Signatory Airlines voted unanimously to approve construction of the NCP in two phases, currently planned for a total of approximately 30 gates plus a connecting pedestrian tunnel.

The Airport is currently gate-constrained. The gates used by the Signatory Airlines other than Delta, two of which are not leased to airlines but used on a per operation basis by multiple airlines ("*Common Use*"), and others which are preferentially leased, are operating at capacity. A preferential use lease gives the tenant air carrier the right to occupy and use the gate facilities for its scheduled operations, but allows the Department to require the carrier leasing such space to accommodate operations by other air carriers when the gate is not in use. Carriers are sharing gates in order to accommodate existing operations and, during peak periods, the Department has used its rights under the preferential use leases with Delta and other carriers to accommodate operations of other airlines. At least one carrier has indicated to the Department that it has slowed the growth of its operations at the Airport because of gate unavailability, and the TRP as approved by the Signatory Airlines would result in fewer gates than are currently located at the Airport. In addition, 30 of the 86 aircraft parking positions in service prior to commencement of the TRP did not have jet bridges, thus requiring ground loading. Upon completion of the TRP and NCP, the Airport will have approximately 78 gates, all of which will include jet bridges and be sized to accommodate, at a minimum, Boeing 737 or Airbus A320 aircraft, as well as smaller regional jets, thereby providing greater flexibility, efficiency and passenger convenience. In addition, certain gates will have the capacity to accommodate the largest aircraft currently in service. The Department believes that the number and configuration of the gates at the Airport following completion of the TRP and NCP will be adequate to support forecast operational requirements.

The following table shows the major elements of the TRP and the NCP and the expected costs, whether a Component Guaranteed Maximum Price ("*CGMP*") for such element has been executed, project status, the actual or expected date on which construction of such element will commence and the actual or expected date of beneficial occupancy ("*DBO*") for each project element.

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Elements of the TRP and NCP

Project Element	Actual / Expected Cost ($000's)†	Executed CGMP?	Project Status	Actual/Expected Commencement of Construction	Actual/ Expected DBO
South Economy Parking Lot	$ 15,944	Yes	In Service	July 2014	October 2014
Rental Car Facilities: QTA & RSS	92,662	Yes	In Service	November 2014	January 2016
Central Utility Plant	68,143	Yes	Under contract	January 2017	Second Quarter 2019
Terminal Facility	727,574	Yes	Under construction	October 2016	Third Quarter (Q3) 2020
Gateway Center	112,494	Yes	Under construction	October 2016	Q3 2020
South Concourse - West	335,785	Yes	Under construction	October 2016	Q3 2020
Parking Garage	220,020	Yes	Under contract	January 2017	Q3 2020
Terminal Roadway System	110,371	Yes	Under contract	January 2017	Q3 2020
South Concourse-East	289,990	No	In design	January 2021	Q4 2022
Terminal Apron and Fuel Hydrant System*	186,824	Partial	To be bid and constructed in phases; initial phases under construction	October 2016	Various (simultaneous with concourse elements)
Miscellaneous Landside/Parking Lot Improvements	16,747	Partial	Bid and constructed as part of other packages	October 2016	Various
Subtotal TRP	$2,176,553				
North Concourse-West	**	No	In design	July 2017	Q3 2020
North Concourse-East & Tunnel	**	No	In design	January 2021	Q4 2022
Subtotal NCP	$737,295				
TOTAL TRP & NCP	**$2,913,848**				

* Portions of the terminal apron and fuel system to be bid and constructed annually; segments expected to be completed to support opening of related concourse facilities.
**Estimated costs of the phases of the NCP not yet determined.
† Includes allocable portion of soft costs.

Elements of the TRP and NCP

The TRP and NCP are expected to result in the replacement of the majority of the landside and terminal complex facilities at the Airport with new, more efficient, safe and passenger-focused facilities. A brief summary of the major elements of the TRP and NCP is set forth below:

Terminal

The new Terminal facility is planned to include approximately 895,000 square feet ("*sf*") of space on three levels and will be contiguous to the South Concourse and connected to the new parking garage via the new Gateway Center. The Terminal is expected to be completed and operational in the third quarter of calendar year ("*CY*") 2020. Level 1 of the Terminal will contain a federal inspection services area ("*FIS*"), international baggage claim and recheck area, tenant administrative offices, a centralized security checkpoint for dedicated employee access, ground transportation counters, and will also serve commercial curbs and other ground transportation functions. Level 2 will provide passenger circulation areas and will connect landside and airside components of the facility. Public areas prior to the security checkpoint will provide for baggage claim and airline baggage service offices, an expansive meeter-greeter area, food and beverage retail concessions, and a centralized security screening checkpoint. Areas beyond security screening will include a concession core of approximately 33,000 sf and transition to the airside concourses. Level 3 will contain the ticketing area for departing passengers, a conference center and administrative offices for the Department and other tenants at the Airport. Departing passengers being dropped off at the Airport will arrive on the Level 3 curb.

Gateway Center

The Gateway Center will be an elevated building adjacent to the north side of the Parking Garage consisting of approximately 79,000 sf of building space that connects the Parking Garage to the new Terminal facility. The Airport is served by the TRAX light rail system owned and operated by the Utah Transit Authority ("*UTA*"), which connects the Airport with downtown Salt Lake City. The Gateway Center is designed to accommodate relocation of the terminus of the TRAX light rail station at the Airport from its current location, which will be demolished to accommodate the TRP. The TRAX extension is expected to be financed and built by others. This facility will house a variety of functions, including both ticket counters and kiosks for remote passenger airline check-in and baggage drop services, rental car counters and check-in facilities, and rental car support offices. The Gateway Center is expected to provide a high level of customer service by seamlessly connecting passengers using the new parking garage or TRAX with the departures level of the Airport without a level change. Departing passengers will be able to obtain boarding passes at kiosks and check baggage in the Gateway Center adjacent to the garage, and arriving passengers will be able to proceed directly to their automobiles or complete their rental car transaction and proceed directly to their rental car. The Gateway Center will be connected to the Terminal via two pedestrian bridges and connected to the parking garage via two vestibules. Based on data collected by the Department, the Gateway Center has been designed to serve most of the Airport's O&D passengers. The Gateway Center is expected to be completed and opened simultaneously with the Terminal.

South Concourse-West

The initial portion of the South Concourse to be constructed is the South Concourse-West. This facility is designed to house approximately 445,000 sf of building space on two main levels. Level 1 (ground level) will contain non-public areas that accommodate airline operations offices and support areas, outbound and transfer baggage facilities, storage facilities and mechanical-electrical-plumbing ("MEP") facilities. Level 2 will consist of the primary passenger circulation level and serve enplaning and deplaning passengers. Passenger amenities on Level 2 are planned to include moving sidewalks and a wide variety of food, beverage and retail concessions. A total of 25 gates will be provided, six of which will accommodate international arrivals. International gates will connect to a sterile corridor that routes international passengers to the FIS facilities in Level 1 of the Terminal. The South Concourse-West is under construction and expected to be completed and operational in the third quarter of CY 2020, simultaneously with the Terminal.

South Concourse-East

The South Concourse-East is the remaining portion of the South Concourse and is planned to be constructed following the South Concourse-West. This facility will also have two levels and is expected to comprise approximately 355,000 sf of space. Level 1 of the South Concourse-East will contain non-public areas similar to the South Concourse-West. Level 2 of the facility will serve enplaning and deplaning passengers, and will include passenger amenities similar to the South Concourse-West. The South Concourse-East is expected to accommodate 22 domestic aircraft gate positions.

The South Concourse-East building currently is planned to be fully completed in the fourth quarter of CY 2022. Because of construction phasing requirements, however, the gate facilities are planned to become operational in three stages and are not expected to be fully operational until the first quarter of 2024. Initially, nine aircraft gate positions along the south side of the concourse are planned to be operational. Upon demolition of Concourse C, the aircraft apron on the north side of the South Concourse-East will be completed and nine additional aircraft gate positions will become operational. Upon demolition of Concourse B and construction of new taxi lane pavement, the aircraft parking apron on the remaining four gates on the north side of the South Concourse-East will be operational. Delta is expected to occupy all of the gates in the South Concourse.

Rental Car Facilities

The rental car service facilities were placed in service in March 2016. These facilities consist of a QTA facility for fueling and washing cars and three RSS facilities for performing light vehicle maintenance, primarily located where a portion of the Economy Lot previously was situated. The QTA is a two-level building of approximately 468,000 sf with 14 wash and service bays on the first floor and vehicle storage and parking on the second floor. The RSS facility consists of three single-story service buildings containing a total of approximately 34,000 sf of building space located south of the QTA. These buildings provide back-of-house maintenance areas for the rental car providers and contain office, support and storage space. The QTA and RSS are currently in use by the rental car companies operating at the Airport.

Parking Garage and South Economy Parking Lot

The new parking structure is planned to be a five-level concrete structure with a footprint of approximately 360,000 sf and a total gross square footage of approximately 1.8 million sf. Levels 2 through 5 of the Parking Garage are expected to provide approximately 3,600 public parking spaces, doubling the number of structured parking spaces now located at the Airport. The first floor will be dedicated to rental car operations and will contain approximately 1,200 ready/return parking spaces. Upper floors will be served via two helical ramps. The Parking Garage is planned to be completed and opened for operation simultaneously with the new Terminal facility.

In addition to the new parking garage, the Airport will also have ample surface parking available for Airport patrons, including a new surface parking area to be located east of the new parking structure and the newly constructed South Economy Parking Lot. The surface lot is expected to include approximately 350 parking spaces, and is planned to be covered by a structure that includes photovoltaic panels that will provide covered parking for patrons and as well as generate solar power for use at the Airport. A study is under way to evaluate other options for installation of these photovoltaic units.

The South Economy Parking Lot opened in July 2014 and consists of approximately 2,900 additional parking spaces replacing the economy parking that was displaced by the construction of the new rental car facilities. The South Economy Parking Lot is integrated with the remainder of the Economy Parking Lot.

Upon completion of the TRP, the Department expects a total of approximately 13,900 parking spaces (excluding rental car spaces) will be located on the Airport, an increase of over 2,000 spaces, compared to 2014. This increase is primarily because of the increased number of spaces in the new parking structure. The Department expects to retain its variety of parking products, ranging from premium, reserved spaces closest to the new Terminal facility to economy spaces in remote lots and including a variety of intermediate options, including covered and structured parking and hourly or daily rates.

Central Utility Plant

The Central Utility Plant will be approximately 52,000 sf of building space in a high-ceiling one-story structure. The CUP will house all main boilers and chillers as well as electrical systems to service the terminal complex and other applicable Airport systems connected to this facility, including pumping systems, electrical equipment, distribution equipment and emergency generators. The CUP is planned as a stand-alone building located west of the new QTA Facility. The CUP is planned to be completed in the second quarter of CY 2019.

Terminal Roadway System

This project element of the TRP includes all roadways, bridges and signage to service the new terminal complex and support areas. The departing passengers roadway will be an elevated bridge system with vehicle access to the Level 3 terminal curb-front. Other elements of this component include the arriving passengers roadways which will access the Terminal at Level 1, commercial vehicle roads, rental car user and service roads, and access to and from the parking facilities. During construction of the TRP, temporary roads will be constructed to accommodate construction phasing. The new permanent roadways will become operational during various phases of the TRP as facilities served by the roadways are completed and be completed in the third quarter of CY 2020.

Supporting Elements

The TRP includes substantial supporting elements, such as apron site-work and paving, demolition and landscaping, and extensive information technology infrastructure. The apron site-work includes all airfield site demolition, utility relocation and apron paving required to enable the redevelopment of the terminal complex, including the South and North Concourses. Included in this project element are hydrant fueling and utilities including power, water and sewer.

Upon completion of the TRP and NCP, the existing terminal buildings, the existing parking garage, connectors and pedestrian bridges will be demolished. This work will be phased and coordinated with new construction and active areas. Also included will be landside landscaping work such as entry and exit landscaping and planting of undeveloped areas.

Information technology ("*IT*") components are an integral element of the TRP incorporated throughout the facilities and project site. Elements in this scope of work include IT infrastructure, IT systems including building systems, parking revenue control and related vehicle control systems, and operating systems. Other associated systems being added or updated as part of the TRP include baggage informational display systems ("*BIDS*"), flight information display systems ("*FIDS*"), gate information display systems ("*GIDS*"), lobby information display systems and ramp information display systems.

North Concourse Program

The NCP is an estimated $737 million project planned to consist of approximately 838,000 sf of building space on two main levels, plus a tunnel connecting the North Concourse to the South Concourse. This estimate reflects the currently anticipated 30 gates and was approved by the Signatory Airlines in April 2016. The Department and the Signatory Airlines are continuing to evaluate the scope of the NCP, including the number of gates and, as the design progresses and elements of the NCP are bid, the cost may change. Level 1 of the North Concourse will contain non-public areas substantially similar to the South Concourse, while Level 2 will serve enplaning and deplaning passengers, and will include passenger amenities similar to the South Concourse. The North Concourse is expected to contain only common use gates. The first phase, North Concourse-West, is planned to be completed in third quarter of CY 2020, at approximately the same time as the Terminal and the South Concourse-West. This initial phase would begin at the west end of the North Concourse and is planned to include 21 aircraft gate positions and comprise approximately 421,000 sf of space. The existing west mid-concourse tunnel will be extended from the South Concourse-West to the North Concourse and temporarily provide pedestrian access to the North Concourse. Upon completion of North Concourse-West, the Department expects to have adequate gate facilities to allow closure of the existing Concourses A, D and E.

The second phase of the North Concourse, North Concourse-East, is planned to add an additional ten aircraft gate positions and will complete the currently planned construction. The design of North Concourse-East is expected to permit the addition of 15 more gates at the eastern end of the facility in the future, if demand warrants. A passenger tunnel connecting the North Concourse to the South Concourse also will be constructed during this phase. This final phase of the North Concourse currently is planned to be operational in the fourth quarter of CY 2022. Once it is completed, all airlines operating at the Airport are expected to operate from the North Concourse, including use of some gates by Delta, and Delta is expected to occupy all of the South Concourse. At completion of the TRP and NCP, all carriers at the Airport are expected to operate from substantially similar, new and efficient terminal facilities.

Project Management of the TRP and NCP

Controls

The Department has established a sophisticated, multi-layered project management team for the TRP. Prior to embarking on the TRP, the Department engaged R.W. Block Consulting, Inc. ("*R.W. Block*") to prepare a Plan of Execution that includes a plan for program management and delivery of the TRP. The Plan of Execution is a detailed, written plan for project delivery that recommends the competitive procurement of the program management team through pre-qualifying a limited number of program management firms and then undertaking separate procurements by soliciting responses from the pre-qualified firms for each of the key roles identified in the plan. The Plan of Execution also envisions contracting with a flexible team of experts to manage the specific elements of the project so that, for example, when the rental car facilities were completed and the project management roles for that project element were no longer required, the contracts for such services were terminated. The external project management team is overseen and complemented by Department staff.

The Department has established two committees consisting of Department Directors to oversee all capital projects at the Airport, including the TRP and NCP. The Financial Oversight Committee ("*FOC*") is chaired by the Director of Finance and Accounting and includes the Director of Engineering and Director of Administration & Commercial Services as the other members. Before any construction contract for a project at the Airport may proceed, the FOC must authorize the funding for that project, including the source of funds. Before work may commence on any project, the Construction Committee ("*CC*") must authorize the execution of the construction contract, including each of the Component Guaranteed Maximum Price ("*CGMP*") contracts for the TRP. The CC is chaired by the Director of Engineering and also includes the other members of the FOC and the Directors of Operations and Planning. The FOC and CC each meet weekly in scheduled sessions and minutes are taken and published. This formal review process entails a rigorous and comprehensive examination of all capital projects undertaken by the Department, and helps identify and address differences between estimated and actual construction costs at an early stage in the approval process

The Program Director for the TRP, Making Projects Work, Inc., reports directly to the Department's Executive Director and serves as the owner's authorized representative under the CMAR Contract described below. R.W. Block remains engaged as an independent consultant overseeing financial and program controls and R.W. Block also reports directly to the Executive Director. Five separate firms, selected through a competitive procurement process, have been prequalified to participate in competitive processes for selection of key project management staff. To date, this process has resulted in selection of an external program management team of approximately 20 persons from the five different pre-qualified firms. The program management team is expected to grow to 35-40 persons at the height of construction of the TRP.

The interests of the Signatory Airlines are represented by an Airline Technical Representative, whose rights and responsibilities are set forth in the AUA to which each of the Signatory Airlines is a party and who is resident in the City for the duration of the project. The Airline Technical Representative is from Delta and is integrated into the project management team and must be included in development of contract documents for the TRP, discussions relating to cost controls and design changes. See "THE AIRPORT – Airline Use Agreement - *TRP*" below.

Design

Helmuth, Obata & Kassabaum, Inc. ("*HOK*") is the lead design firm for the TRP and NCP. HOK leads a team of 14 architect and engineering subconsulting firms that provide all of the planning, engineering and design services for the TRP and NCP.

Construction

Holder-Big-D Construction, a joint venture ("*HDJV*") comprised of Holder Construction Company and Big-D Construction, was selected through a competitive process to undertake construction services for the TRP pursuant to a Construction Manager at Risk ("*CMAR*") Contract. The CMAR Contract has an initial term of five years, and may be extended at the Department's sole option for up to five additional one-year terms. In addition, the contract with HDJV can be terminated at various points in the program and a new CMAR selected.

The TRP has been broken down into nine CGMP contracts between the Department, on behalf of the City, and the CMAR. Each CGMP constitutes an amendment to the CMAR Contract that provides that HDJV will construct the elements of the TRP described in the scope of the applicable CGMP for a guaranteed maximum price, within the schedule set forth in the CGMP and in accordance with the CMAR Contract. The CMAR Contract also requires HDJV to provide specified pre-construction and general conditions services during its term. The CGMPs for pre-construction services, general conditions, the South Economy Parking Lot, the rental car facilities, the Terminal and baggage handling system, Gateway Center, South Concourse-West, the Terminal Roadway System, the CUP and Parking Garage have been executed. Of the three remaining CGMPs for the TRP, which generally are for construction of the South Concourse-East and related apron and hydrant fuel system work, the CGMP for the South Concourse-East has not yet been executed, while the other two elements are being undertaken in phases concurrently with other elements of the TRP, some of which have commenced. As of January 15, 2017, more than 80% of the TRP by project cost will be subject to an executed CGMP. Each CGMP is designed and bid separately.

Before the Department enters into a CGMP, the FOC must approve the guaranteed maximum price and the CC must approve the scope of the work of the CGMP and recommend to the Executive Director that the CGMP be approved and executed. The CMAR Contract provides for a formal dispute resolution process that must be undertaken in the event of a disagreement between the Department and HDJV before any legal action may be commenced. In the CMAR Contract, HDJV acknowledges that it is not entitled to receive any work under the Contract, and HDJV waives all claims for anticipated profits and other claims associated with the Department's decision not to proceed with the TRP, any CGMP or any portion thereof. All subcontracts must be competitively awarded and the subcontracts are held by HDJV and expressly provide that the Department has no contractual relationship with the subcontractors. HDJV may bid upon and receive up to 20% of the contracts under each CGMP.

Each CGMP is for a fixed price under which HDJV bears most risks of cost increases. However, the CMAR Contract provides for time extensions under certain limited circumstances. These include changes requested by the Department after the CGMP is executed, concealed conditions that were not foreseeable, delays caused by the Department, weather conditions outside of the ten year mean, or force majeure events and remediation of hazardous materials. Delays because of labor disputes may not result in an extension of time. If HDJV suffers a delay because of one of these events, the CMAR Contract includes a process for determining the period of an extension, which cannot exceed one day for each day of delay and requires HDJV to mitigate delays to the extent possible. In no event are damages permitted beyond the extension of time, such as loss of profits; indirect, incidental, consequential or special damages; or acceleration costs not approved by the Department, permitted.

The Department has not yet established a project management team for the NCP, although it expects to use an approach similar to that described above for the TRP. No CMAR for the NCP has yet been selected. The Department expects to issue a request for proposals in the winter of 2016-2017 to staff a project management team for the NCP in an approach similar to the model used for the TRP. However, because of the more limited scope of the NCP, the size of the team is expected to be smaller and more focused. The Department has issued a request for proposals for a CMAR for the NCP and expects to enter into an agreement with the selected CMAR in the first quarter of 2017. Similar to the TRP, the NCP will likely be divided into several CGMP packages, with the packages for the first phase of NCP being bid in FY 2017 and the packages for the second phase being bid in FY 2021.

Other Capital Projects

Other capital projects currently anticipated by the Department to be undertaken or completed during the period that the various elements of the TRP and the NCP will be under construction consist primarily of on-going capital improvements to existing landside and airside facilities. Preliminary cost estimates for the other capital projects during the period from FY 2017 through FY 2024 total approximately $191 million. These projects primarily are expected to maintain the Airport's airside and landside infrastructure, as well as the facilities at the Auxiliary Airports, in good repair over the period of construction of the TRP and NCP. Projects expected to be undertaken include: pavement rehabilitation on Runways 17-35 and 14-32 and Taxiways K, P, Q and R, renovation of the airport operations center and construction of a new central concessions screening warehouse at the Airport as well as improvements at Tooele and South Valley; and development of a general aviation ("*GA*") master plan for Tooele and South Valley and updating the Airport's Master Plan, which was last updated in 1998. The Department may defer or elect not to undertake a portion of the capital projects included in other capital projects during the forecast period, depending on circumstances such as aviation demand levels and availability of project funding.

Funding Sources for the TRP and NCP

Overview

The TRP and the NCP are expected to be funded from a variety of sources, including Department funds, proceeds of the Series 2017 Bonds and additional Bonds, passenger facility charges ("*PFCs*"), customer facility charges ("*CFCs*"), and FAA Airport Improvement Program ("*AIP*") and Transportation Security Administration ("*TSA*") Other Transaction Agreement ("*OTA*") grant funds. The City currently has no outstanding airport revenue bonds payable from Airport Revenues. The Series 2017 Bonds will be the first Bonds issued to finance portions of the TRP and NCP, and the City expects to issue additional Bonds to fund approximately $1.1 billion of project costs for the TRP and NCP in addition to the Series 2017 Bonds. Since 1997, the Department has set aside excess Revenues in anticipation of the major capital program that evolved into the TRP and NCP. Through the Department's intentional and collaborative planning process, it has identified the projects and scope that will provide the facilities necessary to accommodate current and forecast passenger and airline demands.

The table below describes the various projected sources of funds that are expected to be used to fund each element of the TRP and the NCP as well as the other capital projects ("*Other CIP*"). This mix of funding sources is expected to maintain the Airport's cost per enplaned passenger at a rate substantially below its peer airports. In the AUA, the City has agreed not to recover the portions of the TRP funded with Department funds, and none of the project costs funded with AIP grants, PFCs or CFCs are included in the airline rate base and recovered through airline rates and charges.

EXPECTED SOURCES OF FUNDS
FOR THE TRP AND NCP*

	Dept. Funds	PAYGO PFCs	CFCs	TSA OTA & AIP Grants	Series 2017 Bonds	Additional Bonds	Total
TRP	$270.1	$306.0	$187.3	$69.2	$621.1	$722.9	$2,176.6
NCP	112.0	---	---	84.5	136.8	404.1	737.3
Other CIP	111.2	29.7	---	50.6	---	---	191.4
TOTAL:**	**$493.3**	**$335.7**	**$187.3**	**$204.3**	**$757.9**	**$1,126.9**	**$3,105.3**

* Table has not been updated to reflect the final terms of the Series 2017 Bonds.
** Totals may not add due to rounding.

Department Funds

The Airport derives revenues from a wide variety of non-aeronautical sources, including parking, rental car fees, concessions fees and ground transportation fees. The City has been reserving excess non-airline revenues in anticipation of undertaking the TRP, NCP and other capital projects and as of June 30, 2016, the City maintained a balance of approximately $242.5 million in the Surplus Fund available for future development of the Airport System, in addition to approximately $120 million of PFCs. The Department has been expending such retained amounts since commencing the TRP in 2014. Although a sizable amount of funds available for future development is expected to be expended on TRP costs, the Department expects to continue to apply such Department funds to provide liquidity during construction of the TRP and NCP. Rather than rely on short term borrowing, the Department regularly applies its internally generated funds for project costs and the Department expects to continue reimbursing itself from Bond proceeds, PFCs, CFCs and AIP and OTA grant funds during the construction of the TRP and the NCP. See "APPENDIX B - REPORT OF THE AIRPORT CONSULTANT – CIP Plan of Finance."

Airport Revenue Bonds

The City expects to fund approximately $1.885 billion of the costs of the TRP and the NCP from proceeds of the Series 2017 Bonds and additional Bonds. Portions of the debt service payable on the Series 2017 Bonds and certain additional Bonds to be issued in the future are also expected to be paid with PFCs. See "APPENDIX B - REPORT OF THE AIRPORT CONSULTANT – CIP Plan of Finance."

PFCs

As of June 30, 2016, the City has received approval from the FAA to impose and use $2.086 billion of PFCs for projects at the Airport including the TRP, and the City expects to fund $306.0 million of the costs of the TRP with PAYGO PFCs. In addition, to the extent authorized by the FAA, the City expects to apply additional PFCs to pay principal of and interest on a portion of the Bonds, including a portion of the Series 2017 Bonds. The City is authorized to collect a PFC of $4.50 from eligible passengers enplaning at the Airport, of which $0.11 is retained by the collecting air carriers as a handling fee. Federal law restricts the use of PFCs to certain kinds of projects and, accordingly, based on current FAA approvals, PFCs may only be used for certain elements of the TRP, including portions of the Terminal and the South Concourse, airside project elements, roadways and portions of the CUP. As of the date hereof, the City has not sought approval from the FAA to apply PFCs to the costs of the NCP. See "INVESTMENT CONSIDERATIONS – PFC Revenues and Other Funding Sources." PFCs are excluded from the Net Revenues securing the Bonds pledged under the Master Indenture, but the City may, by execution of a Supplemental Indenture or a certificate of designation, pledge or otherwise commit PFCs to secure payment of specified Bonds. See "SECURITY FOR THE SERIES 2017 BONDS-Use of PFCs to Pay Debt Service."

As of June 30, 2016, the Department had collected approximately $738 million and expended approximately $615 million of its total approved PFC collections on approved projects, including $47.0 million of PFCs for elements of the TRP. The Department expects to expend the majority of PFCs currently on hand on portions of the TRP that are eligible for PFC funding and, thereafter, to allocate a portion of PFCs collected in future years to payment of principal of and interest on Bonds issued to fund eligible TRP elements. See "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – CIP Plan of Finance."

CFCs

The City requires rental car companies to collect a CFC of $5 per transaction day, with a limit of 12 days per contract, from persons renting automobiles at the Airport. The City expects to apply a total of approximately $187.3 million of CFCs to pay certain costs of the TRP, either directly or to reimburse the City for eligible costs previously funded with Department funds. As of June 30, 2016, approximately $103.1 million has been expended for CFC eligible projects, although the Department expects to reimburse itself in the future for a portion of such costs as additional CFCs are collected. CFCs are excluded from the Net Revenues securing the Bonds pledged under the Master Indenture. Although federal law does not restrict the use of CFCs, a City ordinance restricts the use of CFCs to finance capital improvements at the Airport that support rental car services, including a pro rata share of joint use infrastructure such as roadways, the portions of the Parking Garage needed for ready/return facilities, funding debt service associated with rental car facilities or funding the City's costs for such other rental car related purposes as the City may determine. The City currently does not expect to apply proceeds of Bonds to finance rental car facilities or, accordingly, to pay debt service on Bonds with CFCs. The Department expects to apply CFCs to the costs of the recently completed rental car facilities, portions of the new Parking Facility that will serve rental car companies, and elements of the roadway system serving the rental car facilities. See “APPENDIX B - REPORT OF THE AIRPORT CONSULTANT – CIP Plan of Finance.”

AIP and TSA Grants

The Department expects to apply $136.4 million of AIP grant funds to fund eligible costs of the TRP and NCP. In addition, the TSA provides certain grant funds through OTAs for in-line baggage screening systems, and the Department anticipates receiving $17.3 million from the TSA for that element of the TRP. See “APPENDIX B - REPORT OF THE AIRPORT CONSULTANT – CIP Plan of Finance.”

The City receives grants annually from the FAA pursuant to the AIP and also receives OTA funding from the TSA from time to time. The AIP grants generally fall into two categories: (i) entitlement grants, which are awarded based upon the number of passengers enplaned at the Airport as well as entitlement grants based on air cargo throughout at the Airport, and (ii) discretionary grants, which are awarded at the discretion of the FAA based upon specified criteria, including a cost-benefit analysis. Similar to many federal grant-in-aid programs, AIP grants are reimbursement grants. Accordingly, the Department must expend its own cash to fund an authorized project and then submit invoices to the FAA for reimbursement of such costs pursuant to the terms of the grant. Thus, while grants may be awarded in one fiscal year, grant funds may be received over a period of several subsequent fiscal years. For a description of the AIP program, see “INVESTMENT CONSIDERATIONS – FAA Reauthorization and Federal Funding.”

The Department will continue its practice of fully utilizing the AIP entitlement grants that are awarded to it to maintain and improve the Airport System, and of aggressively seeking FAA discretionary grants for AIP-eligible projects. Based on communications with the FAA, the Department currently expects $150,000 in annual AIP entitlement grants for each of the Auxiliary Airports. For fiscal years 2012-2016, the Department was awarded $80.2 million in FAA AIP grants for projects including deicing pads for runways 34L, 34R and 16L, and runway, taxiway and apron pavement rehabilitation work. The Department received $14.2 million in AIP grant funds in FY 2016. However, there can be no assurance that additional grants from the FAA or TSA will be available in the future. See “INVESTMENT CONSIDERATIONS – FAA Reauthorization and Federal Funding.”

SECURITY FOR THE SERIES 2017 BONDS

Pledge of Net Revenues

The Series 2017 Bonds are limited obligations of the City payable solely from and secured by a pledge of Net Revenues, certain funds and accounts held by the Trustee under the Indenture, and other amounts payable under the Indenture.

“*Net Revenues*” are defined in the Master Indenture to mean, for any given period, the Revenues for such period, less the Operation and Maintenance Expenses of the Airport System for such period.

“*Revenues*,” in turn, are defined in the Master Indenture to include, among other things, except to the extent specifically excluded therefrom, all income, receipts, earnings and revenues received by the City from the operation and ownership of the Airport System for a given period, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to, (1) rates, tolls, fees, rentals, charges and other payments made to or owed to the City for the use or availability of the Airport System, (2) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the City, including rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by the City or any successor thereto from the possession, management, charge, superintendence and control of the Airport System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the City receives payments which are attributable to the Airport System or activities or undertakings related thereto and (3) Other Pledged Revenues. See

"APPENDIX C — FORM OF MASTER INDENTURE — ARTICLE I — DEFINITIONS; INTERPRETATION" for a more complete definition of Revenues. CFCs and Capitalized Interest, among other things, are specifically excluded from Revenues unless otherwise designated as Other Pledged Revenues pursuant to a certificate of the City or in a Supplemental Indenture. PFCs, among other things are specifically excluded from Pledged Revenues, but may be applied to pay principal of, premium, if any, and interest on Bonds as described below. The City has not designated or pledged pursuant to a certificate or a Supplemental Indenture any PFCs to the payment of Bonds. However, see "— Use of PFCs to Pay Debt Service" below for a discussion of the City's expectation to use PFCs to pay a portion of the debt service on the Series 2017 Bonds. Additionally, a portion of the interest on the Series 2017 Bonds will be payable from Capitalized Interest through June 30, 2020.

"*Operation and Maintenance Expenses of the Airport System*" are defined in the Master Indenture to mean, for any given period, the total operation and maintenance expenses of the Airport System as determined in accordance with generally accepted accounting principles as in effect from time to time; including any costs of Credit Facilities and Liquidity Facilities; but excluding depreciation expense and any operation and maintenance expenses of the Airport System payable from moneys other than Revenues, including, but not limited to, any non-cash items that are required to be treated as operation and maintenance expenses of the Airport System in accordance with generally accepted accounting principles.

The Department operates the Airport and the Auxiliary Airports as the Airport System. The Master Indenture includes the operation and maintenance costs and revenues of the Auxiliary Airports within the definitions of "Operation and Maintenance Expenses of the Airport System" and "Revenues." None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Series 2017 Bonds, and neither the full faith and credit nor the taxing power of the City, the State or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Series 2017 Bonds.

Flow of Funds

The City has created and holds and maintains a special fund designated as the Revenue Fund into which all Revenues and other moneys and funds not included in Revenues are deposited. Pursuant to the Master Indenture, the City will agree to continue to hold and maintain the Revenue Fund. Additionally, pursuant to the Master Indenture, the City will covenant and agree to establish, hold and maintain the Revenue Account within the Revenue Fund. As long as there are any Outstanding Bonds, all Revenues will be deposited in the Revenue Account and will be set aside for the payment of the following amounts or deposited or transferred to the following funds, accounts and subaccounts in the following order of priority:

First: to the Operation and Maintenance Subaccount. On or prior to the third Business Day of each month, the City shall deposit Revenues to the Operation and Maintenance Subaccount in an amount equal to one-twelfth of the estimated Operation and Maintenance Expenses of the Airport System for the then current Fiscal Year as set forth in the budget of the City for such Fiscal Year as finally approved by the City and such additional amounts as determined to be necessary by the City to pay the Operation and Maintenance Expenses of the Airport System in that month. In the event that the balance in the Operation and Maintenance Subaccount at any time is insufficient to make any required payments therefrom due and payable between the third Business Day of the then current month and the second Business Day of the immediately succeeding month, additional Revenues at least sufficient to make such payments shall immediately be deposited in the Operation and Maintenance Subaccount from the Revenue Account.

Second: to the Debt Service Funds. Except as otherwise provided in a Supplemental Indenture, on or prior to the third Business Day of each month, a sufficient amount of Revenues shall be transferred by the City, without priority and on an equal basis, except as to timing of payment, to the Trustee for deposit to the Debt Service Funds in the amounts, at the times and in the manner provided in the Master Indenture to provide for the payment of principal and interest to become due on the Outstanding Bonds. In addition to the deposit of Revenues to the Debt Service Funds, the City shall transfer any applicable Pledged Passenger Facility Charges and/or Passenger Facility Charges Available for Debt Service to the Trustee for deposit to the applicable Debt Service Fund in accordance with the provisions of the applicable Supplemental Indenture and/or a certificate of the City as provided in the Master Indenture.

Third: to the Common Debt Service Reserve Fund and Series Debt Service Reserve Funds. On or prior to the third Business Day of each month, a sufficient amount of Revenues shall be transferred by the City, without priority and on an equal basis, to the Trustee for deposit to the Common Debt Service Reserve Fund at the times and in the amounts provided in the Master Indenture, and to any Series Debt Service Reserve Fund at the times and in the amounts set forth in the Supplemental Indenture pursuant to which such Series Debt Service Reserve Fund is created. See "— Common Debt Service Reserve Fund" below.

Fourth: to the Subordinate Obligation Debt Service. Except as otherwise provided in a Supplemental Indenture, on or prior to the third Business Day of each month, a sufficient amount of Revenues shall be transferred by the City to the Subordinate Obligation Trustee, in such amounts and at such times (as specified by the City), as shall be necessary to make all payments and deposits required to be made during the following month on all Subordinate Obligations.

Fifth: to the Subordinate Obligation Debt Service Reserve Funds. On or prior to the third Business Day of each month, a sufficient amount of Revenues shall be transferred or caused to be transferred by the City to the Subordinate Obligation Trustee (in such amounts and at such times as specified in the Subordinate Obligation Trust Indenture) to fund any deficiency in any debt service reserve fund established by or for the benefit of the City in connection with any Subordinate Obligations issued pursuant to the terms of a Subordinate Obligation Trust Indenture, provided, however, no Revenues shall be transferred by the City to the Subordinate Obligation Trustee for deposit to any debt service reserve fund established by or for the benefit of the City in connection with any Subordinate Obligations if amounts (including any Debt Service Reserve Fund Surety Policy) in the Common Debt Service Reserve Fund are not sufficient to meet the Reserve Requirement or amounts (including any Debt Service Reserve Fund Surety Policy) in any Series Debt Service Reserve Fund are not sufficient to meet the applicable Reserve Requirement for such Series Debt Service Reserve Fund.

Sixth: to the Operation and Maintenance Reserve Subaccount. On or prior to the third Business Day of each month, sufficient Revenues shall be deposited to the Operation and Maintenance Reserve Subaccount to fund any deficiency in the Operation and Maintenance Reserve Subaccount in accordance with the Master Indenture.

Seventh: to the Renewal and Replacement Subaccount. On or prior to the third Business Day of each month, sufficient Revenues shall be deposited to the Renewal and Replacement Subaccount to fund any deficiency in the Renewal and Replacement Subaccount in accordance with the Master Indenture.

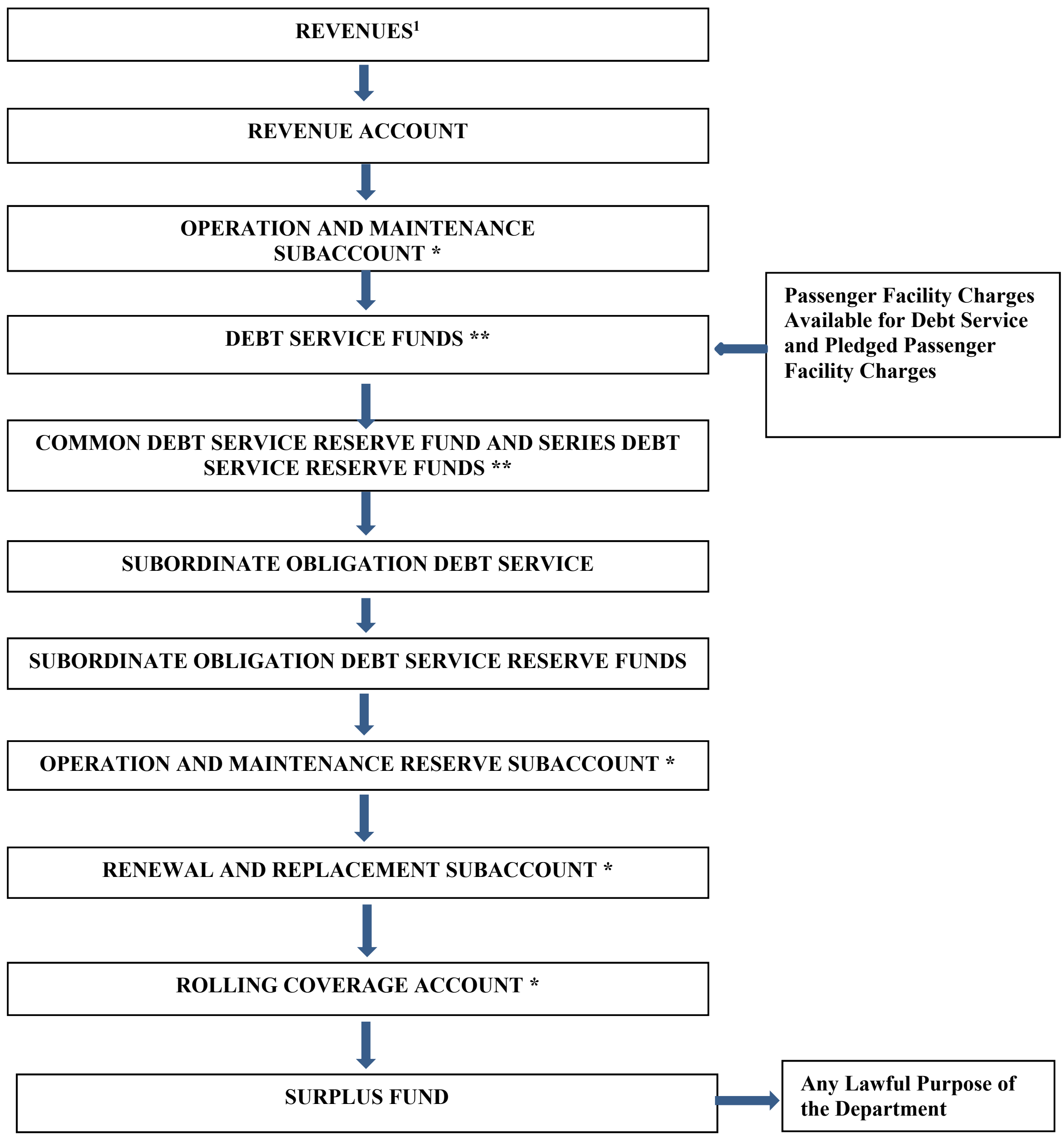
Eighth: to the Rolling Coverage Account. On or prior to the third Business Day of each month, at the discretion of the City, Revenues may be deposited to the Rolling Coverage Account in an amount determined by the City to fund the Rolling Coverage Account in accordance with the Master Indenture.

Ninth: to the Surplus Fund. At the discretion of the City, all or a portion of the remaining Revenues may be deposited to the Surplus Fund to be used for any lawful Airport System purpose.

Pursuant to the Master Indenture, the City will agree to create, within the Revenue Fund, separate funds, accounts or subaccounts for the deposit of Customer Facility Charges and PFCs that have not been designated as Revenues. See "—Use of PFCs to Pay Debt Service" below for a discussion of the City's expectation to use PFCs to pay a portion of the debt service on the Series 2017 Bonds.

The following chart provides a graphic presentation of the flow of funds under the Master Indenture upon the receipt of Revenues.

Flow of Funds Pursuant to Master Indenture



*Maintained within the Revenue Account of the Department.
**Held and maintained by the Trustee.

(1) Revenues do not include PFC revenues.

Rate Covenant

The City will covenant in the Master Indenture that, while any of the Bonds remain Outstanding, but subject to all existing contracts and legal obligations of the City as of the date of execution of the Master Indenture setting forth restrictions relating thereto, it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that:

(a) Revenues in each Fiscal Year will be at least equal to the following amounts:

(i) Operation and Maintenance Expenses of the Airport System due and payable during such Fiscal Year;

(ii) the Annual Debt Service on any Outstanding Bonds required to be funded by the City in such Fiscal Year as required by the Master Indenture or any Supplemental Indenture with respect to the Outstanding Bonds;

(iii) the required deposits to the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund which may be established by a Supplemental Indenture;

(iv) the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Indenture;

(v) the interest on and principal of any indebtedness of the City issued on behalf of the Department required to be funded during such Fiscal Year, other than for Outstanding Bonds, but including Subordinate Obligations; and

(vi) funding of any debt service reserve funds created with respect to any indebtedness of the City issued on behalf of the Department, other than Outstanding Bonds, but including Subordinate Obligations.

(b) During each Fiscal Year the Net Revenues, together with any Transfer, will be equal to at least 125% of Annual Debt Service on the Outstanding Bonds for such Fiscal Year. For purposes of this paragraph (b), the amount of any Transfer taken into account cannot exceed 25% of Annual Debt Service on the Outstanding Bonds in such Fiscal Year.

For purposes of paragraphs (a) and (b) above, Annual Debt Service on the Outstanding Bonds will be reduced by the amount of principal and/or interest paid with Capitalized Interest, Passenger Facility Charges Available for Debt Service and/or Pledged Passenger Facility Charges. See "APPENDIX C – FORM OF MASTER INDENTURE – ARTICLE IV - REVENUES; FUNDS AND ACCOUNTS – Section 4.15 - Passenger Facility Charges Available for Debt Service."

If Revenues and Net Revenues, together with any Transfer, in any Fiscal Year are less than the amounts specified in paragraphs (a) and (b) above, the City will retain and direct a Consultant to make recommendations as to the revision of the City's business operations and its schedule of rates, tolls, fees, rentals and charges for the use of the Airport System and for services rendered by the City in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the City will take all lawful measures to revise the schedule of rates, tolls, fees, rentals and charges as may be necessary to produce Revenues and Net Revenues, together with any Transfer in the amounts specified in paragraphs (a) and (b) above in the next succeeding Fiscal Year.

In the event that Revenues or Net Revenues for any Fiscal Year are less than the amounts specified in paragraphs (a) or (b) above, but the City has, prior to or during the next succeeding Fiscal Year, promptly taken all lawful measures to revise the schedule of rates, tolls, fees, rentals and charges as required by the provisions set forth in the prior paragraph, such deficiency in Revenues or Net Revenues will not constitute an Event of Default under the Master Indenture. Nevertheless, if after taking the measures required by the provisions set forth in the prior paragraph to revise the schedule of rates, tolls, fees, rentals and charges, Revenues or Net Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the City for such Fiscal Year) are less than the amounts specified in paragraphs (a) and (b) above, such deficiency in Revenues or Net Revenues will constitute an Event of Default under the Master Indenture.

Pursuant to the AUA, the Signatory Airlines have agreed to allow the Department to collect additional payments from the Signatory Airlines if the Department would otherwise fail to satisfy the rate covenant in the Master Indenture. See "THE AIRPORT – Airline Use Agreement – *Rates and Charges*" below.

See "THE AIRPORT –The Airline Use Agreement" for a discussion regarding certain limits on the ability of the City to raise fees to be charged to the Signatory Airlines**.**

Common Debt Service Reserve Fund

Pursuant to the Master Indenture, the City will establish the Common Debt Service Reserve Fund (the "*Common Reserve Fund*") with the Trustee to secure any Bonds the City elects to participate in the Common Reserve Fund. At the time of issuance of the Series 2017 Bonds, the City will elect to have the Series 2017 Bonds participate in the Common Reserve Fund. The Series 2017 Bonds and any Additional Bonds the City elects to have participate in the Common Reserve Fund are collectively referred to in this Official Statement as the "*Common Reserve Fund Participating Bonds*."

Moneys held in the Common Reserve Fund will be used for the purpose of paying principal of and interest on the Common Reserve Fund Participating Bonds on a parity basis. If, on any Payment Date for the Common Reserve Fund Participating Bonds, the amounts in the Debt Service Funds for such Bonds are insufficient to pay in full the amount then due on such Bonds, moneys held in the Common Reserve Fund will be used for the payment of the principal of and/or interest thereon. If amounts in the Common Reserve Fund consist of both cash and one or more Debt Service Reserve Fund Surety Policies, the Trustee will make any required payments of amounts in the Common Reserve Fund first from any cash on deposit in the Common Reserve Fund prior to making a draw upon any of such Debt Service Reserve Fund Surety Policy. Moneys held in the Common Reserve Fund also may be used to make any deposit required to be made to the Rebate Fund created for the Common Reserve Fund Participating Bonds at the written direction of the City if the City does not have other funds available from which such deposit can be made.

The Common Reserve Fund is required to be funded at all times in an amount equal to the Reserve Requirement. The "*Reserve Requirement*" is equal to the lesser of (a) Maximum Aggregate Annual Debt Service for all Outstanding Common Reserve Fund Participating Bonds, (b) ten percent of the original principal amount of the Outstanding Common Reserve Fund Participating Bonds, less the amount of original issue discount with respect to such Common Reserve Fund Participating Bonds if such original issue discount exceeded 2% on such Common Reserve Fund Participating Bonds at the time of their original sale, and (c) 125% of the average Aggregate Annual Debt Service for the Outstanding Common Reserve Fund Participating Bonds. At the time of issuance of any Additional Bonds which the City elects to have participate in the Common Reserve Fund, the Reserve Requirement is required to be met at the time of such issuance. The City may fund all or a portion of the Reserve Requirement with a Debt Service Reserve Fund Surety Policy. See "APPENDIX C – FORM OF THE MASTER INDENTURE - ARTICLE IV – REVENUES; FUNDS AND ACCOUNTS– Section 4.06 Common Debt Service Reserve Fund and Series Debt Service Reserve Funds." At the time of issuance of the Series 2017 Bonds, a portion of the proceeds of the Series 2017 Bonds in the amount of $73,664,500 will be deposited to the Common Reserve Fund to meet the Reserve Requirement.

Additional Bonds

The Master Indenture provides the City with flexibility as to establishing the nature and terms of any Additional Bonds hereafter issued with a lien and charge on Net Revenues on parity with the Series 2017 Bonds. For example, the Master Indenture provides for the issuance of Variable Rate Indebtedness, Capital Appreciation Bonds and Balloon Indebtedness on a parity with the Series 2017 Bonds. See "APPENDIX C – FORM OF MASTER INDENTURE – ARTICLE II - FORM, EXECUTION, DELIVERY AND REGISTRATION OF BONDS – Section 2.11 – Additional Bonds Test." Additional Bonds may be issued under the Master Indenture on a parity with the Series 2017 Bonds provided, among other things, that there is delivered to the Trustee either:

(a) a certificate, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds (both dates inclusive), prepared by an Authorized City Representative showing that the Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, together with any Transfer for the most recently ended Fiscal Year, were at least equal to 125% of Maximum Aggregate Annual Debt Service, which excludes capitalized interest, with respect to all Outstanding Bonds and the proposed Series of Bonds, calculated as if the proposed Series of Bonds were then Outstanding; or

(b) a certificate, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds (both dates inclusive), prepared by a Consultant, with national recognition as experts in the area of air traffic and airport financial analysis, showing that:

(i) the Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, together with any Transfer for the most recently ended Fiscal Year, were at least equal to 125% of the sum of the Annual Debt Service due and payable with respect to all Outstanding Bonds for such applicable period; and

(ii) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Bonds during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Series of Bonds, or (B) the third full Fiscal Year during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof, the estimated Net Revenues, together with any estimated Transfer, for each such Fiscal Year, will be at least equal to 125% of the Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Bonds and calculated as if (y) the proposed Series of Bonds were then Outstanding, and (z) any future Series of Bonds which the City estimates will be required to complete payment of the estimated costs of construction of such portion of the Specified Project and any other uncompleted portion of the Specified Project from which the Consultant projects additional Revenues will be generated were then Outstanding.

For purposes of subparagraphs (a) and (b) above, the amount of any Transfer taken into account will not exceed 25% of the Aggregate Annual Debt Service on the Outstanding Bonds, the proposed Series of Bonds and any future Series of Bonds required to complete the Specified Project as described above. The components of Aggregate Annual Debt Service are to be calculated as provided in the Master Indenture. See "APPENDIX C – FORM OF MASTER INDENTURE – ARTICLE II - FORM, EXECUTION, DELIVERY AND REGISTRATION OF BONDS – Section 2.11 – Additional Bonds Test."

For purposes of subsection (b)(ii) above, in estimating Net Revenues, the Consultant may take into account (1) Revenues from Specified Projects or other Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Revenues which have been approved by the City and will be in effect during the period for which the estimates are provided, and (3) any other increases in Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Operation and Maintenance Expenses of the Airport System, the Consultant will use such assumptions as the Consultant believes to be reasonable, taking into account: (x) historical Operation and

Maintenance Expenses of the Airport System, (y) Operation and Maintenance Expenses of the Airport System associated with the Specified Projects and any other new Airport Facilities, and (z) such other factors, including inflation and changing operations or policies of the City, as the Consultant believes to be appropriate. The Consultant will include in the certificate or in a separate accompanying report the calculations and assumptions made in determining the estimated Net Revenues and will also set forth the calculations of Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

For purposes of preparing the certificate or certificates described above, the Consultant or the Authorized City Representative may reasonably rely upon financial information provided by the City.

Neither of the certificates described in subsections (a) or (b) above will be required if:

(i) the Bonds being issued are for the purpose of refunding then Outstanding Bonds and there is delivered to the Trustee, instead, a certificate of an Authorized City Representative showing that Maximum Aggregate Annual Debt Service after the issuance of such Refunding Bonds will not exceed the Maximum Aggregate Annual Debt Service prior to the issuance of such Refunding Bonds; or

(ii) the Bonds being issued constitute Notes and there is delivered to the Trustee, instead, a certificate prepared by an Authorized City Representative showing that the principal amount of the proposed Notes being issued, together with the principal amount of any Notes then Outstanding, does not exceed 10% of the Net Revenues for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Notes; or

(iii) the Bonds being issued are Completion Bonds and the following written certificates are delivered to the Trustee (A) a Consultant's certificate stating that the nature and purpose of such Project has not materially changed and (B) a certificate of an Authorized City Representative to the effect that (1) all of the proceeds (including investment earnings on amounts in the Construction Fund established for the Project) of the original Bonds issued to finance such Project have been or will be used to pay Costs of the Project and (2) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the Construction Fund established for the Project (including unspent proceeds of Bonds previously issued for such purpose). "*Completion Bonds*" are defined in the Master Indenture as Bonds issued to pay costs of completing a Project for which Bonds have previously been issued and the principal amount of such Bonds being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Bonds originally issued for the Project. Additional Bonds to be issued to finance additional costs of the TRP or the NCP will not be deemed to constitute Completion Bonds under the Master Indenture. See "APPENDIX C – FORM OF MASTER INDENTURE – ARTICLE I – DEFINITIONS; INTERPRETATION."

The City expects to issue Additional Bonds in the future to finance the development of the Airport System. See "THE TERMINAL REDEVELOPMENT PROGRAM AND NORTH CONCOURSE PROJECT – Funding Sources."

Use of PFCs to Pay Debt Service

Pursuant to the Master Indenture, PFC revenues are excluded from the definition of Revenues, and therefore, are not pledged to the payment of debt service on the Bonds, except for Pledged Passenger Facility Charges, which are subject to the pledge of the Master Indenture but do not constitute Revenues. However, PFC revenues may still be applied to pay debt service on Bonds in two separate ways. The City may designate specified PFC revenues as Passenger Facility Charges Available for Debt Service. Passenger Facility Charges Available for Debt Service are transferred to the Trustee and deposited directly into a City designated Debt Service Fund to be used to pay debt service on a specific Series of Bonds. The City may also pledge specified PFC revenue to secure designated Bonds as Pledged Passenger Facility Charges. Pledged Passenger Facility Charges are also transferred to the Trustee and deposited directly into a City designated Debt Service Fund to be used to pay debt service on a specific Series of Bonds. The City has not elected, and the City has no current plans to elect, to designate PFCs as Pledged Passenger Facility Charges. The City expects, however, to the extent approved by the FAA, to use PFCs as Passenger Facility Charges Available for Debt Service to pay a portion of the debt service on the Series 2017 Bonds.

Debt service paid with PFCs, whether designated as Passenger Facility Charges Available for Debt Service and/or Pledged Passenger Facility Charges, is not included in the calculation of the rate covenant set forth in the Master Indenture, and debt service on Additional Bonds expected to be paid from PFCs is not included in the additional bonds test set forth in the Master Indenture. For additional information regarding PFCs and the City's expected use of PFC revenues, see "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT."

Permitted Investments

Moneys and funds held by the City will be invested in Permitted Investments, subject to any restrictions set forth in the Master Indenture and subject to restrictions imposed upon the City by the State Money Management Act. Moneys and funds held by the Trustee under the Master Indenture, including moneys in the respective Debt Service Funds, and the accounts therein, and the Common Reserve Fund, may be invested as directed by the City in Permitted Investments, subject to the restrictions set forth in the Master Indenture and subject to restrictions imposed upon the City by the State Money Management Act. See "THE AIRPORT— Financial Considerations - Investment Policy" herein.

Events of Default and Remedies; No Acceleration

Events of Default under the Master Indenture and related remedies are described in "APPENDIX C—FORM OF THE MASTER INDENTURE—ARTICLE VIII – DEFAULTS AND REMEDIES." The occurrence of an Event of Default does not grant any right to accelerate payment of the Bonds, including the Series 2017 Bonds, to either the Trustee or the Holders of the Bonds. The Trustee is authorized to take certain actions upon the occurrence of an Event of Default, including proceedings to enforce the obligations of the City under the Master Indenture. If there is an Event of Default, payments, if any, on the Bonds will be made after payments of Operation and Maintenance Expense of the Airport System. Since Net Revenues are Revenues net of all amounts needed to pay Operation and Maintenance Expense of the Airport System, and the City is not subject to involuntary bankruptcy proceedings, the City may be able to continue indefinitely collecting Revenues and applying them to the operation of the Airport System even if an Event of Default has occurred and no payments are being made on the Bonds.

Other Covenants of the City

Pursuant to the Master Indenture, the City has agreed to covenants for the benefit of the holders of the Bonds, including the Series 2017 Bonds, in addition to those described above. For example, the City has covenanted not to issue any bonds or other obligations with a lien on or security interest in the Net Revenues which is superior to the Bonds, not to enter into any contracts or take any actions that are inconsistent with the Master Indenture, and to operate and maintain the Airport System in good working order. The City also has retained the right under the Master Indenture to issue obligations secured by a pledge of Net Revenues which is subordinate to the lien securing the Bonds, and to issue special facilities obligations that are not secured by a pledge of Net Revenues but that are secured only by revenues derived from a specified Special Facility. See "APPENDIX C – FORM OF THE MASTER INDENTURE – ARTICLE V – COVENANTS OF THE CITY."

THE AIRPORT

Overview

The Airport serves as the principal airport for the Salt Lake City metropolitan region, the State and portions of Colorado, Idaho, Nevada, and Wyoming. See "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – Air Service Area." Based on data from the FAA, approximately 10.6 million enplaned passengers boarded aircraft at the Airport in calendar year ("CY") 2015, ranking it 25th in the U.S. This was an increase of approximately 4.9% as compared to FAA data for CY 2014.

All the major network airlines and two low-cost carriers ("*LCCs*") operate at the Airport. The Airport is also a major hub airport for Delta. Delta and its regional partners carried approximately 70.2% of the enplaned passengers at the Airport in FY 2016. The Airport served a total of over 22.6 million passengers in FY 2016. The Airport operates efficiently and is frequently ranked first among similarly sized U.S. airports for on-time arrivals and departures by OAG Aviation Worldwide Limited. The Airport also has cargo operations. Approximately 191,873 U.S. tons of freight and mail were loaded and unloaded on and off aircraft in FY 2016.

Based on data from Airports Council International-North America ("*ACI-NA*"), the Airport was ranked the 30th busiest cargo airport in the U.S for CY 2015. Also in CY 2015, ACI-NA data shows that the Airport had over 311,000 aircraft movements or operations, ranking the Airport 24th in the U.S. for aircraft movements.

The Airport's Air Service Area

The Airport is the primary commercial air service facility serving the Salt Lake City metropolitan area and the surrounding region. The Airport has essentially no competition from other airports within the region, with no other large commercial service airports being located within 400 highway miles of the Airport. The geographical region that serves as an airport's primary air service catchment area generally is referred to as its Air Service Area. The Airport's Air Service Area is defined as the Salt Lake City-Provo-Orem Combined Statistical Area ("*CSA*"), which includes 10 counties in Utah. The Salt Lake City-Provo-Orem CSA is the 23rd most populated CSA in the U.S., with approximately 2.5 million people, or approximately 82% of the population in the entire State. In many cases, an Air Service Area can extend beyond the primary area depending on the location of other population centers and availability of other commercial service airports; however, it is generally the economic strength of the primary Air Service Area that provides the principal demand for supporting origin and destination ("*O&D*") air travel, which refers to persons who begin or end their air travel at the Airport. In the case of the Airport, its secondary air service area generally consists of the remainder of the State and portions of Colorado, Idaho, Nevada and Wyoming. The charts below show the Airport's Air Service Area and its location in the State.

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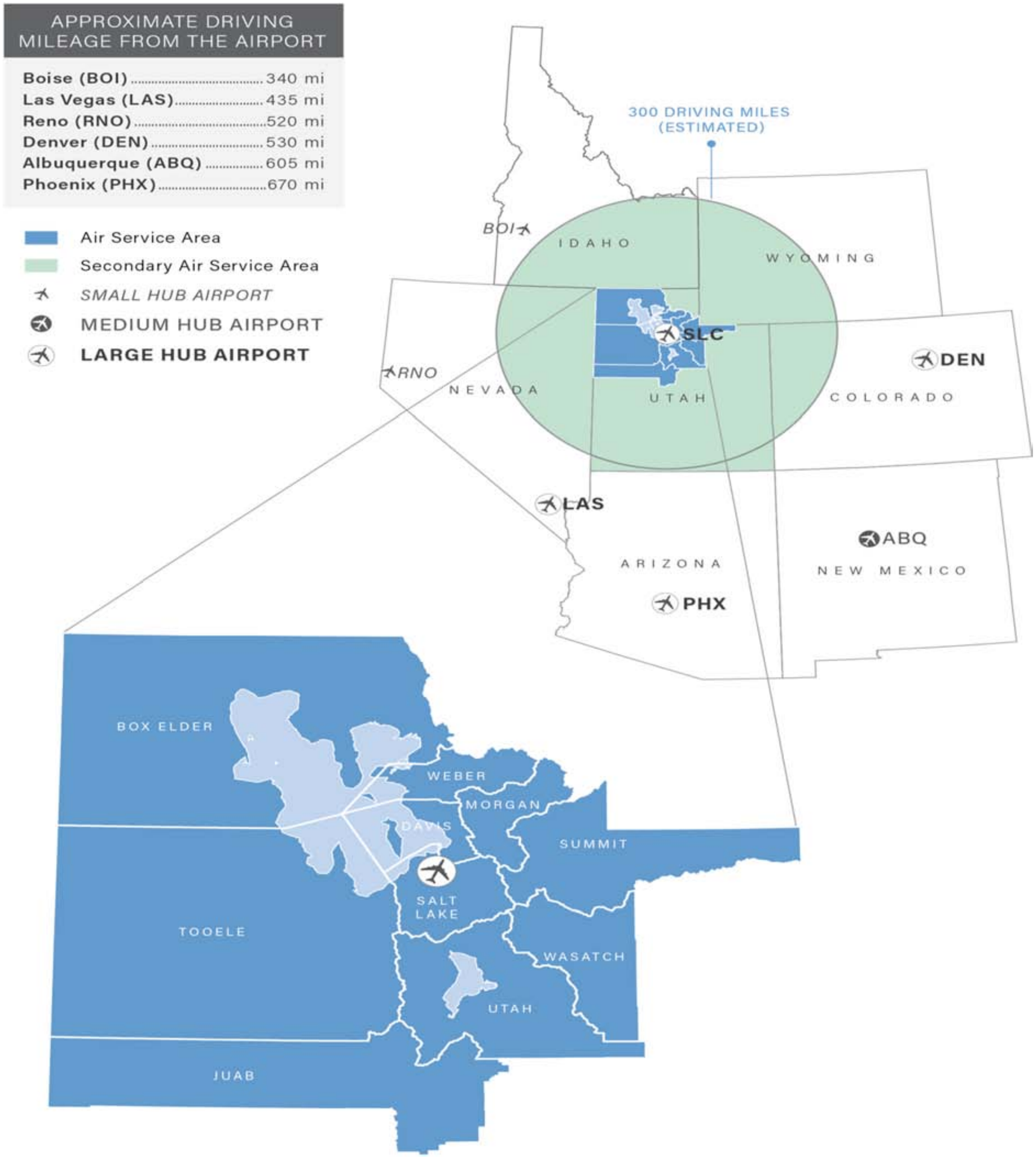

Because the Airport is isolated from competing airport facilities, it has limited, if any, competition for air service. Las Vegas McCarran International Airport (LAS) is the closest comparable airport, which is approximately 435 driving miles from the Airport. Denver International Airport (DIA) is the next closest at approximately 530 driving miles from the Airport. Boise Airport (BOI) in Idaho is about 340 driving miles from the Airport; however, it is a much smaller facility and is classified as a Small Hub by the FAA. There are no other comparable facilities to the Airport within the State in terms of air service. The next largest commercial service airport in Utah is St. George Regional Airport (SGU) located in the southwest area of the State, which is much smaller than the Airport. SGU is located 320 miles from the Airport and had approximately 70,000 enplaned passengers for CY 2015, and was ranked as the 254th largest airport in the U.S. according to data from the FAA.

The Airport's Air Service Area recently has experienced population growth considerably above the national average, and its labor force is also growing, while its unemployment rate is below the national rate as of June 30, 2016. The region's diverse economy includes banking and finance, the largest component of the gross regional product ("*GRP*"); transportation and distribution, as the City is a point of convergence for east-west rail lines and both east-west and north-south interstate highways; manufacturing and mining; and a growing technology sector. The Church of Jesus Christ of Latter Day Saints is headquartered in the City. The area is also a regional healthcare and education hub, with three research hospitals and the only academic medical center in the intermountain west, and all three of the State's major universities are within 70 miles of the Airport. Lastly, the area is a significant tourist destination, and a significant number of sports and outdoor products companies such as Atomic, Black Diamond, Petzl and Salomon have large operations in the region. Many well-known, world-class ski resorts are located within an hour's drive of the Airport and these resorts are increasingly becoming year-round destinations for golfing, hiking, mountain biking and other outdoor activities. Five national parks are located in Utah, along with numerous National Recreation Areas, and the Airport is centrally located to provide access to other western U.S. National Parks. This diverse economy supports a strong O&D market, complemented by Delta's connecting activity at the Airport. For additional information regarding the Airport's Air Service Area and demographics, see "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – Air Service and Air Traffic Analysis."

The City

The Airport is owned by the City, a municipal corporation and political subdivision of the State. The City owns three airports: the Airport, South Valley and Tooele, which are all operated and managed by the Department. The Mayor of the City and the City Council oversee the Department's affairs. A nine-member Airport Advisory Board of citizen volunteers advises the Mayor and City Council.

The City has a Council-Mayor form of government. The City Council consists of seven members, who are elected by voters within seven geographic districts of approximately equal population. The Mayor is elected at large by the voters of the City and is charged with the executive and administrative duties of the government.

The seven-member, part-time City Council is charged with the responsibility of performing the legislative functions of the City. The City Council performs three primary functions: it passes laws for the City, including approving issuance of debt, adopts the City budget, including, as a part thereof, the budget of the Department, and conducts management and operational audits of City departments.

Term information concerning the Mayor and the members of the City Council is set forth below:

Office	District	Person	Years in Service	Expiration of Current Term
Mayor	--	Jacqueline M. Biskupski	--	January 2020
Council Chair	#3	Stan Penfold	2	January 2018
Council Vice Chair	#6	Charlie Luke	5	January 2018
Council Member	#7	Lisa Ramsey Adams	2	January 2018
Council Member	#2	Andrew Johnston	--	January 2020
Council Member	#4	Derek Kitchen	--	January 2020
Council Member	#1	James Rogers	4	January 2020
Council Member	#5	Erin J. Robinson Mendenhall	2	January 2018

In February 1976, the City created the Airport Advisory Board to provide advice with respect to broad matters of policy affecting the operation of the Airport System. All actions taken by the Airport Advisory Board constitute recommendations to the Mayor. The Mayor has the power to review, ratify, modify, or veto any action submitted by the Airport Advisory Board. The members of the Airport Advisory Board are J.T. Martin, Chair, Larry Pinnock, Vice Chair, Igor Best-Deveraux, Michael D. Gallivan, Natalie Gochnour, Sam Granato, State Senator Karen Mayne, Cynthia D. Miller, Kim V. Rolfe and James Rogers, as City Council Member from District 1. There are currently two vacancies on the Airport Advisory Board.

Airport Management

The day-to-day operations of the Airport System are managed by the Executive Director of the Department, who reports directly to and is appointed by the Mayor. The Department's nine Division Directors, including the Chief of Police, oversee each of the primary operating and administrative divisions of the Department and report to the Executive Director. The executive team of the Department is a full-time staff of professional and technical personnel located at the Airport. In addition to the Executive Director, the executive team of the Department is comprised of the following nine Directors: (1) Administration and Commercial Services, (2) Airport Police, (3) Engineering, (4) Finance, (5) Information Management, (6) Maintenance, (7) Operations, (8) Planning and Environmental, and (9) Public Relations/Marketing. Brief biographies of the members of the Department's management team are set forth below.

Maureen Riley, Executive Director

Since February of 2007, Maureen Riley has served as the Executive Director of the Department. Prior to joining the Department, Ms. Riley spent a total of 13 years at Orlando International Airport, in a variety of finance positions and last as Deputy Executive Director of Finance and Administration.

Ms. Riley has also worked as a senior consultant for Leigh Fisher Associates in San Mateo, California, and for Roy W. Block Consulting in Orlando, Florida, where she specialized in financial management of construction programs. Early in her career, Ms. Riley worked for 11 years in the field of public accounting.

Ms. Riley served as chair of the ACI-NA in 2016, and as a Board member of ACI World from 2012 to 2016. She is a graduate of the Wharton School of Finance at the University of Pennsylvania and a Certified Public Accountant ("*CPA*").

John Buckner, Director of Administration and Commercial Services

John Buckner has worked for the Department since 1998. Mr. Buckner is responsible for business and policy development and implementation, airline and concession lease negotiations, real property acquisition, procurement, airport and tenant insurance and risk management, and facility management and property management. Mr. Buckner also oversees the commercial development and property assets of the Airport, as well as those of the Auxiliary Airports.

Mr. Buckner previously served as the Airport's Commercial Manager. During this time, he played a significant role in the comprehensive renovation of the Airport's concession program in advance of the 2002 Olympic Winter Games and developing numerous new sources of non-aeronautical revenue.

Mr. Buckner currently serves on the World Economics Committee for Airports Council International, and he is a standing member of the Commercial Management and Finance Committees for ACI-NA. In addition, Mr. Buckner has participated on several Transportation Research Board Airport Cooperative Research Programs projects. He is a graduate of the University of Utah.

Edwin Cherry, Chief Information Officer

Edwin Cherry currently serves as the chief information officer for the Department where he is responsible for overseeing the provision of information and communication services throughout the Airport campus.

Mr. Cherry has spent the last 25 years in the aviation industry serving in numerous roles ranging from consulting, project management and product development to his current role in airport information technology ("*IT*") management. He has led teams in the development of IT solutions at numerous domestic and international airports with an emphasis on the integration of the disparate special systems that are widely used by passengers, airports and airlines.

Mr. Cherry is active in the ACI-NA as well as the American Association of Airport Executives ("*AAAE*"). He graduated from the University of South Florida with a Bachelor of Science degree in Engineering.

Eddie Clayson, Director of Maintenance

Eddie Clayson began working for the Department in 1993. He was appointed as the Director of Maintenance in 2016. Prior to his appointment, Mr. Clayson worked in building controls and as the facilities superintendent for the Department.

Before joining the Department, Mr. Clayson worked for Lockheed Engineering & Sciences as an electronics engineer where he was responsible for control systems on buildings, test chambers and equipment.

Mr. Clayson is involved with the AAAE and the International Facilities Management Association ("*IFMA*"). He earned his Accredited Airport Executive ("*AAE*") from the AAAE in 2013. Through IFMA, Mr. Clayson has earned his Certified Facility Manager and the Sustainability Facility Profession credentials. He has been active in the IFMA Airport Facilities Council and is the past president of the Council. Mr. Clayson graduated from Brigham Young University with a Bachelor of Science degree in Electronics Engineering and Technology.

Peter L. Higgins, Director of Operations

Mr. Higgins has worked at the Airport for more than 15 years, serving previously as the Director of Airport Maintenance. He has experience in aviation management, airport construction project management, heavy civil construction project management and large scale development programs. In addition, Mr. Higgins has served as a senior level construction equipment fleet executive.

Before joining the Airport, Mr. Higgins worked for Granite Construction Company and for Gibbons and Reed. Mr. Higgins currently serves as the president of the Northwest Chapter of the AAAE. He is an accredited member of the Association of Construction Equipment Managers and certified member of the AAAE.

Mr. Higgins is a graduate of the University of Utah where he earned a Bachelor of Science Degree in Civil Engineering. He is a graduate of the Executive Development Program-Professional Equipment Manager Certification from Virginia Polytechnic Institute as well as the Executive and Supervisory Training Program.

Allen G. McCandless, Director of Planning and Capital Programs

Allen McCandless has 37 years of planning experience. McCandless started his career in Sandy City as a city planner in 1979—during Sandy's high growth years—where he provided planning reviews for residential, multi-family and commercial projects. He then moved to Salt Lake City, serving as the City's Environmental Planner. As part of the City planning staff, he reviewed federal and locally funded projects for environmental compliance and performed many planning reviews. Mr. McCandless also provided reviews for several hillside and environmentally sensitive development proposals.

Mr. McCandless began working as an airport planner for the Department in 1993, and has worked on a wide variety of airport planning projects ranging from large airport master plan updates to small site development projects for the three airports managed by the Department. The Department's Planning and Environmental work group oversees planning, environmental and Disadvantaged Business Enterprise ("*DBE*") services. His work group functions primarily in support of all other divisions of the Department.

Mr. McCandless graduated with a bachelor's and a master's degree from the University of Utah Geography department with an additional urban planning certificate.

Kevin F. Robins, P.E., Director of Engineering

Kevin Robins has more than 36 years of engineering and construction experience. He began his career with Fluor Engineers in Irvine, California as a structural engineer working on the design of petrochemical facilities and offshore oil platforms. Mr. Robins worked for Forsgren – Perkins Engineering in the Salt Lake City office, designing a variety of civil and structural engineering projects.

Mr. Robins has worked for the Department since 1988. He has worked on a wide variety of projects at the Airport including taxiway and apron construction, bridge and tunnel construction, and terminal and concourse improvements. Mr. Robins directs a staff of engineers, architects and technicians that oversee and manage the design and construction of facility improvements at all three of the airports managed by the Department.

He is a member of the American Society of Civil Engineers ("*ASCE*") and is a licensed professional engineer. He is a member of the AAAE as well as a member of the Technical Committee of ACI-NA. Mr. Robins is a graduate of Brigham Young University.

Ryan R. Tesch, Director of Finance and Accounting

Ryan Tesch has worked for the Department since 2015. He has more than 13 years of accounting experience. As the Director of the Finance and Accounting Division, Mr. Tesch directs a staff of accountants that oversee and manage the budget, accounting, financial reporting, financial audits, purchasing, payroll, asset control, debt issuance, management of outstanding debt, airline rate analysis and calculation.

He is a member of the American Institute of Certified Public Accountants, the Utah Association of Certified Public Accountants, ACI-NA and is a licensed CPA. He is a graduate of the University of Utah with bachelors and masters degrees in accounting.

Craig Vargo, Chief of Police

Craig Vargo was selected to serve as the Airport Police Chief for the Department in July 2015. Chief Vargo is the first to rise through the ranks of the Department to serve in this position since the Department was formed in 1984.

Chief Vargo has more than 26 years of law enforcement experience at the Department. Prior to being named Chief, he served as second in command for 13 years and had oversight of policy, personnel, labor negotiations, operations, investigations and budget.

Chief Vargo is a graduate of the FBI National Academy, the FBI Command College, the University of Utah Law Enforcement Leadership Program, the West Point Leadership Program and the AAAE Certified Member Program. He is a graduate of Weber State University where he earned a Bachelor of Science degree in Criminal Justice and graduated with honors.

Nancy Volmer, Director of Public Relations and Marketing

Nancy Volmer began working for the Department in 2015. As the director of public relations and marketing, Ms. Volmer oversees media relations, community outreach and publications.

Ms. Volmer has worked for 30 years in the communications and marketing field. Before joining the Department, she worked in communications and marketing for organizations, including the Utah State Courts, Salt Lake Organizing Committee for the 2002 Olympic Winter Games, the Salt Lake Area Chamber and the Park City Chamber/Bureau.

Ms. Volmer is a member of the AAAE, ACI-NA and the Public Relations Society of America. She is also accredited by the International Association of Business Communicators.

Ms. Volmer is a graduate of the University of Utah where she earned Bachelor of Science degrees in Land Resource Management and in Journalism and Mass Communication. In addition, she earned a Masters of Professional Communication degree from Westminster College and has a certification in Integrated Marketing Communication from the University of Utah.

Airport Facilities

Overview

The Airport is located on approximately 9,400 acres about five miles west of the City's downtown. The airfield at the Airport contains four runways, three of which are used for airline traffic and the fourth of which is used for general aviation. The terminal complex currently consists of three terminal buildings, including the IAB, and five concourses that, prior to commencement of the TRP, provided 86 aircraft parking positions. In June 2016, 10 aircraft parking positions were demolished to allow enabling work for the South Concourse-West to proceed. The Airport also currently contains a four level parking structure for short-term parking along with surface parking for longer-term parking and employees. The Airport is classified by the FAA as a Large Hub facility based upon its share of nationwide enplaned passengers. The FAA classifies Large Hub airports as those serving at least 1.0% of annual U.S. passenger enplanements.

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Aerial View of Salt Lake City International Airport
October, 2016

The Airport commenced operations in 1911 with primarily acrobatic flights. The City purchased 100 acres surrounding the original landing strip in 1920 and named the airport Woodward Field. The first commercial flight took place in 1926, with two passengers sitting atop mail bags. In 1943, the Airport became a training base and replacement depot for the U.S. Army Air Force. Following World War II, the Airport was transferred back to the City and in 1950, the three runways were upgraded. The first terminal, now Terminal One, was dedicated in 1961 and Terminal Two was completed in 1978. Since then, the terminal facilities have been expanded and remodeled, the third air carrier runway was added in 1995, the International Arrivals Building was added in 1996, and a new FAA air traffic control tower and terminal radar approach control facility were opened in 1999.

Airfield

The existing airfield consists of three air carrier runways and a general aviation runway. The air carrier runways are, generally, in a parallel north/south alignment (Runways 16L-34R, 16R-34L, and 17-35). The general aviation runway is oriented in a northwest/southeast direction (Runway 14-32). Runway 16L-34R is 12,003 feet in length, Runway 16R-34L is 12,000 feet in length, Runway 17-35 is 9,596 feet in length, and Runway 14-32 is 4,892 feet in length. All runways are 150 feet wide. The air carrier runways are equipped with high intensity runway lighting systems, centerline lighting and touchdown zone lights. Precision instrument landing systems ("*ILS*") are located on all ends of the air carrier runways for approaches during instrument flight rules ("*IFR*") conditions. The general aviation runway (14-32) is not equipped with an ILS.

Terminal Facilities

The passenger terminal complex currently consists of three terminal facilities and five attached airside concourses A through E, comprising a total of approximately one million sf of space. As part of the TRP and NCP, the entire passenger terminal complex will be replaced. See '"THE TERMINAL REDEVELOPMENT PROGRAM AND NORTH CONCOURSE PROGRAM." Delta and its regional affiliate partners operate from Terminal Two and portions of Terminal One, while all other airlines at the Airport use Terminal One. The existing facilities provide for a total of 76 gate positions, associated passenger waiting areas and security screening facilities. Of the 76 gate positions now in service, 56 have passenger loading bridges and the 20 remaining gate positions on Concourse E access aircraft directly from the apron. Ten gate positions at Concourse E were demolished in June 2016 as part of the enabling work for construction of the South Concourse-West. The airside concourses are generally linear pier configurations extending perpendicularly from the terminal buildings. The terminal buildings include moving walkways and concessions space in the post-security portion of the Terminals. Passengers connecting at the Airport between concourses must often proceed to the post-security areas of the terminals and then back to the appropriate concourse. From an aircraft movement standpoint, this configuration can also pose traffic congestion issues when multiple aircraft are taxiing to or from terminal gates on the same or an adjacent pier to the airfield.

The primary public areas in both terminal buildings are located on the ground level. These areas include certain ground transportation services, baggage claim and the airline ticketing lobbies. Airport ground transportation services generally include taxis, limos, shuttle buses and transportation network companies ("*TNCs*"), such as Uber Technologies, Inc. and Lyft, Inc. Rental car ticket counters are provided in a service facility adjacent to the parking garage. The terminal roadway provides vehicle access to the terminals at ground level. In Terminal One, the security checkpoint is located on the ground level between the airline ticket lobby and baggage claim area. In Terminal Two, the security checkpoint is located on Level 2 and is accessed via an escalator or elevator from the ground level. Additionally, passengers using the parking garage can access the Terminal Two security checkpoint directly from the pedestrian bridge. The Department's administration offices occupy approximately 27,000 sf of space on the second level of Terminal One.

Concession areas are primarily found throughout Level 2 of the terminal complex after the security checkpoints; however, there are limited concessions pre-security in both Terminal One and Terminal Two, and a brewpub is located on the mezzanine level of the concourse passenger connector adjacent to Terminal One. Thirty-five different food and beverage locations and 32 retail locations are situated throughout the terminal complex allowing passengers to taste and experience the Salt Lake City region and to patronize popular national brands while at the Airport. Such concession offerings include cafes, pubs, fast food, full service restaurants, a spa/wellness store, chocolatier, local themed gifts, duty free shops, book stores, beauty and fashion accessories, electronic media and entertainment, newsstands, and retail shops. In 2011, the Department initiated a major upgrade of its concession program throughout the terminal buildings to improve both the passenger experience and revenue performance. In general, the retail concession agreements expire in 2018, while the food and beverage concession contracts extend until 2021. The Department has the ability to relocate or terminate concessions prior to the end of the agreements if necessary because of the TRP or other reasons through a buyout of the unamortized cost of the improvements of any such relocated concessions, without an allowance for future profits or other damages, with such improvements being amortized on a straight-line basis over the term of the contract.

Parking Facilities

Public parking facilities currently located at the Airport consist of a four level, short-term parking garage near the terminal complex and long-term economy surface parking lots. As part of the TRP, the parking garage will be replaced and the economy lots are being reconfigured. See "THE TERMINAL REDEVELOPMENT PROGRAM AND NORTH CONCOURSE PROGRAM– Parking Garage and South Economy Parking Lot." In total, these facilities comprise about 134 acres, including the four levels of the garage, and have nearly 12,000 public parking spaces. The short-term parking garage has approximately 1,770 public parking spaces on three levels and is located adjacent to and connected to the passenger terminal at Level 2 by a pedestrian bridge. The ground level of the parking garage primarily is used for rental car operations. An area on the second floor near the terminal doors is designated as Premium Reserved Parking and allows patrons to reserve spaces in advance. Current pricing for the short-term parking garage is $32 per day or $50 per day for the Premium Reserved Parking service.

Economy parking at the Airport is generally located south and to the west of the parking garage and the construction area of the new Terminal facility and parking garage and includes the new South Economy Lot, which replaces spaces lost to the new rental car facilities. Approximately 10,000 surface public parking spaces are available. This lot offers shuttle service to the terminal approximately every ten minutes. Current pricing for the economy parking is $9 per day, and passengers are able to reserve a parking space for an additional $3 per day.

To help reduce vehicle traffic congestion in the terminal area, the Department maintains an 82-space Park and Wait lot located east of Terminal Drive, just south of Terminal One, where motorists meeting arriving passengers may wait without charge until passengers are ready to be picked up. The Park and Wait lot has large electronic signs displaying flight arrival information. Once a flight has arrived and sufficient time has elapsed for passengers to claim their luggage, the sign indicates "ready for pick up." To reduce congestion at the curb, however, the Department encourages drivers to wait until passengers are at the curb, confirming with their driver via cell phone.

Rental Car Facilities

Rental car operations for passengers at the Airport currently are located on the ground floor of the parking garage adjacent to the terminal buildings. Rental car counters are located in a service facility adjacent to the parking garage, and approximately 820 rental car ready/return spaces are located within level one of the parking garage. These facilities are within walking distance of the terminal building. Accordingly, the on-Airport rental car companies are not required to bus their customers. Ten rental car brands are currently located at the Airport: Alamo, Avis, Budget, Dollar, Enterprise, Firefly, Hertz, National, Payless and Thrifty. In addition, five brands are located off-Airport and their customers must use shuttle bus services.

As described above, new rental car service and maintenance facilities were placed in service in January 2016. These facilities are among the first completed elements of the TRP and include a QTA facility for fueling and washing cars and the three RSS for performing light vehicle maintenance. Upon completion of the new parking garage, the rental car ready/return facilities and check-in counters will be relocated to the first level of the new garage and the Gateway Center, respectively. See "THE TERMINAL REDEVELOPMENT PROGRAM AND NORTH CONCOURSE PROGRAM – Rental Car Facilities."

Air Cargo and Aircraft Maintenance Facilities

The Airport has over 1 million sf of leased cargo space. Both UPS and DHL have stand-alone cargo facilities and Fed Ex recently has constructed a new 69,660 sf cargo facility. Delta and its regional partner, SkyWest, each maintain an aircraft maintenance hangar at the Airport at which both routine and heavy maintenance are performed, and Delta has maintained a reservation center at the Airport for over 25 years that employs over 620 persons.

Industrial Activity

The airport maintains an industrial park on the east side of the Airport for aviation-related businesses. Boeing Corporation ("*Boeing*") has a 100,000 sf fabrication and assembly facility at the Airport located on 16 acres of land that currently employs approximately 575 persons where tail sections of its 787-9 "Dreamliner" aircraft are assembled. Boeing has manufacturing facilities in the Salt Lake City area that manufacture many of the components of this assembly and recently purchased a 850,000 sf building approximately 20 miles from the Airport at which parts for the 787 are manufactured. Boeing holds an option on an additional 157 acres of land adjacent to its assembly facility on the west side of the Airport.

Airport Access

The Airport has access from Interstate Highway 80 and is approximately 5 miles, or 10 minutes, from downtown Salt Lake City by car. The Airport also is served by the UTA's TRAX light rail, with a station located adjacent to Terminal One. TRAX runs every 15 minutes on weekdays and is an approximate 15 minute ride to downtown. The UTA also provides limited bus service to Tooele and paratransit services. In addition, the Airport is served by private shuttles and TNCs.

The City is served by a network of interstate highways, with I-15 providing north-south access and I-80 providing east-west access. Several recreational areas, such as Park City, are within one hour's driving time from the Airport and all three of the State's major universities are within 70 miles of the Airport.

Ancillary Facilities

Ancillary facilities support the aviation-related activities at the Airport. These ancillary facilities include the 82 acre Utah Air National Guard site, the on-Airport fuel facility, general aviation facilities, including two fixed base operators ("*FBO*"), FAA, the Department, maintenance facilities, flight kitchens, and commercial facilities.

Auxiliary Airports

The Department also operates two GA airports owned by the City: South Valley and Tooele (referred to collectively as the "*Auxiliary Airports*"). South Valley is approximately 880 acres in size and is primarily a GA airport, with a 5,860 foot runway, over 200 based aircraft and approximately 67,500 annual operations. Tooele provides GA and flight training services and is slightly smaller, with approximately 600 acres and a 6,100 foot runway, 16 based aircraft and approximately 38,000 annual operations. These airports support the GA and fight training needs of the region and complement the commercial airport services provided at the Airport.

Aviation Activity at the Airport

The Airport predominantly serves domestic traffic, which comprised approximately 97.3% of the Airport's enplaned passenger traffic in FY 2016; international traffic is a relatively small but growing component at approximately 2.7%. According to OAG Aviation Worldwide Limited ("*OAG*"), in FY 2016, airlines served 97 non-stop destinations and averaged 318 daily departures from the Airport. The Airport has service to three Canadian cities and five locations in Mexico. The Airport also has European service, including recently initiated year-round nonstop service to Amsterdam Schiphol Airport (AMS) and London Heathrow Airport (LHR), joining long-time daily non-stop service to Paris Charles De Gaulle Airport (CDG).

Historical Enplaned Passengers

Enplaned passengers at an airport correlate positively to several important sources of non-airline revenue, including in-terminal concessions, parking and rental car fees, as well as PFCs and CFCs. Based on data from the FAA, approximately 10.6 million enplaned passengers boarded aircraft at the Airport in CY 2015 ranking it 25th in the U.S. for enplaned passengers. This was an increase of approximately 4.9% as compared to FAA data for CY 2014.

According to data maintained by the United States Department of Transportation ("*USDOT*"), in FY 2016, the Airport had an estimated 6.1 million O&D enplaned passengers (54%) and an estimated 5.2 million connecting passengers (46%).

The following table sets forth historical enplanement information for the Airport for the fiscal years ending June 30, 2007 through 2016 and for the first five months of FY2016 and FY2017. The Airport has experienced 36 consecutive months of year-over-year enplanement growth, and enplanements for the first five months of FY2017 are 4.9% greater than the first five months of FY2016. The table categorizes enplanement information into O&D enplanements and connecting enplanements:

SALT LAKE CITY INTERNATIONAL AIRPORT
O&D AND CONNECTING ENPLANED PASSENGERS

Fiscal Year	O&D Enplaned Passengers	% Change From Prior FY	Connecting Enplaned Passengers	% Change From Prior FY	Total Enplaned Passengers	% Change From Prior FY
2007	5,594,785	3.3%	5,333,350	(2.9)%	10,928,135	0.2%
2008	5,659,877	1.2	5,273,277	(1.1)	10,933,154	0.0
2009	5,150,548	(9.0)	4,843,881	(8.1)	9,994,429	(8.6)
2010	5,030,672	(2.3)	5,228,278	7.9	10,258,950	2.6
2011	5,120,614	1.8	5,308,783	1.5	10,429,397	1.7
2012	5,169,664	1.0	4,955,422	(6.7)	10,125,086	(2.9)
2013	5,276,135	2.1	4,767,934	(3.8)	10,044,069	(0.8)
2014	5,317,054	0.8	4,977,640	4.4	10,294,694	2.5
2015	5,748,372	8.1	5,085,336	2.2	10,833,708	5.2
2016	6,138,625	6.8	5,154,449	1.4	11,293,011	4.2
7/1-11/30						
2015	2,769,978	---	1,988,275	---	4,758,253	---
2016	2,956,740	6.7%	2,063,135	3.8%	4,992,875	4.9%

Sources: Total Enplanements: Department Records; USDOT (via Diio) for O&D passengers. Connecting passengers were derived by subtracting USDOT-reported O&D passengers from Department-reported total enplanements. Computed by Trillion Aviation. Five months enplanements: Department Records.

Airlines report the number of enplaned passengers at an airport to the USDOT, but are not required to differentiate between O&D and connecting passengers. Based on other reported data, the USDOT estimates the number of O&D versus connecting passengers, and this estimate is generally accepted within the industry.

During the ten year period from FY 2007 to FY 2016, the number of passengers enplaned at the Airport increased from approximately 10.9 million to approximately 11.3 million. However, during this period, the Airport also experienced declines in total enplaned passengers in FYs 2009, 2012 and 2013. The Airport operates as both a major O&D market and as a major connecting hub for Delta. Delta's enplaned passengers combined with those of its regional partners comprised approximately 70.2% of enplaned passengers at the Airport in FY 2016. Historically, O&D passenger traffic at the Airport has ranged between 49% and 54% of total passengers. Since the end of the recession in 2009, the Airport's O&D passenger volume has increased approximately 19.2%. For a more complete discussion of the changes in enplanements at the Airport and factors affecting these changes, see "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – Air Traffic Activity and Trends."

During the ten year period from FY 2007 through FY 2016, the two segments of enplanements at the Airport differed substantially. O&D enplanements grew from an estimated 5.6 million enplaned passengers in FY 2007 to an estimate of more than 6.1 million enplanements in FY 2016; during that period, O&D enplanements fell only in the two years of the economic recession, FY 2009 and FY 2010. Since FY 2010, O&D enplanements have grown steadily, reflecting the strength of the Air Service Area's economy and demand for travel to and from the City and the region.

In contrast, during the same ten year period, connecting enplaned passengers declined in five of the ten years, reflecting the effects of the recession, Delta's restructuring of its operations at the Airport and, to a lesser extent, a reduction in seat capacity from the Airport by Southwest Airlines ("*Southwest*"). During this period, Delta retired most of its 50-seat regional jets, which in turn reduced connecting traffic. In addition, Delta, like the other major network carriers, reduced seat capacity nationally in order to increase yields. Between FY 2008 and FY 2010, Delta reduced its total U.S. seat capacity by 7.4%, although by only 6.3% at the Airport. Other carriers reduced seat capacity from the Airport during this period by a much greater percentage, accounting for approximately half of the lost seats. Although the percentage of occupied seats, or load factor, on Delta's flights from the Airport remained flat at 82% during this period, other carriers experienced substantial increases in load factor during the same period. For example, Southwest reduced seat capacity by 18.1% and increased its load factor at the Airport from 57.0% to 71.5%. As a result, the airlines experienced an increase in yields or revenue per average seat mile for service at the Airport.

Airlines Serving the Airport

All the major network airlines and two LCCs operate at the Airport. The Airport also has cargo operations by seven all-cargo carriers in addition to cargo carried by the passenger airlines.

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AIRLINES OPERATING IN FY2016
AT SALT LAKE CITY INTERNATIONAL AIRPORT

Signatory Airlines

Alaska Airlines (AK)
American Airlines (AA)
Delta Air Lines (Delta)
Frontier Airlines
JetBlue Airways
Southwest Airlines
United Airlines (UAL)

All Cargo Airlines

Air Transport International, Inc.
Ameriflight, LLC
Corporate Air
Empire Airlines
FedEx
Southern Air (operates DHL Express service)
United Parcel Service

Affiliate Airlines*

Compass Airlines (AA, Delta)
Envoy Airlines (d/b/a American Eagle)
Express Jet (UAL)
Horizon Air (AK)
Mesa Airlines (AA, UAL)
Republic Airlines (AA, UAL)
Shuttle America (UAL)
SkyWest Airlines (AK, AA, Delta, UAL)
TransStates (UAL)

Foreign Flag Airlines*

Air Canada
KLM Royal Dutch Airlines (Delta)

*Affiliated Signatory Airlines shown in parentheses.

In response to competitive pressures, the U.S. airline industry has consolidated over the past decade. In September 2005, US Airways and America West merged, and in October 2008, Delta and Northwest Airlines merged. In November 2010, United Air Lines ("*United*") and Continental Airlines completed a merger and in March 2012, consolidated all activity under the United name. In May 2011, Southwest Airlines ("*Southwest*") and AirTran Airways completed a merger transaction and as of the end of calendar year 2014, consolidated all operations under the Southwest marque. In December 2013, American Airlines ("*American*") and US Airways merged, creating the world's largest airline. The single operating certificate was received from the FAA in April 2015 and as of October 1, 2015, all operations were integrated under the American Airlines name. Most recently, in December 2016, Alaska Air Group ("*Alaska*") completed its acquisition of Virgin America. The merger makes Alaska Air Group the fifth largest domestic carrier, in terms of capacity. As a result of the above-described mergers, the four largest U.S. domestic carriers now consist of American, Delta, Southwest and United, which carry approximately 83% of all domestic passengers in the U.S.

Delta is the dominant carrier at the Airport and, with its affiliates, generated approximately 70.2% of enplanements in FY 2016. Southwest is the number two carrier at the Airport, with an enplaned passenger market share of approximately 10.7%. American had an enplaned passenger market share of approximately 6.7% in FY 2016. Alaska started service in 2013 and has grown substantially until growth flattened in FY 2016. Delta has maintained the largest market share at the Airport, with both a strong O&D and hubbing presence, but as the local O&D market has grown and Delta has adjusted its hubbing operations at the Airport, the shares of Delta's competitors have grown and the O&D share of Delta's passengers has also grown. The table below lists the airlines serving the Airport in FYs 2012-2016 and their respective market share of enplaned passengers in FYs 2012 and 2016.

SALT LAKE CITY INTERNATIONAL AIRPORT
MARKET SHARE OF ENPLANED PASSENGERS
(000's)

Airline	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Market Share FY 2012	Market Share FY 2016
Delta Air Lines	4,434	4,578	4,786	5,170	5,597	73.6%*	70.2%*
Delta Connection	3,014	2,844	2,723	2,440	2,329	--	--
Southwest Airlines	1,247	1,198	1,173	1,162	1,214	12.3	10.7
American Airlines†	534	567	647	713	752	5.3	6.7
United Air Lines	460	444	443	491	552	4.5	4.9
Alaska Air	--	26	112	407	409	--	3.6
JetBlue Airways	209	167	163	202	232	2.1	2.1
Frontier	222	217	239	238	198	2.2	1.8
Other	3	4	9	10	10	--	0.1
Total	**10,125**	**10,044**	**10,295**	**10,834**	**11,293**		

* Includes Delta Connection
† Including US Airways
Amounts may not add due to rounding.
Source: Department Records

Delta and its predecessors have served Salt Lake City since 1926. Western Airlines ("*Western*") began service on April 17, 1926, flying mail from Los Angeles to Salt Lake City. In 1982, Western established a hub at the Airport. In 1987, Delta acquired Western and Delta has maintained a hub at the Airport ever since.

The Airport provides an efficient western hub for Delta that connects passengers from connecting markets in the western U.S. with Delta's network, as well as connects passengers from Los Angeles International Airport (LAX) and Seattle-Tacoma International Airport (SEA), where Delta also has substantial operations, to Delta's eastern hubs and focus cities, including Hartsfield-Jackson Atlanta International Airport (ATL), John F. Kennedy International Airport (JFK), Ronald Reagan Washington National Airport (DCA) and Orlando International Airport (MCO). Although a substantial percentage of Delta's passengers flying through the Airport are connecting passengers, based upon USDOT data for fiscal year 2016, approximately 38% of Delta's passengers at the Airport were O&D passengers, consistent with the strength of the Salt Lake City region's air service market. For more information regarding Delta's operations at the Airport, see "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT."

Passenger Markets

For FY 2016, scheduled non-stop service from the Airport was offered to 86 domestic and 11 international destinations. Set forth below is a map depicting the non-stop destinations served from the Airport.

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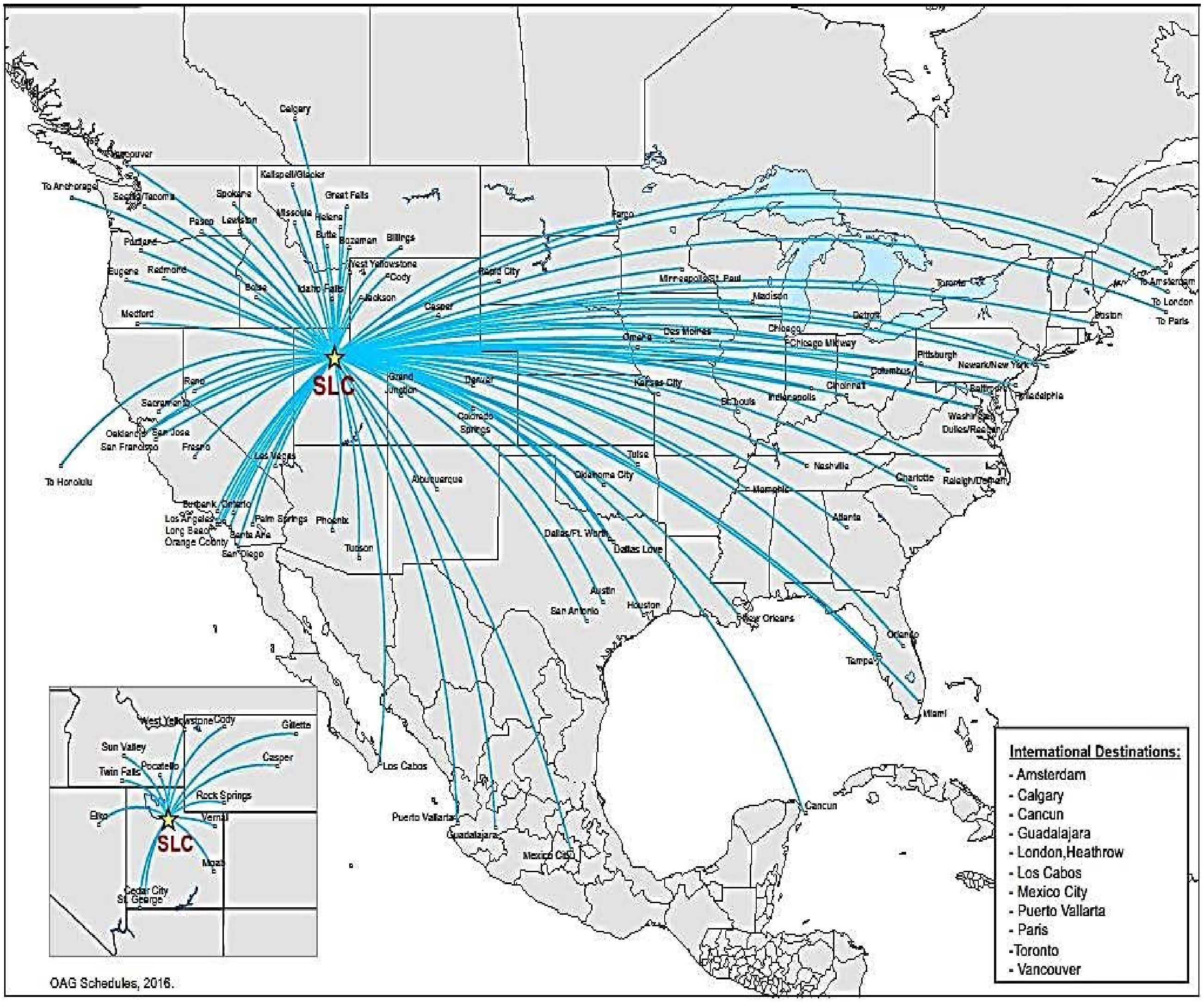
NON-STOP DESTINATIONS SERVED FROM
SALT LAKE CITY INTERNATIONAL AIRPORT



The following table shows the percentage of O&D passengers traveling on U.S. air carriers between the Airport and other airports for the 12 months ended December 31, 2015, the most recent calendar year period for which data is available, as reported by USDOT. Passengers traveling on foreign flag airlines are not included.

SALT LAKE CITY INTERNATIONAL AIRPORT
TOP TWENTY O&D PASSENGER DESTINATIONS

Destination City	Airport Code	% of O&D Enplaned Passengers	Rank CY 2015	CY 2015 Passengers
Los Angeles	LAX	5.6%	1	333,922
Denver	DEN	4.2	2	249,927
Phoenix	PHX	4.2	3	249,815
Seattle	SEA	3.5	4	206,584
Las Vegas	LAS	3.3	5	196,770
San Diego	SAN	3.1	6	185,929
Oakland	OAK	2.8	7	165,294
New York-JFK	JFK	2.7	8	159,677
Long Beach	LGB	2.6	9	152,673
Chicago-O'Hare	ORD	2.6	10	152,122
San Francisco	SFO	2.6	11	152,107
Orlando	MCO	2.5	12	146,590
Portland	PDX	2.5	13	146,177
Dallas/Fort Worth	DFW	2.2	14	129,283
Atlanta	ATL	2.1	15	126,694
Baltimore	BWI	1.7	16	98,381
Houston	IAH	1.6	17	97,181
Boston	BOS	1.5	18	90,776
Minneapolis/St. Paul	MSP	1.4	19	85,883
Washington National	DCA	1.4	20	80,561
Remaining		46.2		2,753,806
Total:		**100.0%**		**5,960,154**

Source: USDOT

The future level of aviation activity and enplaned passenger traffic at the Airport will depend upon factors such as regional, national and international economic conditions, Delta's maintaining its operating hub at the Airport, potential security threats, and the financial condition of individual airlines and their continued service at the Airport. See "INVESTMENT CONSIDERATIONS" below.

Aircraft Operations and Landed Weights

Total aircraft operations at the Airport decreased from 343,119 in FY 2012 to 315,585 in FY 2016. However, landed weights have increased from 12,604,750 thousand pounds of landed weight in FY 2012 to 13,581,663 in FY 2016, reflecting the shift from smaller regional jets to larger aircraft. This trend is also shown by the shift in passengers from Delta's regional carriers ("*Delta Connection*") to Delta's mainline service. While total Delta enplanements between FY 2012 and FY 2016 increased by 500,000, from 7.4 million passengers in FY 2012 to 7.9 million in FY 2016, the number of enplaned passengers on Delta's mainline aircraft rose by more than twice that amount, from approximately 4.4 million in FY 2012 to 5.6 million in FY 2016.

The following tables show historical data on aircraft operations (landings and takeoffs) for FY 2012 through FY 2016 and for the first five months of FY 2016 and 2017, respectively, and landed weights for the same periods. The approximate distribution of operations in FY 2016 was 75% air carriers, 16% general aviation, 6%, cargo, and 3% military. Note, however, that cargo operations constituted approximately 8% of the landed weights in the same period.

SALT LAKE CITY INTERNATIONAL AIRPORT
HISTORICAL AIRCRAFT OPERATIONS

	Fiscal Year Ended June 30					July 1-November 30	
	2012	2013	2014	2015	2016	2015	2016
Passenger Aircraft	249,040	236,860	237,646	237,948	237,294	97,870	102,966
Cargo	16,520	17,942	18,102	18,484	19,434	7,748	8,280
General Aviation	73,389	74,145	66,670	60,824	50,879	21,448	20,446
Military	4,170	2,044	2,190	2,738	7,978	4,011	3,292
Total Operations	**343,119**	**330,991**	**324,608**	**319,994**	**315,585**	**131,077**	**134,984**
Annual Change	(5.1%)	(3.5%)	(1.9%)	(1.4%)	(1.4%)	---	3.0%

Source: Department Records

SALT LAKE CITY INTERNATIONAL AIRPORT
HISTORICAL LANDED WEIGHTS
(amounts in thousands of pounds)

	Fiscal Year Ended June 30					July 1-November 30	
	2012	2013	2014	2015	2016	2015	2016
Airlines	11,731,536	11,463,695	11,740,729	12,202,986	12,511,833	5,201,847	5,542,754
Cargo	873,214	942,557	938,309	997,992	1,069,830	414,674	444,379
Total	**12,604,750**	**12,406,252**	**12,679,038**	**13,200,978**	**13,581,663**	**5,616,521**	**5,987,133**
Annual Change	(4.7%)	(1.6%)	2.2%	4.1%	2.9%	---	6.6%

Source: Department Records

Air Cargo

The Airport is also a regional center for processing air cargo. Approximately 191,873 metric tons of freight and mail were loaded and unloaded on and off aircraft at the Airport in FY 2016. As of June 30, 2016, the airport was served by seven all-cargo and small package and express carriers. All-cargo carriers carry only cargo and these companies include Federal Express and United Parcel Service.

For FY 2016, the companies with the largest share of enplaned and deplaned cargo at the Airport, based on cargo tonnage, were Federal Express with 52.3%; UPS with 30.3%; Delta with 6.8%; Ameriflight with 2.8%; Southwest with 2.8%; Southern Air with 1.9%; and Air Transport with 1.2%. Together, these seven carriers accounted for over 98% of total cargo and mail handled at the Airport in FY 2016. The following table shows historical data on air cargo and mail shipped through the Airport for FY 2012 through FY 2016 and for the first five months of FY 2016 and FY 2017, respectively.

SALT LAKE CITY INTERNATIONAL AIRPORT
HISTORICAL AIR CARGO AND MAIL
(amounts in U.S. tons)

	Fiscal Year Ended June 30					July 1-November 30	
	2012	**2013**	**2014**	**2015**	**2016**	**2015**	**2016**
Cargo	173,030	171,762	162,767	165,356	175,453	71,791	72,905
Mail	10,213	14,417	14,674	15,773	16,420	8,293	7,073
Total	**183,243**	**186,179**	**177,441**	**181,129**	**191,873**	**80,084**	**79,978**
Annual Change	11%	2%	(5%)	2%	6%	---	(0.1%)

Source: Department Records

Airline Use Agreement

General

The City has entered into an Airline Use Agreement (the "*AUA*") with each of the following carriers: Alaska, American, Delta, Frontier, JetBlue Airways, Southwest and United (each a "*Signatory Airline*"). Each AUA terminates on June 30, 2024, unless earlier terminated. The AUA may only be terminated by a Signatory Airline for an extraordinary event, such as closure of or imposition of material and substantial restrictions on operation of the Airport for more than 90 days. The AUA also allows a Signatory Airline to designate one or more airlines meeting certain criteria as Affiliates. With the exception of Air Canada, all of the passenger air carriers operating at the Airport are Signatory Airlines or their Affiliates. The AUA with each Signatory Airline is in substantially the same form and provides for the lease of specified airline premises on an exclusive or preferential basis, depending upon the type of space, as well as use of certain common and joint use facilities. Gates and ticket counters are leased on a preferential basis, pursuant to which the Department may reallocate space to another airline in periods during which the Signatory Airline does not have a scheduled operation using such facilities. Offices and passenger lounges are leased on an exclusive use basis, and baggage and certain other areas are joint or common use facilities. In addition, the Department has not leased and has reserved two aircraft boarding positions as common use facilities. The AUA also provides for reallocation of space by the Department, either on its own initiative, in which case moving costs will be paid by the Department, or at the Signatory Airline's request, in which case all costs are paid by the requesting Signatory Airline. The AUA grants the Signatory Airlines the right to operate at the Airport. The form of the AUA is set forth in APPENDIX D hereof.

Rates & Charges

The AUA establishes the manner in which the Department will establish and collect rates and charges for use of the Airport by Signatory Airlines. Pursuant to the AUA, the Department has established seven direct Cost and Revenue Centers, including the Airfield and the Terminals and two indirect Cost Centers for general and administrative ("*G&A*") and roadway expenses. Landing fees for use of the airfield are calculated on a residual basis. All budgeted costs allocable to the airfield, including operating expenses, debt service, amortization of capital costs funded with Revenues other than the TRP and amounts necessary to replenish reserves allocable to the Airfield Cost and Revenue Center, less Revenues allocable to the airfield other than landing fees, are divided by estimated landed weights and recovered on the basis of actual landed weights of aircraft operated at the Airport. Landing fees are charged monthly in arrears based upon actual landed weights for the preceding month.

The rental rate for terminal space is calculated on a commercial compensatory basis by dividing all budgeted costs properly allocable to the Terminal Cost and Revenue Center, less Revenues from airlines that are not Signatory Airlines, by the Rentable Airline Space within the Terminals to determine the rental rate. The rental rates are then adjusted based upon whether the leased space has heating, ventilation and air conditioning, known as conditioned space, or is unconditioned space. Baggage claim facilities are joint use facilities and charged by allocating 20% of the revenue requirement for such facilities among all airlines with scheduled service and 80% by the percentage of passengers of each such carrier. For common use gate facilities, the Department establishes a per turn rate by determining the highest cost per operation for all carriers, equal to the total of leased gate space multiplied by the conditioned rate per square foot and then dividing that amount by 365, and then dividing that daily rate by the lowest number of scheduled operations at any leased gate to determine the per turn fee. Rates for common use ticket counters and bag make-up areas are similarly calculated to derive a daily rate for use of such space. Other fees that are charged for use of the Airport's aeronautical facilities include fees for international passengers to cover costs associated with the IAB; charges for over-night aircraft parking; storage of ground service equipment; storage areas and ticketing kiosks; and fees for employee badging and parking.

The Department has the right to recalculate rates and charges if budgeted costs, landed weights or rented terminal space are likely to vary by more than 10% from the actual costs or estimates, or if recalculation is required by the Master Indenture. Within 120 days after the close of each Fiscal Year, the Department calculates the actual costs and expenses and the amounts collected in landing fees, terminal rents and other charges for the prior Fiscal Year and, if the amount collected exceeded the actual revenue requirements, the difference or shortfall is included in the rates for the second Fiscal Year following the Fiscal Year of such operations. See " – Airport Financial Operations – *Management's Discussion and Analysis – Terminal Rents*" below.

The Department shares a portion of certain concession revenues with the Signatory Airlines in the amount of $1 per enplaned passenger for up to 10,000,000 enplaned passengers and additional amounts if enplaned passengers exceed 10,000,000; provided, however, that the total revenue sharing amount in any Fiscal Year cannot exceed the least of (i) 30% of Net Remaining Revenue; (ii) the total amount of Annual Adjusted Gross Revenues for Selected Concessions; and (iii) the Calculated Revenue Sharing Amount. In FY 2015 and FY 2016 such revenue sharing totaled $9.9 million and $ 10.9 million, respectively.

The AUA also provides for extraordinary coverage protection if the Department expects to fail to meet the rate covenant under the Master Indenture. See "SECURITY FOR THE BONDS – Rate Covenant." Under the AUA, if in any Fiscal Year the amount of Revenues less Operating Expenses is forecasted to be less than the sum of the principal of, premium, if any, and interest due in that Fiscal Year on the Bonds and subordinated indebtedness, if any, then Outstanding, plus 25% of such Debt Service on Bonds and the amount required under the agreement providing for the issuance of such subordinated indebtedness, then the Signatory Airlines will make extraordinary coverage protection payments in addition to landing fees and terminal rents. Such payments shall be allocated among the Signatory Airlines in a fair and not unjustly discriminatory manner to the landing fee or terminal rentals or both in the reasonable discretion of the Executive Director.

See "APPENDIX D – FORM OF AIRLINE USE AGREEMENT – Rates and Charges."

TRP, NCP and Other Construction Projects

Each Signatory Airline, by execution of the AUA, has approved the TRP. The NCP was approved unanimously by the Signatory Airlines in April 2016 in accordance with the provisions of the AUA for approval of additional capital projects in the Terminal and Airfield Cost and Revenue Centers. Certain other capital investments at the Airport are subject to approval by at least one of the Signatory Airlines, following consultation between the Department and the Signatory Airlines, before the Department may undertake such improvements; provided, that certain capital projects, such as those mandated by the FAA, USDOT or TSA, projects to repair casualty damage, projects at Cost and Revenue Centers other than the Airfield or Terminal, reasonable repairs, emergency expenditures, projects funded with PFCs, CFCs or grants, or projects undertaken for and funded by a Signatory Airline may be undertaken without Signatory Airline approval.

The AUA requires that the Signatory Airlines appoint an Airline Technical Representative to represent them in matters pertaining to the TRP. The Airline Technical Representative shall participate in design review, attend meetings of the Airport's Financial Oversight and Construction Committees, and may inspect and review construction and make recommendations to the Department regarding matters related to the TRP. The Department must consult with the Airline Technical Representative in the development of contract documents and construction schedules, and in the event of certain cost increases. The cost of the TRP originally approved in the AUA was $1.782 billion. This total cost may be increased with the approval of 55% of the Signatory Airlines or Signatory

Airlines that collectively accounted for at least 55% of the terminal rents in the preceding Fiscal Year. Project costs may also be increased without Signatory Airline approval to reflect additional costs because of causes beyond the City's control following review by the Airline Technical Representative or for elements of the TRP undertaken to satisfy the request of a Signatory Airline as long as such Airline pays such additional costs.

Because of a robust construction market in the Salt Lake City area as well as nationally, bids for elements of the TRP exceeded the program budget established in 2014 by nearly 20%. On September 12, 2016, Delta, acting on behalf of the Signatory Airlines pursuant to the AUA, agreed to an increase in the cost of the TRP to an estimated construction cost, excluding soft costs, of $1.896 billion, an increase of approximately $355 million. The full cost of the TRP, including soft costs, is estimated to be $2.177 billion. Delta accounted for approximately 76.3% of all Terminal rents paid to the City in FY 2016, satisfying the requisite percentage for approval of a cost increase for the TRP under the AUA. Approximately $155 million of the additional estimated costs is attributable to costs to be paid by the airlines and the remaining $200 million is expected to be funded from other funding sources available to the Department.

In the event of cost increases where the actual bid for a contract exceeds the estimate by more than 10%, or total costs of a project contract, including change orders, exceed the total estimated cost of that element of the TRP by 10%, then the City must meet with the Airline Technical Representative prior to the award of any further contracts and seek agreement on a method of revising the TRP or accepting such increased costs. If the Department and the Airline Technical Representative cannot agree, then a majority of a committee composed of the Program Director, the Department's Director of Finance and the Airline Technical Representative shall make recommendations to the Executive Director regarding revising such contract to bring costs within the allowable limits. Change orders that would increase the amount of any contract by the greater of $250,000 or more than 10% of the original contract must also be submitted to the Airline Technical Representative for review and comment before execution by the Department. See "APPENDIX D — FORM OF AIRLINE USE AGREEMENT — Capital Investments — Special Provisions for the Project."

Airport Financial Operations

The Department is an enterprise fund of the City and receives no City funding. All Revenues generated by the Airport System are deposited in the Revenue Fund and applied in accordance with the Master Indenture. No City general tax revenues are used for any Airport purpose.

Management's Discussion of Historical Operating Results

The Department prepares its financial statements on an accrual basis in accordance with generally accepted accounting principles as set forth by the Government Accounting Standards Board ("*GASB*"). Revenues and expenses are recorded when earned and incurred, not when received or paid, except for PFCs, which are recorded when received. The Department's financial statements for the Fiscal Years ended June 30, 2016 and 2015, audited by Eide Bailly LLP, are attached to this Official Statement as APPENDIX A. See also "INDEPENDENT AUDITORS" herein.

The Department receives Revenues from a variety of sources, including from airlines for both landing fees and terminal rents, parking facilities, rental car operators, in-terminal concessions, ground transportation fees, other airline fees and miscellaneous revenues. The Department has pursued a strategy of maintaining a low cost per enplanement ("*CPE*") through maximizing non-airline revenues and sharing certain concessions revenues with the Signatory Airlines, continually seeking ways to improve concessions and associated revenues generated at the Airport and controlling operating expenses. Non-airline Revenues have increased over the past five fiscal years and represented approximately 63.5% of all Revenues received by the Department in FY 2016, or a total of $89.5 million, compared to $69.7 million, or 59.3% of total Revenues in FY 2012. In FY 2016, airline revenues, net of revenue sharing, were approximately $51.5 million, compared to $49.5 million in FY 2015. In addition, the Department has accumulated PFC and CFC revenues as well as excess Net Revenues from prior Fiscal Years in anticipation of TRP funding needs, although with the commencement of construction of elements of the TRP in FY 2015, the amount of cash available for future construction has begun to diminish. At June 30, 2016, the Department held $364.5 million that is available for future construction, compared to $400.4 million at the end of FY 2015. The Department collected approximately $42.8 million in PFCs in FY 2016, including interest earnings, compared to

$41.0 million in FY 2015, and $15.6 million in CFCs in both FY 2016 and FY 2015. PFC and CFC collections are used to fund eligible capital projects at the Airport. PFC and CFC collections are directly related to passenger traffic at the Airport, with PFCs being collected only from eligible enplaned passengers, while CFCs are paid by the portion of deplaned O&D passengers renting cars at the Airport.

The Department manages its costs in order to maintain a low CPE. From FY 2012 to FY 2016, the average airline CPE decreased 3.7%, from $3.83 to $3.69. Although the Department anticipates that its operating expenses will increase as elements of the TRP and the NCP are placed in service, management also anticipates that the new structures and energy efficient design of the TRP and NCP will reduce certain costs, such as energy and routine capital maintenance, compared to the cost of operating and maintaining its existing aging and inefficient facilities. See "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – Airline Revenues" regarding the Airport Consultant's forecast of CPE at the Airport at completion of the TRP and NCP.

The FAA has approved Department applications to impose and use a $4.50 PFC, as authorized by federal legislation, and collect $2.086 billion of PFCs through approximately March 1, 2036. The revenues from PFCs are dedicated to certain FAA-authorized capital projects and are excluded from the Revenues pledged under the Master Indenture that secure the Bonds, except as expressly provided therein. The Department also requires CFCs to be paid by rental car customers at the Airport. The current CFC of $5 per day, with a limit of 12 transaction days, is collected by the rental car companies and paid to the Department and held in a separate account for certain capital projects. CFC revenues are also excluded from Revenues pledged under the Master Indenture securing the Bonds. See "SECURITY FOR THE BONDS – Pledge of Net Revenues" herein.

The table below presents the Department's Operating Revenues, Operating Expenses, Non-Operating Revenues and Expenses and Net Position for Fiscal Years 2012 through 2016.

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SALT LAKE CITY DEPARTMENT OF AIRPORTS
TOTAL ANNUAL REVENUES AND EXPENSES

	Fiscal Year Ended June 30				
Operating Revenues	**2012**	**2013**	**2014**	**2015**	**2016**
Airfield	$27,360,062	$27,533,052	$28,986,244	$27,688,088	$31,809,896
Terminals	42,580,560	45,410,572	45,732,747	49,165,208	50,070,474
Landside	45,110,330	48,119,056	46,064,037	52,477,405	57,912,911
Auxiliary Airports	670,645	721,141	736,231	852,204	939,098
General Aviation	2,097,232	2,028,469	2,089,127	2,223,159	2,056,534
Support Areas	7,098,323	7,421,130	7,486,374	7,484,591	7,149,854
Other	2,550,590	2,635,709	3,194,765	2,318,083	2,035,050
Operating Revenues	127,467,742	133,869,129	137,289,525	142,208,738	151,973,817
Less: Airline Revenue Sharing	(10,007,605)	(10,013,679)	(10,290,299)	(9,938,626)	(10,941,229)
Total Operating Revenues	117,460,137	123,855,450	126,999,226	132,270,112	141,032,588
Operating Expenses					
Airfield	25,680,150	25,848,088	27,040,934	22,546,161	28,358,533
Terminals	37,776,228	38,904,486	36,795,761	32,598,386	37,150,225
Landside	9,608,951	11,311,729	11,813,344	9,788,597	11,237,669
Auxiliary Airports	1,699,831	1,500,433	1,575,915	1,370,456	1,746,575
General Aviation	1,266,518	1,064,049	1,124,905	1,112,793	996,707
Support Areas	944,635	1,019,395	1,039,306	958,611	1,130,272
Roads and Grounds	5,667,708	5,679,770	6,000,384	5,736,332	6,991,987
Other	1,915,418	2,142,776	2,224,551	2,097,347	2,453,128
Total Operating Expenses Before Depreciation	84,559,439	87,470,726	87,615,100	76,208,683	90,065,096
Operating Income Before Depreciation	32,900,698	36,384,724	39,384,126	56,061,429	50,967,492
Depreciation	49,802,772	57,127,603	59,027,448	59,995,105	61,656,896
Operating Loss	(16,902,074)	(20,742,879)	(19,643,322)	(3,933,676)	(10,689,404)
Non-Operating Revenues (Expenses)					
Passenger Facility Charges	37,190,302	37,534,715	38,437,248	40,976,537	42,805,519
Customer Facility Charges	11,203,789	14,308,670	14,848,663	15,606,695	15,613,155
Loss on Disposition of Property and Equipment	(17,057)	(1,946,568)	(124,946)	(551,440)	(488,409)
Interest	1,818,745	1,814,881	1,964,326	1,788,695	2,782,668
Increase (decrease) in the Fair Value of Investments	127,020	(1,448,365)	1,566,019	275,772	(256)
Net Non-Operating Revenue (Expenses)	50,322,799	50,263,332	56,691,310	58,096,259	60,712,677
Capital Contributions	14,789,323	22,558,966	17,916,389	15,148,122	14,230,033
Net Position					
Increase in Net Position	48,210,049	52,079,420	54,964,377	69,310,705	64,253,306
Net Position, Beginning of Period	954,415,040	1,002,625,089	1,054,704,509	1,088,670,623*	1,157,981,328
Net Position, End of Period	$1,002,625,089	$1,054,704,509	$1,109,668,886*	$1,157,981,328	$1,222,234,634

Source: Salt Lake City Department of Airports Audited Financial Statements
*Difference between ending balance at 6/30/14 and beginning balance at 7/1/14 reflects GASB 68 requirements.

Airline Revenues

The Department received approximately $51.5 million, or 36.5% of its total Revenues, in FY 2016 from the airlines operating at the Airport, net of revenue sharing, compared to $49.5 million, or 37.5% of total Revenues, in FY 2015; the Department credited approximately $10.9 million and $9.9 million of revenue sharing back to the Signatory Airlines in FY 2016 and FY 2015, respectively, resulting in an average CPE of $3.69 in FY 2016 and $3.65 in FY 2015. The Department receives Revenues from the Signatory Airlines and other aviation users of the Airport's facilities based on their use or lease of the Airport's aeronautical facilities. The primary sources of such revenues are landing fees, which are charged by 1,000 pounds of landed weight, and terminal rents, which are charged on a per square foot basis or, for common or joint use facilities, on a per use or daily basis. Other aeronautical fees are derived from aircraft parking ("remain overnight" or "RON") fees, support building rentals, fuel farm charges and fees for use of the passenger loading bridges. Landing fees and terminal rental rates are set annually by the Department pursuant to the terms of the AUA. See " – Airline Use Agreement" above. The tables below provide a summary of the sources of the Department's Revenues as well as a break-out of the sources of airline revenues by carrier.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
SUMMARY OF OPERATING REVENUES
(in thousands)

	Fiscal Year Ended June 30,				
	2012	**2013**	**2014**	**2015**	**2016**
Landing Fees	$23,059	$23,662	$25,000	$23,199	$27,023
Airline Terminal Space Rentals	27,827	27,590	26,812	29,019	28,500
Other Airline Revenues	6,881	7,171	7,098	7,201	6,931
Car Rental	16,697	17,482	18,064	19,341	22,142
Auto Parking Facilities	26,282	28,619	29,228	31,117	33,409
Other Terminal Rentals	23,862	26,909	28,431	29,467	30,859
Other Revenues	2,860	2,436	2,657	2,864	3,110
Credit: Revenue Sharing	(10,008)	(10,014)	(10,290)	(9,938)	(10,941)
Total Operating Revenues	**$117,460**	**$123,855**	**$127,000**	**$132,270**	**$141,033**

Source: Department Records

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SALT LAKE CITY DEPARTMENT OF AIRPORTS
SOURCES OF AIRLINE REVENUES

Airline (includes affiliates)	FY2015 Landing Fees	FY2015 % of Total	FY2015 Rents	FY2015 % of Total	FY2016 Landing Fees	FY2016 % of Total	FY2016 Rents	FY2016 % of Total
Alaska	$ 883,199	3.8%	$ 713,901	2.4%	$ 964,887	3.6%	$1,066,971	3.8%
American	815,279	3.5%	872,795	3.0%	1,713,222	6.3%	1,332,896	4.8%
Delta	14,785,876	63.7%	22,152,503	75.5%	17,576,910	65.1%	21,242,431	76.2%
Frontier	420,253	1.8%	428,313	1.5%	377,232	1.4%	352,437	1.3%
JetBlue	393,071	1.7%	367,856	1.3%	472,074	1.7%	300,714	1.1%
Southwest	2,105,315	9.1%	2,791,697	9.5%	2,434,577	9.0%	2,454,134	8.8%
United	943,503	4.1%	1,242,081	4.2%	1,204,677	4.5%	1,102,739	4.0%
US Airways(1)	746,796	3.2%	758,756	2.6%	---	---	---	0.0%
Other (2)	2,105,310	9.1%	---	0.0%	2,279,351	8.4%	---	0.0%
TOTALS:	**$23,198,602**	100.0%	**$29,327,902**	100.0%	**$27,022,930**	100%	**$27,852,322**	100%

Source: Department Records
(1) During FY 2016 US Airways merged with American.
(2) Includes charter, cargo and commuter.

Landing Fees. Landing fees at the Airport increased from $23.2 million in FY 2015 to $27.0 million in FY 2016. During this period the landing fee per thousand pounds of landed weight increased from $1.82 to $2.03. The landing fee for FY 2017 is $1.90, reflecting lower budgeted costs, increased landed weights and credit of a surplus from FY 2016. Under the AUA, any variance between the landing fees collected and the direct and indirect costs of operating the Airfield Cost and Revenue Center during a Fiscal Year is calculated after the Fiscal Year ends, and the adjustment is either added to, in the case of a shortfall, or credited to, in the case of a surplus, the landing fee for the second succeeding Fiscal Year, although the Department retains the ability to revise the landing fee if the amount to be collected in any Fiscal Year is substantially less than the expected costs. Landed weights at the Airport increased from 13,200,978 thousand pounds in FY 2015 to 13,581,663 thousand pounds in FY 2016. A general shift to larger aircraft types as airlines, especially Delta and its affiliated carriers, upgraded their fleets and retire smaller 50 seat regional jets contributed to the increase in landed weights.

Terminal Rents. Each Fiscal Year, the Department establishes terminal building rental rates and fees on a commercial compensatory basis as required by the terms of the AUA. The annual calculation allows the Department to recover its budgeted direct and indirect capital and operating costs for such leased terminal space, but the Department bears the risk of not recovering the cost of any unleased terminal space. At June 30, 2016, substantially all airline space at the Airport was either leased, or in use on a common or joint use basis. Similar to the method described above for adjusting landing fees on an annual basis, terminal rates and fees are also adjusted based on actual costs incurred and rents received. The Department calculates the variance from the budget estimates after the Fiscal Year ends, and the adjustment is either added to the second succeeding year's terminal rental rate (in the case of a shortfall) or credited against such rental rate (in the case of a surplus). The Department does not recover the costs allocable to unrented space through its terminal rentals. The Department can also make adjustments during the year to the rates charged to the Signatory Airlines for terminal rentals.

The Department currently leases 74 of the 76 currently operational gates to various airlines serving the Airport. The remaining gates are held for use on common use basis and airlines using such gates are charged a per turn or daily fee. Current demand at the Airport has outstripped the number of gates available, and the Department routinely requires Signatory Airlines to allow other airlines to operate from preferentially leased space during hours when the Signatory Airline has no scheduled operation at the gate or to share common use gates. Terminal rental revenue from the airlines in FY 2016 was $28.5 million, a decrease of $0.5 million from the $29.0 million received in FY 2015, which in turn was an increase of $2.2 million compared to the $26.8 million in terminal revenues received from the airlines in FY 2014. The terminal rental rate for class 1 conditioned space was $62.31 per square foot in FY 2015 compared to $63.46 per square foot in FY 2016. The rate for FY 2017 is $80.08 per square foot. Under the AUA, the Department is permitted to recover its budgeted costs of operating and maintaining the terminal space as adjusted to account for actual costs, plus certain approved capital costs. The approved capital costs include the capital costs of the TRP and the NCP, provided that the Department may not recover capital costs of the TRP paid with accumulated capital-Department funds, PFCs or AIP grants, and if costs increase beyond certain limits, the Department and the Signatory Airlines must undertake a process to resolve the overruns. See " – Airline Use Agreement" above and "APPENDIX D — FORM OF THE AIRLINE USE AGREEMENT" for a more complete discussion of the provisions of the AUA.

Other Airline Fees. As described above, the Department receives fees from the airlines operating at the Airport from several other sources, including rental of support buildings, which generated $4.9 million in FY 2015 and $4.3 million in FY 2016; passenger loading bridge fees, which generated $1.6 million in FY 2015, compared to $1.8 million in FY 2016; use of the fuel farm, which generates approximately $528,000 per year; and RON fees, which generated approximately $224,600 in FY 2015 and $258,250 in FY 2016.

Non-Airline Revenues

The Department seeks to maximize non-airline Revenues and shares a portion of certain Selected Concession Revenues, as defined in the AUA, consisting of rents received from rental car concessions, excluding CFCs, and in-terminal concession revenues, with the Signatory Airlines in order to maintain a low CPE and to promote expansion of service by carriers. The primary sources of the Department's non-airline Revenue are parking fees, rental car fees and in-terminal concessions. Approximately $89.5 million, or 63.5% of total Revenues, were generated from non-airline sources in FY 2016, compared to $82.8 million, or 62.6% of total Revenues in FY 2015.

Parking Fees. Airport parking fees increased from $31.1 million in FY 2015 to $33.4 million in FY 2016. This increase was primarily because of an increase in parking transactions and increased parking fees. Parking fees are generated according to the parking rates established by the Department. In FY 2016, the Department increased the daily rate for parking in the garage from $28 to $32 and implemented a fee of $50 per day for Premium Reserved Parking. The Department does not share parking fees with the Signatory Airlines as an offset to either landing fees or terminal rents; rather, the Department retains the business risk and the return of this Cost and Revenue Center.

Rental Cars. Fees and rentals from car rental companies increased from $19.3 million in FY 2015 to $22.1 million in FY 2016, primarily because of growth in the deplaned O&D passengers at the Airport and the increased rental payments from the new RSS and QTA facilities being placed in service in January 2016. Because of the large amount of additional leased space, the lease of the rental car facilities is generating additional rental income. The agreements with the rental car companies for use of the new RSS and QTA facilities are for a ten year term commencing on March 1, 2016. These agreements provide for a payment of an effective 11.1% commission on rental car revenues, plus fair market rent on a per square foot basis for all facilities occupied by the rental car companies, plus CFCs. The rental car facilities are operated and maintained by a third party engaged by the rental car companies. CFCs, which are not Revenues pledged to payment of the Series 2017 Bonds, generated an additional $15.6 million in FY 2015 and $15.6 million in FY 2016, and will be applied to fund certain capital construction related to rental car company operations at the Airport.

Terminal Concessions. Revenue from concessions increased from $16.0 million in FY 2015 to $16.6 million in FY 2016, primarily because of new concession agreements in place for a full year and increased passengers.

Other Revenue Sources. The Department also derives Revenues from other sources, including cargo and other building rentals, hangar rents for both air carrier maintenance facilities and for general aviation facilities at the Auxiliary Airports, FBO rents and fees and other buildings leased by the department, such as Boeing's assembly facility. Revenues from these sources totaled $14.9 million in FY 2016, compared to $14.2 million in FY 2015. The increase is a result of additional revenues from flight kitchens and other lease revenues.

Operating Expenses

The Department's operating expenses fall into six primary categories and include salaries and benefits, materials and supplies, services, which include utilities, intergovernmental charges, and other operating expenses. Operating expenses are allocated to each of the Revenue and Cost Centers and the indirect G&A and roadways Cost Centers. Amounts allocable to the two aeronautical cost centers are recovered through landing fees and terminal rentals, while the Department seeks to generate revenues in excess of the costs allocable to the other non-aeronautical Revenue and Cost Centers from allocable rents, fees and charges. Costs allocable to the G&A and roadways Cost Centers are allocated to and recovered from each of the seven direct Revenue and Cost Centers based upon the proportion of the G&A and roadways services properly allocable to such Revenue and Cost Centers. The Department's management of operating expenses is an important aspect of maintaining the CPE at the Airport within the Department's desired range. As a result, the Department's operating expenses have increased at a compounded annual growth rate ("*CAGR*") of 1.6% since FY 2012 from a total of $84.6 million in FY 2012 to $90.1 million in FY 2016.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
SUMMARY OF OPERATING EXPENSES
(in thousands)

	Fiscal Year Ended June 30,				
	2012	**2013**	**2014**	**2015**	**2016**
Personnel Services	$41,345	$42,347	$44,916	$33,880*	$45,096
Charges/Services/Fees	20,773	19,796	18,547	19,785	20,811
Operational Maintenance Supplies	8,999	11,118	10,755	9,487	10,940
Utilities	5,630	6,122	6,209	6,313	6,175
Fire Services	4,091	4,152	4,185	4,314	4,597
Salt Lake City Administration	3,721	3,935	3,003	2,430	2,446
Total Operating Expenses	**$84,559**	**$87,470**	**$87,615**	**$76,209**	**$90,065**

*Includes reduction of approximately $10.5 million resulting from pension and OPEB reductions. See " – Retirement and Other Post-Employment Benefits" below.

Source: Department Records

The Department's largest expense is personnel services (salaries and benefits), which were $45.1 million in FY 2016, an 33.1% increase from the $33.9 million in FY 2015, and which comprised approximately 50% of the total operating expenses for FY 2016. The cost of personnel services was reduced in FY 2015 because of a one-time credit against this expense as a result of the City's termination of post-employment benefits other than pension for all City employees as of January 1, 2016. As a result, the Department realized an adjustment under GASB of approximately $8.7 million in FY 2015, which was credited against personnel services, although the Department had not set aside funds for such benefits. Without this one-time credit, the cost of personnel services in FY 2016 returned to historical levels, increasing by $180,000 over the cost for such services in FY 2014. The Department pays salaries and wages of its employees directly and reimburses the City for its share of fringe benefits, including insurance, pension and other post-retirement benefits allocable to the Department's staff. Since FY 2012, salaries and benefits paid to Department staff have increased at a CAGR of 1.75%.

Services represent the second largest category of the Department's operating expenses and include costs associated with outsourcing parking lot operations, shuttle bus services, janitorial services and professional and consulting services. Services for FY 2016 were $20.8 million, or 23.1% of total operating expenses for the Fiscal Year, and increased $1.03 million from FY 2015, or 5.2%. Since FY 2012, the costs of services increased slightly from $20.7 million to $20.8 million in FY 2016, an increase of less than 1%. The increase in FY 2016 over FY 2015 was primarily from professional and technical services of $1.6 million. The Department expensed $1.1 million of such costs in FY 2016, in contrast to prior years when such costs were capitalized, because certain projects were discontinued or the costs were determined not to be allocable to a capital asset. Operational maintenance supplies constituted approximately 12.1% of the Department's operating expenses and were $10.9 million in FY 2016, compared to $9.5 million in FY 2015. Intergovernmental charges comprised approximately 7.8% of the total operating expenses for FY 2016, and were $7.0 million, compared to $6.7 million in FY 2015. These charges consist primarily of reimbursements to the City for the costs associated with the City's provision of aircraft rescue and firefighting services at the Airport, which accounted for $4.6 million of such costs in FY 2016, compared to $4.3 million in FY 2015, as well as reimbursement for other centralized services, such as legal, accounts payable, purchasing, human resources and contract management services.

Personnel Considerations

As of June 30, 2016, the Department had 511 full-time employees. Approximately 80% of the Department's employees are employed in the Maintenance (221) and Operations (191) Departments.

The Department reimburses the City for the actual direct and indirect cost of providing Aircraft Rescue and Fire Fighting and certain other services. The City and Local 1004 of the American Federation of State, County and Municipal Employees, AFL-CIO ("*AFSCME*"), entered into a Memorandum of Understanding (the "*MOU*") effective June 23, 2013 through July 2, 2016, to establish the wages, benefits and employment conditions of eligible employees identified by the City as required by the Collective Bargaining and Employee Representation Joint Resolution dated March 22, 2011, including 47 City public safety employees at the Airport as of June 30, 2016. The City and AFSCME agreed to extend the terms and conditions of the MOU through July 1, 2017. In addition to other eligible City employees, the MOU covers all Public Safety and certain maintenance employees, including Airport Police Officers, Airport Operations Coordinators and eligible employees in the Police and Fire Department, including those who serve at the Airport. Pursuant to the MOU, AFSCME has agreed not to engage or encourage employees to engage in any strike, work stoppage or other collective concerted withholding of services. No eligible employee under the MOU will receive any benefits or wages while he or she is engaged in a strike, work stoppage or other interruption of work.

The Department considers its relations with its employees and the union representatives of the City's public safety employees that are members of AFSCME Local 1004 to be good.

Certain users of the Department's facilities that generate a substantial portion of the Department's Revenues, such as the air carriers, are dependent upon successful management of their own labor relations for continuation of their operations. These matters are beyond the control of the Department, and significant labor disputes in these areas could have an adverse effect on the Department's Revenues.

Retirement and Other Post-Employment Benefits

Employee Workforce and Retirement System. The Department participates in the Utah Retirement Systems, which provide three cost-sharing multiple-employer public employee retirement Systems and one multiple employer agent system, each of which are defined benefit retirement plans covering public employees of the State and employees of participating local governmental entities (the *"URS").* The URS are administered under the direction of the Utah State Retirement Board (the "*URS Board*") whose members are appointed by the Governor of Utah. Each year, as approved by the State Legislature, the URS Board sets rates, enacts rules and implements policies related to the pensions and benefits the Department's retirees receive. Starting in FY 2014-15, GASB Statement Number 68 requires URS to pass on pension and retirement liability to public entities it serves, including the Department. Working with the Department's independent auditors and State specialists, this net pension liability has been recorded on the Department's financial statements for the Fiscal Year ending June 30, 2016 in the amount of $25,465,134.

See "APPENDIX A — SALT LAKE CITY DEPARTMENT OF AIRPORTS COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DEPARTMENT FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015— Notes to Financial Statements — 6 — Pension Plans."

Other Postemployment Benefits. As a result of a City-wide budgetary undertaking, as of January 1, 2016, all postemployment benefits other than pensions for City employees, including those employed by the Department, were terminated. Postemployment benefits for employees under age 65 were terminated on September 1, 2015, and benefits for those over age 65 were terminated on January 1, 2016. The OPEB benefit and annual required employer contribution for the year ended June 30, 2016 were ($133,771) and $122,944, respectively. The City's liability as of June 30, 2015 was $235,690 and was reduced to $0 as of June 30, 2016. No contributions will be made after January 31, 2016. For additional information regarding the City's postemployment benefits see "APPENDIX A — SALT LAKE CITY DEPARTMENT OF AIRPORTS FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015 — "Notes to Financial Statements - Pension Plans" and "Other Post-employment Benefits."

Risk Management

The Department carries a general liability policy with a maximum limit of $500,000,000 covering bodily injury, property damage, auto liability on the Airport and hangarkeeper's liability. The policy includes sublimits of $50 million for each offense for personal and advertising injury, $250,000 fire legal liability, and a $50 million excess of the separate $100,000 automobile policy. The Airport facilities are covered by an all risk property insurance policy with a maximum limit of $500,000,000 and $100,000 deductible per occurrence. Boiler and machinery carries a deductible of $25,000. Earth movement and flood coverage each carry sub-limits of $150,000,000 with a 2% deductible per location, subject to a $100,000 minimum and $5,000,000 maximum deductible for all locations in any one occurrence (defined as a 168-hour period). Windstorm or hail carries a $100,000,000 limit and a 5% deductible, subject to a minimum $250,000 deductible per occurrence. Business Interruption, Extra Expense, Rental Value and Rental Income is covered at $156,704,503 with a 2% deductible, subject to a minimum $100,000 deductible up to a maximum $5,000,000 per occurrence. Sub-limits apply for Debris Removal ($25,000,000), Valuable Papers and Records ($25,000,000), Errors and Omissions ($10,000,000), Limited Pollution Coverage ($500,000), and Named Storm ($1,000,000). Contractors, including the CMAR, are required to carry builders' risk insurance covering all facilities under construction during the full period of construction. As elements of the TRP and the NCP are completed, the Department expects to evaluate its coverage limits and increase them as appropriate to account for the increased value of the new construction.

Pursuant to Amendment No. 1 to the CMAR Contract, HDJV has provided, is administrating and has implemented a Contractor Controlled Insurance Program ("*CCIP*") that covers on-site exposures for the CMAR and, with limited exceptions, all subcontractors performing work on the TRP. Demolition and environmental remediation contracts; off-site labor or fabrication; architects, engineers and consultants; contracts under $20,000; and work, labor, transportation and other activities outside the boundaries of the TRP site are excluded from participation in the CCIP. The coverage provided under the CCIP includes on-site Worker's Compensation, on-site Employer's Liability, on-site general liability and on-site excess liability insurance with combined limits equal to $25,000,000. Under the CMAR Contract, HDJV also is required to carry additional insurance coverage, including builder's risk and professional liability coverage. The City is included as an additional insured on all such policies of insurance except Worker's Compensation. HDJV's policies of insurance are primary and any other insurance carried by the City are excess and not contributing.

The City Treasurer is covered under a $10,000,000 public officials bond. The City also has: (1) public employee dishonesty insurance (an employee "blanket policy") with a $1,000,000 limit for theft and a $20,000 deductible; (2) forgery or alteration coverage with a $25,000 limit and a deductible of $1,000; (3) money orders and counterfeit currency coverage with a $50,000 limit and $2,500 deductible; and (4) crime inside and outside premises coverage, each with $50,000 limits and $2,500 deductibles. The City also purchases excess workers' compensation insurance with a $30,000,000 limit and a $750,000 self-insured retention per occurrence; excess liability insurance with a $2,000,000 policy limit and $1,000,000 self-insured retention per claim; and cyber liability insurance with $5,000,000 aggregate limit and $50,000 retention per claim. The City is self-insured for losses above the limits and below the deductibles. Further, the City is self-insured for unemployment. The Risk Management Fund, an internal service fund, has been established to pay these claims along with health insurance premiums and certain administrative expenses. During the past three fiscal years, there have been no settlements that exceeded the self-insured retentions.

Debt Management Policy

The City maintains a Debt Management Policy ("*Debt Policy*") that is applicable to the Bonds issued by the City for the benefit of the Department. The Series 2017 Bonds comply with the requirements of the Debt Policy. The Debt Policy covers the types of debt that the City may issue; the legal, policy and financial limits that govern the issuance of debt and use of the proceeds of such debt; debt structuring practices; debt issuance practices; and debt administration and management practices, including tax law requirements, arbitrage regulations and disclosure practices.

Futures, options other than options to enter into swaps, calls or puts are not legal investments under the Money Management Act. Interest rate exchange or swap contracts, cash flow exchange or swap contracts, any derivatives of these contracts, including forward swaps and options to enter into swaps, and interest rate floors, caps and collars may only be entered into if it is first determined that such contract (a) is designed to reduce the amount or duration of payment, rate, spread or similar risk or (b) is reasonably anticipated to result in a lower borrowing cost. Such contracts are to be utilized for the control or management of debt or the cost of servicing debt and not for speculation. It is the City's current practice not to enter into such derivative contracts, but no assurance can be given that the City or Department will not enter into such contracts in the future.

Investment Policy

City Policy. It is the policy of the City to invest public funds, of which the Department funds are a part, in accordance with the principles of sound treasury management and in compliance with State and local laws, regulations and other policies governing the investment of public funds, specifically, according to the terms and conditions of the State Money Management Act of 1974 and Rules of the State Money Management Council as currently amended (collectively, the *"Money Management Act"),* and the City's own written investment policy. The following investment objectives, in order of priority, are met when investing public funds: (1) legality, (2) safety of principal, (3) need for liquidity, (4) maximum yield on investments consistent with the first three objectives and (5) maturity of investments, so that the maturity date does not exceed the anticipated date of the expenditure of funds or as required by the Money Management Act. Bond and note proceeds and all funds pledged or otherwise dedicated to the payment of principal of and interest on those bonds and notes will be invested in accordance with the applicable terms of the borrowing instruments, or if silent or less restrictive, then in accordance with Section 571-7-11 of the Money Management Act. See also "SECURITY FOR THE SERIES 2017 BONDS – Permitted Investments" and "APPENDIX C – Form of Master Indenture - Article I – Definitions; Interpretation; and – Article VI – Investments," relating to investment of Series 2017 Bond proceeds and amounts held in the funds and accounts under the Master Indenture.

The City may use investment advisers to conduct investment transactions on its behalf as permitted by the Money Management Act and local ordinance or policy. Investment advisers must be certified by the Director of the Utah State Division of Securities of the Department of Commerce (the *"Director").* Only qualified depositories as certified by Utah's Commissioner of Financial Institutions are eligible to receive and hold deposits of public funds. The State Money Management Council issues a quarterly list of certified investment advisers, certified dealers and qualified depositories authorized by State statute to conduct transactions with public treasurers. Transactions involving authorized deposits or investments of public funds may be conducted only through issuers of securities authorized by Section 51-7-11(3) of the Utah Code, qualified depositories included in the current State list, and certified dealers included in the current State list. The City Treasurer must take delivery of all investments purchased, including those purchased through a certified investment adviser. This may be accomplished by the City Treasurer taking physical delivery of the security or delivering the security to a bank or trust company designated by the City Treasurer for safekeeping. The City Treasurer may use a qualified depository bank for safekeeping securities or maintain an account with a money center bank for the purpose of settling investment transactions and safekeeping and collecting those investments.

In FY 2011 the Department began investing certain of its funds in U.S. Treasury and Agency notes, rather than in the Utah State Public Treasurer's Investment Fund ("*PTIF*"), in order to increase return on restricted and reserved funds. As of June 30 2016, the Department held $45.3 million in such investments.

City policy provides that not more than 25% of total City funds or 25% of the qualified depository's allotment, whichever is less, can be invested in any one qualified depository. Not more than 20% of total City funds may be invested in any one certified out-of-state depository institution. However, there is no limitation placed on the amount invested with the PTIF and other money market mutual funds, provided that the overall standards of investments achieve the City's policy objectives.

The City's entire portfolio, including the invested funds of the Department, is currently in compliance with all of the provisions of the Money Management Act.

The Utah Public Treasurers' Investment Fund. The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. As of June 30, 2016, Department funds on deposit in the PTIF totaled approximately \$328.9 million, which represents a substantial portion of the Department's funds. All investments in the PTIF must comply with the Money Management Act and rules of the State Money Management Council. The PTIF invests primarily in money market securities. Securities in the PTIF include certificates of deposit, commercial paper, short-term corporate notes, obligations of the U.S. Treasury and securities of certain agencies of the federal government. By policy, the maximum weighted average adjusted life of the portfolio is not to exceed 90 days and the maximum final maturity of any security purchased by the PTIF is limited to five years. Safekeeping and audit controls for all investments owned by the PTIF must comply with the Money Management Act. The PTIF is not rated, and the average maturities of those investments is not known.

All securities purchased are delivered versus payment to the custody of the State Treasurer or the State Treasurer's safekeeping bank, assuring a perfected interest in the securities. Securities owned by the PTIF are completely segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State.

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the State Money Management Council and is audited by the State Auditor.

The information in this section concerning the current status of the PTIF has been obtained from sources the Department believes to be reliable, but the Department and the City take no responsibility for the accuracy thereof.

See "APPENDIX A – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DEPARTMENT FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015 — Notes to the Financial Statements — Note 2 - Deposits and Investments."

REPORT OF THE AIRPORT CONSULTANT

General

The Department has retained the firm of Trillion AV, LLC, d/b/a Trillion Aviation, as recognized experts in their field, to prepare a report on traffic, revenues, expenses, the TRP and NCP and financial analyses in connection with the issuance of the Series 2017 Bonds. The Airport Consultant has prepared a Report of the Airport Consultant dated as of January 23, 2017 (the "*Report of the Airport Consultant*" or the "*Report*") in connection with the issuance by the City of the Series 2017 Bonds. The Airport Consultant has consented to the Report of the Airport Consultant being included in this Official Statement as APPENDIX B. This Report should be read in its entirety for an explanation of the assumptions and methodology used therein.

The Report of the Airport Consultant is divided into four sections plus a cover letter summarizing the Airport Consultant's conclusions. Section 1 provides an overview of the role of the Airport and the economic base for air traffic at the Airport. Section 2 reviews air service at the Airport and provides air traffic forecasts of air service activity at the Airport for the period from FY 2017 through FY 2024, the expected period of construction of the TRP and NCP (the "*forecast period*"). Section 3 reviews the existing Airport facilities and the capital program, generally consisting of the TRP, the NCP as well as the on-going capital projects through FY 2024. Section 4 of the

Report reviews the Department's financial framework and provides a financial analysis, concluding with forecasts of net revenues and debt service coverage through FY 2024, calculated in accordance with the Master Indenture. In preparation of the forecasts in its Report, the Airport Consultant has made certain assumptions with respect to conditions that may occur and the course of action management expects to take during the forecast period. The Airport Consultant has relied upon Department staff for representations about its plans and expectations and for disclosure of significant information that might affect the realization of forecast results. Department staff has reviewed these assumptions and concur that they provide a reasonable basis for the purpose of the forecast. While the Department and the Airport Consultant believe these assumptions to be reasonable for the purpose of the forecasts, they are dependent upon future events, and actual conditions may differ from those assumed in the analysis. To the extent actual future factors differ from those assumed by the Airport Consultant or provided to the Airport Consultant by others, the actual results could vary materially from those forecast. The Airport Consultant has no responsibility to update its Report for events and circumstances occurring after the date of its Report. The forecast is based on assumptions that may not be realized and actual results may differ materially from the forecast. See "INVESTMENT CONSIDERATIONS – Financial Assumptions" herein.

Forecast of Debt Service Coverage and Cost Per Enplanement

The following table reflects the forecast of Net Revenues and the calculation of debt service coverage on the Bonds, including the Series 2017 Bonds and the estimated $1.1 billion of TRP and NCP project costs expected to be funded with proceeds of additional Bonds expected to be issued in the future. The Airport Consultant's forecast is based on actual Net Revenues for FY 2012 through FY 2016 and forecast Net Revenues from FY 2017 through FY 2024, as set forth in Section 4 of the Report of the Airport Consultant. Such forecast reflects the impact on revenues and expenses associated with the Series 2017 Bonds as well as other Bond issues expected to be undertaken during the forecast period and the operating costs of the elements of the TRP and NCP as they are placed into service. The forecast does not reflect the impact on Department finances of projects other than the TRP, the NCP and the other capital projects discussed in the Report. Any additional future capital projects may be financed by future issuance of additional Bonds.

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FORECAST OF DEBT SERVICE COVERAGE*
(Fiscal Year)
($ in thousands)

	Actual 2016	Budget 2017	2018	2019	2020	2021	2022	2023	2024
Revenues	$143,236	$144,248	$153,757	$158,722	$162,108	$206,717	$221,353	$247,569	$263,651
Operating Expenses and Capital Outlays	93,561	98,561	102,503	106,603	110,867	124,426	129,403	141,268	146,919
Net Revenues	49,675	45,687	51,254	52,119	51,240	82,291	91,950	106,301	116,732
Plus: Rolling Coverage Account	0	0	0	0	105	8,887	14,120	18,194	22,244
Net Revenues & Rolling Coverage Account	49,675	45,687	51,254	52,119	51,346	91,179	106,070	124,495	138,976
Total Debt Service (Net of Capitalized Interest)	0	0	0	0	2,813	80,548	101,954	118,729	135,414
PFCs applied to Debt Service	0	0	0	0	(2,391)	(44,998)	(45,474)	(45,953)	(46,436)
Debt Service (net of PFCs)	0	0	0	0	422	35,550	56,480	72,775	88,977
Debt Service Coverage	N/A	N/A	N/A	N/A	121.69x	2.56x	1.88x	1.71x	1.56x

Source: Trillion Aviation
*Amounts may not add due to rounding

The Report of the Airport Consultant and the forecast of Net Revenues and debt service coverage included therein incorporated assumptions of the debt service on the Series 2017 Bonds and additional Bonds expected to be issued during the forecast period based upon information provided by Public Financial Management, Inc. ("*PFM*"), financial advisor to the Department, in January, 2017. PFM's calculations are based upon the assumptions set forth in the Report of the Airport Consultant. Both PFM and the Airport Consultant have used what they believe are conservative assumptions to estimate the forecast annual debt service on the additional Bonds to be issued to fund the TRP and NCP; however, there can be no assurance that the assumed rates will be achieved or that interest rates will not exceed those used in the assumptions. Several other forecasts included in the Report of the Airport Consultant, such as forecast airline payments per enplaned passenger, rely on the estimated debt service amounts and investors should take into consideration these assumptions when considering the Report of the Airport Consultant.

The Report has not been updated to reflect the final terms of sale of the Series 2017 Bonds. The actual debt service on the Series 2017 Bonds will be higher than the projected debt service for the Series 2017 Bonds shown in

Exhibit B of the Report because the principal amount of the Series 2017 Bonds was increased to $1,000,000,000 compared to the $952 million amount assumed in the Report. If the estimated aggregate debt service shown in the Report was updated to reflect the impact of the final terms of sale of the Series 2017 Bonds, such updated aggregate debt service would be less than the aggregate debt service shown in the Report because (i) the Series 2017 Bonds were sold at yields lower than the yields assumed in the Report and (ii) the amount of additional Bonds required to complete the funding of the TRP and NCP would be less than the assumed principal amount of additional Bonds set forth in the Report.

The Report of the Airport Consultant should be read in its entirety for an understanding of the report and its underlying assumptions. As noted in the Report of the Airport Consultant, any forecast is subject to uncertainties. Inevitably, some of the assumptions used to develop the Report of the Airport Consultant will not be realized and unanticipated events and circumstances may occur. The actual financial results achieved will vary from those in the Report of the Airport Consultant and the variations may be material. The Report of the Airport Consultant is not expected to be updated with final pricing information for the Bonds. See "INVESTMENT CONSIDERATIONS – FINANCIAL ASSUMPTIONS" and "APPENDIX B - REPORT OF THE AIRPORT CONSULTANT."

INVESTMENT CONSIDERATIONS

Delta's Presence at the Airport

Delta is the dominant air carrier operating at the Airport and maintains a large connecting hub at the Airport. Approximately 70.2% of the passengers enplaned at the Airport in FY 2016 and 21.2%, of the Department's operating revenue was received from rentals and services provided to Delta and the Delta Connection carriers for FY 2016.

As a result of the Airport's geographic location, facilities and capabilities and Delta's investment in the Airport, including the TRP and NCP, the Department expects that the Airport will remain a system hub for Delta; however, no assurance can be given to that effect or with regard to Delta's future level of activity at the Airport, regardless of Delta's financial condition. If, for whatever reason, Delta discontinues or reduces its hubbing operations at the Airport, its current level of activity at the Airport may not be replaced by other carriers. Such a change in Delta's activity at the Airport could result in differences to the forecasts presented in the Report of the Airport Consultant. See "THE AIRPORT - Aviation Activity at the Airport -*Airlines Providing Service at the Airport*" above.

Project Costs and Schedule

The estimated costs of, and the projected schedule for, the TRP, the NCP and other capital projects depend on various sources of funding, and are subject to a number of uncertainties. The ability of the Department to complete these projects within the current budgets and on the current schedules may be adversely affected by various factors including: (1) estimating errors, (2) design and engineering errors, (3) cost increases because of demand for labor and materials, (4) contractors' difficulty in predicting costs over a lengthy constructions period, (5) the need to estimate costs of unbid project elements, (6) changes to the scope of the projects, (7) delays in contract awards, (8) material and/or labor shortages, (9) delays because of airline operational needs, (10) unforeseen site conditions, (11) adverse weather conditions, (12) contractor defaults, (13) labor disputes, (14) unanticipated levels of inflation, (15) litigation and (16) environmental issues. See "THE TERMINAL REDEVELOPMENT PROGRAM AND NORTH CONCOURSE PROGRAM.-Summary of the TRP and NCP" No assurance can be given that the costs of the projects will not exceed the current budget for these projects or that the completion will not be delayed beyond the currently projected completion dates. Any schedule delays or cost increases could result in the need to issue additional Bonds or Subordinate Obligations, which would require additional approval for certain increased costs. The issuance of additional Bonds or Subordinate Obligations may result in increased costs per enplaned passenger to the airlines. No assurance can be given that the City would receive the required Signatory Airline approvals, or that, absent such approvals, an alternative source of funding would be available. At present, the Department is unable to estimate the costs associated with each of the risks identified above and the total impact of these risks if such events were to occur. In addition, the Department may ultimately decide not to proceed with certain capital projects or may proceed with them on a different schedule, resulting in different results than those included in the projections shown in "APPENDIX B - REPORT OF THE AIRPORT CONSULTANT."

Financial Assumptions

The City's plan of financing for the TRP and NCP is based on a number of financial assumptions, including assumptions relating to: (1) the estimated costs and timing of construction of the TRP and NCP and the ability of the Department to complete construction on the TRP and NCP within budget; (2) the forecast levels of aviation activity at the Airport; and (3) timing of, and assumptions with respect to the issuance of and interest rates borne by additional Bonds, including access to the capital markets. Although the Department believes each of these assumptions is based on reasonable judgments, one or more of these assumptions may prove incorrect. The impact of a significant variation of any of the assumptions described above could have a material adverse effect on the plan of financing for the TRP and NCP.

The City's plan of financing is based upon certain assumptions with respect to growth in aviation at the Airport. The factors affecting such levels of activity are largely beyond the Department's control. Origination and destination traffic, which accounts for approximately 54% of passenger activity at the Airport, will be affected to a significant degree by the economic vitality of the City and the region. The level of hubbing activity by Delta or any other airline that may choose to hub in the City's air trade area will reflect corporate decisions made by such airlines. These decisions will be based, in part, upon each airline's financial capacity and strategic markets, availability of aircraft, cost of aviation fuel and a number of other factors beyond the control of the City.

Seismic Risk and Other Force Majeure Events

Segments of the Wasatch Fault, which is an active fault located primarily on the western edge of the Wasatch Mountains, underlie Salt Lake City. An earthquake on the Salt Lake City segment could severely damage the Airport facilities and adversely affect the Department's ability to generate revenues. Other events of force majeure, such as extreme weather events and other natural occurrences such as fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, or wars, blockades or riots could also adversely affect the Department's ability to generate Revenues. There is no assurance that such events will not occur while the Bonds are Outstanding. Although the Department has attempted to mitigate the risk of loss from many of these occurrences by purchasing commercial property and casualty insurance, no assurance can be given that such insurance will be available or in sufficient amounts at a reasonable cost or available at all or that insurers will pay claims in a timely manner, or at all.

General Economic Considerations

Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economy. Following significant and dramatic changes that occurred in the financial markets in September 2008, the U.S. economy experienced a recession followed by weak economic growth. More recently, the significant improvement in economic conditions in the U.S. has contributed to the rebound in aviation activity levels nationwide. It is not known at this time whether the improving national unemployment rate or the current rate of national and global economic growth will persist beyond 2016 and what effect, if any, they will have on the air transportation industry.

Financial Condition of the Airline Industry

The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines, particularly Delta, to make the necessary investments to continue providing service. The airline industry historically has been 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 localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. After an exceptional period of volatility in the 2000s, the outlook for U.S. airline profitability in the near-term is positive, with the U.S. airline industry having posted its fifth consecutive year of profitability in 2015. This comes as U.S. carriers have continued to exercise significant capacity discipline in recent years by eliminating unprofitable routes and redundant services, reducing service at smaller hubs and in less profitable markets, and focusing on the use of right-sized aircraft to serve markets. In addition, an increase in fees for ancillary services, such as checked baggage, flight reservation and cancellation and early boarding, has also helped to increase revenues. While there is cautious optimism that the U.S. airline industry is moving to a cycle of sustainable profits, the profitability of the airline industry, nonetheless, may still fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the terrorists attacks of September 11, 2001, and the economic recession of 2008 and 2009.

Further, because of the discretionary nature of business and personal travel spending, airline passenger traffic and revenues are heavily influenced by a variety of factors, including: (i) the strength of the U.S. economy and other regional and world economies, (ii) the cost and availability of labor, fuel, aircraft and insurance, (iii) international trade, (iv) currency values, (v) competitive or partnership considerations, including the effects of airline ticket pricing, (vi) traffic and airport capacity constraints, (vii) governmental regulation, including security regulations and taxes imposed on airlines and passengers, and maintenance and environmental requirements, (viii) passenger demand for air travel, including the availability of business travel substitutes such as teleconferencing, videoconferencing and web-casting, (ix) strikes and other union activities and (x) disruptions caused by airline accidents, criminal incidents, acts of war or terrorism and weather and natural disasters.

It is reasonable to assume that any significant financial or operational difficulties incurred by Delta, the dominant airline servicing the Airport, could have a material adverse effect on the Airport, although financial or operational difficulties by any of the other Signatory Airlines, whether directly or indirectly, also may have an adverse impact on Revenues or Airport operations, the effect of which may be material. See " – Delta's Presence at the Airport" above. At this time, it is not possible to predict the effect that any financial or operational difficulties incurred by Delta or any other airline serving the Airport could have on the Airport.

Airline Consolidation

In 2005, ten major airlines were flying inside the United States (AirTran, Alaska Airlines, American Airlines, America West, Continental, Delta, Northwest, Southwest, United and US Airways) and accounted for 87.0% of all available seats. Faced with declining profitability because of increased costs of aviation fuel, lower fares brought on by the proliferation of low cost carriers (as described below), reduced growth potential in the domestic markets and declining passenger activity based on security concerns, the airlines pursued consolidation. As a result of these consolidations, today there are four major network airlines flying inside the United States -- American, Delta, Southwest and United -- that account for approximately 83% of domestic capacity (available seats). Additionally, in 2009, Republic Airways Holdings purchased Frontier Airlines and Midwest Airlines operating the combined carrier as Frontier Airlines. Republic Airways sold Frontier Airlines in 2013. In December 2016, Alaska Air Group acquired Virgin America, and a single operating certificate is anticipated to be issued in 2018. Such consolidation, combined with a focus on driving profitability via capacity discipline and unbundling of services and resulting increased fee income, has increased airline profitability. Airline analysts expect the consolidated entities will continue to remain profitable in the near-term with a continued focus on return on invested capital through capacity discipline.

Further airline consolidation remains possible. Depending on which airlines serving the Airport, merge or join alliances, if any, the result may be fewer flights or decreases in gate utilization by one or more airlines. Such decreases could result in reduced Airport revenues, reduced PFC collections and increased costs for the airlines serving the Airport.

Cost of Aviation Fuel

Airline earnings are significantly affected by changes in the price of aviation fuel. 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 and resulting demand for oil-based fuels; the levels of inventory carried by industries; the amounts of reserves maintained by governments; the amount and availability of new sources of oil (e.g., U.S. fracking operations); disruptions to production and refining facilities; and weather.

There has been no shortage of aviation fuel since the fuel crisis of 1974, but there have been significant price increases for fuel. From 2000 to 2008, the price of aviation fuel more than tripled. Oil prices reached an all-time record high of approximately $145 per barrel in July 2008, and while oil prices have declined from this elevated level, they have fluctuated significantly since then. During the second half of CY 2014, an imbalance between worldwide supply and demand resulted in a significant drop in the price of oil and aviation fuel. As of January 3, 2017, according to Business Insider, the price of Brent crude oil futures was $58.13 a barrel. According to Form 41 (USDOT), for CY 2015, fuel expenses were approximately 21.6% of U.S. passenger airline operating costs. Historically, significant fluctuations and prolonged increases in the cost of aviation fuel have adversely affected air transportation industry profitability, causing airlines to reduce capacity, fleet and personnel; to invest in new, more fuel efficient aircraft and equipment; and to increase airfares and institute fuel, checked baggage, and other extra surcharges, all of which may reduce demand for air travel.

Many airlines engage in or have engaged in fuel hedging – purchasing fuel in advance at a fixed price through derivative contracts – to help manage the risk of future increases in fuel costs. However, there can be no assurance that any fuel hedging contract can provide any particular level of protection from volatile fuel prices. One carrier has even gone as far as to purchase its own refinery in order to better manage its fuel costs.

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 to 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. Consumers have come to expect extraordinarily low fares. 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.

Effect of Bankruptcy of Air Carriers

Since 2001, several airlines with operations at the Airport have filed for and have subsequently emerged from bankruptcy protection, including United, Continental, Delta, Frontier, Northwest, US Airways and, most recently, American Airlines in 2011. Additional bankruptcies, liquidations or major restructurings of other airlines could occur. The Department's stream of payments from a debtor airline could be interrupted to the extent of unpaid fees for pre-petition goods and services, including accrued rent and landing fees. Under the U.S. Bankruptcy Code, a debtor airline that is a lessee under an unexpired lease with the Department of non-residential real property, such as a lease of Terminal space or a hangar, is required within certain statutory time periods to assume or reject such lease. Rejection of a lease or other agreement or executory contract would give rise to an unsecured claim of the Department for damages, the amount of which in the case of a lease or other agreement is limited by the U.S. Bankruptcy Code. The amount ultimately received in the event of a rejection of a lease or other agreement could be considerably less than the maximum amounts allowed under the U.S. Bankruptcy Code. Additionally, during the pendency of a bankruptcy proceeding, a debtor airline may not, absent a court order, make any payments to the Department on account of goods and services provided prior to the bankruptcy. The Department actively monitors past due balances to minimize any potential losses due to such proceedings, aggressively pursues overdue amounts and bankruptcy claims, and includes an allowance for uncollectible debts in its landing fee and terminal rental rates. Whether or not an airline agreement is assumed or rejected by a debtor airline in a bankruptcy proceeding, it is not possible to predict the subsequent level of utilization of the gates leased under such agreement.

It is not possible to predict the impact on the Department of any future bankruptcies, liquidations or major restructurings of other airlines.

Aviation Security, Health and Safety Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of potential international hostilities and terrorist attacks, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

Safety concerns in the aftermath of the terrorist attacks on September 11, 2001, largely were responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines and airport operators have upgraded security measures to guard against future terrorist incidents and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed federal air marshals, federalization of airport security functions under the TSA, more effective dissemination of information about threats, more intensive screening of passengers, baggage and cargo, and deployment of new screening technologies. The airlines and the federal government were primarily responsible for, and bore most of the capital costs associated with, implementing the new security measures. No assurance can be given that these precautions will be successful. Also, the possibility of intensified international hostilities and further terrorist attacks involving or affecting commercial aviation are a continuing concern that may affect future travel behavior and airline passenger demand.

Public health and safety concerns have also affected air travel demand from time to time. In 2003, concerns about the spread of severe acute respiratory syndrome ("*SARS*") led public health agencies to issue advisories against nonessential travel to certain regions of the world. In 2009, while the United States Centers for Disease Control and Prevention ("*CDC*") and the World Health Organization ("*WHO*") did not recommend that people avoid domestic or international travel, concerns about the spread of influenza caused by the H1N1 virus reduced international air travel, particularly to and from Mexico and Asia. In 2014, an outbreak of Ebola in West Africa and the discovery of a patient and health care workers infected with Ebola in the United States raised concerns about the spread of communicable disease through air travel. Most recently, in January 2016, the CDC issued a travel alert warning pregnant women to avoid travel to areas where the Zika virus, which has been linked to a type of birth defect called microcephaly, is spreading, a list that currently includes over 50 countries and territories, primarily in the Caribbean, Central America, South America and certain Pacific Islands, as well as the State of Florida.

Information Concerning the Airlines

Many of the principal domestic airlines serving the Airport, or their respective parent corporations, are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports and other information with the SEC. Likewise, foreign airlines serving the Airport that have American Depository Receipts ("*ADRs*") registered on a U.S. national exchange are subject to the same reporting requirements. Certain information, including financial information, concerning such domestic airlines, or their respective parent corporations, and such foreign airlines is disclosed in certain reports and statements filed with the SEC. Such reports and statements can be inspected and copied at the public reference facilities maintained by the SEC and on its website.

Foreign airlines serving the Airport, or foreign corporations operating airlines serving the Airport, unless such foreign airlines have ADRs registered on a national exchange, are not required to file information with the SEC. Such foreign airlines, or foreign corporations operating airlines, serving the Airport file limited information only with the USDOT.

The Department does not undertake any responsibility for or make any representation as to the accuracy or completeness of: (i) any reports and statements filed with the SEC or USDOT or (ii) any material contained on the SEC's website as described in the preceding paragraph, including, but not limited to, updated information on the SEC website or links to other Internet sites accessed through the SEC's website.

FAA Reauthorization and Federal Funding

On February 6, 2012, Congress passed a four-year reauthorization bill for the FAA—the FAA Modernization and Reform Act of 2012—which was signed into law on February 14, 2012 by the President and, after several extensions, will expire on September 30, 2017. The 2012 FAA reauthorization retained the federal cap on PFCs at $4.50 and authorized $3.35 billion per year for AIP through federal fiscal year 2015, which is $150 million per year less than the funding level for the preceding five years. The AIP provides federal capital grants to support airport infrastructure through entitlement grants, which are determined by formulas based on passenger, cargo and general aviation activity levels, and discretionary grants, allocated on the basis of specific set-asides and the national priority ranking system. The Department is unable to predict the level of AIP funding at this time. If there is a reduction in the amount of AIP grants awarded to the Department for the Airport, it could: (1) increase by a corresponding amount the capital expenditures that the Department would need to fund from other sources, including operating revenues, and Bond proceeds, (2) extend the timing to complete certain projects, or (3) reduce the scope of individual proposed projects or the overall program, or both. See "The TERMINAL REDEVELOPMENT PROGRAM AND NORTH CONCOURSE PROJECT -Funding Sources" for more information regarding federal grant funding received by the Department.

As mentioned above, the current FAA authorization statute will expire on September 30, 2017. Congress has held hearings on a long-term FAA reauthorization act but, as of the date of this Official Statement, no long-term reauthorization legislation has been approved by either house of Congress. Prior to the last reauthorization act, Congress enacted over 20 continuing resolutions providing temporary funding for the FAA and its programs, and during this period, funding for non-essential operations of the FAA was terminated once. There can be no assurance that Congress will enact and the President will sign an FAA reauthorization act before the current authorization terminates. Failure to adopt such legislation could have a material, adverse impact on U.S. aeronautical operations as well as on the AIP grant program.

Federal Law Affecting Rates and Charges

Rates and charges for aeronautical use of an airport imposed pursuant to a written agreement between the air carriers operating at an airport and the operator of the airport are generally not subject to federal regulation. The AUA between the City and the Signatory Airlines sets forth a formula for establishing rates and charges for use of the aeronautical facilities at the Airport. Accordingly, the Department believes that the provisions of federal law regarding the determination of such fees are generally inapplicable during the term of the AUA.

For rates and charges not determined pursuant to an agreement, Federal aviation law requires, in general, that airport fees be reasonable and that, in order to receive federal grant funding, all airport generated revenues must be expended for the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the airport owner that are directly and substantially related to air transportation of passengers or property. Pursuant to the requirements of the Federal Aviation Administration Authorization Act of 1994, the USDOT and FAA have promulgated regulations setting forth an expedited hearing process to be followed in determining the reasonableness of airport rates and charges, and have also promulgated a policy statement (the "*Rates and Charges Policy*"), which sets forth the standards that the USDOT uses in determining the reasonableness of the fees charged to airlines and other aeronautical users.

In 1997, the United States Court of Appeals for the District of Columbia determined that a portion of the Rates and Charges Policy was arbitrary and capricious and vacated portions of the policy and remanded it to the USDOT. In 2008, USDOT amended the Rates and Charges Policy to permit "congested airports," as defined therein, to charge a two part landing fee that includes a per operation charge intended to help reduce congestion and operating delays. Congested airports are also permitted to include certain other costs in their rate base, including the cost of certain construction in progress and costs associated with reliever airports, if owned by the same airport operator. The Airport does not currently qualify as a congested airport. The USDOT has not yet proposed any other revisions to the Rates and Charges Policy. If new guidelines are published, the costs that will be permitted to be included in determining an airport's rate base and the extent to which such future guidelines may limit the Department's flexibility in negotiating new airline agreements or in setting rates and charges for use of the Airport's airfield and non-airfield facilities cannot be determined at this time. Any new FAA guidelines or any standards promulgated by a court in connection with a dispute could limit the amounts and allocation of costs payable by airlines serving the Airport. Until the USDOT promulgates a new policy regarding rates and charges, the guiding principle for determining whether rates and charges established for use of airport assets is the requirement of federal law that such charges be reasonable.

PFC Revenues and Other Sources of Funding

The plan of finance for the TRP and the NCP assumes that PFC revenues, federal grants and other sources of funding will be received in certain amounts and at certain times to pay certain project costs. See "The TERMINAL REDEVELOPMENT PROGRAM AND NORTH CONCOURSE PROGRAM -Funding Sources." No assurance can be given that these sources of funding actually will be available in the amounts or on the schedule assumed.

The amount of PFC revenue collected for the Airport in past years has varied, and in future years will vary, based upon the actual number of passenger enplanements at the Airport. No assurance can be given that any level of enplanements will be realized. This adverse impact of decreased enplanements could be direct or indirect. For example, PFC shortfalls could result in increases in terminal rentals or landing fees at the Airport, thereby negatively impacting the airlines' desire to operate at the Airport. Furthermore, under the terms of the PFC Act, the FAA may terminate the Department's authority to impose a PFC if the Department's PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Act or the regulations promulgated thereunder, or if the Department otherwise violates the PFC Act or regulations. The FAA may also terminate the Department's authority to impose a PFC for a violation by the Department of the Airport Noise and Capacity Act. The PFC termination provisions contained in the regulations provide both informal and formal procedural safeguards. The FAA's PFC regulations require Collecting Carriers (as defined in the PFC Act) to account for PFC collections separately, and indicate that such funds are to be regarded as trust funds held by the Collecting Carriers for the beneficial interest of the public agency imposing the PFC. In early cases in which PFCs were at issue, certain bankruptcy court decisions indicated that PFCs may not be treated as trust funds and that airports are not entitled to any priority over other creditors of the Collecting Carrier as to such funds. In the more recent cases, such as the American Airlines bankruptcy, however, the bankruptcy court has recognized the airports' interests in PFCs and taken steps to segregate PFCs from airline revenues. Where an air carrier files for bankruptcy protection and liquidates, such as the Direct Air bankruptcy, PFC revenues may not be recoverable if they have been expended by the carrier before such filing.

To the extent that any portion of the funding assumed in the plan of finance for capital projects at the Airport is not available as anticipated, the Department may be required to issue an additional Series of Bonds or Subordinate Obligations to pay the costs of such capital projects and to increase airline rates and charges to pay debt service on the Bonds and the Subordinate Obligations and to fund the required coverage thereon. As an alternative to issuing Bonds or Subordinate Obligations, the Department may ultimately decide not to proceed with certain capital projects or may proceed with them on a different schedule, producing different results than those included in the projections shown in the "APPENDIX B - REPORT OF THE AIRPORT CONSULTANT."

Environmental Regulations

The EPA is responsible for regulating air quality and water quality. The City is not aware of any releases of pollutants or contaminants at the Airport other than those which are subject to ongoing remediation described in Note No. 1 ("*Pollution Remediation Obligations*") to the audited financial statements in APPENDIX A hereto. However, there could be other such releases not known to the City as of the date of this Official Statement. The potential exists for additional federal regulation or remediation that may require capital expenditures or changes in operations at the Airport System.

Potential Limitation of Tax Exemption of Interest on Series 2017 Bonds

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Series 2017 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended, or court decisions may also cause interest on the Series 2017 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Internal Revenue Code of 1986, as amended, or court decisions may also affect the market price for, or marketability of, the Series 2017 Bonds. Prospective purchasers of the Series 2017 Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. See "TAX MATTERS - Changes in Federal and State Tax Law."

Legislative Developments

The Department is a department of the City and subject to applicable federal, State and City legislation, changes to which could have a material effect on the operations or financial position of the Department. It is not possible to predict whether any such legislation will be introduced after the date of this Official Statement or, if introduced, whether such legislation would be enacted.

No Acceleration

Events of Default under the Indenture and related remedies are described herein under "APPENDIX C - FORM OF MASTER INDENTURE-Article VIII-Defaults and Remedies." The occurrence of an Event of Default does not grant any right to accelerate payment of the Series 2017 Bonds. Since Net Revenues are Revenues net of all amounts needed to pay Operation and Maintenance Expenses of the Airport System, and the City is not subject to involuntary bankruptcy proceedings, the City may be able to continue indefinitely collecting Revenues and applying them to the operation of the Airport System even if an Event of Default has occurred and no payments are being made on the Series 2017 Bonds.

Forward-Looking Statements

This Official Statement contains forecasts, projections and estimates that are based on current expectations. In light of the important factors that may materially affect the financial condition of the Department and the aviation industry generally and other economic and financial matters, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the City that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

As discussed in the Report of the Airport Consultant, the factors affecting aviation activity at the Airport include: the growth of population and of the economy in the Airport Service Area, airline service and route networks, the financial health and viability of the airline industry, national and international economic and political conditions, the availability and price of aviation fuel, levels of air fares, the capacity of the national air traffic control system and capacity at the Airport and elsewhere. The Report of the Airport Consultant should be read in its entirety for an understanding of all of the assumptions used to prepare the forecasts made therein. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period will vary, and the variations may be material. See "APPENDIX B - REPORT OF THE AIRPORT CONSULTANT."

TAX MATTERS

General

In the opinion of Kutak Rock LLP, Bond Counsel to the City, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2017A Bond for any period during which such Series 2017A Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2017A Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that (a) interest on the Series 2017A Bonds is a specific preference item for purposes of the federal alternative minimum tax, and (b) interest on the Series 2017B Bonds is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described in the preceding sentences assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Series 2017 Bonds. Failure to comply with such requirements could cause interest on the Series 2017 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017 Bonds. The City will covenant to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2017 Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Series 2017B Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax, such interest will be included in the adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

Bond Counsel is further of the opinion that, under the existing laws of the State, as presently enacted and construed, interest on the Series 2017 Bonds is exempt from State individual income taxes.

Special Considerations With Respect to the Series 2017 Bonds

The accrual or receipt of interest on the Series 2017 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2017 Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2017 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2017 Bonds.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2017 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2017 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2017 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2017 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2017 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2017 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2017 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Tax Treatment of Original Issue Premium

The Series 2017 Bonds are being sold at a premium. An amount equal to the excess of the issue price of a Series 2017 Bond over its stated redemption price at maturity constitutes premium on such Series 2017 Bond. An initial purchaser of a Series 2017 Bond must amortize any premium over such Series 2017 Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Series 2017 Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Series 2017 Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Series 2017 Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Series 2017 Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Series 2017 Bond.

RATINGS

The Series 2017 Bonds have been assigned ratings of "A2" (outlook: stable) by Moody's Investors Service ("*Moody's*"), "A+" (outlook: stable) by S&P Global Ratings ("*S&P*") and "AA-" (outlook: stable) by Kroll Bond Rating Agency, Inc. ("*KBRA*") respectively. Such ratings reflect only the respective views of Moody's, S&P and KBRA and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by any or all of such rating agencies if, in its or their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2017 Bonds.

FORWARD-LOOKING STATEMENTS

This Official Statement contains "forward-looking statements" within the meaning of the federal securities laws in the sections hereof entitled "THE TERMINAL REDEVELOPMENT PROGRAM AND NORTH CONCOURSE PROGRAM," "THE AIRPORT," "REPORT OF THE AIRPORT CONSULTANT" and APPENDIX B. If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances affecting airports and the airline industry, many of which are beyond the control of the Department. These forward-looking statements speak only as of the date of this Official Statement. The Department disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Department's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

NO DEFAULTED BONDS

The City has never failed to pay principal and interest when due on any of its bonds, notes or other financial obligations.

LEGAL MATTERS

Litigation

The City Attorney reports the following matters involving potential financial liability of the City with respect to the Department:

An opinion executed by the City Attorney, dated the date of closing, will be provided stating, among other things, that to the best of her knowledge, after due inquiry, no litigation, with merit, in the State or federal courts has been served on the City or is, to the best of her knowledge, threatened, challenging the creation, organization or existence of the City, or the titles of its officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Series 2017 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the Series 2017 Bonds are issued, the legality of the purpose for which the Series 2017 Bonds are issued, or the validity of the Series 2017 Bonds, or the issuance thereof.

Lawsuits are periodically filed against the Department and/or its employees, involving tort and civil rights matters. The City has a statutory obligation to defend and indemnify its officers and employees, including those of the Department, in relation to lawsuits arising from acts or failures to act of the officers or employees while in the scope and course of employment.

The City is involved from time to time in routine litigation matters relating to the Department and its operations. These routine matters include personal injury and property damage claims for which the City's liability is covered in whole or part by insurance or by contractual provisions that obligate third party service providers or concessionaires to indemnify and defend the City from claims that relate to such third party services at the Airport. Other matters include disputes with employees; disputes with contractors, subcontractors, engineers and others arising out of construction and maintenance of the Department's properties; disputes over leases and concessions; and property, theft and damage claims arising from the Department's parking operations. The City does not expect that these matters will require any amounts to be paid that, singly or in the aggregate, will have a material effect on the operations or financial position of the Department.

Approval of Legal Proceedings

The authorization and issuance of the Series 2017 Bonds are subject to the approval of Kutak Rock LLP, Bond Counsel to the City. Certain legal matters will be passed upon for the City by the City Attorney and by Foley & Lardner LLP, the City's Disclosure Counsel. The Underwriter is being represented by its counsel, Gilmore & Bell, P.C. The approving opinion of Bond Counsel will be delivered with the Series 2017 Bonds in substantially the form set forth in APPENDIX G of this Official Statement.

INDEPENDENT AUDITORS

The basic financial statements of the Department as of and for the year ended June 30, 2016 and 2015, included in APPENDIX A to this Official Statement, have been audited by Eide Bailly LLP, independent auditors, as stated in their report appearing in APPENDIX A herein.

Copies of the City's comprehensive annual financial report may be obtained upon request from the City Treasurer's office, 451 South State Street, Room 228, Salt Lake City, Utah 84111. Copies of the Department's comprehensive annual financial report may be obtained upon request from Ryan R. Tesch, the Department's Chief Financial Officer, 776 North Terminal Drive, P.O. Box 145550, Salt Lake City, Utah 84122.

UNDERWRITING

The Series 2017 Bonds are being purchased by Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Goldman Sachs & Co., Morgan Stanley & Co., LLC, RBC Capital Markets, LLC and ZB National Association (collectively, the "*Underwriters*"), for whom Citigroup Global Markets Inc. is acting as representative (the "*Representative*"). The Underwriters have agreed, subject to certain conditions, to purchase all of the Series 2017 Bonds at an aggregate purchase price of $1,124,492,660.03 (equal to the par amount of the Series 2017 Bonds, plus an original issue premium in the aggregate amount of $126,480,830.65 less an underwriting discount of $1,988,170.62) pursuant to a Bond Purchase Agreement between the City and the Representative, on behalf of the Underwriters (the "*Bond Purchase Agreement*") and to reoffer the Series 2017 Bonds at public offering prices not higher than or at yields not lower than those set forth on the inside cover page hereof. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2017 Bonds, if any are purchased. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2017 Bonds to the public. The obligations of the Underwriters to accept delivery of the Series 2017 Bonds are subject to various conditions of the Bond Purchase Agreement.

The Underwriters may offer and sell the Series 2017 Bonds to certain dealers (including depositing the Series 2017 Bonds into investment trusts, which investment trusts may be sponsored by an Underwriter) and others at prices lower than the public offering prices stated on the inside cover page hereof. The initial public offering prices may be changed from time to time by the Underwriters.

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

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) 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 City.

The following language has been provided by the Underwriters named herein. The City takes no responsibility as to the accuracy or completeness thereof.

Citigroup Global Markets Inc. has entered into a retail distribution agreement with UBS Financial Services Inc. ("*UBSFS*"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS. As part of this arrangement, Citigroup Global Markets Inc. may compensate UBSFS for its selling efforts with respect to the Series 2017 Bonds.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, one of the Underwriters of the Series 2017 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2017 Bonds.

FINANCIAL ADVISOR

PFM is serving as financial advisor to the Department for the issuance of the 2017 Bonds. PFM is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement. PFM is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing securities. PFM is a registered municipal advisor with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board under the Dodd-Frank Act of 2010.

CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Agreement (the "*CDA*"), in substantially the form attached hereto as APPENDIX F, for the benefit of the beneficial owners of the Series 2017 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the *"Rule")* adopted by the Securities and Exchange Commission (the *"Commission")* under the Securities Exchange Act of 1934. In the CDA, the City will agree to use diligent efforts to require certain "obligated persons" (at this time only Delta) to provide certain annual financial information and operating data, unless the City is no longer required to do so under the Rule. The City has not undertaken to provide additional information regarding any person that is not obligated under the AUA, a lease or other agreement having a term of more than one year to pay a portion of the debt service on the Series 2017 Bonds and providing at least twenty percent (20%) of the Revenues of the Department for the prior two (2) Fiscal Years. Delta has agreed in the AUA to provide the City such information with respect to Delta as the City may reasonably request in order for the City to comply with the requirements of the Rule.

A failure by the City to comply with the CDA will not constitute a default under the Indenture and beneficial owners of the Series 2017 Bonds are limited to the remedies described in the CDA. A failure by the City to comply with the CDA must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2017 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2017 Bonds and their market price. See "FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto as APPENDIX F for the information to be provided, the events which will be noticed on an occurrence basis and the other terms of the CDA, including termination, amendment and remedies.

The City has not had any bonds secured by Net Revenues of the Airport System outstanding within the period ending five (5) years before the date of this Official Statement, and thus has had no continuing disclosure obligations with respect to any of its Airport Revenue Bonds within the preceding five years.

The City has entered into a number of continuing disclosure undertakings with respect to the bonds it has issued and has contracted with a number of dissemination agents to file annual information and notices of certain events on behalf of the City. In the previous five years the City provided its annual financial information and audited financial statements to the applicable dissemination agent in advance of the deadline specific in the applicable continuing disclosure undertaking. Dissemination Agents for certain of the City's bonds filed such information late; *however,* except for a few instances the information was filed within 30 days of the deadline. The instances in which the information was filed multiple months later were due to technical failures by the applicable dissemination agent to link the information to some of the CUSIP numbers associated with the City's bonds.

The City will continue its practice of providing required information to its dissemination agents in sufficient time to allow the dissemination agents to file as required under the applicable continuing disclosure undertaking and dissemination agency agreement and has contacted each of its dissemination agents regarding the requirement for timely filing. Except as described above, the City is in material compliance with each continuing disclosure undertaking entered into pursuant to the Rule.

MISCELLANEOUS

All quotations from, and summaries and explanations of the Utah Constitution, statutes, programs, laws of the State, court decisions and the Indenture, which are contained in this Official Statement do not purport to be complete and reference is made to said Constitution, statutes, programs, laws, court decisions and the Indenture for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of facts. This Official Statement is not to be construed as a contract between the City or the Underwriters and the purchasers or owners of any of the Series 2017 Bonds.

The appendices attached hereto are an integral part of this Official Statement and should be read in conjunction with the foregoing material.

The delivery of this Official Statement and its distribution and use have been duly authorized by the City.

SALT LAKE CITY CORPORATION

By: *<u>/s/ Jacqueline M. Biskupski</u>*
Jacqueline M. Biskupski, Mayor

SALT LAKE CITY DEPARTMENT OF AIRPORTS

By: *<u>/s/ Maureen Riley</u>*
Maureen Riley, Executive Director

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APPENDIX A
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Comprehensive Annual Financial Report

Salt Lake City Department of Airports

(An Enterprise Fund of Salt Lake City, Utah)

For the Years Ended June 30, 2016 and 2015

Prepared by the Department of Airports
Finance Division
Salt Lake City International Airport
Salt Lake City, Utah

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City, Utah)

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Salt Lake City, Utah
Financial Statements
For the Years Ended June 30, 2016 and 2015

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THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

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Organizational Chart
Certificate of Achievement

October 10, 2016

Honorable Mayor and City Council Members
Salt Lake City Department of Airports Advisory Board
Salt Lake City, Utah

Overview

The Comprehensive Annual Financial Report of the Salt Lake City Department of Airports (Airport) for the fiscal year ended June 30, 2016 is submitted herewith. This report was prepared by the Department's Finance Division, using generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The accuracy of the data and the completeness and fairness of the presentations, including all disclosures, are the responsibility of the Department.

In developing and evaluating the Airport's accounting system, consideration is given to the adequacy of internal control. The management of the Airport has established a comprehensive internal control framework that is designed to provide management with reasonable, but not absolute, assurance that assets are safeguarded from loss from unauthorized use or disposition; and transactions are executed in accordance with management's authorization and recorded properly for the preparation of the financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived; and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the Department's internal control processes adequately safeguard assets, provide reasonable assurance that financial transactions are recorded properly, and that to the best of our knowledge and belief, this report is complete and reliable in all material respects.

Eide Bailly, LLP, an independent firm of Certified Public Accountants, has audited these basic financial statements and related notes. Their report is included herein. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Airport for the fiscal year ended June 30, 2016 are free of material misstatements. This independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made by management.

Additionally, Eide Bailly, LLP, audited the compliance requirements of the City's federal funds expenditures (which include the Airport's federal funds) for the year as part of the federally mandated Single Audit designed to meet the special needs of federal grantor agencies. That report is available in a separate report combined with Salt Lake City Corporation.

The Department's budget is prepared under the direction of the Airport Executive Director and Director of Finance, and is submitted to the Salt Lake City Council for approval and inclusion in the City budget as an enterprise fund.

Profile of the Salt Lake City Department of Airports

The Department of Airports is a department of the City of Salt Lake City, Utah. As an enterprise fund, users of the Department's facilities provide the revenues to operate and maintain the facilities. The Airport is financially self-sustaining with revenue generated from airline and other tenant fees, grants, passenger facility charges (PFC), rental car customer facility charges (CFC), concessions, vehicle parking, fuel, and leases for office and hangar space. The Airport operates three facilities – Salt Lake City International Airport, South Valley Regional Airport at West Jordan, and Tooele Valley Airport.

Salt Lake City International Airport is located 5 miles northwest of the downtown Salt Lake City business district. Beginning with a cinder-covered landing strip in a marshy pasture called Basque Flats in 1911; the Airport was originally used for aerobatic flights. Salt Lake City purchased 100 acres surrounding the landing strip for $40.00 per acre in 1920, and the resulting airfield was named Woodward Field. The first commercial passenger flight took place in 1926 with two passengers perched atop U.S. mail sacks and in 1943 the Airport became a training base and replacement depot for the U.S. Air Force. The three runways were upgraded in 1950, and the first terminal building, currently terminal one, was dedicated in 1961. Terminal two was completed in 1978. Terminal one was expanded and remodeled in 1981, and a third air carrier runway was added in 1995, and international terminal was added in 1996. In 1999 the Federal Aviation Administration opened a new air traffic control tower and terminal radar approach control facility. Since 2005, the Airport has upgraded terminal two, including bag claim carousel modifications, explosive detection systems (EDS) and international gates, completed north cargo apron, which was partially funded by federal funds, and completed rehabilitation of runway 16L/34R pavement. In FY 2016 the terminal redevelopment program (TRP) completed construction for the quick turn around facility (QTA), rental car facility site work, rental car service buildings, infrastructure, and temporary roadway construction and realignments.

Because of the age of the terminal buildings and the need to provide reliable, safe, and efficient terminal facilities, $9 million is included in the FY 2017 budget to continue necessary concourse and terminal facility renovations. This includes funding for the continuing renovations of restrooms, boiler plant upgrades, and outside exterior panel replacements.

The FY 2017 budget includes $25 million for airfield projects. This includes R/W 17-35 & R/W 14-32 pavement rehabilitation, airfield lighting and signage replacements, and the east apron pavement rehabilitation phase I. These airfield improvement projects ensure the safe operation of aircraft and preserve valuable assets.

The FY 2017 budget includes $14.7 million for landside projects. This includes overlay of entrance and exit roads, parking access revenue control system, employee parking expansion, and fiber installation.

Funding for the airport capital improvement program (CIP) includes reserves generated by the Airport, airport improvement program (AIP) grants from the FAA, passenger facility charges (PFC), customer facility charges (CFC), and future Airport bonds.

Construction commenced in FY 2014 on the TRP, a $2.2 billion capital improvement program to build new facilities to replace aging facilities, mitigate seismic risks, and prepare for future growth. The existing facilities were built to accommodate 10 million passengers annually, but in FY 2016, the Airport served over twice the number of passengers the facilities were originally designed to handle.

In conjunction with the TRP, the North Concourse Program (NCP) includes the development of a 30-gate midfield airside concourse to the north of the new airside concourse to be developed as part of the TRP. The Airport received unanimous support from all airlines serving SLC to build the north concourse in April 2016. It is currently estimated that the NCP will cost approximately $737 million.

The Airport is currently ranked the 25th busiest in the United States, and 90th busiest in the world in terms of passenger numbers with over 318 scheduled daily departing flights serving more than 95 non-stop destinations. The Airport served approximately 22.6 million passengers in FY 2016 and is one of Delta's largest hubs.

Economic Condition

According to the recently published State of Utah's 2015 Economic Report to the Governor, Utah typically grows more rapidly than the nation after a recession, and this pattern is continuing in the current recovery. During 2015, Utah's employment rate decreased slightly to 3.7 percent in 2015 compared to 3.8 percent in 2014.

Utah's total personal income is estimated to have increased by 4.5 percent in 2015, in addition to the 4.5 percent increase in 2014. The 2015 increase in personal income was led by strong wage growth at 3 percent. Jobs were added across all industry sectors in the Utah economy during 2015, including significant expansion in the information sector driven by the corridor of technology firms that continued to expand as well as strong increase in financial activities.

The Airport plays an important role in supporting business and economic growth in the state. Its operations are a key component in providing affordable access to worldwide destinations for business and individuals. According to an analysis by GSBS Richman Consulting, the Airport has been a significant economic driver for Utah and its capital for the past 50 years and will continue to underpin the economy. The Airport currently generates an estimated $1.1 billion in wages and income annually from an estimated 35,290 full-time jobs. Taking all spending into account, the airport contributes an estimated $1.9 billion annually to Utah's GDP.

The Airport operates within the economic conditions of the national and local economy as well as the airline industry environment. An effective partnership between the airlines and the Airport require a continued focus on operating costs, while maintaining service and safety. Operating expenses increased by 18.2 percent while passengers increased 4.2 percent in FY 2016 over FY 2015. The majority of the increase in expenses relates to a large decrease in expenses in FY 2015 related to the discontinuance of certain post retirement health benefits.

The Airport is currently economically stable with no outstanding debt, but costs are escalating to maintain aging facilities. Efforts are continually made to control operating costs to the airlines and reduce airline cost per enplaned passenger, currently at $3.69 for FY 2016 and $3.65 for FY 2015, one of the lowest rates among large hub airports in the nation. The Airport has total cash balances of $386 million to be utilized during the next decade for the TRP with the exception of certain restricted funds. Financing for this program is expected to be generated from federal grants, passenger facility charges (PFC), rental car customer facility charges (CFC), bonds, and Airport cash reserves.

Outlook

Over the last several years, Utah has outperformed a sluggish national economy. Absent any significant deterioration in the macro-economic environment, this trend is expected to continue. Improvements in the state's labor market will continue during 2016 with job growth at 2.5 percent, slightly below the state's long-term average. This growth is expected to cause Utah's unemployment level to be at 3.5 percent by the end of 2016. Personal income is expected to increase by 5.3 percent in 2016, which is 1.1 percent higher than the anticipated U.S. increase.

Salt Lake City Airport passengers are projected to increase by 1.5 percent and operations are projected to decrease by 1.4 percent during FY 2017. Flights remain fuller as airlines are matching capacity to demand resulting in little change to the daily flight and seat schedules. Airlines continue to streamline costs, implement other revenue sources, and operate more efficiently.

Current financial position, passenger statistics, and results from FY 2016 and earlier can be found in more detail in Management's Discussion and Analysis in this report.

Future Growth

According to the Federal Aviation Administration (FAA) Aerospace Forecast 2016-2036, as the economy recovers from the most serious economic downturn and the slowest recovery in recent history, aviation will continue to grow over the long run. Fundamentally, demand for aviation is driven by economic activity. As economic growth picks up, so will growth in the aviation industry. The 2016 FAA forecast calls for U.S. carrier passenger growth over the next 20 years to average 2.1 percent per year. The Salt Lake City Airport forecasts an average annual growth rate of 2 percent in future years.

Construction on the TRP is underway. The TRP will replace terminal facilities that are over 50 years old, require extensive maintenance, are not energy efficient and fail to meet current seismic standards. It is expected that the TRP will achieve Leadership in Energy and Environmental Design (LEED) silver certification as required by City ordinance. The TRP will consolidate passenger processing facilities into a single facility to serve all concourses as well as replace the existing parking garage, construct new terminal roadways, and a new central utility plant. Light rail and rental car services will be integrated with the new garage. A new site for car rental operations and servicing, and a quick turn-around facility for car rentals have been built. The planned airport will have fewer gates (73 compared to the present 86), but will be capable of handling more passengers and aircraft. The number of parking spaces in the garage will double from 1,770 to 3,600. The new terminal is expected to be operational by fall 2020 with the entire TRP opening by summer 2024.

The NCP includes the development of 30 additional gates to accommodate additional passengers and aircraft to meet forecasted growth. The first phase of the NCP, which includes 20 aircraft gate positions, is expected to be operational by fall 2020 with the second phase of the NCP opening by summer 2024.

An Economic Impact Analysis report by GSBS Richman Consulting estimates the TRP will generate an additional 23,919 full time jobs, $1 billion in wages and income, make a $1.5 billion contribution to the local GDP and result in $3 billion in total economic output over the life of the project.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Salt Lake City Department of Airports for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015.

In order to be awarded a Certificate of Achievement, the Airport must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The production of this report is a cooperative effort of the Finance Division of the Department of Airports and Eide Bailly, LLP. We extend our appreciation to the staff for their efficient and dedicated services. We also thank the members of the City Council, the Mayor and members of the Department of Airports Advisory Board of Directors for their interest and support in planning and conducting the financial operations of the Airport in a responsible and progressive manner.

Maureen Riley
Salt Lake City Department of Airports
Executive Director

Ryan R. Tesch, CPA
Salt Lake City Department of Airports
Director of Finance

ORGANIZATIONAL CHART
City of Salt Lake City, Utah

Mayor
Jackie Biskupski

City Council Members

District One	James Rogers, Chair
District Two	Andrew Johnston
District Three	Stan Penfold, Vice Chair
District Four	Derek Kitchen
District Five	Erin Mendenhall
District Six	Charlie Luke
District Seven	Lisa Adams

Department of Airports Advisory Board Members
Igor Best-Devereux, Chair
J. T. Martin, Vice Chair
Robert Bergmann
Michael D. Gallivan
Natalie Gochnour
Sam Granato
Senator Karen Mayne
Cynthia D. Miller
Larry Pinnock
James Rogers

Executive Director
Maureen Riley

Directors

Admin & Commercial Services	John A. Buckner, Jr.
Airport Police	Craig Vargo
Engineering	Kevin F. Robins
Finance	Ryan R.Tesch
Information Management	Edwin Cherry
Maintenance	Ed Clayson
Operations	Peter L. Higgins
Planning & Environmental	Allen G. McCandless
Public Relations/Marketing	Nancy Volmer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Salt Lake City Department of Airports

Utah

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015

Jeffrey R. Emer

Executive Director/CEO

FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements and Notes
Required Supplementary Information

Independent Auditor's Report

Advisory Board of Directors
Salt Lake City Department of Airports

Report on the Financial Statements

We have audited the accompanying financial statements of the Salt Lake City Department of Airports (the "Airport"), an enterprise fund of Salt Lake City Corporation, which comprise the statements of net position as of June 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Airport'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 the Airport as of June 30, 2016 and 2015, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter
As discussed in Note 1, the financial statements of the Airport are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities and each major fund of Salt Lake City Corporation that is attributable to the transactions of the Airport. They do not purport to, and do not, present fairly the financial position of Salt Lake City Corporation as of June 30, 2016 and 2015, the changes in its financial position, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information identified 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Eide Bailly LLP

Salt Lake City, Utah
October 10, 2016

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City Corporation)
Management's Discussion and Analysis
(UNAUDITED)

The following Management's Discussion and Analysis ("MD&A") of the Salt Lake City Department of Airports' activities and financial performance provides an introduction and overview to the financial statements for the fiscal years ended June 30, 2016 and 2015.

The information in this MD&A has been prepared by Airport management and should be used in combination with the accompanying financial statements and notes as well as supplemental information in order to provide a complete understanding of the data contained in the financial statements.

FINANCIAL STATEMENTS

The Salt Lake City Department of Airports is an enterprise fund of the City of Salt Lake City, Utah, and is supported wholly by airport user charges. The Department is responsible for the operation and maintenance of the City's three airports, Salt Lake City International Airport, South Valley Regional Airport, and Tooele Valley Airport. No general tax fund revenues are used for the administration, promotion, operation or maintenance of the airports in the system.

Financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board ("GASB"). Revenues and expenses are recorded when earned and incurred, not when received or paid, with the exception of passenger facility charge revenues ("PFCs") that are recorded when received based upon twelve full months of revenue. Capital assets, except land and construction in progress, are depreciated over their useful lives. See the notes to the financial statements for significant accounting policies.

FINANCIAL & OPERATIONAL HIGHLIGHTS

The Salt Lake City International Airport serves the Salt Lake City metropolitan area as well as the surrounding areas of Utah, Idaho, Colorado, Nevada, and Wyoming. The Airport functions as one of Delta's largest hubs. The Airport ranks as the 25th busiest in the United States and the 90th busiest in the world in terms of passenger numbers. In terms of operational movements, the Airport ranks 22nd busiest in the United States and 46th busiest in the world.

The Airport had experienced several years of small decreases in total passenger numbers in FY 2013 -0.9% and FY 2012 -2.9% while the U.S. economy continued to slowly recover. In FY 2016, FY 2015 and FY 2014, the economy and the airline industry have continued to rebound. Total passengers increased by 920,646, 1,088,560 and 501,981 in FY 2016, FY 2015 and FY 2014 to a total of 22,594,818, 21,674,172 and 20,585,612 passengers. Enplaned passengers alone increased by 459,303, 539,014 and 250,625 in FY 2016, FY 2015 and FY 2014 to a total of 11,293,011 10,833,708 and 10,294,694 enplaned passengers; a 4.2%, 5.2% and 2.5% increase in FY 2016, FY 2015 and FY 2014.

Salt Lake City International Airport provides 318 average daily departures to 95 non-stop destinations. Load factors increased to 88% from 87% in FY 2016 to FY 2015. The increase in international routes and the expansion of new airlines, Air Canada and KLM Royal Dutch, into the Salt Lake City market in FY 2016 has continued to increase seat capacity, number of daily flights, and passengers.

Total aircraft operations decreased -1.4% in FY 2016, -1.4% in FY 2015, and -1.9% in FY 2014. While aircraft operations continued to decrease, the landing weights increased by 380,685 million pounds

(2.9%) in FY 2016 after an increase of 4.1% and 2.2% in FY 2015 and 2014. Both the decrease in operations and the increase in landing weights are consistent with airlines switching from smaller regional jets to larger narrow body jets.

	FY 2016	FY 2015	FY 2014	FY 2013
Enplanements	11,293,011	10,833,708	10,294,694	10,044,069
% increase (decrease) from prior year	4.2%	5.2%	2.5%	(0.8%)
Landed weight lb's (000's)	13,581,663	13,200,978	12,679,038	12,406,252
% increase (decrease) from prior year	2.9%	4.1%	2.2%	(1.6%)
Aircraft Operations - All Types	315,585	319,994	324,608	330,991
% decrease from prior year	(1.4%)	(1.4%)	(1.9%)	(3.5%)
Total # of passengers	22,594,818	21,674,172	20,585,612	20,083,631
% increase (decrease) from prior year	4.2%	5.3%	2.5%	(0.9%)

STATEMENT OF NET POSITION

The Department of Airports' net position was $1,222,234,634 as of June 30, 2016. The total increase in net position during the year ended June 30, 2016 was $64.3 million. The largest portion of the Airport's net position (71.1%) represents investment in capital assets (land, buildings, runways, taxiways, and equipment).

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City Corporation)
Management's Discussion and Analysis
(UNAUDITED)

STATEMENTS OF NET POSITION		June 30, 2016		June 30, 2015		June 30, 2014
ASSETS:						
Current and other assets	$	416,233,275	$	452,435,482	$	448,992,153
Capital assets		869,232,819		779,342,985		707,111,524
Deferred outflows		10,181,182		3,566,982		-
TOTAL ASSETS AND DEFERRED OUTFLOWS		1,295,647,276		1,235,345,449		1,156,103,677
LIABILITIES:						
Current liabilities		38,275,280		48,887,380		33,879,489
Noncurrent liabilities		33,200,094		26,347,885		12,555,302
Deferred inflows		1,937,268		2,128,856		-
Total Liabilities and deferred inflows		73,412,642		77,364,121		46,434,791
NET POSITION:						
Invested in capital assets		869,232,819		779,342,985		707,111,524
Restricted		143,297,687		196,438,862		179,263,493
Unrestricted		209,704,128		182,199,481		223,293,868
Total Net Position		1,222,234,634		1,157,981,328		1,109,668,885
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	$	1,295,647,276	$	1,235,345,449	$	1,156,103,677

SUMMARY OF CHANGE IN NET POSITION		FY 2016		FY 2015		FY 2014
Operating revenues	$	141,032,588	$	132,270,113	$	126,999,226
Operating expenses		(90,065,096)		(76,208,684)		(87,615,100)
Operating Income before depreciation		50,967,492		56,061,429		39,384,126
Depreciation		(61,656,896)		(59,995,105)		(59,027,448)
Operating loss		(10,689,404)		(3,933,676)		(19,643,322)
NON-OPERATING REVENUE (EXPENSE) AND CAPITAL CONTRIBUTIONS:						
Passenger facility charges		42,805,519		40,976,537		38,437,248
Customer facility charges		15,613,155		15,606,695		14,848,663
Contributions and grants		14,230,033		15,148,122		17,916,389
Other, net		2,294,003		1,513,027		3,405,399
CHANGE IN NET POSITION	$	64,253,306	$	69,310,705	$	54,964,377

The amounts for June 30, 2014 in the table above have not been restated for GASB 68 and 71

Restricted cash for construction has decreased as the Airport completed construction on the quick turn around facility (QTA), rental car facility site work, rental car service buildings, infrastructure, and temporary roadway construction and realignments. As of June 30, 2016, $122,041,120 (9.5%) of Airport assets was restricted for construction compared with $175,768,929 (14.3%) in FY2015, and $159,105,779 (13.8%) in FY 2014. These amounts represent PFC and CFC that have been collected, but have not yet been reimbursed to general operating cash for PFC and CFC eligible construction projects. In addition, $16,256,567 (1.3%) of Airport assets in FY 2016 were restricted for an operation and maintenance reserve fund, and $5,000,000 (0.4%) was restricted for a renewal and replacement reserve fund as required by the Airport Use Agreement (AUA).

Total cash and investments decreased in the current year as the Airport continued to finance the major terminal redevelopment program. Total available cash and investments, decreased by $35.3 million in FY 2016. After restricted balances, the Airport unrestricted cash available for operating expenses and reserves for the terminal redevelopment program increased by $17.8 million.

To increase return on restricted and reserved cash, the Airport began purchasing U.S. Treasury and Agency notes in FY 2011. These investments reduced amounts that would have been invested in the State Treasurer's investment pool. Cash investments in the State Treasurer's investment pool were adjusted upward by $1,489,996 and U.S. Treasury and Agency securities were written up by $424,819 to fair market value at June 30, 2016 to comply with GASB Statement No. 72. The Airport has adjusted investments up or down to reflect fair market value, but when the investments are either called, or mature, they will be readjusted and current gains or losses recorded.

At year end, $115,167 was accrued for interest income earned but not yet paid for investments that are paid on a quarterly, rather than monthly, basis. See Note 2 for detailed information.

This year, available operating cash increased by $17,836,937 (7.9%) because the Airport reimbursed operating cash from CFC restricted cash for CFC capital projects financed and completed in FY 2016. Non-operating cash from passenger facility charges, customer facility charges, and grants decreased, which was offset with the increase in available operating cash.

Airport cash payments for current year construction and land acquisitions in the amount of $146.8 million were reimbursed by restricted PFC funds in the amount of $42.5 million, CFC funds in the amount of $69.2 million, and federal airport improvement program grants (AIP) of $13.9 million. The remainder of expenditures for construction and an additional $21.2 million in payments for capital equipment was provided by Airport operating cash.

Capital assets (net of accumulated depreciation) have increased by $89,889,834 because of an increase in construction in progress of $33,842,286 from current terminal redevelopment projects not yet completed along with an increase in buildings and improvements of $100,102,139 for the car rental facilities capitalized in FY 2016.

In FY 2013 and FY 2016, the Airport evaluated assets that would be demolished or replaced because of the terminal redevelopment program and re-estimated their remaining useful lives. This has resulted in an additional depreciation expense of approximately $8.5 and $7 million in FY 2016 and in FY 2015. Increased depreciation costs will continue in decreasing amounts throughout the program until assets that will be demolished and replaced are fully depreciated per the adjusted remaining lives. This will result in a higher amount of accumulated depreciation, and a reduction in net capital assets until additions to capital assets are made as a result of the terminal redevelopment program. Capital assets are currently funded by AIP, PFC, CFC, and Airport funds. For more detailed information on changes in capital assets, refer to Note 9 in the notes to the financial statements.

The Airport adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in FY 2015. The Airport recorded deferred outflows of $3,566,982 in FY 2015 which represent deferred outflow of resources (expenses) in future periods. Deferred outflows increased by $6,614,200 in FY 2016 to $10,181,182. The Airport also recorded deferred inflows of $2,128,856 in FY 2015. Deferred inflows represent resources (revenue) that will be recognized in future periods. Deferred inflows decreased by $191,588 in FY 2016 to $1,937,268.

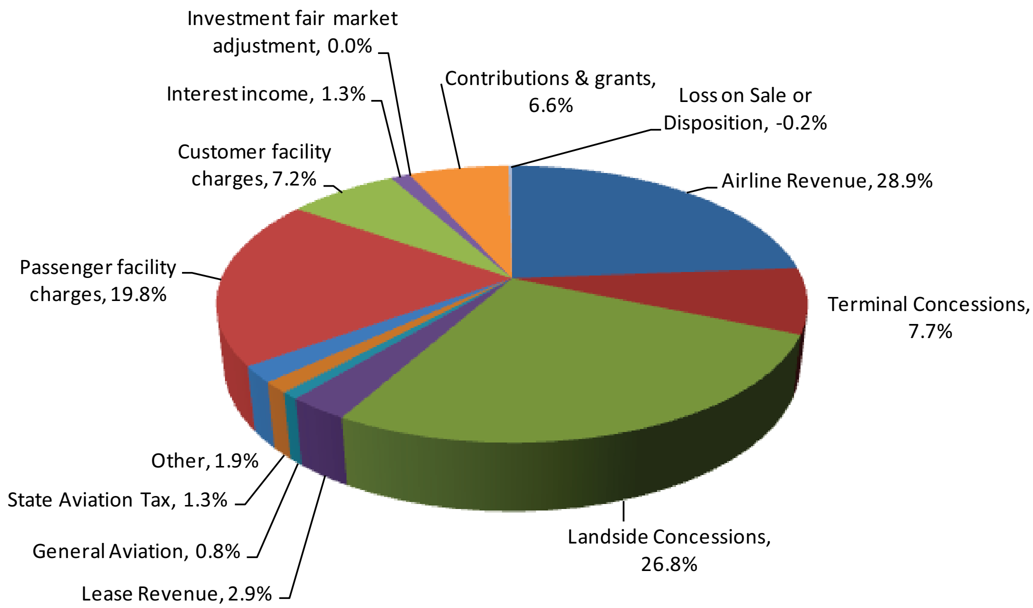
SUMMARY OF CASH FLOW ACTIVITIES	FY 2016	FY 2015	FY 2014
Cash flow from operating activities	$ 52,396,285	$ 51,185,560	$ 45,327,882
Cash flow from investing activities	1,647,060	11,786,922	13,384,576
Cash flow (used) from noncapital and related financing	(10,043,327)	10,043,327	-
Cash flow from passenger facility charges	42,454,628	40,955,290	39,095,843
Cash flow from customer facility charges	15,849,823	15,673,325	15,563,232
Cash flow from grants	15,901,831	9,937,656	25,206,668
Cash flow from sale of capital assets and equipment	332,996	134,498	29,243
Payments for acquisition and construction of property	(154,026,174)	(130,785,419)	(70,623,007)
Cash and cash equivalents at beginning of year	376,002,617	367,071,458	299,087,023
Net increase (decrease) in cash	(35,486,878)	8,931,159	67,984,435
Cash and cash equivalents at end of year	$ 340,515,739	$ 376,002,617	$ 367,071,458

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Operating income, before depreciation, was $50,967,492 in FY 2016, compared with $56,061,429 in FY 2015 and $39,384,126 in FY 2014. With the inclusion of depreciation and non-operating revenue and expenses, the resulting change in net position for FY 2016 was $64,253,306; FY 2015 was $69,310,705; and FY 2014 was $54,964,377.

Revenues

The following chart shows the major sources of revenues and their relative percentage to total revenues for the year ended June 30, 2016:



	FY 2016 Amount	Percent of Total	FY 2015 Amount	Percent of Total	FY 2014 Amount	Percent of Total
Operating:						
Airline revenue	$ 62,454,050	28.9%	$ 59,419,828	28.9%	$ 58,910,284	29.2%
Terminal concessions	16,636,680	7.7%	16,015,648	7.8%	15,154,010	7.5%
Landside concessions	57,986,313	26.8%	52,550,499	25.6%	49,198,708	24.4%
Lease revenue	6,184,789	2.9%	6,092,513	3.0%	6,179,608	3.1%
General aviation	1,785,189	0.8%	1,691,085	0.8%	1,661,603	0.8%
State aviation tax	2,795,768	1.3%	2,545,100	1.2%	2,343,408	1.2%
Other	4,131,028	1.9%	3,894,065	1.9%	3,841,904	1.9%
Operating revenues	151,973,817		142,208,738		137,289,525	
Less: Airline revenue sharing	(10,941,229)	-5.1%	(9,938,626)	-4.8%	(10,290,299)	-5.1%
Total operating	141,032,588	65.3%	132,270,112	64.4%	126,999,226	63.0%
Non-operating and capital contributions:						
Passenger facility charges	42,805,519	19.8%	40,976,537	19.9%	38,437,248	19.1%
Customer facility charges	15,613,155	7.2%	15,606,695	7.6%	14,848,663	7.4%
Interest income	2,782,668	1.3%	1,788,695	0.9%	1,964,326	1.0%
Investment fair market adjustment	(256)	0.0%	275,772	0.1%	1,566,019	0.8%
Contributions & grants	14,230,033	6.6%	15,148,122	7.4%	17,916,389	8.9%
Loss on sale or disposition	(488,409)	-0.2%	(551,440)	-0.3%	(124,946)	-0.1%
Total non-operating	74,942,710	34.7%	73,244,381	35.6%	74,607,699	37.0%
Total revenues	$ 215,975,298	100.0%	$ 205,514,493	100.0%	$ 201,606,925	100.0%

The amounts for June 30, 2014 in the table above have not been restated for GASB 68 and 71

Operating Revenues

Salt Lake City International Airport is served by seven domestic carriers: Alaska, American, Delta, Frontier, JetBlue, Southwest, and United. On July 1, 2014, the airlines and the Airport entered into a ten year Airport Use Agreement (AUA). Under the agreement, terminal rent calculations are on a compensatory basis, recovering costs allocated to the occupied facilities. Landing fee calculations are residual based, recovering net cost after the credits of nonairline revenue. Revenue sharing is available to signatory airlines under the agreement consisting of one dollar ($1) per enplaned passenger, not to exceed 30% of net remaining revenue. The signatory airline revenue sharing increased by $1,002,603 over the prior year from $9,938,626 in FY 2015 to $10,941,229 in FY 2016 based on the new agreement and when airlines signed on to the agreement.

Airline revenue, net of airline revenue sharing, has increased $2,031,618 in FY 2016 over the prior year. Landing fees have increased by $3,824,328 over the prior year. Terminal space and other building rentals have decreased by $2,087,833. As a valuable partner with the airlines, the Airport continues its efforts to keep airline costs low. The Airport cost per enplaned passenger (CPE) for FY 2016 was $3.69, a increase from the FY 2015 cost of $3.65.

The Airport estimates AUA rates for terminal rents and landing fees through the budgeting process; however, at the end of each fiscal year, an adjustment-to-actual calculation occurs based on the year-end audit of the financial statements. Final terminal rents and landing fees for the past three years are as follows:

	FY 2016	FY 2015	FY 2014
Terminal Rents (annual per square foot)	$ 63.46	$ 62.31	$ 68.94
Landing Fees (per 1,000 lbs)	$ 2.03	$ 1.82	$ 2.12

Non-airline concession revenues can be split into two major categories: (1) terminal concessions that include food service, retail, and advertising, and (2) landside concessions that consist of auto parking, rental car commissions, and ground transportation fees. Terminal concessions have increased by $621,032 (3.9%) from FY 2015. The increase in terminal concession is a result of a full year of new concession contracts in place for FY 2016 and the increase in total passengers of 4.2%. Landside concessions have increased by $5,435,814 (10.3%). Auto parking fees have increased $2,291,532 (7.4%), and car rental fees and rents increased $2,801,337 (14.5%). Ground transportation have increase $342,945 (16.4%).

Non-operating Revenue

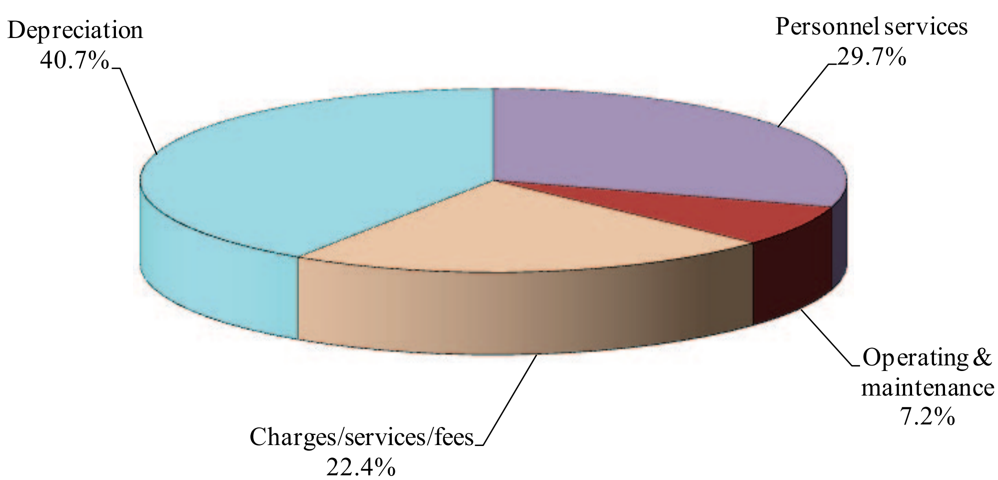
The Airport recorded $14,230,033 in grants in FY 2016. These funds consisted of $14,228,517 in AIP grants provided by the Federal Aviation Administration, and $1,516 in State grant revenue. Airport improvement grants decreased from the prior year by $898,064 (-5.9%). Passenger facility charges revenue in FY 2016 was $42,805,519 including $863,755 in interest on PFC deposited funds. This is a total increase of $1,828,982 (4.5%) from the FY 2015 total of $40,976,537, an increase of $1,584,694 in PFC revenue and PFC interest revenue of $244,288.

The Airport recorded a loss of $488,409 on the disposition and sale of property and equipment in FY 2016. In FY 2015, the loss on the disposition and sale of property and equipment was $551,440.

The average interest rate on investments that are held in the State Treasurer's pool for FY 2016 was 0.7%, compared to FY 2015 of 0.5% and 0.5% in FY 2014. In FY 2016, FY 2015, and FY 2014 interest earned from the State Treasurer's pool and depository accounts totaled $1,586,767, $1,275,022, and $1,295,633 respectively. Interest income increased because of higher interest rates as the Federal Reserve is gradually increasing rates. As referred to previously in the discussion on the Airport's cash balances, beginning in FY 2011, the Airport diversified its investments in U.S. Treasury and Agency notes to obtain a higher rate of return. Interest earned on these investments totaled $465,649 in FY 2016 and $513,902 in FY 2015 (after management fees). The weighted average yield, including discounts and premiums included at purchase, was 0.89%. The investment in these securities reduced the balance in the Utah State Treasurer's pool. See Note 2 for cash investment details. The Airport recorded $730,252 in interest income from financing CFC related projects from Airport reserves that will be paid back to the Airport through future CFC collections.

Expenses

A summary of expenses for the year ended June 30, 2016, including the amount and percentage of change in relation to prior year amounts, is as follows:



	FY 2016 Amount	Percent of Total	FY 2015 Amount	Percent of Total	FY 2014 Amount	Percent of Total
Operating:						
Personnel services	$ 45,096,184	29.7%	$ 33,880,464	24.9%	$ 44,916,215	30.6%
Operating and maintenance	10,939,934	7.2%	9,486,899	7.0%	10,755,484	7.3%
Charges/services/fees	34,028,978	22.4%	32,841,320	24.1%	31,943,401	21.8%
Total operating expenses before depreciation	90,065,096	59.3%	76,208,683	56.0%	87,615,100	59.7%
Depreciation	61,656,896	40.7%	59,995,105	44.0%	59,027,448	40.3%
Total expense	$ 151,721,992	100.0%	$ 136,203,788	100.0%	$ 146,642,548	100.0%

Operating Expenses

Operating expenses before depreciation have increased by $13,856,412 (18.2%) in the current fiscal year. These expenses decreased by $11,406,417 (-13%) in FY 2015, and increased by $144,374 (0.2%) in FY 2014. Personnel services have increased by $11,215,720 (33.1%) in the current fiscal year. Most of this increase is related to changes to employee benefits of $8,975,594 (234%). The large increase in benefits is based on changes to post retirement benefits in prior year. These expenses are back to expected amounts in the current year.

Operating and maintenance costs have increased by $1,453,035 (15.3%) from prior year. Maintenance supplies have increased by $1,584,982 (26.6%) because of higher use of chemicals throughout the airport, most notably the airfield, as winter weather was colder than the previous year. Automotive supplies increased $181,109 (10.2%) compared to FY 2015 mostly because of an increase in tires and motive equipment supplies of $177,457. Other supplies including computer supplies, small tools, and furniture have decreased by $313,061. This decrease is caused by computer supplies being $112,700 less than the prior year along with a decrease of $131,025 in supplies for police and fire.

Expenses for charges and services have increased by $1,187,657 (3.6%). The largest increase was from other professional and technical services of $1,581,464. The Airport expensed $1,149,935 in costs that were previously capitalized in construction in progress in prior years that were expensed in the current year as certain projects were discontinued or the asset was determined to relate to routine maintenance more than a capital asset. Aircraft Rescue Fire Fighting (ARFF) services have also increased $282,867 with a greater number of firefighters being trained in the current year.

Depreciation expense increased by $1,661,791 (2.8%) in FY 2016, increased by $967,657 in FY 2015, and increased by $1,899,845 in FY 2014. In FY 2013 and FY 2016, the Airport evaluated assets that would be demolished or replaced because of the terminal redevelopment program and changed the estimate of their remaining useful lives. This resulted in additional depreciation expense in FY 2014, FY 2015, and FY 2016 and will continue in varying amounts throughout the program as these assets are fully depreciated over shorter remaining useful lives.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City Corporation)
Management's Discussion and Analysis
(UNAUDITED)

CAPITAL EXPENDITURES

The most significant TRP projects completed in FY 2016 include the completed construction for the quick turn around facility (QTA), rental car facility site work, rental car service buildings, infrastructure, and temporary roadway construction and realignments.

Continuing projects include enabling work for the terminal, south concourse west, parking deck and central utility plant for the TRP commenced in FY 2016. This work includes excavation, utilities, ground improvements, demolition of old car rental facilities and re-routing terminal exit roads.

Other projects completed in FY 2016 include deicing pads, the overlay of several entrance and exit roads and information technology improvements. Smaller projects include roof replacements and restroom renovations throughout the Airport campus as well as fuel island improvements.

At the beginning of the fiscal year, Airport projects totaling $185.8 million were in the process of construction. A total of $113.5 million in projects and equipment were capitalized and placed in service, $3.9 million was expensed, and $219.6 million remains in construction in progress. The largest portion of the $219.6 million of construction in progress is the terminal redevelopment program. The phased construction on the $2.2 billion program will continue through 2024. The terminal building will be completed in 2020.

ECONOMIC OUTLOOK

Salt Lake City continues economic recovery as well as the airline industry. Projections indicate future passenger growth and new destinations. The Airport's strong financial position allows for flexibility to respond to the short-term problems created by the continued economic recession and changes in the industry. This financial position will also enable the Airport to plan for long term facility needs and terminal redevelopment program to meet the future growth in air travel and meet the needs of its airline partners and the Utah community.

CONCLUSION

The Airport continues to meet the challenges of a continually changing air travel industry that is responding to current national and local economic conditions. While meeting these challenges, the Department of Airports maintains its mission of managing, developing and promoting airports that provide quality transportation facilities and services, and a convenient travel experience. These facilities and services promote economic development by providing business and leisure travelers' access to domestic and international destinations.

Ryan R Tesch, CPA
Director of Finance

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City Corporation)
Statements of Net Position

June 30,	**2016**	**2015**
ASSETS		
Current Assets		
Cash and cash equivalents		
Unrestricted	$ 10,000,000	$ 10,000,000
Designated for future development	187,218,052	169,563,755
Current investments	752,459	-
Airline and rental fees receivable	23,821,101	25,256,794
Other current assets	4,204,614	5,131,437
Total current assets	225,996,226	209,951,986
Noncurrent Assets		
Restricted cash and cash equivalents		
Construction projects	120,284,608	120,376,610
Customer facility charges	1,756,512	55,392,319
Operation and maintenance reserve fund	16,256,567	15,669,933
Renewal and replacement reserve fund	5,000,000	5,000,000
Noncurrent investments	44,527,360	45,097,179
Total noncurrent assets and investments	187,825,047	241,536,041
Capital assets		
Land	99,346,721	99,156,549
Building and improvements	1,278,012,266	1,177,910,127
Equipment	139,679,250	133,821,404
Construction in progress	219,613,256	185,770,970
Total capital assets - at cost	1,736,651,493	1,596,659,050
Less accumulated depreciation	867,418,674	817,316,065
Net capital assets	869,232,819	779,342,985
Other assets		
Other receivables	1,916,772	858,587
Other long-term assets	495,230	88,868
Total other assets	2,412,002	947,455
Total noncurrent assets	1,059,469,868	1,021,826,481
Total assets	1,285,466,094	1,231,778,467
Deferred Outflows of Resources		
Pensions	10,181,182	3,566,982
Total assets and deferred ouflows of resources	$ 1,295,647,276	$ 1,235,345,449

See Notes to Financial Statements

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City Corporation)
Statements of Net Position

June 30,	**2016**	**2015**
LIABILITIES		
Current Liabilities		
Accounts payable	$ 6,873,631	$ 17,755,831
Accrued compensation	2,454,016	2,083,277
Other accrued liabilities	24,667,877	15,052,335
Deposits and advance rentals	4,279,756	3,716,920
Net OPEB obligation	-	235,690
Operating cash overdraft	-	10,043,327
Total current liabilities	38,275,280	48,887,380
Noncurrent Liabilities		
Noncurrent accrued compensation	3,629,123	3,682,739
Net pension liability	25,465,134	20,232,458
Pollution remediation	176,035	190,261
Other long-term liabilities	3,929,802	2,242,427
Total noncurrent liabilities	33,200,094	26,347,885
Total liabilities	71,475,374	75,235,265
Deferred Inflows of Resources		
Pensions	1,937,268	2,128,856
NET POSITION		
Restricted for construction projects	120,284,608	120,376,610
Restricted for customer facility charges	1,756,512	55,392,319
Restricted for operation and maintenance reserve fund	16,256,567	15,669,933
Restricted for renewal and replacement reserve fund	5,000,000	5,000,000
Total restricted	143,297,687	196,438,862
Net investment in capital assets	869,232,819	779,342,985
Unrestricted	209,704,128	182,199,481
Net position	1,222,234,634	1,157,981,328
Total liabilities, deferred inflows of resources, and net position	$ 1,295,647,276	$ 1,235,345,449

See Notes to Financial Statements

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City Corporation)
Statements of Revenues, Expenses, and Changes in Net Position

for the years ended June 30,	**2016**	**2015**
Operating Revenues		
Airfield	$ 31,809,896	$ 27,688,088
Terminals	50,070,474	49,165,208
Landside	57,912,911	52,477,405
Auxiliary airports	939,098	852,204
General aviation	2,056,534	2,223,159
Support areas	7,149,854	7,484,591
Other	2,035,050	2,318,083
Operating revenues	151,973,817	142,208,738
Less airline revenue sharing	(10,941,229)	(9,938,626)
Total operating revenues	141,032,588	132,270,112
Operating Expenses		
Airfield	28,358,533	22,546,161
Terminals	37,150,225	32,598,386
Landside	11,237,669	9,788,597
Auxiliary airports	1,746,575	1,370,456
General aviation	996,707	1,112,793
Support areas	1,130,272	958,611
Roads and grounds	6,991,987	5,736,332
Other	2,453,128	2,097,347
Total operating expenses before depreciation	90,065,096	76,208,683
Operating Income Before Depreciation	50,967,492	56,061,429
Depreciation Expense	61,656,896	59,995,105
Operating Loss	(10,689,404)	(3,933,676)
Non-Operating Revenues (Expenses)		
Passenger facility charges	42,805,519	40,976,537
Customer facility charges	15,613,155	15,606,695
Loss on disposition of property and equipment	(488,409)	(551,440)
Interest income	2,782,668	1,788,695
Net increase (decrease) in the fair value of investments	(256)	275,772
Net non-operating income	60,712,677	58,096,259
Capital Contributions		
Contributions and grants, principally Airport Improvement Program	14,228,517	15,126,581
State grants	1,516	21,541
Total capital contributions	14,230,033	15,148,122
Net Position		
Increase in net position	64,253,306	69,310,705
Net Position, beginning of period	1,157,981,328	1,088,670,623
Net Position, end of period	$ 1,222,234,634	$ 1,157,981,328

See Notes to Financial Statements

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City Corporation)
Statements of Cash Flows

For the years ended June 30,	**2016**	**2015**
Cash Flows from Operating Activities		
Cash received from providing services	$ 145,959,471	$ 139,279,287
Cash paid for services by Salt Lake City Corporation	(7,042,979)	(6,977,802)
Cash paid to suppliers	(39,744,462)	(35,717,434)
Cash paid to employees	(46,775,745)	(45,398,491)
Net cash from operating activities	52,396,285	51,185,560
Cash Flows from Investing Activities		
Cash paid for investments	(13,460,168)	(30,052,037)
Cash proceeds from investments	13,423,406	39,995,748
Interest received on investments	1,683,822	1,843,211
Net cash from investing activities	1,647,060	11,786,922
Cash Flows from Noncapital and Related Financing Activities		
Cash overdraft with Salt Lake City Corporation pooled cash account	(10,043,327)	10,043,327
Net cash (used) from noncapital and related financing activities	(10,043,327)	10,043,327
Cash Flows from Capital and Related Financing Activities		
Purchase of capital equipment	(7,185,135)	(3,905,010)
Payments for acquisition and construction of capital assets	(146,841,039)	(126,880,409)
Passenger facility charges	41,594,312	40,335,823
Interest received on passenger facility charges	860,316	619,467
Customer facility charges	15,578,760	15,432,315
Interest received on customer facility charges	271,063	241,010
Proceeds from sale of capital assets and equipment	332,996	134,498
AIP and federal grants	15,900,315	9,916,115
State grants	1,516	21,541
Net cash (used) for capital and related financing activities	(79,486,896)	(64,084,650)
Net Increase (Decrease) in Cash and Cash Equivalents	(35,486,878)	8,931,159
Cash and Cash Equivalents - Beginning of Year	376,002,617	367,071,458
Cash and Cash Equivalents - End of Year	$ 340,515,739	$ 376,002,617

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City Corporation)
Statements of Cash Flows

For the years ended June 30,		**2016**		**2015**
Reconciliation of Operating Loss to Net cash provided by operating activities				
Operating loss	$	(10,689,404)	$	(3,933,676)
Adjustments to reconcile loss from operations to net cash provided by operating activities				
Depreciation		61,656,896		59,995,105
Pension benefit		(1,545,342)		(2,243,484)
Increase (decrease) in assets and liabilities				
Accounts receivable		(5,491,732)		(2,455,698)
Other assets		(973,433)		455,504
Deferred outflows		6,614,200		660,925
Accounts payable		(8,431,885)		8,228,241
Accrued compensation		(1,212,428)		136,580
Other liabilities		7,115,405		(4,822)
Net pension liability		5,232,676		(3,678,014)
Deferred inflows		(191,588)		2,128,856
Deposits and advance rentals		562,836		5,741
Net OPEB obligation		(235,690)		(8,212,310)
Pollution remediation		(14,226)		102,612
Net cash provided by operating activities		52,396,285		51,185,560
Schedule of Non-cash Transactions Affecting Net Position				
Capital contributions (Airport Improvement Program)		(1,553,148)		5,210,466
Passenger facility charges (includes interest)		350,891		21,247
Customer facility charges (includes interest)		34,395		174,380
Net increase (decrease) in fair value of investments		(256)		275,772
Loss on disposition of property		(821,405)		(685,939)
Total Noncash Transactions Affecting Net Position	$	(1,989,523)	$	4,995,926

See Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Salt Lake City Department of Airports (Airport) is an enterprise fund of Salt Lake City Corporation (City). Airport operations include Salt Lake City International Airport, South Valley Regional Airport and Tooele Valley Airport.

Basis of Accounting – The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Airport's activities are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net position, revenues and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

In accordance with the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, the Airport has identified intangible assets consisting of aviation easements and water rights with indefinite lives that have been classified as non-amortized capital assets.

Annual Appropriated Budget – The Airport has a legally adopted annual budget which is not required to be reported.

Inventory – Inventories, consisting of warehouse inventories for machine parts and maintenance supplies, and road and runway supplies consisting of sand, salt, fuel, and chemicals, are valued using a weighted average cost method.

Capital Assets – Capital assets, which consist of property and equipment, are recorded at cost when purchased. Expenditures for the acquisition, construction, or equipping of capital projects, together with related design, architectural, and engineering fees, are capitalized with a capitalization threshold of $5,000.

Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings	10-50
Improvements	10-40
Equipment	3-20

No depreciation is provided on construction in progress until construction is complete and the asset is placed in service. In FY 2013 and FY 2016, the Airport changed the estimated lives of some existing buildings, improvements, and other assets to reflect the demolition schedule of the terminal redevelopment program (TRP), resulting in shorter lives and additional annual depreciation expense. This increase in depreciation expense continued in FY 2016, and will continue until those assets are fully depreciated or demolished.

Contributions and Grants – The Airport has received contributions and grants for aid in construction from various sources, principally from the Federal Airport Improvement Program (AIP). Contributions and grants received for construction projects are recorded on an accrual basis as capital contributions. All other contributions and grants received for operating expenses are recorded as operating revenue.

Passenger Facility Charges – The Airport has received approval from the Federal Aviation Administration (FAA) to impose a passenger facility charge (PFC) of up to $4.50 for each enplaned passenger that utilizes the Salt Lake International Airport. The charge is collected by all carriers and remitted to the Airport, less a $0.11 per passenger handling fee. The proceeds from PFCs are restricted for use by the Airport for certain FAA approved projects and debt service on bonds used to fund PFC eligible projects per Code of Federal Regulations (C.F.R) 158.13. PFC proceeds are recorded as non-operating revenues.

Customer Facility Charges – In FY 2012, the Airport began assessing a customer facility charge (CFC) to rental car concessionaires. Current charges, established by Salt Lake City ordinance, are $5 per day with a limit of 12 days. The proceeds from CFCs are restricted for rental car facilities construction projects as part of the TRP. CFC proceeds are recorded as non-operating revenues.

Restricted and Unrestricted Resources – Some Airport construction projects may receive more than one source of funding. The Airport is restricted by some sources to apply funds only to specific approved projects. The Airport priority is to utilize AIP funds, then PFC funds, any State grants, and if needed, Airport funds unless specific restrictions on any fund source require different prioritization.

Cash and Cash Equivalents – The Airport considers all highly liquid debt instruments (including restricted assets) purchased with an original maturity of three months or less to be cash equivalents.

Investments – Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Accounts Receivable – An allowance for uncollectible accounts receivable is established by charges to operations for amounts required to maintain an adequate allowance, in management's judgment, to cover anticipated losses from customer accounts. Such accounts are charged to the allowance when collection appears doubtful. Any subsequent recoveries are credited to the allowance account. As of June 30, 2016 and 2015, the Airport does not anticipate any material losses on accounts receivable, and no allowance is necessary.

Noise Mitigation Costs – Certain costs incurred in connection with the Airport's noise mitigation program have been capitalized as part of land.

Pollution Remediation Obligations – In FY 2010, the Airport recorded operating expense and a future liability obligation of $191,750 associated with two pollution remediation sites, both associated with leaking underground fuel tanks from the early 1990s. In FY 2015, the Airport recorded additional operating expenses and future liability obligations of $112,351 for some additional leaking underground fuel tanks. Since 2010, the Airport has incurred $128,066 in costs for monthly monitoring at both sites including $14,226 in FY 2016. The liability recorded as of June 30, 2016 is $176,035. The remainder of the current liability is for future years' ground water monitoring at the sites. Estimates of the expense and liability were based on the cost of the equipment upgrades as well as cost of a contract negotiated with an outside contractor for future monitoring. The potential exists for changes in these estimates, and both costs and future liabilities will be adjusted if necessary in future periods. The Airport is self-insured for incidents of this magnitude, and no insurance or other recoveries are anticipated.

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

Deferred Outflows and Deferred Inflows – In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Revenue and Expense Recognition – Revenue for services is recognized at the time the service is performed. Revenues from airlines, concessions, rental cars and parking are reported as operating revenues. Transactions which are capital, financing, or investing related are reported as non-operating revenues. All expenses related to operating the Airport are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

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 the Utah Retirement Systems (URS) Pension Plan and additions to/deductions from the URS's fiduciary net position have been determined on the same basis as they are reported by URS. 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.

Recent Accounting Pronouncements – In June 2015, the GASB issued Statement No. 73*, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* This Statement establishes requirements for defined benefit pensions that are not within the scope of *Statement No. 68 Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contributions pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67*, Financial Reporting for Pension Plans*, and Statement No. 68 for pensions plans and pensions that are within their respective scopes. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities. Statement No. 73 is effective for fiscal years beginning after June 15, 2016 and early application is encouraged. The Airport has not elected to implement these statements early. The Airport is currently evaluating the impact of these statements on the financial statements when implemented.

In December 2015, the GASB issued Statement No. 79*, Certain External Investment Pools and Pool Participants*. This statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this

Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. Statement 79 is effective for fiscal years beginning after June 15, 2015 and early application is encouraged. The Airport is currently evaluating the impact of these statements on the financial statements when implemented.

In March 2016, the GASB issued Statement No. 82*, Pension Issues- An Amendment of GASB Statements 67, 68, and 73*. The statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Statement 82 is effective for fiscal years beginning after June 15, 2017 and early application is encouraged. The Airport is currently evaluating the impact of these statements on the financial statements when implemented.

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash and cash equivalents are comprised of the following as of June 30:

	2016 Fair Value	2015 Fair Value
Deposits		
Petty Cash	$ 1,650	$ 1,150
Unrestricted cash in the City's pooled cash account	8,403,847	-
Utah State Treasurer's Investments Pool	328,880,505	372,619,492
Zion's Bank operating accounts	3,229,737	3,381,975
Total	$ 340,515,739	$ 376,002,617

The Airport maintains funds in the Salt Lake City Corporation's (City) pooled cash account. The Airport receives from or pays to the City an allocation of interest income or expense based upon its balance in the pooled cash account. Utah State Treasurer's Investment Pool balances reported in the Airport's Statement of Net Position include a write up of $1,489,996 to the fair market value. The Airport's share of the State's investment pool is based on the amount invested.

It is the policy of the City to invest public funds in accordance with the principles of sound treasury management and in compliance with state and local laws, regulations, and other policies governing the investment of public funds, specifically, according to the terms and conditions of the Utah State Money Management Act of 1974 and Rules of the State Money Management Council as currently amended (Act) and the City's own written investment policy. The City may place Airport money in investments/deposits authorized by the Money Management Act (U.C.A. 51-7-11). In general these investments may be placed in the Utah State Public Treasurer's Investment Pool (Pool) subject to restrictions specified in the Act. The Utah Money Management Council oversees the Pool and works in close partnership with the Treasurer's Office, The Attorney General's office, the Utah Department of Financial Institutions and the State of Utah's Division of Securities to oversee public deposits and investments to ensure the safety of public funds in Utah.

Deposits
Credit Risk – State law requires that City funds, of which the Airport funds are part, be deposited with a "qualified depository" as defined by the Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified institution may accept. City policy provides that not more than 25% of total City funds or 25% of the qualified depository's allotment, whichever is less, may be invested in any one qualified depository. Not more than 20% of total City funds may be invested in any one certified out-of-state financial institution.

Custodial Credit Risk - At June 30, 2016 and 2015, the Airport had deposits with qualified depositories in accordance with the Utah Money Management Act totaling $3,229,737 and $3,424,437. Of these amounts, $500,000 was covered by federal depository insurance. The remaining balances of $2,729,737 and $2,924,437 respectively, were uninsured and uncollateralized. The Commissioner of Financial Institutions assigns a public funds allotment to each qualified depository and monitors public funds held monthly. Local government deposits and repurchase agreements up to the allotment are not required by state law to be insured or delivered to the public treasurer. The Airport's deposits do not exceed the public funds allotment.

Investments
Credit risk – The City's investment policies are governed by state statutes. In addition, the City has its own written investment policies. City funds, of which the Airport funds are part, are invested only in the following: (1) negotiable or nonnegotiable deposits of qualified depositories (see definition of qualified depository under "Deposits" above); (2) repurchase agreements with qualified depositories or certified dealers, acting as principal for securities of the United States Treasury or other authorized investments, only if these securities are delivered to the custody of the City Treasurer or the City's safekeeping bank or are held by a qualified depository; (3) commercial paper which is rated P-1 by Moody's Investor Services or A-1 by Standard and Poor's, Inc., having a remaining term to maturity of 270 days or less. Commercial paper can be purchased directly from the issuer provided proper delivery and safekeeping procedures are followed with a qualified depository of the City Treasurer's safe-keeping bank or trust company; (4) bankers' acceptances that are eligible for discount at a federal reserve bank and which have a remaining term of maturity of 270 days or less; (5) negotiable certificates of deposit of $100,000 or more which have a remaining term to maturity of 365 days or less; (6) obligations of the United States Treasury including United States Treasury bills, United States Treasury notes, and United States Treasury bonds; (7) obligations issued by or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Home Loan Bank, Federal Farm Credit Bank, Federal National Mortgage Association; and (8) the Utah State Public Treasurer's Investment Pool.

Investment interest rate risk - The risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City currently has no policy regarding investment interest rate risk. The Utah State Public Treasurer's Investment Pool is not rated, and the average maturities of those investments are not known.

Custodial Credit Risk – A substantial portion of the Airport's funds were invested in the Utah State Treasurer's Investment Pool, a pooled investments account that does not qualify for any of the above categories. Oversight of the Utah State Treasurers Pool is internally managed by the Utah State Treasury Office, and the Utah Public Treasurer's Investment Fund was unrated as of June 30, 2015 by any outside agency. This amount has been adjusted to market and reflects the fair market value of the plan assets.

Investments made with unspent PFC revenue are in accordance with FAA guidelines. In addition, the Airport invested funds in U.S. Agency notes and corporate securities. Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the Airport will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Of the $45,279,819 invested by the Airport, the entire amount was held in the Airport's name by the counterparty and was exposed to custodial credit risk. U.S. Agency notes are guaranteed by the federal government but are uninsured investments.

Fair Value of Investments

The Airport categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Airport has the following recurring fair value measurements as of June 30, 2016;

- U.S. Treasury securities of $38.3 million are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of $6.9 million are valued using quoted market prices (Level 1 inputs)

The table below shows the maturities, quality ratings, and fair value of the Airport's investments.

Debt Securities	Quality Ratings	FY 2016 Fair Value	FY 2015 Fair Value	Maturities (in years)
U.S Agency Notes				
FNMA	AA+/Aaa	$ 753,397	$ 10,762,306	1-5
FHLMC	AA+/Aaa	6,187,773	6,540,074	1-5
U.S Treasury Notes	AA+/Aaa	38,338,649	27,794,799	1-5
		$ 45,279,819	$ 45,097,179	

NOTE 3 – RESTRICTED OR DESIGNATED CASH AND CASH EQUIVALENTS

Certain cash and cash equivalents are restricted or designated:

- As of June 30, 2016 and 2015, $120,284,608 and $120,376,610, respectively, of PFC contributions are restricted for construction projects at the Airport under the PFC Program requirements.

- As of June 30, 2016 and 2015, $1,756,512 and $55,392,319, respectively, of CFC contributions are restricted for rental car construction projects at the Airport under the CFC Program requirements.

- As of June 30, 2016 and 2015, $16,256,567 and $15,669,333, respectively, are restricted for an operation and maintenance reserve fund, and $5,000,000 and $5,000,000, respectively, for a renewal and replacement reserve fund per the Airport Use Agreement effective July 1, 2014.

- As of June 30, 2016 and 2015, Airport management designated $232,497,871 and $214,660,934, respectively, for future development projects. A portion of the 2016 and 2015 designation includes amounts in current and non-current investments.

NOTE 4 – CAPITAL ASSETS

The following is a summary of transactions affecting capital assets for the year ended June 30, 2016:

	Total June 30, 2015	Additions	Deletions	Total June 30, 2016
Capital Assets that are not depreciated:				
Land	$ 99,156,549	$ 190,172	$ -	$ 99,346,721
Construction in Progress	185,770,970	151,014,537	(117,172,251)	219,613,256
Total Capital Assets that are not being depreciated	284,927,519	151,204,709	(117,172,251)	318,959,977
Capital Assets that are depreciated:				
Buildings and improvements	1,177,910,127	111,184,492	(11,082,353)	1,278,012,266
Equipment	133,821,404	7,151,185	(1,293,339)	139,679,250
Sub-total	1,311,731,531	118,335,677	(12,375,692)	1,417,691,516
Less accumulated depreciations:				
Buildings and improvements	(721,562,999)	(52,693,340)	10,461,499	(763,794,840)
Equipment	(95,753,066)	(8,963,556)	1,092,788	(103,623,834)
Sub-total	(817,316,065)	(61,656,896)	11,554,287	(867,418,674)
Total Depreciable Capital Assets, net	494,415,466	56,678,781	(821,405)	550,272,842
Total Capital Assets, net	$ 779,342,985	$ 207,883,490	$ (117,993,656)	$ 869,232,819

The following is a summary of transactions affecting capital assets for the year ended June 30, 2015:

	Total June 30, 2014	Additions	Deletions	Total June 30, 2015
Capital Assets that are not depreciated:				
Land	$ 93,005,224	$ 6,151,325	$ -	$ 99,156,549
Construction in Progress	88,663,948	128,690,971	(31,583,949)	185,770,970
Total Capital Assets that are not being depreciated	181,669,172	134,842,296	(31,583,949)	284,927,519
Capital Assets that are depreciated:				
Buildings and improvements	1,178,158,727	24,366,226	(24,614,826)	1,177,910,127
Equipment	130,771,810	5,287,932	(2,238,338)	133,821,404
Sub-total	1,308,930,537	29,654,158	(26,853,164)	1,311,731,531
Less accumulated depreciations:				
Buildings and improvements	(694,490,412)	(51,060,410)	23,987,823	(721,562,999)
Equipment	(88,997,773)	(8,934,695)	2,179,402	(95,753,066)
Sub-total	(783,488,185)	(59,995,105)	26,167,225	(817,316,065)
Total Depreciable Capital Assets, net	525,442,352	(30,340,947)	(685,939)	494,415,466
Total Capital Assets, net	$ 707,111,524	$ 104,501,349	$ (32,269,888)	$ 779,342,985

NOTE 5 – LIMITED OBLIGATION SPECIAL FACILITY REVENUE BONDS

Delta Air Lines, Inc. (Delta) issued Limited Obligation Special Facility Revenue Bonds (Special Bonds), series 2000, to finance the acquisition and construction of the Delta hangar, marketing, reservation and training center (Delta Facilities) at the Airport. The outstanding balance of the Special Bonds as of June 30, 2016 and 2015 was $23,510,000. The Special Bonds are special and limited obligations of the City and are considered conduit debt, and as such, do not constitute a debt of or a pledge of revenues of the

City or the Airport, other than the rental revenues received on the Delta Facilities. As the Airport's assignee, Delta is absolutely and unconditionally obligated under the lease agreement, dated June 1, 1987, between the Airport and Delta, to make all principal and interest payments to the Special Bonds' trustee.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

At June 30, 2016, the Airport was committed to contractors and vendors for approximately $125,463,262 in conjunction with Airport construction programs.

The Airport receives significant financial assistance from the U.S. Government in the form of contracts and grants. Entitlement to these resources is generally contingent upon compliance with terms and conditions of the contract or grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all federal grants and contracts are subject to a financial and compliance audit under federal regulations. Disallowance as a result of compliance audits becomes a liability of the Airport. In the opinion of management, the potential for a material liability because of future audit disallowance is remote.

There are various suits and claims pending against the Airport from third parties. In the opinion of legal counsel for the Airport and Airport management, these are not likely to have a material adverse impact on the Airport's financial statements.

NOTE 7 – PENSION PLANS

Plan Description **–** Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System);
- Public Employees Contributory Retirement System (Contributory System);
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system.;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system;
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employees retirement systems.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011 who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. Systems is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

Systems issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits provided: Systems provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final Average Salary	benefit	Years of service required and/or age eligible for per year of service	Benefit percentage COLA**
Noncontributory System	Highest 3 Years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.0% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 years	20 years age 60 10 years age 62 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending on employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions
** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contributions – As a condition of participation in Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contributions rates are as follows:

Utah Retirement Systems

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rate	Employer rate for 401 (k) Plan
Contributory System				
11 Local Government Div - Tier 1	6.00	N/A	14.46	N/A
111 Local Government Div - Tier 2	N/A	N/A	16.67	1.78
Noncontributory System				
15 Local Government Div - Tier 1	N/A	N/A	18.47	N/A
Public Safety System				
Contributory				
122 Tier 2 Defined Benefit Hybrid Public Safety	N/A	N/A	34.92	1.33
Noncontributory				
44 Salt Lake City with 2.5% COLA	N/A	N/A	46.67	N/A
Tier 2 DC Only				
211 Local Government	N/A	N/A	6.69	10.00
222 Public Safety	N/A	N/A	24.25	12.00

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2016, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	$ 3,867,388	N/A
Contributory System	115,561	-
Public Safety System	1,477,445	-
Tier 2 Public Employees System	671,425	-
Tier 2 Public Safety and Firefighter	138,902	-
Tier 2 Defined Contribution Only System	93,607	N/A
Tier 2 Defined Contribution Public Safety and Firefighter System	20,951	N/A
Total Contributions	$ 6,385,279	$ -

Contributions reported are the Systems Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At June 30, 2016, the Airport reported a net pension asset of $11,783 and a net pension liability of $25,465,134.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	2.58%	$ -	$ 14,585,608
Contributory System	2.10%	-	1,477,541
Public Safety System	11.05%	-	9,401,985
Tier 2 Public Employees System	0.69%	1,504	-
Tier 2 Public Safety and Firefighter System	0.70%	10,279	-
		$ 11,783	$ 25,465,134

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2016, the Airport recognized pension expense of $5,400,070.

At June 30, 2016, the Airport 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
Differences between expected and actual	$ 169,641	$ 855,909
Changes in assumptions	-	1,081,359
Net difference between projected and actual earnings on pension plan invest.	6,668,896	-
Changes in proportion and differences between contributions and proportinate share of contributions	83,057	-
Contributions subsequent to measurement	3,259,588	-
	$ 10,181,182	$ 1,937,268

$3,259,588 reported as deferred outflows of resources related to pensions resulting from contributions by the Airport prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2016	1,117,754
2017	1,169,115
2018	1,417,640
2019	1,507,494
2020	(201,403)
Thereafter	(26,274)

Actuarial assumptions: The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.50 – 10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expenses, including inflation.

Mortality rates were developed from actual experience and mortality tables, based on gender occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2015, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
		Expected Return Arithmetic Basis	
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
Inflation			2.75%
Expected Arithmetic Nominal Return			7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.50 %. 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 all participating employers will be made at contractually required rates that are actuarially determined and certified by the Systems Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits 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 projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

System	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	$ 30,817,941	$ 14,585,608	$ 1,034,863
Contributory System	2,602,090	1,477,541	533,430
Public Safety System	14,110,239	9,401,985	5,515,631
Tier 2 Public Employees System	275,808	(1,504)	(211,681)
Tier 2 Public Safety and Firefighter System	17,473	(10,279)	(31,590)
Total	$ 47,823,551	$ 25,453,351	$ 6,840,653

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Systems financial report.

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b), and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued Systems financial report.

The Airport participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

*401(k) Plan
*457(b) Plan
*Roth IRA Plan
*Traditional IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for the fiscal year ended June 30 were as follows:

401(k) Plan	2016	2015	2014
Employer Contributions	$ 286,481	$ 237,043	$ 166,635
Employee Contributions	622,041	620,400	626,072
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	253,495	253,354	224,550
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	80,573	62,629	49,447
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	$ 3,516	$ 3,193	$ 3,103

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description – In addition to the pension benefits described in Note 6, the City provided postemployment health care and life insurance benefits through a single employer defined benefit plan, to all employees who retire from the City and qualify to retire from the Systems. A life insurance benefit has not been provided for new retirees for several years and, therefore, is a small and shrinking factor in the Plan. The continuing benefits are provided through Salt Lake City Corporation to all employees who retire and qualify to retire from the Utah State Retirement Systems. The benefit levels, employee contributions, and employer contributions are governed by City policy and can be amended at any time. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's Risk Management Fund, an internal service fund. These plans terminated as of January 1, 2016.

Funding Policy – The City currently pays for postemployment benefits on a "pay-as-you-go" basis.

Annual OPEB Cost and Net OPEB Obligation – The Airport's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the employer's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is forecasted to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Airport's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Airport's net OPEB obligation:

	FY 2016	FY 2015	FY 2014
Annual required contribution	$ 122,944	$ 527,355	$ 1,922,000
Interest on net OPEB obligation	6,105	239,140	223,040
Adjustments to annual required contribution	(262,820)	(8,687,140)	(279,040)
Annual OPEB cost (benefit)	(133,771)	(7,920,645)	1,866,000
Contributions made	(101,919)	(291,665)	(302,000)
Increase (decrease) in net OPEB obligation	(235,690)	(8,212,310)	1,564,000
Net OPEB obligations - beginning of year	235,690	8,448,000	6,884,000
Net OPEB obligations - end of year	$ -	$ 235,690	$ 8,448,000

The Airport's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, is as follows:

Fiscal Year Ended	Annual OPEB Cost (Benefit)	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Fiscal Year Ended
June 30, 2016	$ (133,771)	$ 101,919	-76.19%	$ -
June 30, 2015	(7,920,645)	291,655	-3.68%	235,690
June 30, 2014	1,866,000	302,000	16.18%	8,448,000

Funded Status and Funding Progress—The funded status of the Airport's portion of the plan as of June, 30 is as follows:

	FY 2016	FY 2015	FY 2014
Actuarial valuation date	June 30, 2016	June 30, 2015	June 30, 2014
Actuarial accrued liability (AAL)	$ -	$ 508,931	$ 17,930,000
Actuarial value of plan assets	-	-	-
Unfunded actuarial accrued liability (UAAL)	$ -	$ 508,931	$ 17,930,000
Funded ratio (actuarial value of plan assets/AAL)	0.00%	0.00%	0.00%
Covered payroll (active plan members)	$ -	$ 30,326,662	$ 29,751,709
UAAL as a percentage of covered payroll	0.00%	1.68%	60.27%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information following the notes to the financial statements, presents the results of OPEB valuations as of June 30, 2016, 2015, and 2014.

Actuarial Methods and Assumptions**—**Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the fiscal year 2016 actuarial valuation, the forecasted unit credit method was used. The actuarial assumptions included a 3.5% investment rate of return (net of administrative expenses) The actuarial value of assets was not determined as the City has not advance funded its obligation.

The City also provides health, dental and employee assistance benefits to terminated employees under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA). Substantially all employees are eligible for these benefits upon termination of employment with the City. Depending upon the qualifying event, former employees are eligible for either 18 or 36 months of benefits under this act. The premiums for this coverage plus a 2% administrative charge are paid 100% by the former employee.

NOTE 9 – OPERATING REVENUES

Airport operating revenues consist primarily of airline revenues, concession, and other rental revenues from parties who lease Airport facilities. Airport operating revenues consist of the following for the year ended June 30:

	2016		2015	
	Amount	**Percent**	**Amount**	**Percent**
Airline revenues	$ 62,454,050	44.3%	$ 59,419,828	45.0%
Less: Airline revenue sharing	(10,941,229)	-7.8%	(9,938,626)	-7.5%
Concession and other rental revenues	86,723,999	61.5%	80,243,810	60.7%
State aviation fuel tax	2,795,768	2.0%	2,545,100	1.8%
Total operating revenues	$ 141,032,588	100.0%	$ 132,270,112	100.0%

Airline revenues consist of the following for the years ended June 30:

	2016	2015
Terminal space rentals	$ 28,499,779	$ 29,020,167
Landing fees	27,022,930	23,198,602
Aircraft remain overnight fees	258,250	224,600
Support buildings	4,314,313	4,879,154
Fuel farm	528,089	528,089
Passenger boarding bridge fees	1,830,689	1,569,216
Total	$ 62,454,050	$ 59,419,828

Charges from terminal space rentals and landing fees for most airlines are determined by Airport Use Agreements that permit the Airport to recover the airlines' share of the operating costs of the terminal and airfield as defined in the agreements. The most recent agreement was signed effective July 1, 2014 and the agreement terminates on June 30, 2024. Under the new agreement, terminal rent calculations are on a compensatory basis, recovering costs allocated to the occupied facilities. Landing fee calculations are residual based, recovering net cost after the credits of nonairline revenue. Revenue sharing is available to signatory airlines under this new agreement. The Airport provides revenue sharing of one dollar ($1) per enplaned passenger, not to exceed 30% of net remaining operating revenue.

The Airport has entered into several operating lease agreements with parties who lease Airport facilities (primarily car rental agencies, auto parking facility operators, and concessionaires). The Airport received the following rental revenues for the year ended June 30:

	2016	2015
Car rental agencies	$ 22,142,192	$ 19,340,855
Auto parking facilities	33,408,537	31,117,005
Other airport facilities	30,858,719	29,466,895
Total	$ 86,409,448	$ 79,924,755

Minimum future rentals to be received on these non-cancelable leases as of June 30, for each of the next five years and for five-year increments thereafter are as follows:

Year Ending June 30:	
2017	$ 44,821,330
2018	43,508,554
2019	40,784,551
2020	35,861,457
2021	35,691,974
2022-2026	125,421,024
2027-2031	10,241,408
2032-2036	4,304,547
2037-2041	2,524,750
Thereafter	934,225
Total	$ 344,093,820

NOTE 10 – LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accrued compensation	$ 5,766,016	$ 3,671,492	$ (3,354,369)	$ 6,083,139	$ 2,454,016
Net OPEB obligation	235,690	-	(235,690)	-	-
Net pension liability	20,232,458	5,232,676	-	25,465,134	-
Other long-term liabilities	2,432,688	3,733,850	(2,060,704)	4,105,834	2,054,805
Total long-term liabilities	$ 28,666,852	$ 12,638,018	$ (5,650,763)	$ 35,654,107	$ 4,508,821

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accrued compensation	$ 5,629,436	$ 3,369,642	$ (3,233,062)	$ 5,766,016	$ 2,083,277
Net OPEB obligation	8,448,000	-	(8,212,310)	235,690	235,690
Net pension liability	-	20,232,458	-	20,232,458	-
Other long-term liabilities	359,142	2,169,901	(96,355)	2,432,688	88,235
Total long-term liabilities	$ 14,436,578	$ 25,772,001	$ (11,541,727)	$ 28,666,852	$ 2,407,202

NOTE 11 – CHARGES FROM SALT LAKE CITY CORPORATION

Operating expenses include certain costs and expenses charged to the Airport by other funds of the City. These charges, under the terms of the 1989 Bond Resolution and the Airport Use Agreements, did not exceed the cost of the services provided and are as follows for the year ended June 30:

	2016	2015
General and administrative charges	$ 2,446,073	$ 2,429,895
Aircraft rescue and fire fighting services	4,596,906	4,314,039
Total	$ 7,042,979	$ 6,743,934

NOTE 12 – MAJOR CUSTOMER

The Airport received approximately $29,880,704 (21.19%) of its operating revenue during 2016 and $26,505,185 (20.4%) during 2015 from rentals and services provided to one airline.

NOTE 13 – SUBSEQUENT EVENTS

On September 14, 2016, the Airport received Signatory Airline approval of an increased budget of $355 million to the TRP as required by the Airline Use Agreement dated July 1, 2014.

REQUIRED
SUPPLEMENTAL SCHEDULES

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City Corporation)
Additional Information
Schedule of Funding Progress
Retiree Healthcare and Life Insurance Plan

Schedule of Funding Progress for the Airport's Portion of the Plan
For the Year Ended June 30:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annualized Covered Payroll	UAAL as a % of Covered Payroll
July 1, 2016	$ -	$ -	$ -	0%	$ -	0.00%
July 1, 2015	-	508,931	508,931	0%	30,326,662	1.68%
July 1, 2014	-	17,930,000	17,930,000	0%	29,751,709	60.27%

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City Corporation)
Schedule of Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
December 31, 2015
Last 10 Fiscal Years *

Noncontributory System	**2016**	**2015**
Proportion of the net pension liability	2.58%	2.53%
Proportionate share of the net pension liability	$14,585,608	$10,985,264
Covered employee payroll	21,247,184	21,136,703
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	68.6%	52.0%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	90.2%

Contributory Retirement System	**2016**	**2015**
Proportion of the net pension liability	2.1%	2.62%
Proportionate share of the net pension liability	$ 1,477,541	$ 757,119
Covered employee payroll	895,733	1,404,853
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	165.0%	53.9%
Plan fiduciary net position as a percentage of the total pension liability	94.0%	94.0%

Public Safety System	**2016**	**2015**
Proportion of the net pension liability	11.05%	11.65%
Proportionate share of the net pension liability	$ 9,401,985	$ 8,490,076
Covered employee payroll	3,157,535	3,291,629
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	297.8%	257.9%
Plan fiduciary net position as a percentage of the total pension liability	76.7%	76.7%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the two years currently available.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City Corporation)
Schedule of Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
December 31, 2015
Last 10 Fiscal Years *

Tier 2 Public Employees System	**2016**	**2015**
Proportion of the net pension liability (asset)	0.69%	0.80%
Proportionate share of the net pension liability (asset)	$ (1,504)	$ (24,140)
Covered employee payroll	4,451,591	3,908,741
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.0%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	103.5%	103.5%

Tier 2 Public Safety and Firefighter System	**2016**	**2015**
Proportion of the net pension liability (asset)	0.7%	1.0%
Proportionate share of the net pension liability (asset)	$ (10,279)	$ (15,414)
Covered employee payroll	418,681	430,894
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-2.5%	-3.6%
Plan fiduciary net position as a percentage of the total pension liability	120.5%	120.5%

*In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the two years currently available.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City Corporation)
Schedule of Required Supplementary Information
Schedule of Contributions
June 30, 2016
Last 10 Fiscal Years *

Noncontributory System	**2016**	**2015**
Actuarial determined contributions	$ 3,867,388	$ 4,073,284
Contributions in relation to the contractually required contribution	(3,867,388)	(4,073,284)
Contribution deficiency	-	-
Covered employee payroll	22,734,677	21,045,633
Contributions as a percentage of covered-employee payroll	17.8%	19.4%

Contributory Retirement System	**2016**	**2015**
Actuarial determined contributions	$ 115,561	$ 185,747
Contributions in relation to the contractually required contribution	(115,561)	(185,747)
Contribution deficiency	-	-
Covered employee payroll	958,442	1,398,800
Contributions as a percentage of covered-employee payroll	12.5%	13.3%

Public Safety System	**2016**	**2015**
Actuarial determined contributions	$ 1,477,445	$ 1,574,167
Contributions in relation to the contractually required contribution	(1,477,445)	(1,574,167)
Contribution deficiency	-	-
Covered employee payroll	3,378,590	3,277,446
Contributions as a percentage of covered-employee payroll	45.1%	48.0%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the two years currently available.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City Corporation)
Schedule of Required Supplementary Information
Schedule of Contributions
June 30, 2016
Last 10 Fiscal Years **

Tier 2 Public Employee System*		2016		2015
Actuarial determined contributions	$	671,425	$	368,683
Contributions in relation to the contractually required contribution		(671,425)		(368,683)
Contribution deficiency		-		-
Covered employee payroll		4,763,243		3,891,900
Contributions as a percentage of covered-employee payroll		13.5%		9.5%

Tier 2 Public Safety and Firefighter System*		2016		2015
Actuarial determined contributions	$	138,902	$	54,469
Contributions in relation to the contractually required contribution		(138,902)		(54,469)
Contribution deficiency		-		-
Covered employee payroll		447,992		429,037
Contributions as a percentage of covered-employee payroll		24.1%		12.7%

Tier 2 Public Employees DC Only System*		2016		2015
Actuarial determined contributions	$	93,607	$	-
Contributions in relation to the contractually required contribution		(93,607)		-
Contribution deficiency		-		-
Covered employee payroll		4,763,243		-
Contributions as a percentage of covered-employee payroll		13.5%		0.0%

*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011

**In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the two years currently available.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City Corporation)
Schedule of Required Supplementary Information
Schedule of Contributions
June 30, 2016
Last 10 Fiscal Years **

Tier 2 Public Safety and Firefighter DC Only System*		2016		2015
Actuarial determined contributions	$	20,951	$	-
Contributions in relation to the contractually required contribution		(20,951)		-
Contribution deficiency		-		-
Covered employee payroll		447,992		-
Contributions as a percentage of covered-employee payroll		24.1%		0.0%

*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011

**In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the two years currently available.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
(An Enterprise Fund of Salt Lake City Corporation)
Notes to Required Supplementary Information
For Fiscal Year Ended June 30, 2016

Changes in Assumptions:

The following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.50%. Also there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.5% to 3.25%. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the pre retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

STATISTICAL SECTION
(unaudited)

STATISTICAL SECTION
(Unaudited)

This part of the Salt Lake City Department of Airport's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Airport's overall financial health.

Contents **Schedules**

SALT LAKE CITY DEPARTMENT OF AIRPORTS

SUMMARY OF CHANGES IN NET POSTION
LAST TEN FISCAL YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net Position										
Invested in capital assets - net of debt	$ 869,232,819	$ 779,342,985	$ 707,111,524	$ 670,459,258	$ 682,910,165	$ 696,643,333	$ 702,601,533	$ 706,410,813	$ 706,206,409	$ 630,676,461
Restricted	143,297,687	196,438,862	179,263,493	132,826,828	95,738,046	50,546,307	7,468,152	1,524,815	705,505	7,425,353
Unrestricted	209,704,128	182,199,481	223,293,868*	251,418,422*	223,976,877*	207,225,400*	206,562,264*	180,211,383*	153,547,686*	190,523,773*
Total Net Position	$1,222,234,634	$1,157,981,328	$1,109,668,885	$1,054,704,508	$1,002,625,088	$ 954,415,040	$ 916,631,949	$ 888,147,011	$ 860,459,600	$ 828,625,587

* Balance has not been restated for GASB 68

SALT LAKE CITY DEPARTMENT OF AIRPORTS

TOTAL ANNUAL REVENUES, EXPENSES AND CHANGES IN NET POSITION
Last Ten Fiscal Years

For the twelve month period ended June 30,	2016	2015	2014	2013	2012
Operating Revenues					
Airfield	$ 31,809,896	$ 27,688,088	$ 28,986,244	$ 27,533,052	$ 27,360,062
Terminals	50,070,474	49,165,208	45,732,747	45,410,572	42,580,560
Landside	57,912,911	52,477,405	49,064,037	48,119,056	45,110,330
Auxiliary airports	939,098	852,204	736,231	721,141	670,645
General aviation	2,056,534	2,223,159	2,089,127	2,028,469	2,097,232
Support areas	7,149,854	7,484,591	7,486,374	7,421,130	7,098,323
Other	2,035,050	2,318,083	3,194,765	2,635,709	2,550,590
Operating revenues	151,973,817	142,208,738	137,289,525	133,869,129	127,467,742
Less: Airline revenue sharing	(10,941,229)	(9,938,626)	(10,290,299)	(10,013,679)	(10,007,605)
Total operating revenues	141,032,588	132,270,112	126,999,226	123,855,450	117,460,137
Operating Expenses					
Airfield	28,358,533	22,546,161	27,040,934	25,848,088	25,680,150
Terminals	37,150,225	32,598,386	36,795,761	38,904,486	37,776,228
Landside	11,237,669	9,788,597	11,813,344	11,311,729	9,608,951
Auxiliary airports	1,746,575	1,370,456	1,575,915	1,500,433	1,699,831
General aviation	996,707	1,112,793	1,124,905	1,064,049	1,266,518
Support areas	1,130,272	958,611	1,039,306	1,019,395	944,635
Roads and grounds	6,991,987	5,736,332	6,000,384	5,679,770	5,667,708
Other	2,453,128	2,097,347	2,224,552	2,142,776	1,915,418
Total operating expenses before depreciation	90,065,096	76,208,683	87,615,101	87,470,726	84,559,439
Operating Income Before Depreciation	50,967,492	56,061,429	39,384,125	36,384,724	32,900,698
Depreciation	61,656,896	59,995,105	59,027,448	57,127,603	49,802,772
Operating Loss	(10,689,404)	(3,933,676)	(19,643,323)	(20,742,879)	(16,902,074)
Non-operating Revenues (Expenses)					
Passenger Facility Charges	42,805,519	40,976,537	38,437,248	37,534,715	37,190,302
Customer Facility Charges	15,613,155	15,606,695	14,848,663	14,308,670	11,203,789
Net Bond interest expense	-	-	-	-	-
Loss on disposition of property and equipment	(488,409)	(551,440)	(124,946)	(1,946,568)	(17,057)
Interest	2,782,668	1,788,695	1,964,326	1,814,881	1,818,745
Increase (decrease) in the fair value of investments	(256)	275,772	1,566,019	(1,448,365)	127,020
Net non-operating revenue (expense)	60,712,677	58,096,259	56,691,310	50,263,333	50,322,799
Capital Contributions	14,230,033	15,148,122	17,916,389	22,558,966	14,789,323
Net Position					
Increase in Net Position	64,253,306	69,310,705	54,964,376	52,079,420	48,210,048
Net Position, Beginning of Period	1,157,981,328	1,088,670,623	1,054,704,509*	1,002,625,089*	954,415,040*
Net Position, End of Period	$ 1,222,234,634	$ 1,157,981,328	$ 1,109,668,885*	$ 1,054,704,509*	$ 1,002,625,088*

Source: Salt Lake City Department of Airports Audited Financial Statements
*Balance has not been restated for GASB 68.

SALT LAKE CITY DEPARTMENT OF AIRPORTS

TOTAL ANNUAL REVENUES, EXPENSES AND CHANGES IN NET POSITION
Continued Last Ten Fiscal Years

For the twelve month period ended June 30,	2011	2010	2009	2008	2007
Operating Revenues					
Airfield	$ 26,790,645	$ 17,830,841	$ 17,576,572	$ 17,041,231	$ 17,447,036
Terminals	42,746,010	39,333,123	38,715,525	40,780,653	39,186,737
Landside	42,339,341	39,106,339	40,705,508	42,019,377	38,564,113
Auxiliary airports	631,234	595,416	647,640	597,301	481,292
General aviation	1,888,594	1,792,187	1,767,020	1,751,666	1,731,062
Support areas	6,924,048	6,840,304	6,758,534	6,656,579	6,296,655
Other	2,341,446	1,999,331	2,069,865	1,878,650	1,721,453
Operating revenues	123,661,318	107,497,541	108,240,664	110,725,457	105,428,348
Less: Airline revenue sharing	(10,284,613)	-	-	-	-
Total operating revenues	113,376,705	107,497,541	108,240,664	110,725,457	105,428,348
Operating Expenses					
Airfield	24,928,820	23,113,848	23,046,623	23,759,267	21,956,091
Terminals	37,086,995	37,244,771	36,225,604	33,560,092	30,783,170
Landside	10,706,997	9,474,984	10,726,598	9,234,475	9,125,939
Auxiliary airports	1,476,851	1,442,239	1,322,687	2,226,838	1,590,148
General aviation	1,031,487	1,498,930	1,111,004	1,199,764	1,165,358
Support areas	1,037,924	1,171,870	1,301,920	1,416,904	1,318,534
Roads and grounds	5,567,870	5,519,039	6,161,016	4,841,807	4,259,840
Other	2,279,990	544,962	706,120	862,730	322,070
Total operating expenses before depreciation	84,116,934	80,010,643	80,601,572	77,101,877	70,521,150
Operating Income Before Depreciation	29,259,771	27,486,898	27,639,092	33,623,580	34,907,198
Depreciation	50,438,401	49,576,610	49,234,710	48,343,878	40,738,185
Operating Loss	(21,178,630)	(22,089,712)	(21,595,618)	(14,720,298)	(5,830,987)
Non-operating Revenues (Expenses)					
Passenger Facility Charges	38,485,478	37,558,105	36,322,763	40,061,013	41,020,327
Customer Facility Charges	-				
Net Bond interest expense	-	-	-	(7,850,696)	(2,584,929)
Loss on disposition of property and equipment	(767,374)	(4,855,543)	(129,458)	(1,327,215)	(5,265,537)
Interest	1,903,536	1,723,269	3,664,984	7,463,453	8,374,123
Increase in the fair value of investments	-	-	-	-	-
Net non-operating revenue (expense)	39,621,640	34,425,831	39,858,289	38,346,555	41,543,984
Capital Contributions	19,340,081	16,148,819	9,424,739	8,207,756	26,957,341
Net Position					
Increase in Net Position	37,783,091	28,484,938	27,687,410	31,834,013	62,670,338
Net Position, Beginning of Period	916,631,949*	888,147,011*	860,459,600*	828,625,587*	765,955,251*
Net Position, End of Period	$ 954,415,040*	$ 916,631,949*	$ 888,147,010*	$ 860,459,600*	$ 828,625,589*

Source: Salt Lake City Department of Airports Audited Financial Statements
*Balance has not been restated for GASB 68.

SALT LAKE CITY DEPARTMENT OF AIRPORTS

CASH FLOW TREND

Last Ten Fiscal Years

	2016	2015	2014	2013	2012
Cash Flows from Operating Activities					
Cash received from providing services	$ 145,959,471	$ 139,279,287	$ 135,718,828	$ 129,242,964	$ 112,979,420
Cash paid for services by Salt Lake City	(7,042,979)	(6,977,802)	(7,059,597)	(7,030,843)	(7,132,893)
Cash paid to suppliers	(39,744,462)	(35,717,434)	(39,568,428)	(40,752,838)	(40,583,394)
Cash paid to employees	(46,775,745)	(45,398,491)	(43,762,922)	(42,179,874)	(40,340,107)
Net cash from operating activities	52,396,285	51,185,560	45,327,881	39,279,409	24,923,026
Cash Flows from Investing Activities					
Interest received on investments/Paid for investments	1,647,060	11,786,922	13,384,575	(45,951,302)	29,420,153
Net cash from investing activities	1,647,060	11,786,922	13,384,575	(45,951,302)	29,420,153
Cash Flows from Noncapital and Related Financing Activities					
Cash overdraft with City pooled cash account	(10,043,327)	10,043,327	-	-	-
Net cash from noncapital and related financing activities	(10,043,327)	10,043,327	-	-	-
Cash Flows from Capital and Related Financing Activities					
Purchase of capital equipment	(7,185,135)	(3,905,010)	(2,546,300)	(2,367,263)	(2,212,323)
Payments for acquisition and construction of capital assets	(146,841,039)	(126,880,409)	(68,076,707)	(43,333,038)	(30,795,215)
Passenger Facility Charges	41,594,312	40,335,823	38,569,377	36,599,231	37,003,305
Interest received on Passenger Facility Charges	860,316	619,467	526,466	497,953	352,494
Customer Facility Charges	15,578,760	15,432,315	15,310,554	14,465,461	10,012,992
Interest received on Customer Facility Charges	271,063	241,010	252,678	106,216	31,941
Proceeds from sale of property	332,996	134,498	29,243	204,164	209,986
Airport improvement grants	15,900,315	9,916,115	25,194,792	18,119,410	11,000,072
State grants	1,516	21,541	11,876	30,516	-
Net cash from capital and related financing activities	(79,486,896)	(64,084,650)	9,271,979	24,322,650	25,603,252
Net Increase (Decrease) in Cash and Cash Equivalents	(35,486,878)	8,931,159	67,984,435	17,650,757	79,946,431
Cash and Cash Equivalents - Beginning of Year	376,002,617	367,071,458	299,087,023	281,436,266	201,489,835
Cash and Cash Equivalents - End of Year	$ 340,515,739	$ 376,002,617	$ 367,071,458	$ 299,087,023	$ 281,436,266

Source: Salt Lake City Department of Airports Audited Financial Statements

SALT LAKE CITY DEPARTMENT OF AIRPORTS

CASH FLOW TREND
Continued Last Ten Fiscal Years

	2011	2010	2009	2008	2007
Cash Flows from Operating Activities					
Cash received from providing services	$ 113,613,165	$ 107,585,920	$ 110,945,787	$ 111,482,289	$ 104,474,589
Cash paid for services by Salt Lake City	(7,630,335)	(7,202,599)	(7,086,753)	(6,749,952)	(7,268,085)
Cash paid to suppliers	(35,003,496)	(31,178,327)	(33,507,538)	(32,073,630)	(27,395,493)
Cash paid to employees	(40,762,473)	(41,730,706)	(41,698,230)	(38,446,997)	(37,852,966)
Net cash from operating activities	30,216,861	27,474,288	28,653,266	34,211,710	31,958,045
Cash Flows from Investing Activities					
Interest received on investments/Paid for investments	(43,761,684)	1,723,269	3,249,138	7,463,732	8,374,123
Net cash from investing activities	(43,761,684)	1,723,269	3,249,138	7,463,732	8,374,123
Cash Flows from Capital and Related Financing Activities					
Purchase of capital equipment	(4,589,898)	(6,909,592)	(11,515,550)	(4,583,710)	(4,375,748)
Payments for acquisition and construction of capital assets	(43,567,549)	(39,180,702)	(37,714,812)	(75,971,706)	(65,812,694)
Payments for prior year accrued non-operating rebates	-	-	-	(2,797,958)	(5,135,480)
Principal payments made on bonds	-	-	-	(52,150,000)	(2,650,000)
Interest paid on bonds	-	-	-	(1,932,004)	(2,036,169)
Passenger Facility Charges	38,434,658	37,455,195	36,136,068	40,849,829	40,066,631
Interest received on Passenger Facility Charges	127,273	29,770	66,599	184,354	176,488
Proceeds from sale of property	242,179	550,611	197,759	616,409	117,675
Airport improvement grants	21,999,588	13,271,790	10,130,491	12,228,683	24,457,730
State grants	1,235	65,789	297,502	202,498	83,520
Net cash from capital and related financing activities	12,647,486	5,282,861	(2,401,943)	(83,353,605)	(15,108,047)
Net Increase (Decrease) in Cash and Cash Equivalents	(897,337)	34,480,418	29,500,461	(41,678,163)	25,224,121
Cash and Cash Equivalents - Beginning of Year	202,387,172	167,906,754	138,406,294	180,084,457	154,860,335
Cash and Cash Equivalents - End of Year	$ 201,489,835	$ 202,387,172	$ 167,906,755	$ 138,406,294	$ 180,084,456

Source: Salt Lake City Department of Airports Audited Financial Statements

SALT LAKE CITY DEPARTMENT OF AIRPORTS

SUMMARY OF OPERATING REVENUE
Last Ten Fiscal Years

(in thousands)

		Airline Revenues						
Fiscal Year	**Total Operating Revenue**	Landing Fees	Terminal Space Rentals	Other Airline Revenues	Car Rental	Auto Parking Facilities	Other Terminal Rentals	Other Revenues
2016	**$ 141,033**	$ 27,023	$ 17,559	$ 6,931	$ 22,142	$ 33,409	$ 30,859	$ 3,110
2015	**132,270**	23,199	19,082	7,200	19,341	31,117	29,467	2,864
2014	**127,000**	25,000	16,522	7,098	18,064	29,228	28,431	2,657
2013	**123,856**	23,662	17,577	7,171	17,482	28,619	26,909	2,436
2012	**117,460**	23,059	17,820	6,881	16,697	26,282	23,862	2,859
2011	**113,377**	22,092 *	17,093 *	6,427	16,346	25,067	23,405	2,947
2010	**107,497**	13,541	22,934	6,918	14,505	23,811	22,497	3,291
2009	**108,241**	13,528	22,277	7,051	14,149	25,714	22,698	2,824
2008	**110,725**	12,888	23,645	7,099	16,314	24,817	22,955	3,007
2007	**105,428**	12,352	23,482	6,632	15,350	22,409	21,069	4,134

Source: Salt Lake City Department of Airports Audited Financial Statements
* Net of passenger revenue credits beginning Fiscal Year 2011.

SALT LAKE CITY DEPARTMENT OF AIRPORTS

MAJOR REVENUE SOURCES
LAST TEN FISCAL YEARS

	FY 2016				FY 2015				FY 2014			
Airline	**Landing Fees**	**% of Total**	**Rents**	**% of Total**	**Landing Fees**	**% of Total**	**Rents**	**% of Total**	**Landing Fees**	**% of Total**	**Rents**	**% of Total**
Alaska	$ 964,887	3.6%	$ 1,066,971	3.8%	$ 883,199	3.8%	$ 713,901	2.4%	$ 168,097	0.7%	$ 223,773	0.8%
American*	1,713,222	6.3%	1,332,896	4.8%	815,279	3.5%	872,795	3.0%	814,017	3.2%	728,831	2.7%
Atlantic Southeast	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Continental	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Delta	17,576,910	65.1%	21,242,431	76.2%	14,785,876	63.7%	22,152,503	75.5%	18,163,390	72.0%	20,115,735	75.7%
Frontier	377,232	1.4%	352,437	1.3%	420,253	1.8%	428,313	1.5%	620,397	2.5%	537,409	2.0%
JetBlue	472,074	1.7%	300,714	1.1%	393,071	1.7%	367,856	1.3%	346,375	1.4%	389,244	1.5%
Northwest	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
SkyWest	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	34,477	0.1%
Southwest	2,434,577	9.0%	2,454,134	8.8%	2,105,315	9.1%	2,791,697	9.5%	2,894,809	11.5%	2,611,600	9.8%
TWA	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
United	1,204,677	4.5%	1,102,739	4.0%	943,503	4.1%	1,242,081	4.2%	1,010,114	4.0%	1,212,695	4.6%
US Airways*	-	0.0%	-	0.0%	746,796	3.2%	758,756	2.6%	785,109	3.1%	578,730	2.2%
Other (Charter, Cargo & Commuter)	2,279,351	8.4%	-	0.0%	2,105,310	9.1%	-	0.0%	427,213	1.6%	150,709	0.6%
Totals:	$ 27,022,930	100.0%	$ 27,852,322	100.0%	$ 23,198,602	100.0%	$ 29,327,902	100.0%	$ 25,229,521	100.0%	$ 26,583,203	100.0%

	FY 2013				FY 2012			
Airline	**Landing Fees**	**% of Total**	**Rents**	**% of Total**	**Landing Fees**	**% of Total**	**Rents**	**% of Total**
Alaska	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
American	614,990	2.6%	641,617	2.3%	644,786	2.8%	647,812	2.4%
Atlantic Southeast	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Continental	-	0.0%	0	0.0%	226,801	1.0%	269,963	1.0%
Delta	16,124,564	68.1%	21,141,310	77.3%	15,690,656	68.0%	21,076,035	77.1%
Frontier	453,303	1.9%	429,066	1.6%	437,767	1.9%	417,372	1.5%
JetBlue	320,445	1.4%	392,074	1.4%	399,400	1.7%	379,479	1.4%
Northwest	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Shuttle America	-	0.0%	-	0.0%	-	0.0%	-	0.0%
SkyWest	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Southwest	2,727,311	11.5%	2,739,943	10.0%	2,897,047	12.6%	2,776,427	10.2%
TWA	-	0.0%	-	0.0%	-	0.0%	-	0.0%
United	919,057	3.9%	1,281,770	4.7%	725,102	3.1%	1,062,153	3.9%
US Airways	600,890	2.5%	585,931	2.1%	502,412	2.2%	571,381	2.1%
Other (Charter, Cargo & Commuter)	1,901,230	8.1%	140,406	0.6%	1,535,446	6.7%	137,649	0.4%
Totals:	$ 23,661,790	100.0%	$ 27,352,117	100.0%	$ 23,059,417	100.0%	$ 27,338,271	100.0%

Source: Salt Lake City Department of Airports Revenue System
*During FY 2016, US Airways merged with American Airlines

SALT LAKE CITY DEPARTMENT OF AIRPORTS

MAJOR REVENUE SOURCES
LAST TEN FISCAL YEARS
Continued

Airline	FY 2011 Landing Fees	% of Total	FY 2011 Rents	% of Total	FY 2010 Landing Fees	% of Total	FY 2010 Rents	% of Total	FY 2009 Landing Fees	% of Total	FY 2009 Rents	% of Total
Alaska	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
American	521,885	2.4%	656,853	2.4%	321,684	2.4%	720,244	3.0%	309,112	2.3%	622,671	2.8%
Atlantic Southeast	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Continental	203,134	0.9%	274,802	1.0%	111,120	0.8%	255,330	1.1%	114,010	0.8%	349,000	1.6%
Delta	8,806,571	39.9%	20,957,229	76.5%	4,675,304	34.5%	17,948,842	75.0%	4,796,034	35.5%	13,253,648	59.1%
Frontier	345,312	1.6%	426,147	1.6%	262,797	1.9%	360,100	1.5%	316,103	2.3%	331,059	1.5%
JetBlue	338,306	1.5%	422,451	1.5%	182,660	1.3%	365,380	1.5%	266,547	2.0%	351,455	1.6%
Northwest	784,714	3.6%	-	0.0%	583,453	4.3%	36,757	0.2%	221,680	1.6%	239,723	1.1%
Shuttle America	100,655	0.5%	-	0.0%	30,427	0.2%	-	0.0%	-	0.0%	-	0.0%
SkyWest	5,860,938	26.5%	-	0.0%	3,959,249	29.2%	27,926	0.1%	3,639,573	26.9%	3,358,689	15.0%
Southwest	2,802,150	12.7%	2,874,872	10.5%	1,767,067	13.1%	2,505,123	10.5%	2,042,372	15.1%	2,369,707	10.6%
TWA	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
United	587,626	2.7%	1,098,258	4.0%	393,347	2.9%	956,268	4.0%	438,887	3.2%	1,057,553	4.7%
US Airways	410,462	1.9%	574,250	2.1%	228,532	1.7%	558,294	2.3%	234,914	1.7%	491,721	2.0%
Other (Charter, Cargo & Commuter)	1,330,151	5.8%	122,259	0.4%	1,024,942	7.7%	196,529	0.8%	1,149,067	8.6%	10,170	0.0%
Totals:	$ 22,091,904	100.0%	$ 27,407,121	100.0%	$ 13,540,584	100.0%	$ 23,930,793	100.0%	$ 13,528,299	100.0%	$ 22,435,396	100.0%

Airline	FY 2008 Landing Fees	% of Total	FY 2008 Rents	% of Total	FY 2007 Landing Fees	% of Total	FY 2007 Rents	% of Total
Alaska	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%
American	273,576	2.1%	601,007	2.6%	268,498	2.2%	585,786	2.5%
Atlantic Southeast	-	0.0%	-	0.0%	315,902	2.6%	223,400	1.0%
Continental	130,215	1.0%	419,583	1.8%	103,520	0.8%	324,775	1.4%
Delta	4,749,080	36.8%	13,883,108	59.1%	4,520,674	36.6%	13,618,173	58.4%
Frontier	266,190	2.1%	348,706	1.5%	235,938	1.9%	330,086	1.4%
JetBlue	265,025	2.1%	414,555	1.8%	141,372	1.1%	236,684	1.0%
Northwest	140,869	1.1%	491,997	2.1%	140,110	1.1%	489,942	2.1%
Shuttle America	-	0.0%	-	0.0%	75,390	0.6%	228,655	1.0%
SkyWest	3,684,705	28.6%	2,996,161	12.8%	3,163,080	25.6%	2,696,222	11.6%
Southwest	1,782,140	13.8%	2,531,227	10.8%	1,547,876	12.5%	2,554,391	11.0%
TWA	-	0.0%	-	0.0%	-	0.0%	-	0.0%
United	251,523	2.0%	1,249,146	5.3%	262,188	2.1%	1,172,425	5.0%
US Airways	252,120	2.0%	526,310	2.1%	204,873	1.7%	416,988	1.8%
Other (Charter, Cargo & Commuter)	1,093,107	8.4%	29,650	0.1%	1,372,948	11.2%	427,979	1.8%
Totals:	$ 12,888,550	100.0%	$ 23,491,450	100.0%	$ 12,352,369	100.0%	$ 23,305,506	100.0%

Source: Salt Lake City Department of Airports Revenue System

SALT LAKE CITY DEPARTMENT OF AIRPORTS

Ratios of Outstanding Debt
As of June 30

Ratio of Bond Debt Service to Total Operating Expenses										
General Revenue bonds	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Principal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,650,000
Interest	-	-	-	-	-	-	-	-	-	2,584,929
Total Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,234,929
Total Operating Expenses	$ 90,065,096	$ 76,208,683	$ 87,615,100	$ 87,470,726	$ 84,559,439	$ 84,116,934	$ 80,010,643	$ 80,601,572	$ 77,101,877	$ 70,521,148
Ratio of Bond Debt Service to Total Operating Expenses	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**7.4%**
Debt Service per Enplaned Passenger (does not include 1996A passenger facility bond)										
Total Debt Service	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,234,929
Enplaned passengers	11,293,011	10,833,708	10,294,694	10,044,069	10,125,086	10,429,397	10,258,950	9,994,429	10,933,154	10,928,135
Debt Service per Enplaned Passenger	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 0.48**
Total Outstanding Debt per Enplaned Passenger (Includes 1996A series passenger facility bond)										
Outstanding debt										
2004A series	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 29,500,000
2004B series	-	-	-	-	-	-	-	-	-	22,650,000
2001 series	-	-	-	-	-	-	-	-	-	-
2000A series	-	-	-	-	-	-	-	-	-	-
1993C series	-	-	-	-	-	-	-	-	-	-
1993Bb series	-	-	-	-	-	-	-	-	-	-
1993A series	-	-	-	-	-	-	-	-	-	-
Total Outstanding debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 52,150,000
Enplaned Passengers	11,293,011	10,833,708	10,294,694	10,044,069	10,125,086	10,429,397	10,258,950	9,994,429	10,933,154	10,928,135
Outstanding Debt per Enplaned Passenger	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4.77**

Note: In fiscal year 2008, the Airport voluntarily paid off the 2004A series and the 2004B series bonds.
Source: Salt Lake City Department of Airports audited financial statements and statistics reports

SALT LAKE CITY DEPARTMENT OF AIRPORTS

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population (1)	Personal Income (amounts expressed in thousands) (2)	Per Capita Personal Income (2)(4)	Number of residents 18 years and older (1)	Unemployment Rate (3)
2016	192,672	unavailable	unavailable	unavailable	3.9%
2015	190,884	5,688,916	29,803	148,684	3.7%
2014	191,180	5,939,007	31,065	148,165	4.2%
2013	189,314	5,192,883	27,430	147,718	5.0%
2012	188,010	4,914,957	26,142	147,172	6.0%
2011	186,440	4,142,137	22,217	144,406	7.6%
2010	183,102	4,967,557	27,130	140,959	7.1%
2009	180,772	4,822,455	26,677	140,130	5.4%
2008	178,810	4,384,242	24,519	138,773	3.4%
2007	178,965	4,404,150	24,609	138,773	2.8%

Sources:
(1) U.S. Census Bureau Projections
(2) Utah State Tax Commission
(3) U.S. Department of Labor; State of Utah Workforce Services
(4) U.S. Census Bureau Median Household Income

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Utah Principal Employers
Last Ten Fiscal Years
June 30, 2016

Employer	Number of Employees	Rank	Percent of all Employees
Intermountain Health Care	20,000	1	13.16%
University of Utah (Including Hospital)	20,000	2	13.16%
State of Utah	20,000	3	13.16%
Brigham Young University	20,000	4	13.16%
Walmart	20,000	5	13.16%
Hill Air Force Base	15,000	6	9.87%
Granite School District	10,000	7	6.58%
Jordan School District	10,000	8	6.58%
Utah State University	10,000	9	6.58%
Davis County School District	7,000	10	4.59%
Total Employees of Principal Employers	152,000		100.00%

June 30, 2015

Employer	Number of Employees	Rank	Percent of all Employees
Intermountain Health Care	20,000	1	13.16%
University of Utah (Including Hospital)	20,000	2	13.16%
State of Utah	20,000	3	13.16%
Brigham Young University	20,000	4	13.16%
Walmart	20,000	5	13.16%
Hill Air Force Base	15,000	6	9.87%
Granite School District	10,000	7	6.58%
Jordan School District	10,000	8	6.58%
Utah State University	10,000	9	6.58%
Davis County School District	7,000	10	4.59%
Total Employees of Principal Employers	152,000		100.00%

June 30, 2014

Employer	Number of Employees	Rank	Percent of all Employees
Intermountain Health Care	20,000	1	13.16%
University of Utah (Including Hospital)	20,000	2	13.16%
State of Utah	20,000	3	13.16%
Brigham Young University	20,000	4	13.16%
Walmart	20,000	5	13.16%
Hill Air Force Base	15,000	6	9.87%
Davis County School District	10,000	7	6.58%
Granite School District	10,000	8	6.58%
Utah State University	10,000	9	6.58%
Smith's Food and Drug	7,000	10	4.59%
Total Employees of Principal Employers	152,000		100.00%

June 30, 2013

Employer	Number of Employees	Rank	Percent of all Employees
Intermountain Health Care	20,000	1	13.16%
State of Utah	20,000	2	13.16%
University of Utah (Including Hospital)	20,000	3	13.16%
Brigham Young University	20,000	4	13.16%
Walmart	20,000	5	13.16%
Hill Air Force Base	15,000	6	9.87%
Davis County School District	10,000	7	6.58%
Granite School District	10,000	8	6.58%
U.S. Department of Treasury	10,000	9	6.58%
Smith's Food and Drug	7,000	10	4.59%
Total Employees of Principal Employers	152,000		100.00%

June 30, 2012

Employer	Number of Employees	Rank	Percent of all Employees
Intermountain Health Care	20,000	1	15.87%
University of Utah	20,000	2	15.87%
State of Utah	20,000	3	15.87%
Brigham Young University	15,000	4	11.90%
Walmart	15,000	5	11.90%
Hill Air Force Base	10,000	6	7.94%
Granite School District	7,000	7	5.56%
Utah State University	7,000	8	5.56%
Davis County School District	7,000	9	5.56%
Smith's Food and Drug	5,000	10	3.97%
Total Employees of Principal Employers	126,000		100.00%

Source: Workforce Services - based on yearly averages
Information from the City's Business Licensing Division

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Utah Principal Employers
Continued Last Ten Fiscal Years

June 30, 2011

Employer	Number of Employees	Rank	Percent of all Employees
Intermountain Health Care	20,000	1	15.87%
University of Utah	20,000	2	15.87%
State of Utah	20,000	3	15.87%
Brigham Young University	15,000	4	11.90%
Walmart	15,000	5	11.90%
Hill Air Force Base	10,000	6	7.94%
Granite School District	7,000	7	5.56%
Utah State University	7,000	8	5.56%
Davis County School District	7,000	9	5.56%
Alpine School District	5,000	10	3.97%
Total Employees of Principal Employers	126,000		100.00%

June 30, 2010

Employer	Number of Employees	Rank	Percent of all Employees
University of Utah	15,000	1	29.53%
State of Utah	9,000	2	17.72%
Intermountain Health Care	7,000	3	13.78%
Salt Lake City School District	5,000	4	9.84%
L3 Communication Systems West	3,200	5	6.30%
Salt Lake City Corporation	2,800	6	5.51%
U.S. Post Office	2,600	7	5.12%
Skywest Airlines	2,400	8	4.72%
ARUP	2,300	9	4.53%
O.C. Tanner	1,500	10	2.95%
Total Employees of Principal Employers	50,800		100.00%

June 30, 2009

Employer	Number of Employees	Rank	Percent of all Employees
University of Utah	15,000	1	30.49%
State of Utah	9,000	2	18.29%
Intermountain Health Care	7,000	3	14.23%
L3 Communications Systems West	3,200	4	6.50%
Salt Lake City School District	3,300	5	6.71%
Salt Lake City Corporation	2,900	6	5.89%
U.S. Post Office	2,600	7	5.28%
Skywest Airlines	2,400	8	4.88%
ARUP	2,300	9	4.67%
O.C. Tanner	1,500	10	3.06%
Total Employees of Principal Employers	49,200		100.00%

June 30, 2008

Employer	Number of Employees	Rank	Percent of all Employees
Intermountain Health Care	20,000	1	17.54%
State of Utah	20,000	2	17.54%
University of Utah	15,000	3	13.16%
Brigham Young University	15,000	4	13.16%
Walmart	10,000	5	8.77%
Hill Air Force Base	10,000	6	8.77%
Granite School District	7,000	7	6.14%
Jordan School District	7,000	8	6.14%
Davis County School District	5,000	9	4.39%
Utah State University	5,000	10	4.39%
Total Employees of Principal Employers	114,000		100.00%

June 30, 2007

Employer	Number of Employees	Rank	Percent of all Employees
Intermountain Health Care	20,000	1	18.02%
State of Utah	20,000	2	18.02%
University of Utah	15,000	3	13.51%
Brigham Young University	15,000	4	13.51%
Walmart	10,000	5	9.01%
Hill Air Force Base	7,000	6	6.31%
Granite School District	7,000	7	6.31%
Jordan School District	7,000	8	6.31%
Davis County School District	5,000	9	4.50%
Utah State University	5,000	10	4.50%
Total Employees of Principal Employers	111,000		100.00%

Source: Workforce Services - based on yearly averages
Information from the City's Business Licensing Division

SALT LAKE CITY DEPARTMENT OF AIRPORTS

AIRPORT EMPLOYEE STATISTICS
Full-Time Equivalent Employees as of Fiscal Year-End
Last Ten Fiscal Years

Fiscal Year	Director's Office	Public Relations	Planning & Capital Programming	Finance & Accounting	Admin & Commercial Services	Information Technology	Engineering	Maintenance	Operations	Total
2016	6	2	8	20	13	25	25	221	191	511
2015	6	2	8	19	13	25	25	215	193	506
2014	5	2	8	21	14	25	29	217	200	521
2013	5	1	8	21	12	24	29	213	202	515
2012	5	1	9	20	12	23	29	202	192	493
2011	5	1	8	20	10	21	27	201	194	487
2010	6	1	9	16	22	0	36	239	233	562
2009	10	1	9	16	20	0	36	238	240	570
2008	1	1	9	16	26	0	34	236	215	538
2007	2	1	8	14	23	0	37	232	206	523

Note: Airport employees have been re-assigned to their respective divisions as reorganizations have occurred. This did not usually result in the addition of FTEs.

SALT LAKE CITY DEPARTMENT OF AIRPORTS

SUMMARY OF OPERATING EXPENSES
Last Ten Fiscal Years

(in thousands)

Fiscal Year	**Total Operating Expense**	Personnel Services	Utilities	Operational Maintenance Supplies	Salt Lake City Administration	Fire Services	Charges/ Services/ Fees
2016	**$ 90,065**	$ 45,096	$ 6,175	$ 10,940	$ 2,446	$ 4,597	$ 20,811
2015	**76,209**	33,880	6,313	9,487	2,430	4,314	19,785
2014	**87,615**	44,916	6,209	10,755	3,003	4,185	18,547
2013	**87,470**	42,347	6,122	11,118	3,935	4,152	19,796
2012	**84,559**	41,345	5,630	8,999	3,721	4,091	20,773
2011	**84,117**	40,661	5,405	9,376	3,829	3,840	21,006
2010	**80,010**	41,330	4,927	7,692	3,581	3,689	18,791
2009	**80,602**	41,068	4,407	8,405	3,674	3,854	19,194
2008	**77,102**	38,349	4,556	8,374	3,371	3,917	18,535
2007	**70,521**	34,868	4,811	7,493	3,559	3,708	16,082

Source: Salt Lake City Department of Airports Audited Financial Statements

SALT LAKE CITY DEPARTMENT OF AIRPORTS

PASSENGER AND OPERATING STATISTICS
Last Ten Fiscal Years

Fiscal Year	Aircraft Operations	Landed Weight (Pounds in 000)	Total Enplaned Passengers	% Increase (Decrease) Enplaned Passengers	Cargo (Pounds)	Cargo % Increase (Decrease)
2016	315,585	13,581,663	11,293,011	4.2%	350,905,974	6.1%
2015	319,994	13,200,978	10,833,708	5.2%	330,711,580	1.6%
2014	324,608	12,679,038	10,294,694	2.5%	325,535,553	-5.2%
2013	330,991	12,406,252	10,044,069	-0.8%	343,524,586	-0.7%
2012	343,119	12,604,750	10,125,086	-2.9%	346,060,862	9.2%
2011	361,471	13,230,512	10,429,397	1.7%	316,859,115	6.0%
2010	367,158	13,095,299	10,258,950	2.6%	298,972,507	-1.3%
2009	371,728	13,570,426	9,994,429	-8.6%	302,988,996	-18.4%
2008	413,335	14,680,300	10,933,154	0.0%	371,321,796	-3.6%
2007	424,463	14,484,504	10,928,135	0.2%	385,126,843	0.6%

Source: Salt Lake City Department of Airports Audited Financial Statements

SALT LAKE CITY DEPARTMENT OF AIRPORTS

AIRLINE PASSENGER STATISTICS BY ENPLANEMENT
Last Ten Fiscal Years

Carrier	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Delta	5,597,224	5,169,789	4,786,379	4,577,728	4,434,499	4,443,278	3,905,063	3,857,563	4,322,691	4,313,703
Delta Connections	2,328,834	2,439,969	2,722,929	2,843,644	3,014,370	3,408,787	3,631,109	3,148,551	3,615,008	3,701,278
Southwest	1,213,838	1,162,229	1,172,540	1,197,613	1,247,493	1,294,142	1,282,688	1,332,212	1,473,085	1,455,018
United	551,594	495,477	448,191	444,126	459,993	348,987	363,585	370,143	239,090	265,256
Air Canada	2,458	-	-	-	-		-	-		-
Alaska Air	409,410	406,866	73,034	-	-	-	-	-	-	-
American	588,833	391,751	314,425	292,155	302,377	270,015	280,391	272,420	291,591	292,579
US Airways	162,672	317,519	332,652	274,438	231,708	186,041	168,845	176,728	200,211	186,505
Mesa Air	-	-	-	-	-	7,141	14,536	16,008	30,526	34,654
Northwest	-	-	-	-	-	-	143,283	278,214	131,915	136,744
Pinnacle	-	-	-	-	-	-	-	-	1,848	4,688
Continental	-	-	-	-	-	103,510	92,066	92,561	102,902	110,331
Express Jet	-	-	-	-	-	6,500	14,995	17,760	33,441	41,225
Frontier	198,495	237,965	238,532	216,726	221,769	185,679	202,547	215,895	247,606	221,404
JetBlue	231,940	201,794	163,083	167,249	209,498	173,662	154,697	213,994	239,759	149,753
KLM Royal Dutch	3,835									
Other	3,878	10,349	42,929	30,390	3,379	1,655	5,145	1,282	3,481	14,997
Aeromexico	-	-	-	-	-	-	-	1,098	-	-
	11,293,011	**10,833,708**	**10,294,694**	**10,044,069**	**10,125,086**	**10,429,397**	**10,258,950**	**9,994,429**	**10,933,154**	**10,928,135**

Source: Salt Lake City Department of Airports Revenue System

SALT LAKE CITY DEPARTMENT OF AIRPORTS

SUMMARY OF CAPITAL ASSETS

	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010
Military							
Acres of land leased to military	135	135	135	135	135	135	135
Annual rent from military leases	$136,968	$136,968	$136,968	$136,968	$136,968	$136,968	$136,968
Terminal - General							
Number of passenger terminals	3	3	3	3	3	3	3
Total square feet	1,090,067	1,102,400	1,102,400	1,102,400	1,102,400	1,102,400	1,102,400
Non-Retail Space - number of sq. ft.							
Counter space	7614	7614	7614	7,614	7,614	7,614	7,614
Airline office	42569	42569	42369	42,369	42,369	42,369	42,369
Other office (i.e. TSA, SLCDA, concession offices)	61,865	61,865	61,865	47,882	47,882	47,882	47,882
Common use areas	584,370	584,370	584,370	598,343	644,935	644,935	644,935
Retail Space - Pre-Security							
Food and beverage	2,674	2,674	2,674	2,788	1,998	1,998	1,998
Newsstands	184	184	184	212	250	250	250
Specialty Retail	-	-	-	-	-	-	-
Other concessions (vending)	264	264	264	238	497	497	497
Retail Space - Secured Area							
Food and beverage	50,280	50,280	50,280	49,836	45,454	45,454	45,454
Newsstands	7,721	7,721	7,721	7,697	4,891	4,891	4,891
Specialty Retail	15,019	15,001	15,001	13,419	13,994	13,994	13,994
Other concessions	152	96	96	140	-	-	-
Parking							
Short-term / 4 Level Parking Garage (Number of spaces)	1,845	1,774	1,766	1,766	1,766	1,767	1,847
Long-term (Number of spaces)	9,703	10,070	10,055	10,057	10,057	10,066	10,066
Tenant Employee Lot (Number of spaces)	2,950	2,950	2,950	2,950	2,950	2,955	2,966
Park and Wait Lot (Number of spaces)	82	82	82	81	81	81	81
Cargo							
Total SF of airport buildings leased for cargo use, including warehouse, office, etc.	202,896	202,896	202,896	202,896	202,896	202,896	202,896
Total SF of ground leased for cargo, incl. warehousing, office, etc.	797,939	727,939	727,939	727,939	727,939	727,939	727,939
Runways (feet)							
34L/16R	150 x 12,000	150 x 12,000	150 x 12,000	150 x 12,000	150 x 12,000	150 x 12,000	150 x 12,000
34R/16L	150 x 12,003	150 x 12,003	150 x 12,003	150 x 12,003	150 x 12,003	150 x 12,003	150 x 12,003
35/17	150 x 9,596	150 x 9,596	150 x 9,596	150 x 9,596	150 x 9,596	150 x 9,596	150 x 9,596
32/14	150 x 4,892	150 x 4,892	150 x 4,892	150 x 4,892	150 x 4,892	150 x 4,892	150 x 4,892
Acres							
Total Acres Owned by Airport	9,633	9,510	9,426	9,426	9,426	9,426	9,426
Total AOA Acres	3325	3375	3375	3,375	3,375	3,375	3,375

Source: Salt Lake Department of Airports AAAE Survey results.
New Airport concessions program completed at calendar year-end 2012.

Note: Data for previous years unavailable.

SALT LAKE CITY DEPARTMENT OF AIRPORTS

SCHEDULE OF INSURANCE POLICIES

Coverage Type	Carrier / Policy #	Policy Limits	Description / Deductibles	Expiration
Bonds	(1) Hartford Insurance 52BSBGI7690	$10,000,000	Treasurer's Bond $0 Deductible	6/4/17
	(2) Hartford Insurance 52FA023369015	$1,000,000	Crimeshield Advanced (Employee Blanket Bond) Employee Dishonesty $50,000 Deductible	7/1/16
		$1,000,000	Computer and Funds Transfer Fraud, $50,000 deductible	
		$50,000	Credit, Debit or Charge Card Forgery $2,500 deductible	
		$50,000	Money, Securties and Other Property, $2,500 deductible	
		$50,000	Money Orders and Counterfeit Currency, $0 deductible	
		$25,000	Depositors Forgery and Alteration, $500 deductible	
		$25,000	Computer Systems Restoration Expenses, $1,000 deductible	
		$25,000	Identity Recovery Expenses Reimbursement, $0 deductible	
Excess Workers' Comp	Safety National SP4053159	$40,000,000 Excess of SIR	Excess Workers' Compensation $1,000,000 Self-Insured Retention (SIR) per occurrence	7/1/16
		$1,000,000 per occurrence	Employers' Liability coverage	
General Liability Dept. of Airports	AIG AP 007741005-55	$500,000,000	Bodily Injury, Property Damage, Auto Liability on Airport Premises, Hangarkeepers Liability	6/30/16
		$50,000,000 each offense	Personal & Advertising Injury, Incidental Medical Malpractice	
		$250,000	Fire Legal Liability	
		$50,000,000 Excess of SIR	Excess Auto Legal Liability Off-Premises $500,000 SIR	
Property Insurance Dept. of Airports	Lexington Insurance Co. 014498273	$500,000,000 Sublimits apply	Airport Terminals, Concourses, Buildings, Runways, Taxiways Equipment, Fuel Farm, Materials, Machinery	6/30/16
		$150,000,000	Earth Movement and Flood 2% deductible per location; $100,000 min. $5,000,000 max.	
		$100,000,000	Windstorm or Hail 5% deductible, $250,000 min.	
		$156,704,503	Business Interruption 2% deductible per location; $100,000 min. $5,000,000 max.	
		Not covered	Terrorism, Certified & Non-Certified Acts	
Comm. Auto Liability Dept. of Airports	Ohio Casualty - Liberty Mutual 55852111	$500,000 $0 deductible	Scheduled Autos Only	6/30/16

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APPENDIX B
REPORT OF THE AIRPORT CONSULTANT

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Appendix B

REPORT OF THE AIRPORT CONSULTANT

for the planned issuance of

Salt Lake City, Utah
Airport Revenue Bonds, Series 2017A (AMT)
Airport Revenue Bonds, Series 2017B (Non-AMT)

Salt Lake City International Airport

Prepared by:
Trillion Av, LLC
Austin, Texas

In association with:
Airmac LLC
Partners for Economic Solutions

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January 23, 2017

Ms. Maureen Riley
Executive Director
Salt Lake City Department of Airports
Salt Lake City International Airport
776 North Terminal Drive
Salt Lake City, Utah 84122

Re: Report of the Airport Consultant, Salt Lake City, Utah, Airport Revenue Bonds, Series 2017A (AMT) and Series 2017B (Non-AMT), Salt Lake City International Airport

Dear Ms. Riley:

Trillion Av, LLC (Trillion Aviation), in association with Airmac LLC and Partners for Economic Solutions, is pleased to submit this Report of the Airport Consultant (Report) for the proposed issuance of the Salt Lake City, Utah, Airport Revenue Bonds, Series 2017A (AMT) and Series 2017B (Non-AMT) herein referred to collectively as the Series 2017 Bonds. This independent Report has been prepared for the Salt Lake City Department of Airports (Department) to support its planned issuance of the Series 2017 Bonds, and is intended to be included in the Official Statement for the Series 2017 Bonds as Appendix B, Report of the Airport Consultant. All capitalized terms in this Report are used as defined in the Official Statement or Master Trust Indenture relating to the Series 2017 Bonds, except as otherwise defined herein.

Salt Lake City International Airport (Airport) is owned by Salt Lake City, Utah (City) and operated by the City through the Department. The Mayor of the City, the City Council and a nine-member advisory board (Airport Advisory Board) of citizen volunteers oversee its affairs. In February 1976, the City created the Airport Advisory Board to provide advice with respect to broad matters of policy affecting the operation of the Airport System. The Airport comprises approximately 9,400 acres of land in Salt Lake County, Utah. It is located approximately five miles west of the City's downtown. The Airport is generally isolated from other airport competition and is the primary commercial air passenger and cargo service facility for the Salt Lake Valley, the State of Utah, and portions of southwestern Wyoming, southeastern Idaho, northeastern Nevada, and northwestern Colorado. The Department also operates two general aviation airports: South Valley Regional Airport in West Jordan and Tooele Valley Airport in Erda (Auxiliary Airports). These airports serve the general aviation needs of corporate and private aircraft in the region. The Department operates the Airport and the Auxiliary Airports together as an Airport System.

The day-to-day operations of the Airport System are managed by the Executive Director, who reports directly to the Mayor. The Executive Director, appointed by the Mayor, leads the management staff of the Department along with the Department's Division Directors. Nine Division Directors are responsible for the following areas: Operations, Maintenance, Finance, Engineering, Planning and Environmental, Administration and Commercial Services, Public Relations/ Marketing, Information Management, and Police. The executive team of the Department is a full-time staff of professional and technical personnel located at the Airport.

The Terminal Redevelopment Program

In 1997, the Department completed an Airport master plan study that outlined the long-term development program to accommodate the expected future growth of aviation activity. Primarily because of volatile economic conditions experienced during the 2000s, including the events of September 11, 2001 and the U.S. economic recession later in the decade, the Department deferred the implementation of the full master plan recommendations. During this time, it proceeded with a variety of infrastructure improvements required to improve deficiencies at the Airport and to prepare for the full implementation of the master plan. The master plan recommendations generally include a major redevelopment, replacement, and reconfiguration of the Airport's landside area, terminal facilities, and airside concourses. The first major element of the master plan is referred to as the Terminal Redevelopment Program or TRP.

In 2014, the Signatory Airlines operating at the Airport approved the implementation of the TRP through execution of a new Airline Use Agreement that incorporates the TRP and is effective through June 30, 2024. The TRP will replace current aged and functionally obsolete terminal complex and landside facilities at the Airport. In addition, the TRP will address changes in the aviation industry and will improve inherent operational inefficiencies of current facilities. In summary, the TRP is being implemented to achieve the following primary objectives:

- Address seismic risk
- Provide right-sized facilities
- Solve operational problems
- Improve customer service
- Accommodate growth
- Maintain competitive airport costs

Additional details on the TRP and its primary components are contained in Chapter 3 of this Report.

The North Concourse Program

The North Concourse Program (NCP) is an additional element recommended as part of the Department's 1997 master plan study for the Airport. The NCP currently consists of a planned 31-gate midfield concourse and the development of underground connecting tunnels from the South Concourse of the TRP. The development of the NCP eliminates the need to renovate existing Concourses B, C, and D that were planned to be utilized into the future as part of the TRP. In April 2016, the Signatory Airlines at the Airport unanimously approved the implementation of the NCP. It is currently estimated that the NCP will cost approximately $737 million. Additional details on the NCP and its primary components are contained in Chapter 3 of this Report.

The Series 2017 Bonds

The Series 2017 Bonds are being issued pursuant to the Master Trust Indenture and First Supplemental Trust Indenture. The Department currently has no debt outstanding and the Series 2017 Bonds will be the initial series of Bonds to be issued under the Master Trust Indenture. Proceeds of the Series 2017 Bonds will be used to (1) fund a portion of the costs of the TRP and the NCP, (2) reimburse the City for certain capital expenditures previously incurred in connection with the TRP and the NCP, (3) fund capitalized interest, (4) fund a deposit to the Common Debt Service Reserve Fund, and (5) pay the costs of issuance of the Series 2017 Bonds. The Series 2017 Bonds are obligations of the City, secured by a pledge of Net Revenues derived by the Department from the operation of the Airport System.

Master Trust Indenture

The City is obligated under the Master Trust Indenture, referred to herein as the Master Indenture, to establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the operation of the Airport System and for services rendered in connection therewith, so that during each Fiscal Year (FY)[1] the Net Revenues, together with any Transfer from the Rolling Coverage Account, will be equal to at least 125% of Annual Debt Service on the Outstanding Bonds for such FY. In addition, the City has covenanted, while any Bonds are Outstanding, to establish, fix, prescribe, and collect rates, tolls, fees, rentals and charges in connection with the operation of the Airport System and for services rendered in connection therewith, so that Revenues in each FY will be at least equal to the following amounts: (i) Operation and Maintenance Expenses of the Airport System due and payable during such FY; (ii) the Annual Debt Service on any Outstanding Bonds required to be funded by the City in such FY as required by the Master Indenture or any Supplemental Indenture with respect to the Outstanding Bonds; (iii) the required deposits to the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund which may be established by a Supplemental Indenture; (iv) the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Indenture; (v) the interest on and principal of any indebtedness of the Department required to be funded during such FY, other than for Outstanding Bonds, but including Subordinate Obligations; and (vi) funding of any debt service reserve funds created with respect to any indebtedness of the Department, other than Outstanding Bonds, but including Subordinate Obligations.

Airline Use Agreement

The City entered into a 10-year Airline Use Agreement (AUA) with the Signatory Airlines operating at the Airport effective on July 1, 2014. The AUA is effective through June 30, 2024. The AUA establishes, among other things, procedures for setting and adjusting rentals, rates, fees and charges to be collected for the use of Airport facilities. The Signatory Airlines at the Airport include the following: Alaska Airlines, American Airlines, Delta Air Lines, Frontier Airlines, JetBlue Airways, Southwest Airlines and United Airlines. Together, the Signatory Airlines accounted for 96.1% of enplaned passengers at the Airport in FY 2016.[2]

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[1] The City's Fiscal Year is the 12-month period ending June 30.

[2] American Airlines executed the AUA during FY 2016. For FY 2017, it is expected that the Signatory Airlines will account for more than 98% of enplaned passengers at the Airport.

The AUA governs airline use of certain Airport facilities, including Airfield, Terminal, Terminal Aircraft Aprons, baggage claim, ticket counters and gate areas and permits the Signatory Airlines to lease Exclusive Use Premises, Preferential Use Premises, and Joint Use Premises. Exclusive Premises generally include office space, storage areas, airline club lounges, and employee break rooms; and Preferential Use Premises is Airport space, including holdroom areas and gates, ticket counters, and certain baggage makeup areas, leased to a Signatory Airline and to which the Signatory Airline has a higher and continuous priority of use over all other air carriers. Joint Use Premises generally include baggage claim areas and baggage makeup equipment. The AUA also contemplated the development of the TRP during the course of its term. Section 10.06 of the AUA specifies special provisions regarding the TRP including memorializing that the Signatory Airlines have approved and support the TRP. More information on the AUA can be found in Chapter 4 of this Report.

Report of the Airport Consultant
In our preparation of this independent Report, we evaluated the ability of the Department to generate Revenues from operation of the Airport System sufficient to meet the funding requirements and obligations established by the Master Indenture during the forecast period of FY 2017 through FY 2024. The following provides an overview of the primary findings and conclusions contained in the Report.

Role of the Airport
The Airport serves two distinct roles for passenger air transportation: origin-destination (O&D), for passengers beginning or ending their trip at the Airport, and a major domestic connecting hub for the western U.S. Based on data for calendar year (CY) 2015, the Airport was classified by the Federal Aviation Administration (FAA) as a Large Hub facility based upon its share of nationwide enplaned passengers.[3] Based on data from the FAA, approximately 10.6 million enplaned passengers boarded aircraft at the Airport in CY 2015, ranking the Airport 25th in the U.S. The Airport has a diverse, stable base of air carriers. All of the network airlines along with two low-cost carriers (LCCs) are Signatory Airlines at the Airport.[4] The Airport serves a large O&D market. Per the U.S. Department of Transportation in FY 2016, an estimated 54% of the Airport's enplaned passengers were O&D.[5] The Airport is also a major connecting hub airport for Delta Air Lines, Inc. (Delta). Delta accounted for approximately 70.2% of enplaned passengers at the Airport in FY 2016 consisting of both O&D and connecting passengers.

Economic Base for Air Traffic
The Airport is the primary commercial air service facility serving the Salt Lake City metropolitan area and the surrounding region, and is located far from other comparable airports. The geographical region that serves as an airport's primary air service catchment area can be referred to as its "air service area." For the purposes of this Report, the Airport's Air Service Area is defined as the Salt Lake City-Provo-Orem Combined Statistical Area (CSA), which includes the following 10 counties in Utah: Box Elder, Davis, Juab, Morgan, Salt Lake City, Summit, Tooele, Utah, Wasatch, and Weber. The Salt Lake City-Provo-Orem CSA is the 23rd most populated CSA

[3] The FAA classifies Large Hub airports as those serving over 1.0% of annual U.S. passenger boardings.
[4] For the purposes of this Report, Southwest Airlines is considered a network airline.
[5] US Department of Transportation, October 2016.

in the U.S., with approximately 2.5 million people, and comprises over 80% of the population for the State of Utah.

The Air Service Area's economic strength is evaluated in Chapter 1 of this Report. Population, employment, and household income are forecast to have relatively stronger growth rates in the Air Service Area as compared to the State of Utah and the overall U.S. In addition, the Air Service Area is also a major destination draw for visitors and conventions. In summary, these indicators and the analysis generally suggest the Air Service Area will continue to generate demand for air travel services during the forecast period.

Air Service and Air Traffic Analysis

Between FY 2004 and FY 2016, total enplaned passengers at the Airport increased from approximately 9.1 million to approximately 11.3 million, an overall compound annual growth rate (CAGR) of approximately 1.8% for this period, while O&D passengers increased from 4.7 million to 6.1 million (2.3% CAGR) and connecting passengers increased from 4.5 million to 5.2 million (0.9% CAGR). During this 12-year period at the Airport, O&D passengers increased during 10 of those years, while connecting passengers increased in seven of those years. O&D traffic declined only during the period of the economic recession in FYs 2008 through 2010. Connecting traffic was more volatile because of Delta's strategic decisions to reduce capacity system-wide and at the Airport, primarily because of over-capacity that existed through 2010. Contributing to connecting passenger growth at the Airport in FY 2005 and FY 2006 was Delta's closure of its Dallas/Fort Worth International Airport (DFW) hub in 2004 and reallocating aircraft from DFW to its other hubs including the Airport. This had a short-term effect of increasing connecting traffic at the Airport. Over the longer-term, however, these aircraft were re-distributed throughout Delta's system, resulting in subsequent declines in connecting traffic at the Airport.

Air service at the Airport appears more profitable as demonstrated in Chapter 2 of the Report and, hence, more stable than it was during the last enplaned passenger peak experienced in the FY 2007 period. Therefore, passenger air service at the Airport, especially for Delta, is much better positioned, currently, than it was prior to the last economic recession.

The Airport is an integral component in Delta's overall route network serving as a major connecting hub in the western U.S. The following factors, as analyzed in Chapter 2, further describe the Airport's importance to Delta's network.

- Over the past several years, Delta has right-sized its hubbing operation to be comparable with its other connecting hubs.

- The Airport's geographic location within the center of the western U.S. makes it an efficient transfer point for connecting traffic. The Airport is a primary access point for many smaller U.S. mountain west markets. Also, there are limited other options for an alternative hub within the U.S. mountain west.

- Delta appears to generate a level of profitability at the Airport consistent with its overall system average, which is an important factor for a hub. Also, key airline revenue indicators appear strong and have improved for Delta at the Airport over the last several years.

Trillion Aviation prepared the aviation activity forecasts included in this Report. The underlying economic conditions of the Air Service Area are expected to be the primary driver for O&D passenger demand at the Airport. The future growth of the Airport's connecting traffic component is primarily based on business decisions by Delta. Connecting traffic forecasts in the Report are based on assumptions and discussion with Delta staff. After recent enplaned passenger growth that has been well above historical economic growth, enplaned passenger growth is expected to increase more in-line with longer-term economic and demographic trends. This forecast has been prepared for financial feasibility purposes and is generally considered conservative in nature, especially as it relates to recent growth, to account for year-to-year variability. In addition, several other assumptions are also incorporated into the long-term forecast including the following:

- The airlines will continue to add capacity that is in line with demand and gross domestic product (GDP) growth.

- The Airport will continue its role as a Delta hub.

- The other network airlines currently serving the Airport (i.e., Southwest Airlines, American Airlines, and United Airlines) will continue to provide air service to support local demand primarily through their hub airports, key focus cities, and larger O&D markets.

- Delta will continue to provide trans-oceanic service to European markets. Other international service will be provided as demand dictates, including service to markets in Canada and Mexico.

- Low cost carrier service will continue to operate at the Airport to serve the demand for such services.

- Long-term nationwide growth in air travel will occur over the forecast period.

- Aviation fuel prices are anticipated to be higher relative to historical levels, but lower than the record prices reached in mid-2008.

- There will be no major disruption of airline service or airline travel behavior as a result of domestic or international terrorist acts or threats.

Table 1 below presents historical annual enplaned passengers for FY 2009 through FY 2016 and forecast annual enplaned passenger levels for the Airport for the period of FY 2017 through FY 2024. To identify recent traffic trends, the table also presents enplaned passengers at the Airport for the first five months of FY 2016 (July 2015 through November 2015) and the same five-month period for FY 2017 (July 2016 through November 2016). As shown, enplaned passengers for this period in FY 2017 have increased by 4.9% as compared to the same period in FY 2016. It should be noted that the forecast of enplaned passengers was developed near the beginning of FY 2017, and if current passenger trends continue through the remainder of the FY, enplaned passengers for FY 2017 are likely to be higher than forecast.

Table 1

ENPLANED PASSENGER FORECAST

Fiscal Year	Total Enplaned Passengers	% Change
Historical		
2009	9,994,429	
2010	10,258,950	2.6%
2011	10,429,397	1.7%
2012	10,125,086	-2.9%
2013	10,044,069	-0.8%
2014	10,294,694	2.5%
2015	10,833,708	5.2%
2016	11,293 ,011	4.2%
2016 (July - Nov.)	4,758,253	
2017 (July - Nov.)	4,992,875	4.9%
Forecast		
2017	11,567,000	2.4%
2018	11,761,000	1.7%
2019	11,916,000	1.3%
2020	12,055,000	1.2%
2021	12,189,000	1.1%
2022	12,318,000	1.1%
2023	12,448,000	1.1%
2024	12,579,000	1.1%
CAGR [1]		
2009-2016	1.8%	
2016-2024	1.4%	
2017-2024	1.2%	

[1] CAGR = Compound annual growth rate

Source: Airport records (historical); Trillion Aviation (forecast)

Capital Improvement Program

For purposes of this Report, the Airport System's current capital program is organized into the following three categories, each of which is discussed in the sections that follow in this chapter of the Report:

- **The Terminal Redevelopment Program.** The TRP is the major capital program that completely replaces and restructures the Airport's landside, terminal, and airside concourse facilities over the next several years. Elements of the TRP are described in

Chapter 3 of this Report. The TRP is to be funded, in part, with proceeds from the Series 2017 Bonds. The capital and operating costs associated with the TRP have been included in the financial analysis and are further described in Chapter 4.

- **The North Concourse Program.** The NCP includes the development of a midfield airside concourse to the north of the new airside concourse to be developed as part of the TRP, i.e., the proposed South Concourse. Elements of the NCP are described in Chapter 3 of this Report. The NCP is to be funded, in part, with proceeds from the Series 2017 Bonds. The capital and operating costs associated with the NCP have been included in the financial analysis and are further described in Chapter 4.
- **Other Capital Projects.** These projects are in addition to the elements of the TRP or NCP projects and are the other Airport System capital projects that are currently anticipated by the Department to be undertaken over the forecast period from FY 2017 through FY 2024. Such projects are referred to in this Report as the Other Capital Projects. The estimated capital funding and operating costs, if any, and estimated revenue impacts, if any, associated with the Other Capital Projects have also been included as part of the financial analysis in this Report.

The TRP and NCP are estimated to cost approximately $2.9 billion, including design, engineering, construction, escalation for inflation, and contingency amounts, but excluding financing costs. Sources of funding for the TRP and NCP are presented in Exhibit A of this Report. Approximately $248 million of project costs have already been incurred through June 30, 2016. The Series 2017 Bonds will fund a portion of the TRP and the NCP.

Other Capital Projects currently anticipated by the Department to be undertaken and/or completed during the forecast period are also shown in Exhibit A. Preliminary cost estimates for the Other Capital Projects total approximately $225 million. It should be noted that certain capital projects included in Other Capital Projects could potentially be deferred or not otherwise undertaken by the Department during the forecast period depending on circumstances such as aviation demand levels, availability of project funding, etc.

Financial Analysis

Trillion Aviation evaluated the ability of the Airport System to generate Net Revenues sufficient to meet the funding requirements and obligations established by the Master Indenture during the forecast period of FY 2017 through FY 2024. Per our analyses, the Department is forecast to produce sufficient Net Revenues, which, together with Transfers from the Rolling Coverage Account, will at least equal 125% of debt service on forecast future additional Bonds, including the Series 2017 Bonds.

The Department is forecast to meet its requirements and obligations established by the Master Indenture and maintain reasonable levels of airline cost per enplaned passenger (CPE). **Table 2** below presents forecast debt service coverage ratios and airline CPE.

Table 2

DEBT SERVICE COVERAGE FORECAST AND PASSENGER AIRLINE CPE FORECASTS

Fiscal Year	Debt Service Coverage Ratio	Airline CPE
2017	n/a	$3.68
2018	n/a	$4.17
2019	n/a	$4.30
2020	121.69	$4.27
2021	2.56	$6.25
2022	1.88	$7.09
2023	1.71	$8.69
2024	1.56	$9.58

Trillion Aviation prepared the aviation activity and financial forecasts included in this Report along with underlying assumptions. In preparing our findings and conclusions, Trillion Aviation has relied upon the accuracy and completeness of financial and other data provided to it by the referenced sources, without independent verification; however, Trillion Aviation has no reason to believe such data are materially incorrect.

The techniques and methodologies used in preparing this Report are consistent with industry practices for similar studies in connection with airport revenue bond sales. Although Trillion Aviation believes that the approach and assumptions used are reasonable and provide an appropriate basis for the financial forecasts, any forecast is subject to uncertainties. Inevitably, some assumptions used to derive the forecast contained herein will not be realized, and unforeseeable events may occur. The actual financial results achieved will vary from those forecast, and such variations could be material. We have no responsibility to update this Report for events and/or circumstances occurring after the date of this Report.

Trillion Aviation, in association with Airmac LLC and Partners for Economic Solutions, appreciates this opportunity to serve as the Department's Airport Consultant for this proposed financing.

Sincerely,

Trillion Av, LLC

Trillion Av, LLC

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1 Role of the Airport and Economic Base for Air Traffic

This chapter introduces the Salt Lake City International Airport (Airport or SLC) and summarizes the role the Airport serves in accommodating air traffic for the nation, the region, and as a key hub in the network of Delta Air Lines, Inc. (Delta). This chapter also describes the Salt Lake City region's economic base and its ability to continue to support demand for air transportation.

1.1 Role of the Airport

The Airport is owned and operated by Salt Lake City, Utah (the City), with support and advice of the Salt Lake City Airport Board (Airport Advisory Board). The Salt Lake City Department of Airports (the Department, a department of the City) is charged with operating the Airport System defined herein. The Airport serves as the principal commercial service airport for the Salt Lake City metropolitan region, the State of Utah, and portions of Colorado, Idaho, Nevada, and Wyoming. The Airport is located on approximately 9,400 acres about five miles west of the City's downtown. The airfield at the Airport contains four runways, three of which are used for airline traffic and the fourth of which is used for general aviation. The terminal complex consists of three terminal buildings, including the international arrivals building (IAB), and five concourses providing 76 aircraft parking positions. This aircraft parking position count considers the 10 aircraft parking positions that were decommissioned because of the demolition of the southwest wing of Concourse E in June 2016. The demolition of this portion of Concourse E is an enabling project for the Terminal Redevelopment Program (TRP) to be described below. The Airport also contains a four-level parking structure for short-term parking along with surface parking for longer-term parking and employees. The Department currently is undertaking the TRP and North Concourse Program (NCP - to be described herein) to completely replace and rebuild the Airport's terminal complex and landside facilities. The TRP is a multi-phased program scheduled to be completed over the next several years. The terminal complex and landside facilities described above are all planned to be replaced and demolished as part of the TRP and NCP. Additionally, the Department also is undertaking the development of the NCP, a new midfield airside concourse to the north of the new concourse to be developed simultaneously with the TRP. More information on Airport facilities, the TRP, and the NCP is contained in Chapter 3 of this Report.

1.1.1 National Role

The Airport is classified by the Federal Aviation Administration (FAA) as a Large Hub facility based upon its share of nationwide enplaned passengers.[6] Based on data from the FAA, approximately 10.6 million enplaned passengers boarded aircraft at the Airport in calendar year (CY) 2015 ranking it as the 25th busiest in the U.S. This was an increase of approximately 4.9% as compared to FAA data for CY 2014. This FAA data is presented on a CY basis and is the source used for determining an airport's hub size. **Table 1-1** below presents rankings of U.S. Large Hub airports in terms of total enplaned passengers per the FAA based on data for CY 2015 as of September 26, 2016, the latest data available.

[6] The FAA classifies Large Hub airports as those serving at least 1.0% of annual U.S. passenger boardings.

Table 1-1

U.S. AIRPORT ENPLANED PASSENGER RANKINGS (LARGE HUBS) –CY 2015

Rank	City	Airport	Code	Enplaned Passengers
1	Atlanta	Hartsfield - Jackson Atlanta International	ATL	49,340,732
2	Los Angeles	Los Angeles International	LAX	36,351,272
3	Chicago	Chicago O'Hare International	ORD	36,305,668
4	Fort Worth	Dallas-Fort Worth International	DFW	31,589,839
5	New York	John F Kennedy International	JFK	27,782,369
6	Denver	Denver International	DEN	26,280,043
7	San Francisco	San Francisco International	SFO	24,190,560
8	Charlotte	Charlotte/Douglas International	CLT	21,913,166
9	Las Vegas	McCarran International	LAS	21,857,693
10	Phoenix	Phoenix Sky Harbor International	PHX	21,351,504
11	Miami	Miami International	MIA	20,986,349
12	Houston	George Bush Intercontinental/Houston	IAH	20,595,881
13	Seattle	Seattle-Tacoma International	SEA	20,148,980
14	Orlando	Orlando International	MCO	18,759,938
15	Newark	Newark Liberty International	EWR	18,684,818
16	Minneapolis	Minneapolis-St Paul International/Wold-Chamberlain	MSP	17,634,273
17	Boston	General Edward Lawrence Logan International	BOS	16,290,362
18	Detroit	Detroit Metropolitan Wayne County	DTW	16,255,520
19	Philadelphia	Philadelphia International	PHL	15,101,349
20	New York	Laguardia	LGA	14,319,924
21	Fort Lauderdale	Fort Lauderdale/Hollywood International	FLL	13,061,632
22	Glen Burnie	Baltimore/Washington International Thurgood Marshall	BWI	11,738,845
23	Arlington	Ronald Reagan Washington National	DCA	11,242,375
24	Chicago	Chicago Midway International	MDW	10,830,850
25	**Salt Lake City**	**Salt Lake City International**	**SLC**	**10,634,538**
26	Dulles	Washington Dulles International	IAD	10,363,974
27	San Diego	San Diego International	SAN	9,985,763
28	Honolulu	Honolulu International	HNL	9,479,094
29	Tampa	Tampa International	TPA	9,150,458
30	Portland	Portland International	PDX	8,340,234

Source: Federal Aviation Administration, Air Carrier Activity Information for CY 2015 (accessed September 2016)

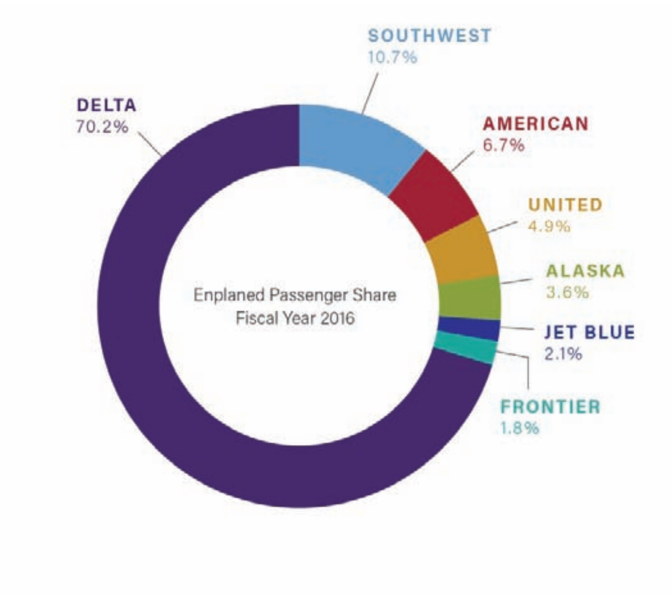
Compiled by Trillion Aviation

All of the network airlines and two low-cost carriers (LCCs) operate at the Airport and are Signatory Airlines.[7] The Airport is also a major hub airport for Delta. Delta's enplaned passenger market share, including its regional partners, comprised approximately 70.2% of enplaned passengers at the Airport in Fiscal Year (FY)[8] 2016. **Figure 1-1** on the next page presents the Airport's enplaned passenger market share for FY 2016.[9]

[7] For the purposes of this Report, Southwest Airlines is considered a network airline.
[8] The Department's Fiscal Year is the 12-month period ending June 30.
[9] Source: Salt Lake City Department of Airports management records, August 2016

Figure 1-1

ENPLANED PASSENGER MARKET SHARE AT SLC (FY 2016)



Note: Regional affiliates, as applicable, have been included with their appropriate network partner.
Source: Airport records, August 2016

The Airport also supports air cargo operations. Approximately 162,000 metric tonnes of freight and mail were loaded and unloaded on and off aircraft in CY 2015 based on data from Airports Council International-North America (ACI-NA),[10] ranking the Airport as the 30th busiest cargo airport in the U.S per ACI-NA data for this period. Also in CY 2015, ACI-NA data indicates the Airport had over 325,000 aircraft movements or operations in CY 2015. As such, it ranked 23rd in the U.S.

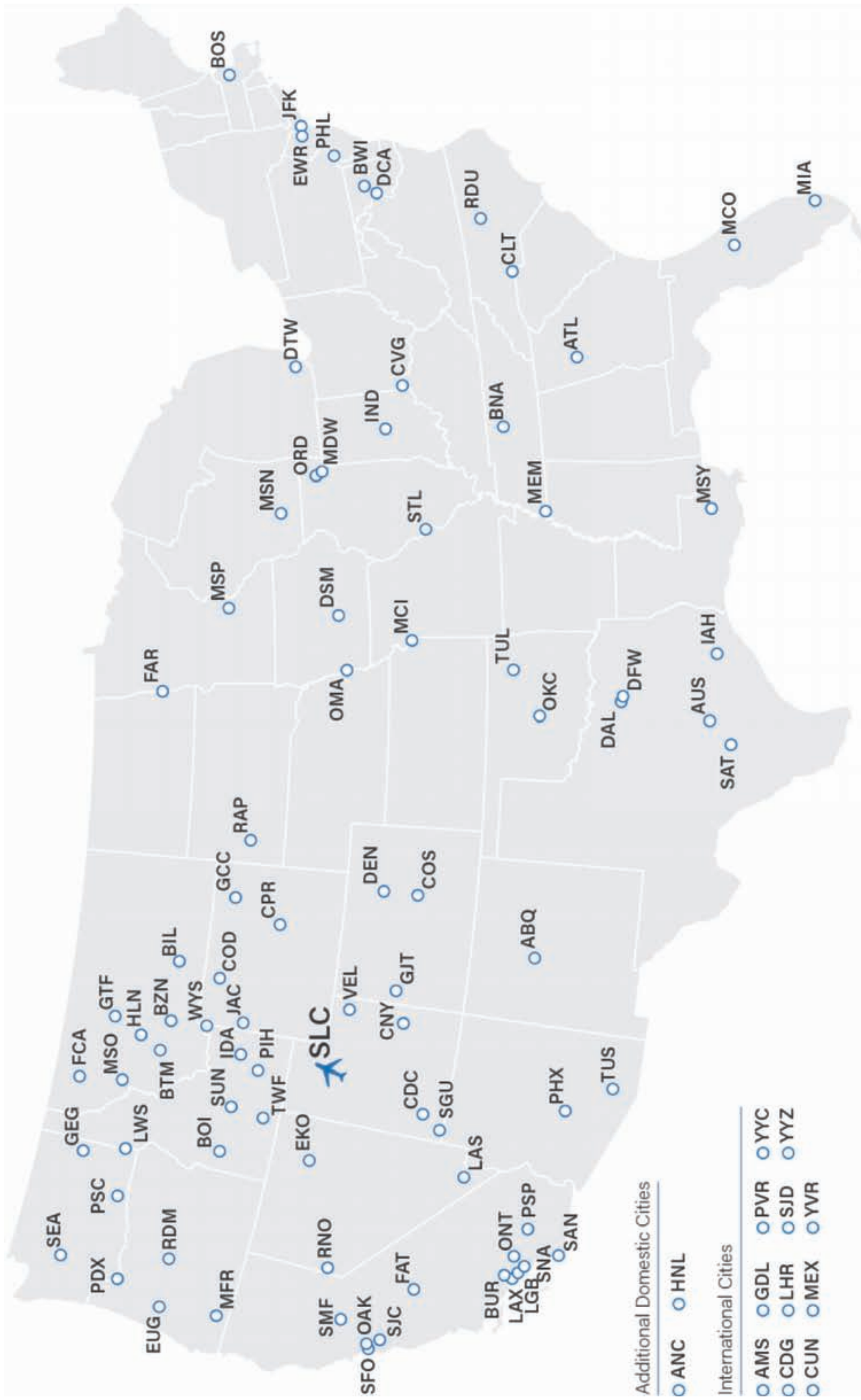
The Airport predominantly serves domestic traffic, which comprised approximately 97.3% of the Airport's enplaned passenger traffic in FY 2016; therefore, international traffic is a relatively small component at approximately 2.7%. The Airport has seasonal nonstop service to Amsterdam's Schiphol Airport (AMS), and year-round service to Paris' Charles de Gaulle Airport (CDG). Additionally, Delta initiated seasonal non-stop service to London Heathrow Airport (LHR) in April 2016. Other international nonstop service is provided to cities in Canada and Mexico.

Overall, the Airport had nonstop service to 97 airports during FY 2016. A map illustrating the Airport's nonstop service for FY 2016 is presented on **Figure 1-2** on the next page.

[10] Airports Council International-North America, http://www.aci-na.org/content/airport-traffic-reports (accessed June 2016)

Figure 1-2

NONSTOP SERVICE AT SLC (FY 2016)



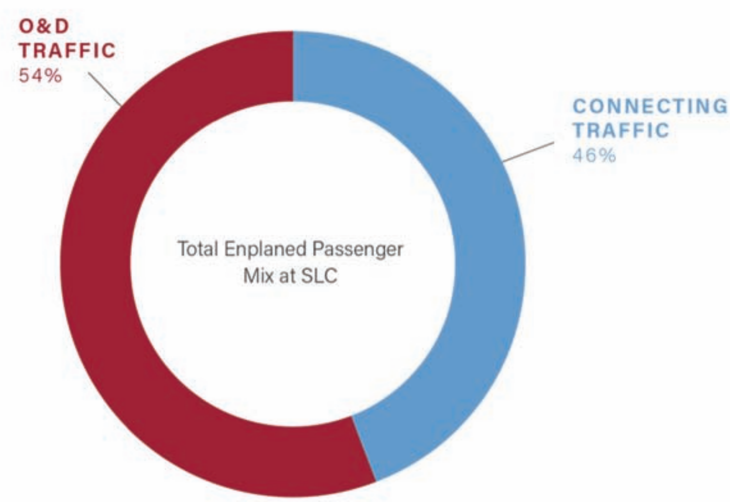
Source: Innovata (via Diio) for FY 2016

1.1.2 Regional Role

The Airport serves as the primary commercial service airport for the Salt Lake City metropolitan area and surrounding region. Historically, total O&D passenger traffic at the Airport has ranged from 49% to 54% of total passengers, and has been increasing in recent years. Per U.S. Department of Transportation (USDOT) data for FY 2016, O&D enplaned passengers at the Airport represented approximately 54% of total enplaned passengers.[11] **Figure 1-3** below illustrates this overall mix in traffic for FY 2016. Since the end of the recession in 2009, the Airport's O&D passenger volume has increased by approximately 19.2%.

Figure 1-3

TOTAL ENPLANED PASSSENGER MIX AT SLC (FY 2016)



Source: U.S. Department of Transportation (via Diio), accessed October 2016
Compiled by Trillion Aviation

The geographical region that serves as an airport's primary air service catchment area can be referred to as its air service area. For the purposes of this Report, the Airport's primary Air Service Area is defined as the Salt Lake City-Provo-Orem Combined Statistical Area (CSA), which includes the following 10 counties in Utah: Box Elder, Davis, Juab, Morgan, Salt Lake City, Summit, Tooele, Utah, Wasatch, and Weber. The Salt Lake City-Provo-Orem CSA is the 23rd most populated CSA in the U.S., with approximately 2.5 million people and over 80% of the population of the State of Utah. In many cases, an air service area can extend beyond the primary area depending on the location of other population centers and availability of other commercial service airports; however, it is generally the economic strength of the primary air service area that provides the principal demand for supporting O&D air travel. In the case of the Airport, its secondary air service area generally consists of the remainder of the State of Utah

[11] It is important to note that data used to estimate an airport's share of O&D passengers is from the USDOT. These data are a random 10% sample of tickets either ticketed by a U.S. carrier or where a U.S. carrier operated at least one flight in the ticket's itinerary. Therefore, the calculation of the Airport's share of O&D passengers is an estimate based on this data, which is generally accepted in the industry as the best publicly available data source for such purposes.

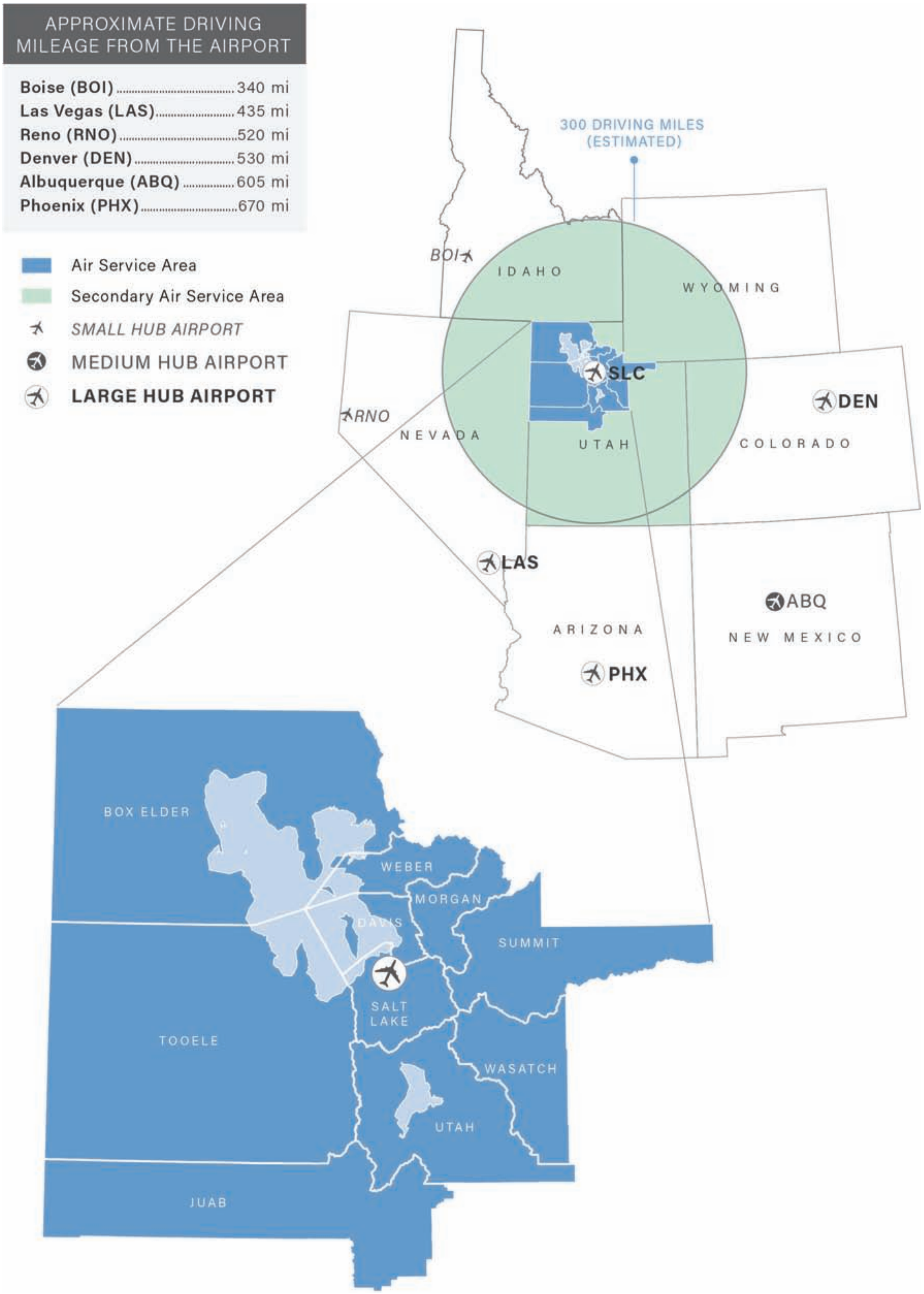
and portions of Colorado, Idaho, Nevada, and Wyoming within about 300 driving miles from the Airport.

The Air Service Area is largely isolated from competing airport facilities and, hence, the Airport has limited, if any, competition for air service. Las Vegas McCarran International Airport (LAS) is the closest Large Hub airport, and is over 400 (driving) miles from the Airport. Denver International Airport (DEN), the next closest Large Hub, is over 500 driving miles from the Airport. Boise Airport in Idaho is over 300 driving miles from the Airport; however, it is a much smaller facility and classified as a Small Hub by the FAA.[12] **Figure 1-4** on the next page illustrates the Air Service Area and other commercial service airports in the general vicinity. There are no other facilities comparable to the Airport within the State of Utah.

[12] The FAA classifies Small Hub airports as those serving at least 0.05% but less than 0.25% of annual U.S. passenger boardings.

Figure 1-4

AIR SERVICE AREA AND PROXIMITY TO OTHER AIRPORTS



1.1.3 Role as a Hub for Delta

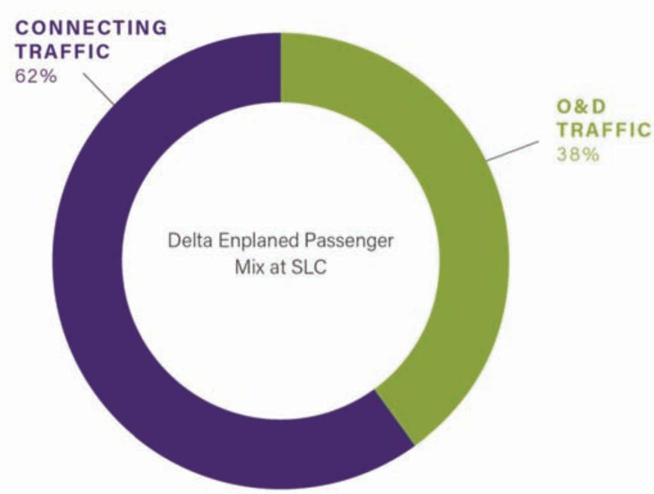
Delta is the Airport's largest carrier, and operates the Airport as a hub. Delta connects cities from across the U.S. via the Airport, while also serving markets in Europe (as described above), Mexico (Los Cabos, Puerto Vallarta, Guadalajara, Mexico City and Cancun), Canada, Hawaii (Honolulu) and Alaska (Anchorage).

The Airport's centrally located geographic position within the western U.S., its relative profitability for Delta, and its low airline cost structure position it as a critical component within Delta's network. These aspects will be analyzed and discussed in more detail in Chapters 2 and 4 of this Report.

In FY 2016, as reported to the USDOT, approximately 38% of Delta's passengers at the Airport were considered origin-destination (O&D) passengers that either started their trip or ended it at the Airport. The remaining 62% of passengers on Delta were connecting passengers that traveled through the Airport on their way to their final destination. **Figure 1-5** below illustrates Delta's mix of connecting versus O&D passengers at the Airport. The vast majority of connecting traffic at the Airport is operated on Delta. In terms of O&D passenger market share, Delta accounts for approximately 49% of this traffic at the Airport. Delta's air service at the Airport is described in more detail in Chapter 2 of this Report.

Figure 1-5

DELTA ENPLANED PASSSENGER MIX AT SLC (FY 2016)



Source: U.S. Department of Transportation (via Diio), accessed October 2016
Compiled by Trillion Aviation

1.2 Economic Base for Air Traffic

Air travel demand for O&D traffic is largely correlated with a region's demographic and economic characteristics. The economic strength of the Air Service Area has a major impact on the aviation activity at the Airport since approximately 54% of the Airport's passenger traffic is O&D and its share and amount have grown in recent years. The next sections review current economic trends and conditions in the Airport's Air Service Area and present data indicative of the Air Service Area's capability to generate growing demand for air transportation throughout the forecast period.

1.2.1 Socio-Economic Trends

Data for population, age distribution, educational attainment, income, and gross regional product for the Air Service Area are discussed below and are presented in Tables 1-2 through 1-13. Parallel data for Utah and the United States also are shown to provide a basis of comparison to trends in the Air Service Area. Where available, historical data will be presented for the 2005-2015 period, which is representative of a longer-term trend and the most recent 10 years of historical data available. Also, where available, forecast data will be presented through 2024 to be consistent with air traffic and financial forecasts presented later in this Report.

Historical and Forecast Population

Population is a significant source of demand for air travel. **Table 1-2** includes 2005 and 2015 population data and provides population trends in the Air Service Area, Utah, and the U.S. during this period. Data forecasts for 2024 are also included. Data in Table 1-2 show that between 2005 and 2015, the population in the Air Service Area increased by 21.5% from 2,022,816 to 2,456,871. During the same period, Utah's population increased by 21.4% and the U.S. population increased by 8.8%.

Table 1-2

HISTORICAL AND FORECAST POPULATION (2005-2024)

Area	Historical Population 2005	Historical Population 2015	Forecast Population 2024	Percent Change 2005-15	CAGR[1/] 2005-2015	CAGR[1/] 2015-2024
Air Service Area	**2,022,816**	**2,456,871**	**2,792,210**	**21.5%**	**2.0%**	**1.4 %**
Utah	2,457,719	2,984,475	3,408,816	21.4%	2.0%	1.5 %
United States	295,516,599	321,545,081	349,344,346	8.8%	0.8%	0.9%

Note:
1/ Compound annual growth rate.
Source: Woods & Poole Economics, Inc., Market Profiles for MSAs, state, and U.S., June 2016
Compiled by Partners for Economic Solutions, July 2016

The Air Service Area added approximately 434,000 to its population between 2005 and 2015, or approximately 43,000 per year. The Air Service Area's population between 2005 and 2015 increased at a compound annual growth rate (CAGR) of 2.0%—equal to that of Utah's population and substantially greater than that of the U.S. (0.8%). In 2015, the Air Service Area accounted for approximately 82% of Utah's population.

Population growth data are based on estimates of the Air Service Area's birth rate, death rate, and net in-migration. The forecast population increase in the Air Service Area for the period 2015 to 2024 reflects a CAGR of 1.4% and is lower than the forecast CAGR for Utah (1.6%) and higher than the U.S. rate during the same period (0.9%). The increase in new residents in the Air Service Area, approximately 335,000 between 2015 and 2024, is expected to generate additional demand for air service at the Airport.

Age Distribution

Table 1-3 includes 2015 age data for the Air Service Area, Utah, and the U.S. The median age in the Air Service Area is 30.4 years, compared with 30.6 years in Utah and 37.8 years in the U.S. overall. Demand for air travel varies by age group. According to Consumer Expenditure Survey data from the U.S. Bureau of Labor Statistics, persons between the ages of 35 and 54 account for 42% of expenditures on airline fares.[13]

Table 1-3 shows that in 2015, residents in the Air Service Area aged 35 to 54 made up 24.2% of the population, compared with 26.0% in the U.S. Although it currently has a lower percentage of 35 to 54 year-olds compared with the U.S., as the Air Service Area's younger population segments age, they are expected to provide a growing source of demand for air travel service.

Table 1-3

AGE DISTRIBUTION (2015)

	Air Service Area	Utah	United States
Total Population	2,456,871	2,984,475	321,545,081
Age Range			
19 and under	33.9%	33.7%	25.6%
20 to 24 years	8.0%	8.1%	7.1%
25 to 34 years	15.2%	14.8%	13.7%
35 to 44 years	13.7%	13.3%	12.6%
45 to 54 years	10.5%	10.3%	13.4%
55 to 64	9.3%	9.5%	12.7%
65 and above	9.4%	10.3%	14.9%
Total	100.0%	100.0%	100.0%
Median Age	30.4 years	30.6 years	37.8 years

Source: Woods & Poole Economics, Inc., Market Profiles for MSA, states, and U.S., June 2016
Compiled by Partners for Economic Solutions, July 2016

[13] *Who's Buying for Travel*, 11th Edition, 20154, New Strategist Publications. Data in *Who's Buying for Travel* are based on the U.S. Bureau of Labor Statistics' Consumer Expenditure Survey, a nationwide survey of household spending.

Educational Attainment

Table 1-4 includes 2015 educational attainment data for the Air Service Area, Utah, and the U.S. The Air Service Area is home to a substantial number of educated adults. According to data shown in Table 1-4, more than 610,000 people, or more than 42% of the Air Service Area's population over the age of 25, have a post-secondary degree (associate, bachelor's, or graduate). This percentage is higher than that of both Utah and the U.S. where, respectively, 41.6% and 38.2% of the population over the age of 25 have a post-secondary degree.

According to Consumer Expenditure Survey data from the U.S. Bureau of Labor Statistics, persons with a college degree generate a high percentage of expenditures on air travel. Data indicate that 77% of airline fares are purchased by college graduates, while 17% of airline fares are purchased by consumers who have had some college or have earned an associate degree. Six percent of airline fares are purchased by consumers who never attended college.[14]

In addition to having a highly educated population, the Air Service Area is also home to more than 30 universities, colleges, and technical institutions such as the University of Utah, Brigham Young University, Utah State University, Weber State University, Utah Valley University, Utah College of Applied Technology, Salt Lake Community College, and others. Educational institutions in the Air Service Area have a total enrollment of approximately 106,000 students and generate demand for air travel through academic conferences, visiting professorships, study abroad programs, mission service in The Church of Jesus Christ of Latter-Day Saints, and individual student and faculty travel.[15]

Table 1-4

EDUCATIONAL ATTAINMENT (2015)

	Air Service Area	Utah	United States
Population 25 years and over	1,426,605	1,735,719	216,557,125
Less than 9th Grade	2.8%	2.8%	5.7%
9th - 12th Grade, No Diploma	5.1%	5.2%	7.5%
High School Graduate	18.8%	19.5%	23.6%
GED/Alternative Credential	2.9%	2.9%	4.1%
Some College, No Degree	27.6%	27.9%	21.0%
Post-Secondary Degree	42.8%	41.6%	38.2%
Associate Degree	*9.6%*	*9.5%*	*8.2%*
Bachelor's Degree	*22.1%*	*21.3%*	*18.6%*
Master's Degree or Doctorate	*11.1%*	*10.8%*	*11.4%*
Total	100.0%	100.0%	100.0%

Source: Woods & Poole Economics, Inc., Market Profiles for MSA, state, and U.S., June 2016

Compiled by Partners for Economic Solutions, July 2016

[14] *Who's Buying for Travel*, 11th Edition, 2015, New Strategist Publications.

[15] Enrollment data from institution web sites of 30 universities, colleges, and technical institutions in the Air Service Area, July 2016.

Household Income

Table 1-5 includes actual 2015 and forecast 2020 median household income data for the Air Service Area, Utah, and the U.S. The Air Service Area's estimated 2015 median household income was higher than that of both Utah and the U.S. Table 1-5 shows that in 2015, the Air Service Area's median household income of $62,893 was 5.0% above Utah's ($59,885) and 18.2% higher than that of the U.S. ($53,217). Forecasts for 2020 show that this trend is expected to continue as the Air Service Area is expected to reach a median household income level of $75,065, compared with $70,471 in Utah and $60,683 in the U.S.

The percentage of higher income households, defined as those earning $100,000 or more annually, within the Air Service Area is another key indicator of potential demand for air travel services. In 2015, approximately 184,500 Air Service Area households had an income of $100,000 or more. This is equal to approximately 24% of all Air Service Area households. According to Consumer Expenditure Survey data from the U.S. Bureau of Labor Statistics, 54% of airline fare expenditures are made by households with annual income of $100,000 or more.[16] Data in **Table 1-6** show that between 2015 and 2020, the Air Service Area will gain an additional 65,600 households with annual income greater than $100,000.

Table 1-5

MEDIAN HOUSEHOLD INCOME AND INCOME DISTRIBUTION (2015-2020)

	Air Service Area	Utah	United States
2015 Median Household Income	$62,893	$59,885	$53,217
2020 Median Household Income	$75,065	$70,471	$60,683
	Household Income Distribution (Percent)		
2015 Household Income	**Air Service Area**	**Utah**	**United States**
Less than $24,999	15.6%	16.9%	23.1%
$25,000 to $49,999	21.7%	22.9%	23.8%
$50,000 - $74,999	20.6%	20.6%	17.5%
$75,000 - $99,999	18.0%	17.5%	12.5%
$100,000 - $199,999	19.5%	18.1%	18.0%
$200,000 or more	4.6%	4.1%	5.1%
Total	**100.0%**	**100.0%**	**100.0%**
2020 Household Income			
Less than $24,999	12.8%	14.0%	19.5%
$25,000 to $49,999	18.2%	19.3%	21.3%
$50,000 - $74,999	18.9%	19.2%	17.6%
$75,000 - $99,999	19.8%	19.5%	14.5%
$100,000 - $199,999	25.2%	23.4%	21.3%
$200,000 or more	5.1%	4.6%	5.8%
Total	**100.0%**	**100.0%**	**100.0%**

1/ Amounts are shown in current dollars, i.e., 2015 data are shown in 2015 dollars and 2020 data are shown in 2020 dollars.
Source: Esri Market Profiles, June 2016
Compiled by Partners for Economic Solutions, July 2016

[16] *Who's Buying for Travel*, 11th Edition, 2015, New Strategist Publications.

Table 1-6
HOUSEHOLDS WITH INCOME OF $100,000 AND ABOVE (2015-2020)

	Air Service Area	Utah	United States
Total Households			
2015 estimate	766,915	941,100	120,746,349
2020 forecast	825,264	1,013,258	125,477,562
Increase in households	58,349	72,158	4,731,213
CAGR 2015-2020 1/	1.5%	1.5%	0.8%
Households with Income of $100,000 and Above 2/			
2015 estimate	184,569	208,331	27,892,407
2020 forecast	250,204	283,726	34,004,419
Increase in households with income of $100,000 and above	65,635	75,395	6,112,013
CAGR 2015-2020	6.3%	6.4%	4.0%
% of Households with Income of $100,000 and Above 2/			
2015 estimate	24.1%	22.1%	23.1%
2020 forecast	30.3%	28.0%	27.1%

Notes:
1/ Compound annual growth rate.
2/ In current dollars.
Source: Esri Market Profiles, June 2016
Compiled by Partners for Economic Solutions, July 2016

Per Capita Personal Income

Personal income is a key indicator of a region's demand for air travel and includes the sum of wages and salaries, other labor income, proprietors' income, rental income of persons, dividend income, personal interest income, and transfer payments less personal contributions for government social insurance. Per capita personal income is a measure of the relative affluence of a region's residents and, consequently, of their ability to afford air travel.

Table 1-7 shows annual per capita personal income for the Air Service Area, Utah, and the U.S. From 2005 and 2015, per capita personal income in the Air Service Area was higher than that of Utah by an average of 4% and was below that of the U.S. by an average of 14%. The disparity with the U.S. level of per capita personal income is attributable in part to the Air Service Area's age distribution. Approximately 34% of the Air Service Area's population in 2015 was 19 years and under, compared with approximately 26% in the U.S. (see age distribution data in Table 1-3). Members of this age cohort (19 years and under) are likely to be school-age children, or are not full-time workers, or hold entry-level jobs, and thereby create a downward bias to per capita personal income data for the Air Service Area.

Between 2005 and 2015, per capita personal income for the Air Service Area increased at a CAGR of 0.9%, equal to the CAGR for Utah and slightly below the CAGR of 1.0% for the U.S. during the same period.

Forecasts for 2024 in Table 1-7 show that per capita income in the Air Service Area is forecast to increase from $39,893 in 2015 to $44,722 in 2024. This increase represents a CAGR of 1.3% for the Air Service Area and is equal to the CAGR for Utah and below that of the U.S. (1.5%) between 2015 and 2024.

Table 1-7

HISTORICAL AND FORECAST PER CAPITA PERSONAL INCOME (2005-2024)

	Per Capita Personal Income (in 2015 dollars)		
Year	**Air Service Area**	**Utah**	**U.S.**
2005	$36,407	$34,867	$42,584
2006	$38,431	$36,716	$44,061
2007	$39,668	$37,912	$44,875
2008	$39,319	$37,740	$44,924
2009	$36,930	$35,484	$43,087
2010	$36,482	$35,108	$43,356
2011	$37,562	$36,158	$44,604
2012	$38,652	$37,116	$45,644
2013	$38,668	$37,172	$45,203
2014	$39,285	$37,775	$46,185
2015	$39,893	$38,298	$46,974
Forecast			
2024	$44,722	$43,084	$53,841
CAGR[1/]			
2005-2015	0.9%	0.9%	1.0%
2015-2024	1.3%	1.3%	1.5%

Note:

1/ Compound annual growth rate.

Source: Woods & Poole Economics, Inc., Market Profiles for MSA, state, and U.S., June 2016

Compiled by Partners for Economic Solutions, July 2016

Per Capita Gross Regional Product / Gross Domestic Product

Per capita gross domestic product (national level) and per capita gross regional product (state- and county-level) are measures of the value of all final goods and services produced within a geographic area, divided by the total population. These per capita measures are general indicators of the economic health of a geographic area and, consequently, of the area's potential demand for air transportation services.

Table 1-8 shows the per capita gross regional product for the Air Service Area and Utah, and per capita gross domestic product data for the U.S. from 2005 through 2015. Table 1-8 shows that the Air Service Area's per capita gross regional product increased from $48,122 in 2005 to $51,219 in 2015. Table 1-8 also indicates that per capita gross regional product for the Air

Service Area increased at a CAGR of 0.6% between 2005 and 2015, equal to that of Utah and the U.S. during the same period.

Forecasts for 2024 in Table 1-8 show that per capita gross regional product for the Air Service Area is forecast to increase from $51,219 in 2015 to $56,406 in 2024. This forecast increase represents a CAGR of 1.1% for the Air Service Area and is equal to the CAGR for Utah and slightly below that of the U.S. (1.3%) between 2015 and 2024.

As with per capita personal income, the Air Service Area's lower per capita gross regional product relative to the U.S. may be attributed in part to its higher percentage of population aged 19 years and under (approximately 34%) compared with the U.S. rate (approximately 26%, see age distribution data in Table 1-3). Since they are unlikely to generate goods and services at a level commensurate with other population segments, persons 19 and under create a downward bias to per capita gross regional product data for the Air Service Area.

Table 1-8

HISTORICAL AND FORECAST PER CAPITA GROSS REGIONAL AND GROSS DOMESTIC PRODUCT (2005-2024)

	Per Capita Gross Regional & Gross Domestic Product (in 2015 dollars)		
Year	**Air Service Area**	**Utah**	**U.S.**
2005	$48,122	$45,785	$52,265
2006	$50,936	$48,624	$53,353
2007	$52,819	$50,329	$53,837
2008	$49,864	$47,724	$52,598
2009	$48,051	$45,751	$51,080
2010	$48,110	$45,854	$51,709
2011	$48,660	$46,482	$51,926
2012	$48,592	$46,136	$52,659
2013	$49,403	$46,926	$53,189
2014	$50,465	$47,901	$54,548
2015	$51,219	$48,580	$55,480
Forecast			
2024	$56,406	$53,447	$62,410
CAGR[1/]			
2005-2015	0.6%	0.6%	0.6%
2015-2024	1.1%	1.1%	1.3%

Note:

1/ Compound annual growth rate.

Source: Woods & Poole Economics, Inc., Market Profiles for MSA, state, and U.S., June 2016

Compiled by Partners for Economic Solutions, July 2016

1.2.2 Labor Market Trends

Civilian labor force data, unemployment rates, and employment by industry data for the Air Service Area are discussed below and are presented in **Tables 1-9** and **1-10**. Parallel data for Utah and the U.S. are also shown to provide a basis of comparison for trends in the Air Service Area.

2005 – 2015 Labor Force and Unemployment Trends

Table 1-9 includes annual civilian labor force and unemployment data from 2005 through 2015 for the Air Service Area, Utah, and the U.S. Data in Table 1-9 show that between 2005 and 2015, the Air Service Area labor force grew at a CAGR of 1.6%—above the labor force CAGR in both Utah (1.4%), and the U.S. (0.5%). In absolute terms, the labor force in the Air Service Area increased by approximately 178,000 workers between 2005 and 2015.

The Air Service Area's annual unemployment rate was equal to or lower than Utah's in all years from 2005 through 2015. The annual unemployment rate in the Air Service Area was below that of the U.S. from 2005 through 2015. Table 1-9 shows that in November 2016, the unemployment rate in the Air Service Area was 2.4% (non-seasonally adjusted).[17] The Air Service Area's November 2016 unemployment rate was lower than the non-seasonally adjusted rate in the U.S. (4.5%) and in Utah (2.6%).[18]

Employment by Industry

Table 1-10 shows the number of jobs by major industry sector in the Air Service Area, Utah, and the U.S. in 2005 and 2015. Civilian, non-agricultural employment in the Air Service Area increased from approximately 1.2 million workers in 2005 to approximately 1.5 million workers in 2015. This increase represents a 1.9% CAGR during this period and is equal to the CAGR in Utah and is higher than that of the U.S. (0.9%).

In 2015, employment by industry in the Air Service Area had a higher percentage of jobs in manufacturing, wholesale/retail trade, finance/insurance/real estate, and government compared to the U.S. In all other sectors (construction, transportation/utilities, and services, the Air Service Area had a lower proportion of employment compared with the U.S. (see bar chart in Table 1-9).

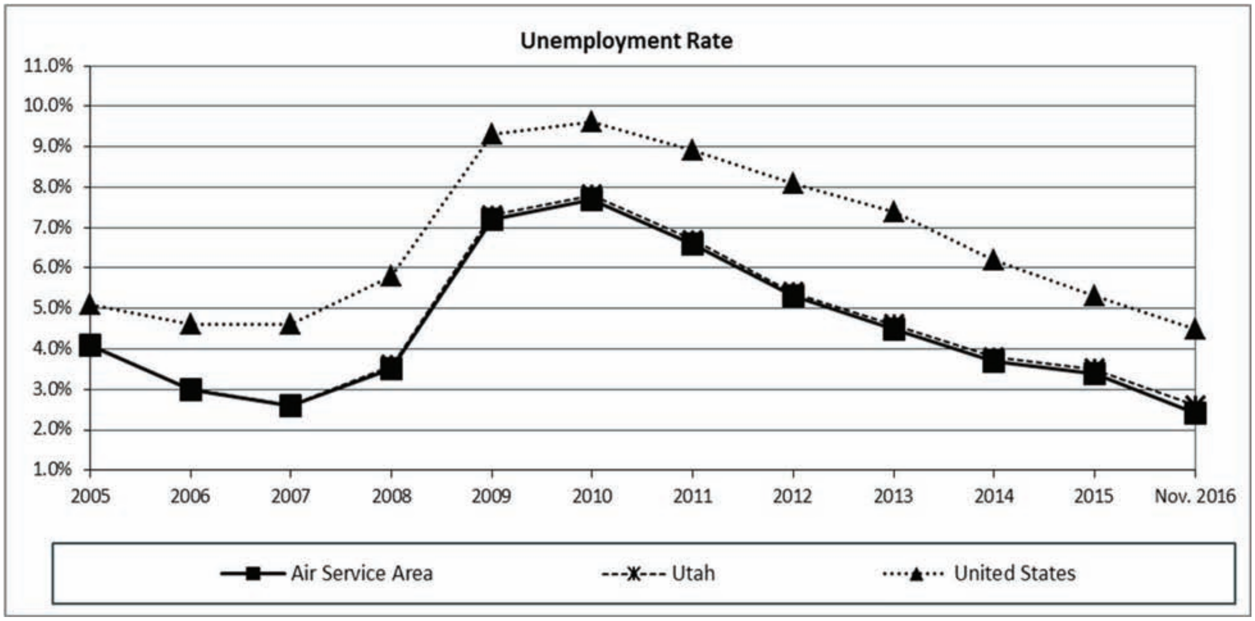
The Air Service Area's employment forecast for 2015 through 2024 reflects a CAGR of 2.0%, compared with a CAGR of 2.1% for Utah and a CAGR of 1.5% for the U.S. The forecast gain of approximately 255,000 jobs in the Air Service Area during this period is expected to generate additional demand for airline service at the Airport.

Data in Table 1-10 indicate that the Air Service Area has a diversified employment base that is expected to provide the region with significant support for increased air travel demand and with a foundation for recovery following periodic downturns in the business cycle.

[17] Monthly civilian labor force data published for the Air Service Area are not seasonally adjusted.
[18] In November 2016, the seasonally adjusted unemployment rate was 3.1% in Utah and 4.7% in the U.S.

Table 1-9

CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE (2005-November 2016)



	Civilian Labor Force				Unemployment Rate		
Year	**Air Service Area**	**Utah**	**United States**	**Year**	**Air Service Area**	**Utah**	**United States**
2005	1,052,753	1,272,445	149,320,000	2005	4.1%	4.1%	5.1%
2006	1,088,401	1,318,450	151,428,000	2006	3.0%	3.0%	4.6%
2007	1,122,171	1,359,129	153,124,000	2007	2.6%	2.6%	4.6%
2008	1,132,347	1,371,201	154,287,000	2008	3.5%	3.6%	5.8%
2009	1,126,439	1,365,850	154,142,000	2009	7.2%	7.3%	9.3%
2010	1,130,616	1,356,097	153,889,000	2010	7.7%	7.8%	9.6%
2011	1,128,428	1,350,444	153,617,000	2011	6.6%	6.7%	8.9%
2012	1,150,448	1,373,479	154,975,000	2012	5.3%	5.4%	8.1%
2013	1,183,724	1,409,366	155,389,000	2013	4.5%	4.6%	7.4%
2014	1,201,799	1,431,553	155,922,000	2014	3.7%	3.8%	6.2%
2015	1,230,931	1,464,404	157,130,000	2015	3.4%	3.5%	5.3%
Nov. 2016[1/]	1,283,525	1,518,680	158,968,000	Nov. 2016[1/]	2.4%	2.6%	4.5%
CAGR[2/]							
2005 – 2015	1.6%	1.4%	0.5%				

Notes:

1/ November 2016 data are not seasonally adjusted. In November 2016 the seasonally adjusted unemployment rate was 3.1% in Utah and 4.7% in the U.S. Seasonally adjusted civilian labor force data are not available for the Air Service Area.

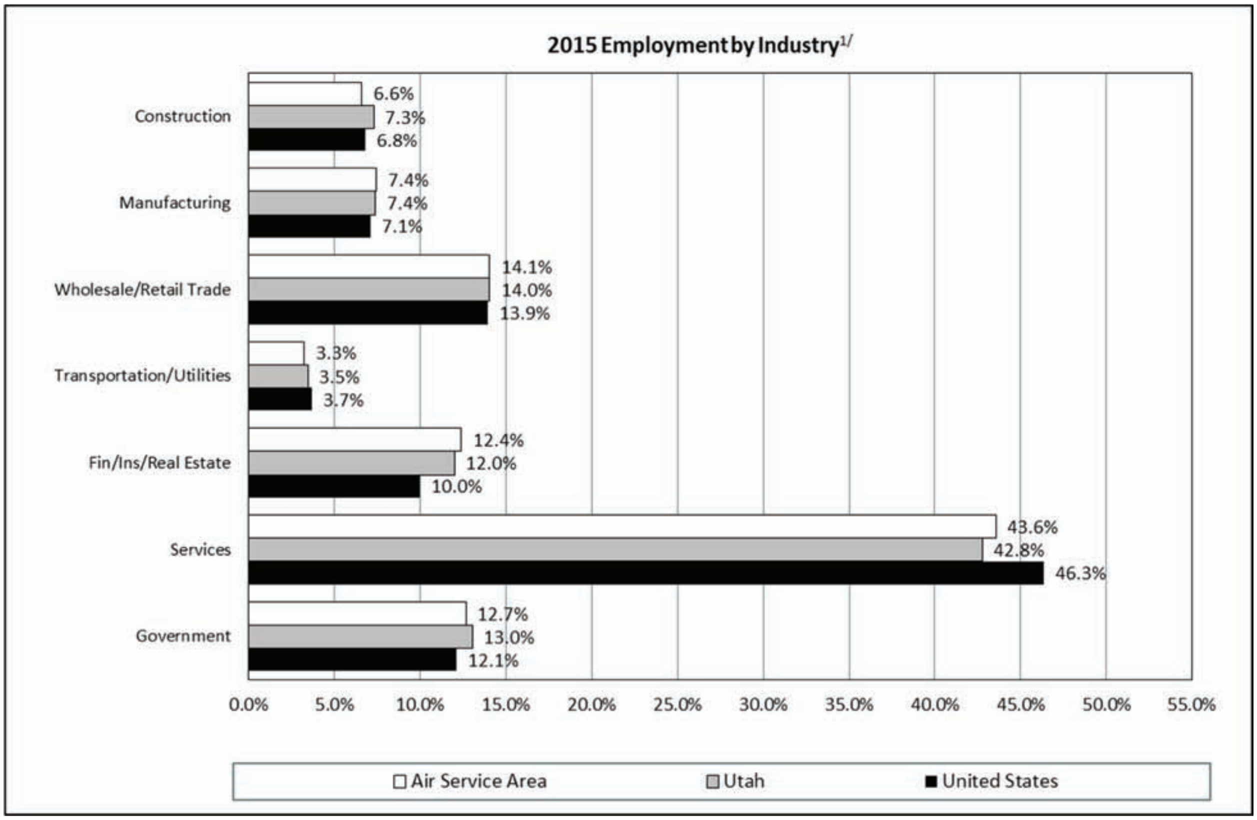
2/ Compound annual growth rate.

Source: Bureau of Labor Statistics, U.S. Department of Labor; December 2016

Compiled by Partners for Economic Solutions, January 2017

Table 1-10

HISTORICAL AND FORECAST EMPLOYMENT BY INDUSTRY (2005-2024)



	Air Service Area			Utah			United States		
Industry[1/]	**2005**	**2015**	**CAGR**[2/]	**2005**	**2015**	**CAGR**	**2005**	**2015**	**CAGR**
Construction[3/]	95,109	99,273	0.4%	124,212	130,119	0.5%	12,653,905	12,535,290	-0.1%
Manufacturing	105,725	111,768	0.6%	124,985	132,111	0.6%	14,732,912	13,101,889	-1.2%
Wholesale/Retail Trade	186,702	211,383	1.2%	220,916	250,510	1.3%	25,040,143	25,662,985	0.2%
Transportation/Utilities	44,393	48,964	1.0%	54,727	61,721	1.2%	6,185,586	6,813,164	1.0%
Fin/Ins/Real Estate	140,030	186,551	2.9%	158,822	214,319	3.0%	15,323,320	18,373,630	1.8%
Services	508,659	654,753	2.6%	592,746	762,977	2.6%	72,127,466	85,376,056	1.7%
Government	165,804	190,313	1.4%	202,607	232,589	1.4%	21,812,991	22,364,809	0.3%
Total	1,246,422	1,503,005	1.9%	1,479,015	1,784,346	1.9%	167,876,323	184,227,823	0.9%

Forecast	**Air Service Area**	**Utah**	**United States**
2024 Employment	1,758,582	2,099,059	210,105,083
CAGR 2015-2024	2.0%	2.1%	1.5%

Notes:
1/ Civilian, non-agricultural employment only.
2/ Compound annual growth rate.
3/ Includes mining and forestry employment.
Source: Woods & Poole Economics, Inc., Market Profiles for MSA, state, and U.S., June 2016
Compiled by Partners for Economic Solutions, July 2016

1.2.3 Regional Economic Profile

This section discusses the Air Service Area's business climate, major employers, tourism industry, and convention business.

Business Climate

The positive business climate in the Air Service Area is supported by the presence of diverse types of industries, including life sciences, information technology, energy, financial services, tourism, outdoor products, a favorable regulatory environment, and a young and educated workforce.[19] With Utah's low rates for corporate income tax and sales tax, business operating costs in the Air Service Area are below the national average.[20]

Incentives available to new and expanding businesses in the Air Service Area include refundable tax credits, property tax abatements, job creation grants, and matching grants for employee training.[21] In addition, the Governor's Office of Economic Development provides assistance with technology commercialization, corporate recruitment, global marketing, and export development.[22]

While many other states provide research and development (R&D) tax benefits to new companies, since 2006, Utah has offered tax incentives for both new and existing R&D facilities. In addition to helping new start-ups, this policy is beneficial to established companies with mature R&D operations. Utah also exempts R&D equipment from the state sales tax.[23]

As a result of these proactive economic development initiatives, Utah frequently is cited by publications for its business-friendly environment. In 2015, Utah was again ranked the No. 1 Best State for Business by *Forbes* magazine. *Forbes* gave Utah its No. 1 ranking five times from 2010 through 2015.[24] Utah was also ranked No. 3 among "America's Top States for Business" by CNBC in 2015 and 2014. Utah has been in the top 10 each year since CNBC began ranking states in 2007.[25] Research institutions that have recognized Utah's economic strengths include the Pew Center ("Best Managed State in the Nation"), the Milken Institute ("No. 1 in Technology

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[19] *Utah Facts*, Governor's Office of Economic Development, April 2016, www.business.utah.gov/wp-content/uploads/UtahFactsBook2016.compressed.pdf, accessed July 2016.

[20] Location Matters: The State Tax Costs of Doing Business, Tax Foundation and KPMG, August 2015, www.taxfoundation.org/location-matters/location-matters-2015.pdf, accessed July 2016.

[21] Business Building Incentives, *Utah Facts*, Governor's Office of Economic Development, April 2016, www.business.utah.gov/wp-content/uploads/UtahFactsBook2016.compressed.pdf, accessed July 2016.

[22] Governor's Office of Economic Development 2015 Annual Report & Resource Guide, November 2015, www.business.utah.gov/wp-content/uploads/Corrected-Final-20152.pdf, accessed July 2016.

[23] USTAR Utah's Technology Catalyst, http://ustar.org/about, accessed July 2016; Location Matters: The State Tax Costs of Doing Business, Tax Foundation and KPMG, August 2015, www.taxfoundation.org/location-matters/location-matters-2015.pdf, accessed July 2016; Governor's Office of Economic Development 2015 Annual Report & Resource Guide, November 2015, www.business.utah.gov/wp-content/uploads/ Corrected-Final-20152.pdf, accessed July 2016.

[24] Forbes Ranking Confirms: We are the Champions, October 26, 2015, www.business.utah.gov/news/forbes-ranking-confirms-we-are-the-champions, accessed July 2016.

[25] Highlights, *Utah Facts*, Governor's Office of Economic Development, April 2016, www.business.utah. gov/wp-content/uploads/UtahFactsBook2016.compressed.pdf, accessed July 2016.

Concentration and Dynamism"), and the Beacon Hill Institute ("No. 1 Most Competitive State for Business").[26]

Economic development officials in the Air Service Area underscore the importance of the Airport's links to destinations in the U.S. and around the world. Because access to domestic and international markets is a major factor in the site selection process, the Airport plays a significant role in attracting new businesses and the expansion of existing enterprises in the Air Service Area.[27]

Major Employers

Fortune magazine publishes a yearly list of the top 1,000 publicly traded companies in the U.S., ranked by annual revenue. **Table 1-11** shows four Fortune 1000 corporations are headquartered in Utah: Huntsman (ranked 259th); SkyWest (711th); [28] Nu Skin Enterprises (845th); and Zions Bancorporation (907th). The four Fortune 1000 companies headquartered in Utah have combined annual revenue of approximately $19.8 billion. In addition to these Fortune 500 firms, the Air Service Area is also the world headquarters of The Church of Jesus Christ of Latter-Day Saints.

Table 1-11

UTAH FORTUNE 1000 COMPANY HEADQUARTERS (2016)[1/]

Company	Fortune 1000 Rank	2015 Revenue ($ billions)	Location	Industry	Total Employees
Huntsman	259	$11.6	Salt Lake City	Chemicals	15,000
SkyWest	711	$3.2	St. George	Aviation	18,300
Nu Skin Enterprises	845	$2.6	Provo	Cosmetics	4,800
Zions Bancorporation	907	$2.4	Salt Lake City	Financial services	10,200

Note:

1/ Based on 2015 revenue.

Sources: Fortune.com; Michigan State University Global Edge, www.globaledge.msu.edu; Company Filings, U.S. Securities and Exchange Commission, www.sec.gov/edgar/searchedgar/companysearch.html, August 2016

Compiled by: Partners for Economic Solutions, August 2016

Major employers in the Air Service Area for which employment data are available are shown in **Table 1-12**. These firms represent a variety of industries including: electronics manufacturing (L-3 Communications); aviation (Delta, JetBlue Airways, SkyWest Airlines); financial services/banking (Zions Bank Management Services, Wells Fargo Bank, Discover Products, America First Credit Union); mining (Kennecott Utah Copper, Rio Tinto); education (Brigham Young University, University of Utah, Utah State University); health care (Intermountain Healthcare); medical laboratories (ARUP Laboratories); motor vehicle equipment (Autoliv); telephone call centers (Convergys); trucking (CR England); retail and restaurants (Smith's Food

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[26] Why Come to Utah, Governor's Office of Economic Development, http://business.utah.gov/why-come-to-utah, accessed July 2016.

[27] Infrastructure: Air Travel, *Utah Facts*, Governor's Office of Economic Development, April 2016, www.business. utah.gov/wp-content/uploads/UtahFactsBook2016.compressed.pdf, accessed July 2016.

[28] Headquartered in St. George, Utah, SkyWest has a significant operation at Airport.

Table 1-12

MAJOR AIR SERVICE AREA EMPLOYERS

Company	Industry	Approx. Employees
Intermountain Healthcare	Health Care	20,000 +
State of Utah	State Government	20,000 +
University of Utah (Including Hospital)	Higher Education	20,000 +
Brigham Young University	Higher Education	15,000-19,999
Wal-Mart Associates	Warehouse Clubs/Supercenters	15,000-19,999
Hill Air Force Base	Federal Government	10,000-14,999
Davis County School District	Public Education	7,000-9,999
Granite School District	Public Education	7,000-9,999
Utah State University	Higher Education	7,000-9,999
Smith's Food and Drug Centers	Grocery Stores	7,000-9999
U.S. Department of Treasury	Federal Government	5,000-6,999
Alpine School District	Public Education	5,000-6,999
Jordan School District	Public Education	5,000-6,999
Salt Lake County	Local Government	5,000-6,999
Utah Valley University	Higher Education	5,000-6,999
U.S. Postal Service	Federal Government	4,000-4,999
Zions Bank Management Services	Banking	4,000-4,999
The Canyons School District	Public Education	4,000-4,999
The Home Depot	Home Centers	4,000-4,999
Convergys	Telephone Call Center	3,000-3,999
L3 Communications Corporation	Electronics Manufacturing	3,000-3,999
Weber County School District	Public Education	3,000-3,999
Salt Lake City School District	Public Education	3,000-3,999
Delta Air Lines [/1]	Air Transportation	3,000-3,999
Nebo School District	Public Education	3,000-3,999
Wells Fargo Bank	Banking	3,000-3,999
Autoliv	Motor Vehicle Equipment Manufacturing	3,000-3,999
Washington County School District	Public Education	3,000-3,999
Salt Lake City Corporation	Local Government	3,000-3,999
Discover Products, Inc.	Consumer Loans	3,000-3,999
Weber State University	Higher Education	3,000-3,999
Vivint	Electrical Contractor	2,000-2,999
United Parcel Service	Courier/Express Delivery Service	2,000-2,999
SkyWest Airlines [/1]	Air Transportation	2,000-2,999
Salt Lake Community College	Higher Education	2,000-2,999
Department of Veteran's Affairs	Federal Government	2,000-2,999
ARUP Laboratories, Inc.	Medical Laboratory	2,000-2,999
Harmons	Grocery Stores	2,000-2,999
Costco	Warehouse Clubs/Supercenters	2,000-2,999
Kennecott Utah Copper	Mining and Smelting	2,000-2,999
Sizzling Platter, LLC (Sizzler & Little Caesar's)	Restaurants	2,000-2,999

Table 1-12 (continued)
MAJOR AIR SERVICE AREA EMPLOYERS

Company	Industry	Approx. Employees
Utah Transit Authority	Public Transportation	2,000-2,999
Pacificorp	Electric Utility	2,000-2,999
Target	Warehouse Clubs/Supercenters	2,000-2,999
America First Credit Union	Banking	2,000-2,999
JetBlue Airways Corporation /1	Air Transportation	2,000-2,999
Cache School District	Public Education	2,000-2,999
CR England Inc.	Trucking	2,000-2,999
Rio Tinto	Mining	1,000-1,999

Source: 2014 Annual Report of Labor Market Information (updated December 2015; latest data available), Utah Department of Workforce Services, httpa://jobs.utah.gov/wi/pubs/em /annual/current/index.html,1/ Operates air transportation at the Airport. accessed August 2016
Compiled by Partners for Economic Solutions, August 2016

and Drug Centers, Harmons, Wal-Mart, Target, Costco, and Sizzling Platter); and government (State of Utah, U.S. Department of Treasury, U.S. Postal Service, Department of Veteran's Affairs). In addition to contributing to the Air Service Area's diverse economic base, these companies depend on air passenger and freight service for the continued health and expansion of their business enterprises.

In recent years aerospace and aircraft manufacturer Boeing has increased its presence in the Air Service Area. Boeing currently leases a 100,000-square foot fabrication and assembly facility on the east side of the Airport for production of the horizontal stabilizer for its 787-9 Dreamliner aircraft. Boeing also has a 850,000-square foot facility in West Jordan, Utah about 20 miles south of the Airport. This facility is a composite fabrication production center. Components manufactured at the West Jordan Facility are shipped to Boeing's facility at the Airport for final assembly. Boeing employs more than 760 people in the Air Service Area.[29]

Outdoor Products Industry

Outdoor product companies have found the Air Service Area an appealing place to locate or to start a new business. In addition to a skilled workforce and attractive business climate, the region's unique landscape and natural surroundings offer an R&D proving ground for outdoor products. The Air Service Area is well-suited to the new product development process, especially with respect to concept testing, marketability, design adjustments and improvements, commercialization, and post-launch review. With easy access to outdoor recreation areas, companies view Utah's mountains, rivers, desert terrain, and red rock formations as a testing laboratory for many of their products. Support services such as aerodynamic testing facilities for skis, bicycles, fabrics, and other products are also offered in the Air Service Area.[30]

[29] Boeing Salt Lake completes expansion for 787-9 production, http://www.compositesworld.com/news/boeing-salt-lake-completes-expansion-for-787-9-production, September 2015, accessed August 2016.
[30] Governor's Office of Economic Development, Utah's Outdoor Products Companies, www.business.utah.gov/programs/office-of-outdoor-recreation/companies, accessed July 2016.

Salt Lake City has hosted the Outdoor Retailer winter and summer shows every year since 1996. Each show hosts approximately 6,000 exhibitors, attracts 25,000 attendees, and contributes to a combined total of $40 million annually to Utah's economy.[31] An estimated 190 outdoor product companies have operations in Utah including Vista Outdoors, Salomon, Rossignol, Black Diamond, Petzl, Kühl, Fall River Flyrods, Smith Optics, Scott USA, and others.[32]

Winter Sports Industry

Every winter season an influx of destination visitors travel to the Air Service Area to enjoy its skiing and snowboarding amenities. Ten of Utah's 14 ski resorts are located within a one-hour drive of Salt Lake City including Alta, Solitude, Snowbird, Brighton, Deer Valley, and Park City. Park City, formerly Park City Mountain Resort, is owned by Vail Resorts and merged with Canyons Resort in 2015. The merger made Park City the largest ski resort in North America with 7,300 skiable acres and 300 trails. Park City has been named the "No. 3 Best Small City in the U.S." (*Conde Nast Traveler*, 2011), "Best Town in America" (*Outside* magazine, 2013), "Friendliest City in America" (*Conde Nast Traveler*, 2015), and "Best Ski Destination" (*Sunset* magazine, 2015).[33] Other Air Service Area resorts have received similar accolades from a survey of *Ski* magazine readers including No. 1 for snow (Alta), No. 1 for food/dining (Deer Valley), No. 1 for grooming (Deer Valley), and No. 1 for weather (Solitude). In all, Utah resorts received top rankings in seven of the 10 categories surveyed.[34] Park City is also part of the Epic Pass program. This program provides snow enthusiasts a single season pass to access and visit Vail Resorts throughout North America. In September 2016, Vail Resorts announced a partnership with certain resorts in Europe to offer Epic Pass holders access to international destinations.

The Air Service Area's resort communities have expanded their events, outdoor recreation, and cultural activities in order to bring in out-of-state visitors on a year-round basis. During the warm weather months, the Air Service Area's mountain resorts attract vacationers who enjoy scenery, golfing, kayaking, rafting, hiking, rock climbing, fishing, birdwatching, biking, and other outdoor pursuits. By augmenting ski season visitors with vacationers in spring, summer, and fall, resorts have reduced the seasonality of leisure and hospitality employment in the Air Service Area. This improved job stability benefits the region's tourism industry as well as Utah's overall economy, and the demand for air service throughout the year.

Tourism Industry

The University of Utah's Kem C. Gardner Policy Institute tracks visitor data for Utah national parks, skier visits, traveler spending, and travel-related tax revenue.[35] Between the end of the recession in 2009 and 2014 (latest data available), the rate of hotel occupancy increased by seven

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[31] *The Outdoor Recreation Economy*, Outdoor Industry Association, July 2012, www.outdoorindustry.org/pdf/OIA_OutdoorRecEconomyReport2012.pdf, accessed July 2016.

[32] Utah: Business Elevated, June 2015, www.forbescustom.com/SectionPDFs/ 062915_Utah_Ec_Dev.pdf; Governor's Office of Economic Development, Utah's Outdoor Products Companies, www.business.utah.gov/programs/office-of-outdoor-recreation/companies, accessed July 2016.

[33] *The State of Utah's Travel and Tourism Industry 2015*, University of Utah Kem C. Gardner Policy Institute, May 2016, www.gardner.utah.edu/wp-content/uploads/2016/05/TourismReport-v7.pdf; News Room, Governor's Office of Economic Development, www.business.utah.gov/news, accessed July 2016.

[34] Governor's Office of Economic Development, 2014 Annual Report and Business Resource Guide, October 2014, www.business.utah.gov/publications, accessed July 2016.

[35] Annual visitor data for Utah and the Air Service Area are not available.

percentage points from 53% to 60%, and total revenue from hotel room rents increased by 55% from $909 million to $1.4 billion. During this same period, traveler spending increased by 37% from $5.7 billion in 2009 to $7.8 billion in 2014. Travel-related tax revenue rose by 39% between 2009 and 2014, from $771 million to $1.07 billion.[36]

The Air Service Area is home to a rich variety of cultural, educational, and entertainment attractions including: the Utah Museum of Fine Arts; Utah Museum of Contemporary Art; Phillips Gallery; Natural History Museum of Utah; Hogle Zoo; Tracy Aviary; Fort Douglas Military Museum; Red Butte Garden; Wheeler Historic Farm; Living Planet Aquarium; The Leonardo science museum; Clark Planetarium and IMAX Theater; Discovery Gateway Children's Museum; Utah Opera; Utah Symphony; Ballet West; Repertory Dance Theatre; Pioneer Theatre Company, and others.

The annual Sundance Film Festival, held in Park City and surrounding areas in the Air Service Area each January since 1985, attracts approximately 31,000 out-of-state attendees annually.[37] Other festivals and events in the Air Service Area and around the state include the Utah Shakespeare Festival, Moab Music Festival, Utah Festival Opera, Tuacahn theater series, and the Utah Arts Festival.

The Air Service Area's new cultural hub will be a 185,000-square-foot state-of-the-art performing arts center, the George S. and Dolores Doré Eccles Theater, opened in October 2016 in downtown Salt Lake City. Designed by internationally celebrated architect Cesar Pelli, the main 2,500-seat Delta Performance Hall and smaller Black Box theater will host concerts, touring Broadway shows, and other entertainment events.[38]

Professional sports teams based in the Air Service Area include the National Basketball Association's Utah Jazz, Major League Soccer's Real Salt Lake, East Coast Hockey League's Utah Grizzlies (formerly the Virginia Lancers), and Triple-A baseball (Salt Lake City Bees). In addition to hosting large music concerts, the Vivint Smart Home Arena has been the venue for numerous sporting events such as the NCAA men's basketball tournaments, NBA All-Star games, NBA finals, minor league hockey tournaments, professional wrestling, and Monster Jam truck competitions.

Beyond professional sports, the Air Service Area has capitalized on the 2002 Salt Lake City Winter Olympic Games by continuing to host international-level athletic competitions. These include figure skating championships, World Cup freestyle skiing, ski jumping Olympic trials, snowboard Olympic trials, World Cup bobsled, World Cup and Olympic trials speedskating, and others. All 14 Olympic venues have been in continuous use and the Air Service Area has hosted over 90 World Cups and 197 Olympic-sanctioned events since 2002. The United States Ski and Snowboard Association and the U.S. Speedskating Team are both headquartered in the Air

[36] Utah Tourism Indicators, *2016 Economic Report to the Governor*, University of Utah Kem C. Gardner Policy Institute, February 2016, http://gardner.utah.edu/economic-report-to-the-governor, accessed July 2016.

[37] *The State of Utah's Travel and Tourism Industry 2015*, University of Utah Kem C. Gardner Policy Institute, May 2016, www.gardner.utah.edu/wp-content/uploads/2016/05/TourismReport-v7.pdf, accessed July 2016.

[38] Eccles Theater, Salt Lake County Center for the Arts, https://artsaltlake.org/venue/eccles-theater, accessed July 2016.

Service Area. The United States Ski and Snowboard Association constructed a $22 million Center of Excellence Training Center in the Air Service Area to provide a state-of-the-art training facility for elite national team competitors. The National Ability Center (NAC) is also headquartered in the Air Service Area; the NAC hosts statewide, national, and international sports programs and competitions for youth with physical and developmental disabilities.[39]

Part of the Air Service Area's Olympic legacy has been to develop its capacity as a year-round sports destination. A wide variety of sporting events hosted in the Air Service Area in recent years include: NCAA Men's Basketball Regionals, MLS All-Star Game, American Lemans Grand Prix, Red Bull Air Race, Golden Glove National Championship, U.S. soccer World Cup matches, U.S. women's national soccer team matches, junior Olympic volleyball, U.S. national rugby matches, Superbike world championships, Triple Crown Fast Pitch World Series, Adidas Futures Softball Championship, and others.[40]

The Air Service Area's wide array of cultural choices and entertainment options is an important factor supporting repeat visitation. The ability to see attractions or undertake activities that were missed on a previous visit has been cited as a significant element in a visitor's intent to return to a travel destination.[41]

Convention Business

Located in downtown Salt Lake City, the Salt Palace Convention Center (SPCC) is the Air Service Area's primary convention facility. It has a 515,000-square-foot exhibit hall that can be subdivided into as many as nine smaller exhibit spaces, plus an additional 14 rooms that provide 164,000 square feet of meeting space. SPCC also has a Grand Ballroom, many foyers to accommodate receptions, underground parking for 1,000 vehicles, and 40 loading docks. The Air Service Area can also host trade shows, meetings, and events at facilities such as the Vivint Smart Home Arena, Maverik Center, Rio Tinto Stadium, South Towne Exposition Center, and numerous hotel meeting venues.[42] Many of the Air Service Area's unique sites also are available as meeting, reception, and banqueting spaces such as Clark Planetarium, Hogle Zoo, Utah Olympic Oval, Living Planet Aquarium, Wheeler Historic Farm, Phillips Gallery, Red Butte Garden, Utah State Capitol Building, and the Utah Museum of Fine Arts.[43]

In 2015, the Air Service Area had a record-setting 342,000 meeting and convention attendees who produced $318 million in spending. This included 288,000 convention delegates, and special events visitors, and 54,000 hotel/resort meeting attendees. Hotel room bookings for these visitors totaled approximately 648,000 room nights.[44]

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[39] An International Impact, National Ability Center, http://www.discovernac.org/programs/international -impact, accessed August 2016

[40] *The State of Utah Sport: The Olympic Flame Continues to Burn*, Utah Sports Commission, February 2014, http://le.utah.gov/publicweb/MCKELMK/PublicWeb/21717/21717.html, accessed July 2016.

[41] Jeffrey M. Caneen, "Cultural Determinants of Tourist Intention to Return," published in *Consumer Psychology of Tourism*, Hospitality and Leisure, CABI Publishing, 2004.

[42] Salt Palace Convention Center, www.visitsaltlake.com/salt-palace-convention-center, accessed July 2016.

[43] Unique Meeting Facilities, www.visitsaltlake.com/unique-venues, accessed July 2016.

[44] Visit Salt Lake 2015 Annual Report, www.visitsaltlake.com/member-tools/annual-report, accessed July 2016.

Tourism Marketing

Promoting Utah as a convention and tourist destination is a high priority for the state's business community and government. Through television commercials, public relations, websites, e-newsletters, publications, event sponsorships, and social media outlets such as Facebook, Twitter, Pinterest, and Instagram, the Utah Office of Tourism (UOT) coordinates year-round marketing and communication efforts to bring national attention to the state's visitor attractions.[45]

UOT's Mighty 5® marketing campaign and Road to Mighty® ad series highlight the state's five national parks: Arches, Canyonlands, Capitol Reef, Bryce Canyon, and Zion (only Alaska and California have more). In addition, Utah boasts seven national monuments (Cedar Breaks, Dinosaur, Grand Staircase-Escalante, Hovenweep, Natural Bridges, Rainbow Bridge, Timpanogos Cave); three national historic trails (Pony Express Trail, Old Spanish Trail, Mormon Pioneer Trail); two recreation areas (Flaming Gorge, Glen Canyon); and the Golden Spike National Historic Site, which marks the completion of the Transcontinental Railway. While Golden Spike National Historic Site and Timpanogos Cave National Monument are located in the Air Service Area, Salt Lake City provides a gateway for travelers who wish to visit national parks, monuments, trails, and recreation areas located around the state.

Other UOT ad and marketing campaigns include Utah, Life Elevated® and The Greatest Snow on Earth® and Find Your Greatest® ski campaigns. Targeted to national and international audiences, UOT's marketing efforts received awards for "Best TV Commercial" and "Best Integrated Campaign" from U.S. Travel Mercury Awards, considered the Academy Award for the tourism industry. Hospitality Sales & Marketing Association International honored UOT's Mighty 5® marketing campaign with a 2014 Platinum Adrian Award for Destination Advertising.[46]

UOT is supported by an $18 million annual budget allocated by Utah State Legislature in FY2016. This high level of funding assists UOT in expanding its reach to international markets. According to UOT, Utah's top international markets are Canada, China, France, Germany, the United Kingdom, Australia, Brazil and Mexico. In order to serve visitors and travel professionals in international locations, UOT has representatives in Germany, France, the U.K., China, Australia and Canada.[47]

1.2.4 Economic Outlook

The U.S. economy expanded at a modest and steady level in 2015, with employment growing by an average of 204,000 jobs per month.[48] Between January and November 2016, U.S.

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[45] The Utah Brand, Utah Office of Tourism Industry, www.travel.utah.gov/marketing/the-utah-brand, accessed July 2016.

[46] Governor's Office of Economic Development 2015 Annual Report & Resource Guide, November 2015, www.business.utah.gov/wp-content/uploads/Corrected-Final-20152.pdf; 2014 HSMAI Adrian Awards Competition Case Studies, September 2015, www.hsmai.org/files/FileDownloads/AdrianCaseStudies2014_FINAL.pdf, accessed July 2016.

[47] Governor's Office of Economic Development 2015 Annual Report & Resource Guide, November 2015, www.business.utah.gov/wp-content/uploads/Corrected-Final-20152.pdf, accessed July 2016.

[48] 2015 Employment Situation, Bureau of Labor Statistics, U.S. Department of Commerce, www.bls.gov/schedule/archives/empsit_nr.htm, accessed July 2016.

employment growth averaged 183,000 jobs per month.[49] Continued monthly job growth supports forecasts for wage gains and further declines in unemployment. In addition, the outlook for consumer spending is optimistic, inflationary pressures are slight, and lower oil prices are expected to have a positive effect on U.S. growth.[50]

The most recently published forecast by business economists from the National Association for Business Economics (NABE) indicates consensus for real GDP growth of 1.6% in 2016 and 2.2% in 2017. The NABE forecast estimates that the average annual U.S. unemployment rate will be 4.9% in 2016 and 4.7% in 2017.[51]

According to the University of Utah's Kem C. Gardner Policy Institute, continued growth in the state's economy will be supported by higher consumer spending, a diversified base of export industries, net in-migration, and steady job and wage growth. Employment growth in industries such as financial services, construction, and leisure and hospitality will also contribute to Utah's strong performance.[52]

Notably, population, employment, total personal income, and total gross regional product are expected to have relatively stronger growth rates in the Air Service Area as compared to the State of Utah and the U.S., thus indicating the ongoing capacity of the Air Service Area to continue to generate demand for air travel services during the forecast period. Data in **Table 1-13** show 2015 and 2024 economic variables for the Air Service Area and for the U.S. including population, employment, personal income, and gross regional and domestic product. Growth forecasts for these variables are generally higher in the Air Service Area than in the U.S.

[49] 2016 Employment Situation, January-December 2016, Bureau of Labor Statistics, U.S. Department of Commerce, www.bls.gov/schedule/archives/empsit_nr.htm, accessed January 2017.

[50] National Association for Business Economics, *NABE Outlook*, June 2016; July 13, 2016 Summary of Commentary on Current Economic Conditions by Federal Reserve District, www.federalreserve.gov/monetary policy/beigebook/beigebook201607.htm?summary, accessed August 2016.

[51] National Association for Business Economics, *NABE Outlook*, December 2016.

[52] *2016 Economic Report to the Governor*, University of Utah Kem C. Gardner Policy Institute, February 2016, http://gardner.utah.edu/economic-report-to-the-governor, accessed July 2016.

Table 1-13

PASSENGER DEMAND FORECAST VARIABLES (2015-2024)

Variable[1/]	2015	2024	CAGR[2/] 2015-2024
Air Service Area Population	2,456,871	2,792,210	1.4%
U.S. Population	321,545,081	349,344,346	0.9%
Air Service Area Total Employment	1,503,005	1,758,582	1.8%
U.S. Total Employment	184,227,823	210,105,083	1.5%
Air Service Area Total Personal Income ($ billion)	$98.0	$126.6	2.9%
U.S. Total Personal Income ($ billion)	$15,104.2	$18,982.7	2.6%
Air Service Area Per Capita Personal Income	$39,893	$44,722	1.3%
U.S. Per Capita Personal Income	$46,974	$53,841	1.5%
Air Service Area Gross Regional Product ($ billion)	$125.8	$159.7	2.7%
U.S. Gross Domestic Product ($ billion)	$17,839.3	$22,003.7	2.4%
Air Service Area Per Capita Gross Regional Product	$51,219	$56,406	1.1%
U.S. Per Capita GDP	$55,480	$62,410	1.3%

Notes:
1/ All dollar amounts are in 2015 dollars.
2/ CAGR = Compound annual growth rate.
Source: Woods & Poole Economics, Inc., Data Profiles for MSA, state, and U.S., June 2016
Compiled by Partners for Economic Solutions, July 2016

2 Air Service and Air Traffic Analysis

This chapter evaluates and describes the current state of air service at the Airport, analyzes historical trends in air traffic, identifies key factors that generally affect demand for air travel, and provides forecasts of air traffic activity through FY 2024.

2.1 Air Service at the Airport

The following sections will evaluate current air service capacity and operating performance for the passenger airlines serving the Airport. Airline performance will be evaluated from an economic perspective, by evaluating airline revenue, yield and load factor generated at the Airport and, in some cases, generated at the route level to generally ascertain current airline profitability. Because of its significant presence, Delta's air service at the Airport will be evaluated in greater detail. The Airport's overall O&D market will also be assessed at the market level, comparing current performance with prior years.

2.1.1 Airlines Operating at the Airport

The Airport has historically enjoyed stable air service by the largest domestic airlines in the industry. As of June 2016, the Airport had scheduled passenger service by 16 U.S. airlines and two foreign flag carriers. In addition, cargo service is provided by seven all-cargo airlines. **Table 2-1** below lists the scheduled passenger and all-cargo airlines that served the Airport as of June 2016.

Table 2-1

AIRLINES SERVING SLC (FY 2016)

U.S. Scheduled Airlines (16)	All-Cargo Airlines (7)
Alaska Airlines	Air Transport International, Inc.
American Airlines [1]	Ameriflight, LLC
Compass Airlines (dba American Eagle, Delta Connection)	Corporate Air
Delta Air Lines	Empire Airlines
Envoy Airlines (dba American Eagle)	FedEx
ExpressJet (dba United Express)	Southern Air (operates DHL Express service)
Frontier Airlines	United Parcel Service (UPS)
Horizon Air (dba Alaska Airlines)	
JetBlue Airways	**Foreign Flag Airlines (2)**
Mesa Airlines (dba American Eagle, United Express)	Air Canada
Republic Airlines (dba American Eagle, United Express)	KLM Royal Dutch Airlines
Shuttle America (dba United Express)	
SkyWest Airlines (dba Alaska Airlines, American Eagle, Delta Connection, United Express)	
Southwest Airlines	
TransStates (dba United Express)	
United Airlines	

[1] American Airlines includes the former US Airways, which merged with American Airlines in April 2015.
Source: Airport records, August 2016
Compiled by Trillion Aviation, August 2016

Table 2-2 below presents enplaned passenger market share at the Airport from FY 2012 through FY 2016. Factoring in airline mergers, six of the seven airlines currently serving the Airport (not including regional affiliates) have been operating there for more than 10 years. Alaska Air Group (Alaska) started service in FY 2013 and grew rapidly through FY 2015 with growth stabilizing somewhat in FY 2016. Delta, including its regional partners, has the largest passenger market share at the Airport with approximately 70.2% of enplaned passengers in FY 2016. Southwest Airlines (Southwest) is the second largest carrier at the Airport, with an enplaned passenger market share of approximately 10.7% in FY 2016. American Airlines (American) had an enplaned passenger market share of approximately 6.7% in FY 2016. No other airline has an enplaned passenger share of greater than 5%. Delta and Southwest have lost market share over this five-year period with American and Alaska most notably gaining in enplaned passenger share. It should be noted that airline passenger growth at the Airport has been impacted by the lack of aircraft gates, especially during peak periods. The Department has received requests from airlines for additional gate space; however, given the current terminal configuration and capacity, additional gate space for airlines is limited, which is indicative of the need for additional terminal facilities as discussed in Chapter 3 of this Report.

Table 2-2

SLC ENPLANED PASSENGER MARKET SHARE [1]

Airline	FY 2012	%	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%
Delta [2]	7,448,869	73.6%	7,421,372	73.9%	7,509,308	72.9%	7,609,758	70.2%	7,926,058	70.2%
Southwest	1,247,493	12.3%	1,197,613	11.9%	1,172,540	11.4%	1,162,229	10.7%	1,213,838	10.7%
American [3]	534,085	5.3%	566,593	5.6%	647,077	6.3%	713,471	6.6%	751,505	6.7%
United [4]	459,993	4.5%	444,126	4.4%	443,297	4.3%	491,276	4.5%	551,594	4.9%
Alaska	0	0.0%	26,239	0.3%	111,658	1.1%	406,866	3.8%	409,410	3.6%
JetBlue	209,498	2.1%	167,249	1.7%	163,083	1.6%	201,794	1.9%	231,940	2.1%
Frontier	221,769	2.2%	216,726	2.2%	238,532	2.3%	237,965	2.2%	198,495	1.8%
Other	3,379	0.0%	4,151	0.0%	9,199	0.1%	10,349	0.1%	10,171	0.1%
Total	**10,125,086**	**100%**	**10,044,069**	**100%**	**10,294,694**	**100%**	**10,833,708**	**100%**	**11,293,011**	**100%**

Note: Percents may not add because of rounding.

[1] Regional affiliates, as applicable, have been included with their appropriate network partner.

[2] Former Northwest Airlines enplaned passengers have been included with Delta Air Lines.

[3] American Airlines data includes data for the former US Airways, which was merged with American Airlines in April 2015.

[4] Former Continental Airlines enplaned passengers have been included with United Airlines.

Source: Airport records, August 2016
Compiled by Trillion Aviation

Table 2-3 on the next page compares key airline revenue metrics for the four largest airlines serving the Airport specific to their performance at the Airport for CY 2015 versus CY 2007. These four airlines carried approximately 92.5% of the Airport's enplaned passengers in FY 2016 as shown above on Table 2-2. To provide some context, this table also presents the same information for the average of all airlines in the U.S. This comparison period was chosen because CY 2015 is the latest full year for which data are available, and CY 2007 is the latest full year representative of results prior to the U.S. economic recession. In summary, key airline revenue metrics have improved since CY 2007 for the largest airlines serving the Airport. Three of the four largest airlines serving the Airport have generated unit revenue (i.e., RASM as defined below) increases for service at the Airport in excess of U.S. averages for all airlines as noted in Table 2-3. In particular, Delta's RASM at the Airport increased by 35.0% since 2007 as compared to the U.S. average increase of 20.6%. As a further comparison (not shown on Table 2-3), Delta's overall system average RASM increased by 25.3% over this period, which is also less than that it experienced at the Airport. Three of the four largest airlines at the Airport have experienced key revenue metric increases at the Airport higher than the average increases nationally. As also shown on Table 2-3, American has exhibited general improvement since 2007; however, its changes in these metrics are below the U.S. airline average over this period.

Table 2-3

KEY AIRLINE REVENUE METRICS AT THE AIRPORT – CY 2015 VS. CY 2007 [1]

Airline	RASM [2] 2007 (cents)	RASM [2] 2015 (cents)	% Change	Load Factor 2007	Load Factor 2015	Change (pts.)	Yield 2007 (cents)	Yield 2015 (cents)	% Change
Delta Air Lines [3]	10.0	13.5	35.0%	81.8%	87.9%	6.1	12.2	15.4	26.2%
Southwest Airlines	10.5	13.0	23.8%	74.4%	83.7%	9.3	14.1	15.5	9.9%
American Airlines [4]	10.3	11.9	15.5%	83.3%	82.7%	(0.6)	12.4	14.3	15.3%
United Airlines [5]	11.8	15.8	33.9%	81.8%	87.4%	5.6	14.6	18.1	24.0%
U.S. Average	**9.7**	**11.7**	**20.6%**	**80.2%**	**83.8%**	**3.5**	**12.1**	**14.0**	**15.7%**

Note: Amounts may not add because of rounding.
[1] Data include regional affiliates, as applicable, and do not include airline ancillary fees such as charges for checked baggage, etc.
[2] RASM = Revenue per available seat mile
[3] Includes former Northwest Airlines
[4] Includes former US Airways
[5] Includes former Continental Airlines

Source: Diio, US DOT Reports DB1A and T100, accessed August 2016
Compiled by Trillion Aviation

Key airline revenue metrics presented above include revenue per available seat mile (RASM), load factor, and yield. As some background in evaluating airline revenue, RASM is the unit metric used by airlines, expressed in cents, to measure revenue received for each available seat mile (ASM). ASMs are measured by airlines for the purpose of determining capacity, and an ASM unit is one seat flying one mile. For example, an aircraft with 100 seats operating on a route of 1,000 miles would equate to 100,000 ASMs. For the purposes of this analysis, RASM only measures passenger revenue and does not include other operating revenue received by airlines such as baggage fees. Load Factor measures how an airline is performing on a specific route or in aggregate in terms of filling available seat capacity. Load Factor is calculated as total revenue passenger miles (RPMs) divided by ASMs. RPMs are the general airline metric for traffic. For example, a revenue passenger flying one mile equates to one RPM. The last measure is airline yield or revenue per passenger mile. While RASM measures revenue on an ASM basis, yield measures it on an RPM basis. In other words, yield measures revenue for each unit sold, whereas, RASM measures revenue for each unit available to be sold. Yield is the industry measurement for price, while load factor is a volume-related measurement. RASM factors in both and, thus, is considered the key airline revenue metric.

An important point to note regarding RASM and yield is that these measures tend to decrease as the overall length of the trip or stage length increases. In theory, the higher the RASM or yield, the more profitable an airline should be. However, this assumes that costs per ASM, or CASM, remain constant. Therefore, if an airline increases its overall stage length, it should be expected that RASM and yield will decrease, as would its CASM. This is discussed further in the sections below for Delta.

In general, air service at the Airport appears to be more profitable to the airlines and hence is more stable than compared to the last peak prior to the recession in 2007. Given Delta's overall importance to the Airport, with more than a 70% enplaned passenger market share, an additional discussion of Delta's performance at the Airport is contained in the following sections.

2.1.2 Delta's Operations at the Airport

As described previously, the Airport serves as a hub for Delta. Delta is the dominant airline at the Airport with a 70.2% share of enplaned passengers for FY 2016. The Airport is one of Delta's primary connecting hubs across the U.S., along with those at Minneapolis-St. Paul International Airport (MSP), Detroit Metropolitan Wayne County Airport (DTW) and Hartsfield-Jackson Atlanta International Airport (ATL).

Delta Connecting Traffic at SLC

The Airport provides Delta a strategic presence in the western half of the U.S., and allows Delta to provide more efficient traffic flows that it could not otherwise offer from its other hub airports to and from connecting markets in the western U.S. For example, the geographic location of the Airport provides for a more efficient connecting route from the northwest U.S. to the south central and southwest U.S. The absence of the Airport hub would create a noticeable void in Delta's network, as it could not otherwise connect passenger traffic efficiently to key markets throughout the western U.S.

Table 2-4 below presents the top 20 airports where passengers either began or ended their trips while connecting through the Airport on Delta in CY 2015. **Figure 2-1** below illustrates the top airports graphically. As shown, these airports primarily consist of major markets along the west coast, smaller airports within the U.S. mountain west, other Delta connecting hubs, and larger O&D markets in the eastern U.S. It is important to note that the Airport provides primary Delta access to several smaller western markets such as Boise, Reno, Bozeman, and Billings, among others. These are markets that, for the most part, Delta could not efficiently serve via any of its other hub airports. In general, the only other viable option for efficient connectivity in the U.S. mountain west is Denver, which would appear to be an unlikely alternative for Delta given that three other airlines (United Airlines, Southwest, and Frontier Airlines) already operate hubs there, airport terminal capacity is somewhat limited, and, to a lesser degree, it has higher airport costs.

Table 2-4

DELTA AIR LINES: TOP 20 AIRPORTS WITH PASSENGERS CONNECTING AT SLC (CY 2015)

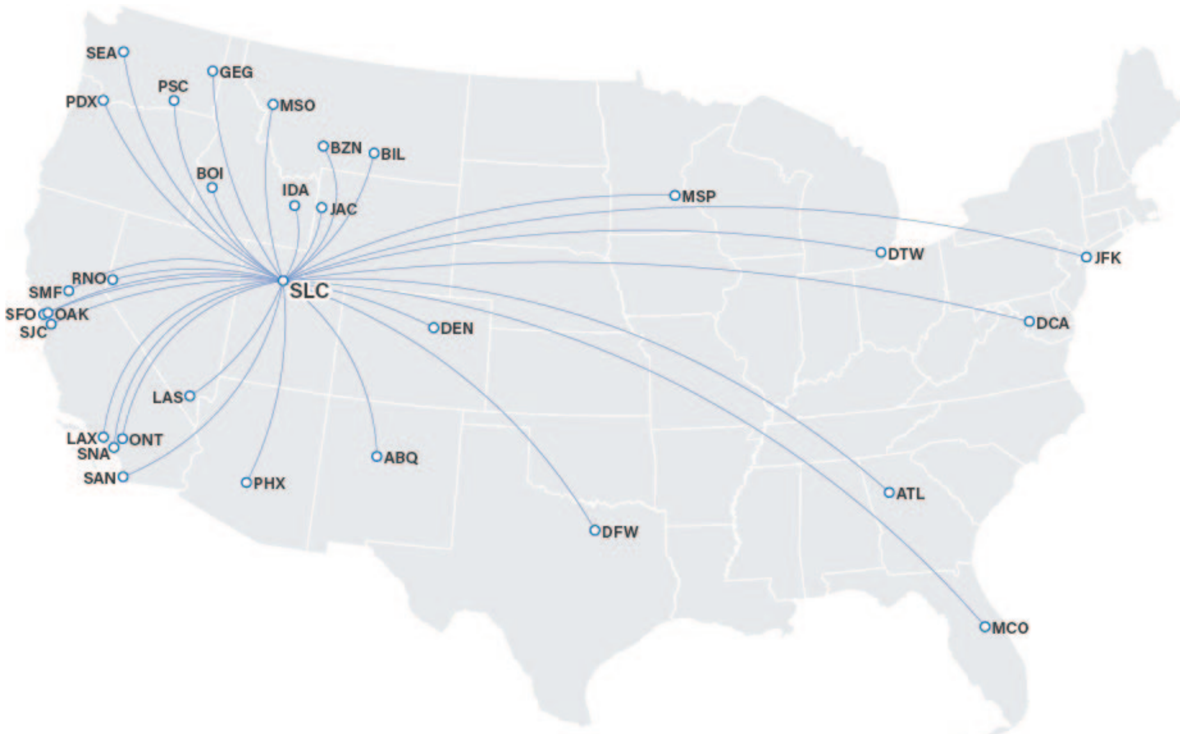
Rank	City	Airport Code	% Passengers	Cumulative %
1	Seattle	SEA	3.7%	3.7%
2	Portland	PDX	3.7%	7.4%
3	Las Vegas	LAS	3.4%	10.8%
4	Boise	BOI	2.7%	13.5%
5	Los Angeles	LAX	2.7%	16.2%
6	San Diego	SAN	2.6%	18.8%
7	Denver	DEN	2.4%	21.2%
8	Phoenix	PHX	2.4%	23.7%
9	Sacramento	SMF	2.4%	26.0%
10	Spokane	GEG	2.3%	28.4%
11	Dallas	DFW	2.1%	30.5%
12	Reno	RNO	2.0%	32.5%
13	Santa Ana	SNA	1.9%	34.4%
14	San Francisco	SFO	1.9%	36.2%
15	Orlando	MCO	1.8%	38.0%
16	Atlanta	ATL	1.7%	39.8%
17	Minneapolis	MSP	1.7%	41.4%
18	Bozeman	BZN	1.6%	43.1%
19	Oakland	OAK	1.6%	44.7%
20	Billings	BIL	1.6%	46.3%
	Other		**53.7%**	

Source: U.S. Department of Transportation via Diio, accessed August 2016
Compiled by Trillion Aviation

Delta's other major operations in the western U.S. are on the west coast at Seattle-Tacoma International Airport (SEA) and Los Angeles International Airport (LAX). Delta has been growing these operations, particularly at SEA. Furthermore, Delta is planning an approximately $1 billion renovation of its facilities at LAX. While both airports have a higher percentage of O&D traffic for Delta as compared to the Airport, they are also key Delta gateways to Asia, Alaska, and Hawaii. Other than the major U.S. west coast corridor markets, both LAX and SEA's geographic locations on the U.S. west coast are disadvantages in operating efficient domestic connecting traffic flows throughout the western region of the U.S.

Figure 2-1

DELTA AIR LINES: TOP 30 AIRPORTS WITH PASSENGERS CONNECTING AT SLC (CY 2015)



While LAX and SEA are both considered primarily O&D airports for Delta, their geographic locations also offer the opportunity to provide connections to Trans-Pacific international markets, Hawaiian and Alaskan destinations, and connections along the U.S. west coast. **Tables 2-5** and **2-6** present the top 20 airports with Delta passengers connecting at SEA and LAX, respectively. As shown, the airports where most passengers either begin or end their trips on Delta, while connecting through SEA or LAX are Anchorage and Honolulu, respectively. The majority of other passenger connections generally occur at airports relatively nearer to SEA and LAX. For example over 20% of passengers connecting at SEA on Delta either begin or end their trip in Anchorage, Portland, Vancouver, or Spokane. Similarly, for LAX, over 20% of passengers begin or end their trips in Honolulu or an airport in the San Francisco Bay area. Other airports where passengers begin or end their trips and connect at LAX or SEA, generally, consist of other major markets on the U.S. west coast, Trans-Pacific international airports, other Delta connecting hubs, or major markets in the eastern U.S. To further illustrate this, **Figures 2-2** and **2-3** below graphically present the primary airports where passengers connected at SEA and LAX on Delta. Interestingly, LAX and SEA also serve as a connecting point for traffic to and from the Airport to Alaska and Hawaii; although, Honolulu and Anchorage are seasonally-served nonstop markets from the Airport.

Table 2-5

DELTA AIR LINES: TOP 20 AIRPORTS WITH PASSENGERS CONNECTING AT SEA (CY 2015)

Rank	City	Airport Code	% Passengers	Cumulative %
1	Anchorage	ANC	9.5%	9.5%
2	Portland	PDX	5.0%	14.5%
3	Vancouver	YVR	4.0%	18.5%
4	Spokane	GEG	3.8%	22.3%
5	Honolulu	HNL	3.7%	26.0%
6	Los Angeles	LAX	3.5%	29.5%
7	Minneapolis	MSP	3.1%	32.6%
8	Salt Lake City	SLC	3.1%	35.7%
9	San Francisco	SFO	2.9%	38.6%
10	Las Vegas	LAS	2.8%	41.4%
11	Incheon (South Korea)	ICN	2.7%	44.0%
12	Detroit	DTW	2.6%	46.6%
13	Hong Kong	HKG	2.5%	49.1%
14	Kahului	OGG	2.4%	51.5%
15	Atlanta	ATL	2.4%	53.9%
16	New York	JFK	2.3%	56.2%
17	Shanghai (China)	PVG	2.1%	58.3%
18	San Diego	SAN	2.0%	60.3%
19	Calgary	YYC	2.0%	62.3%
20	Beijing (China)	PEK	2.0%	64.2%
	Other		**35.8%**	

Source: U.S. Department of Transportation via Diio, accessed August 2016

Compiled by Trillion Aviation

Table 2-6

DELTA AIR LINES: TOP 20 AIRPORTS WITH PASSENGERS CONNECTING AT LAX (CY 2015)

Rank	City	Airport Code	% Passengers	Cumulative %
1	Honolulu	HNL	6.6%	6.6%
2	San Francisco	SFO	5.7%	12.4%
3	San Jose	SJC	4.0%	16.4%
4	Oakland	OAK	3.9%	20.3%
5	Las Vegas	LAS	3.7%	24.0%
6	San Diego	SAN	3.5%	27.4%
7	Salt Lake City	SLC	3.3%	30.8%
8	Seattle	SEA	3.0%	33.8%
9	Sacramento	SMF	2.9%	36.7%
10	Atlanta	ATL	2.9%	39.6%
11	Portland	PDX	2.7%	42.2%
12	Phoenix	PHX	2.5%	44.8%
13	Sydney (Australia)	SYD	2.3%	47.1%
14	Kahului	OGG	2.3%	49.5%
15	New York	JFK	2.2%	51.7%
16	Lihue	LIH	2.1%	53.8%
17	Kona	KOA	2.0%	55.8%
18	Detroit	DTW	1.9%	57.7%
19	Minneapolis	MSP	1.9%	59.6%
20	New Orleans	MSY	1.9%	61.5%
	Other		**38.5%**	

Source: U.S. Department of Transportation via Diio, accessed August 2016
Compiled by Trillion Aviation

Figure 2-2

DELTA AIR LINES: TOP 30 AIRPORTS WITH PASSENGERS CONNECTING AT SEA (CY 2015)

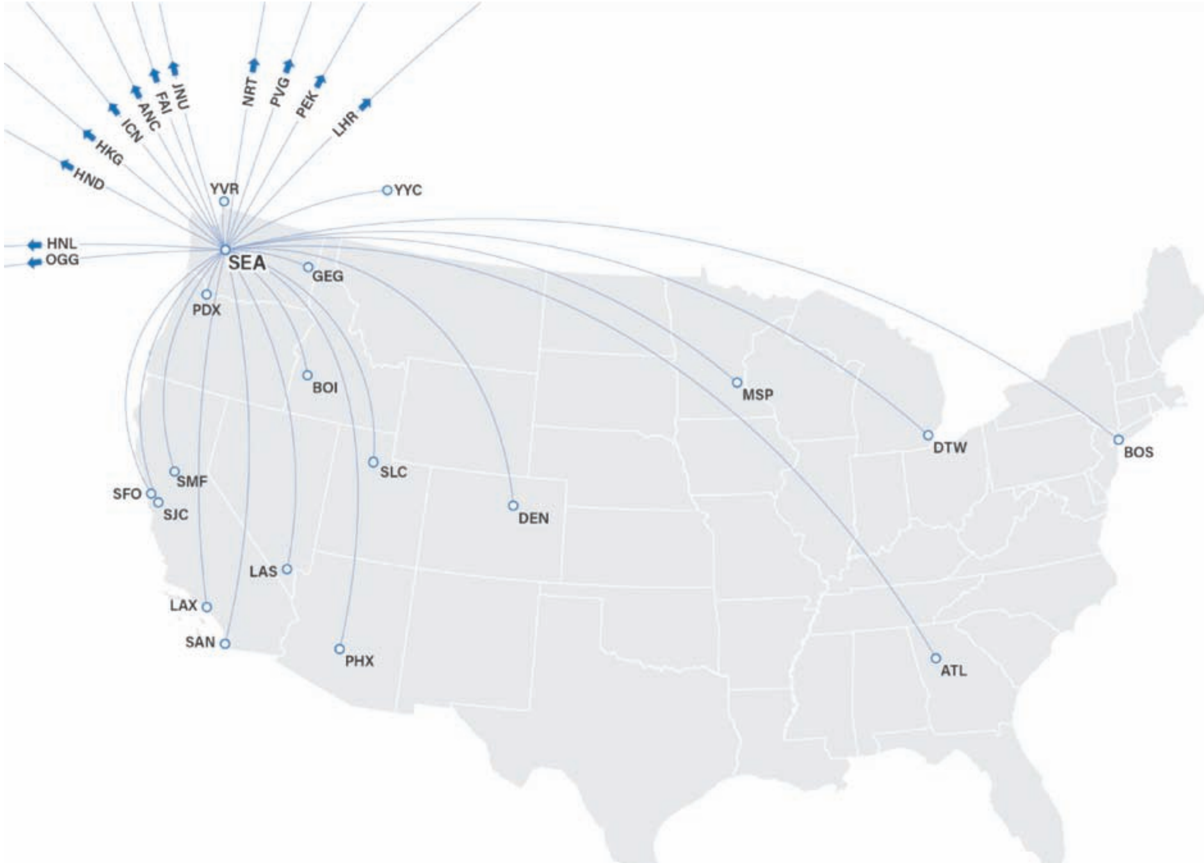


Figure 2-3

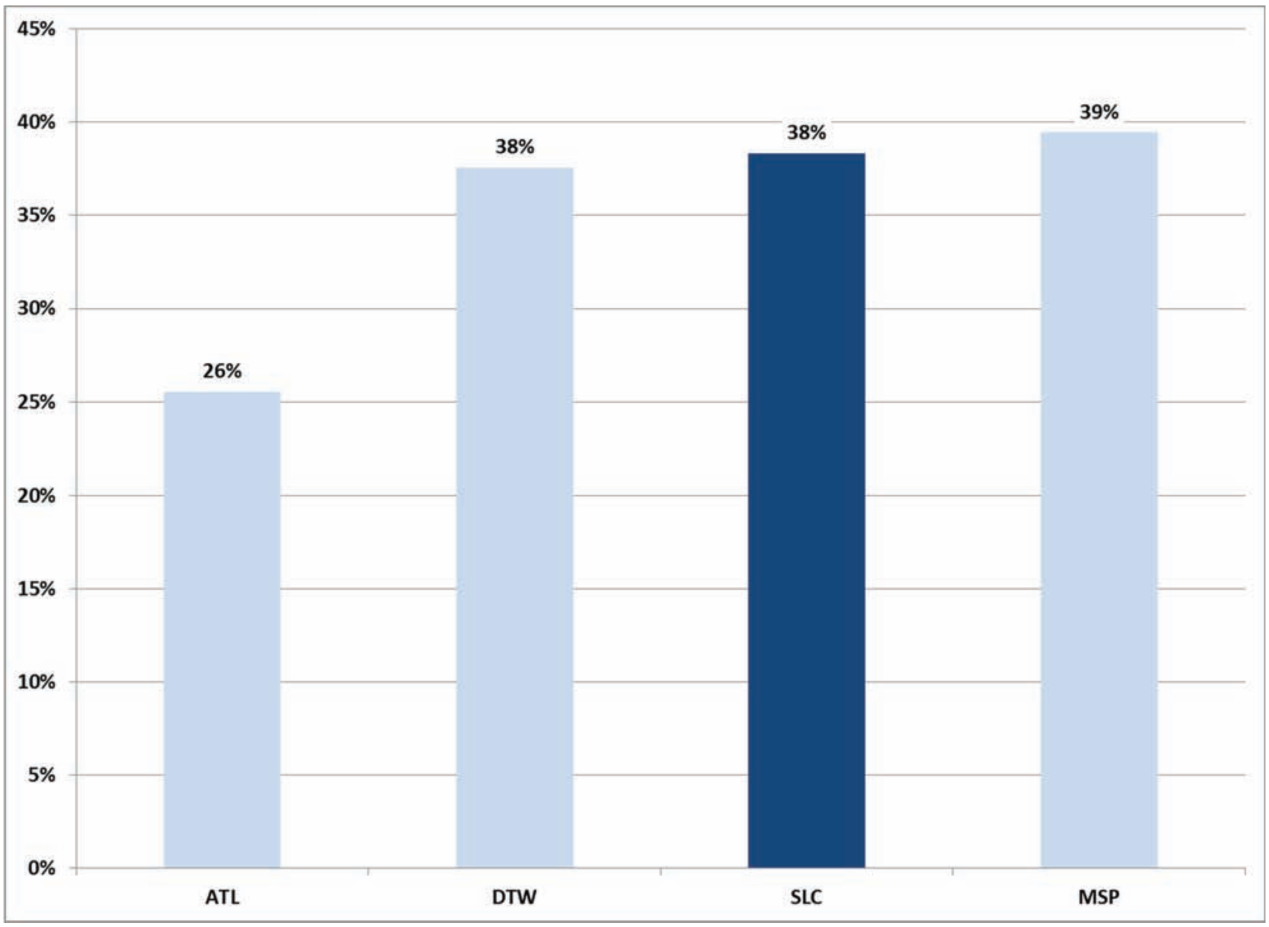
DELTA AIR LINES: TOP AIRPORTS WITH PASSENGERS CONNECTING AT LAX (CY 2015)

Delta O&D Traffic at SLC

As described previously, Delta's share of O&D passengers at the Airport is approximately 38% for FY 2016. This share of O&D traffic is generally in line with Delta's other major connecting hub airports of DTW and MSP and well above that for ATL. **Figure 2-4** below compares estimated O&D share of traffic for the Airport to these other connecting hub airports for Delta based on passenger data as reported to the USDOT.[53] Delta, over the last several years, has right-sized its hub at the Airport such that O&D traffic as a percent of total Delta traffic is comparable to (or higher than) its other connecting hubs as shown.

Figure 2-4

DELTA AIR LINES: PERCENT OF O&D PASSENGERS AT MAJOR CONNECTING HUBS - FY 2016



Source: U.S. Department of Transportation via Diio, accessed October 2016
Compiled by Trillion Aviation

While Delta enplanes fewer O&D passengers in aggregate as compared to its other hubs, the Airport is still an important O&D market for Delta. The Airport is Delta's seventh (7th) largest airport in terms of total O&D passengers; generating approximately $1.5 billion annually in O&D passenger revenue for Delta (see **Table 2-7** below). In total and including connecting passengers,

[53] It is important to note that data used to estimate an airport's share of O&D passengers is from the USDOT. The calculation of an airport's share of O&D passengers is an estimate based on this data, which is generally accepted in the industry as the best publicly available data source for such purposes.

Delta's hub at the Airport generates total passenger fare revenues, excluding ancillary revenues, of approximately $3.7 billion (not shown).

Table 2-7

DELTA AIR LINES: TOP 10 US O&D AIRPORTS – CY 2015

Rank	City	Airport Code	Passengers (millions)	Average Roundtrip Fare	Roundtrip Revenue (billions)
1	Atlanta	ATL	9.5	$471	$4.5
2	Minneapolis	MSP	5.0	$536	$2.7
3	Detroit	DTW	4.7	$556	$2.6
4	New York	JFK	4.7	$578	$2.7
5	New York	LGA	4.4	$396	$1.7
6	Los Angeles	LAX	4.0	$527	$2.1
7	**Salt Lake City**	**SLC**	**3.0**	**$487**	**$1.5**
8	Orlando	MCO	2.6	$410	$1.1
9	Seattle	SEA	2.4	$594	$1.4
10	Boston	BOS	2.3	$510	$1.2

Source: U.S. Department of Transportation via Diio, accessed June 2016
Compiled by Trillion Aviation

In summary, this analysis demonstrates that the Airport serves an important role as an efficient connecting point for traffic throughout the western U.S for Delta. While SEA and LAX also provide certain airport connections, they are more concentrated to specific regions of the U.S. (e.g., Alaska and Hawaii), international destinations, U.S. west coast, and relatively nearby airports. The Airport's geographic location within the center of the western U.S. offers Delta an advantage in being able to connect domestic traffic efficiently to and from key western U.S. markets. Additionally, the Airport is the primary access point into Delta's route network for several smaller U.S. mountain west markets. Connecting traffic is more widely distributed at the Airport, where the top 20 airports represent approximately 46% of total passengers connecting, as compared to SEA and LAX, where the top 20 airports represent over 60% of connecting traffic on Delta. These points of differentiation are unique to the Airport and are important reasons for its longevity as a Delta hub.

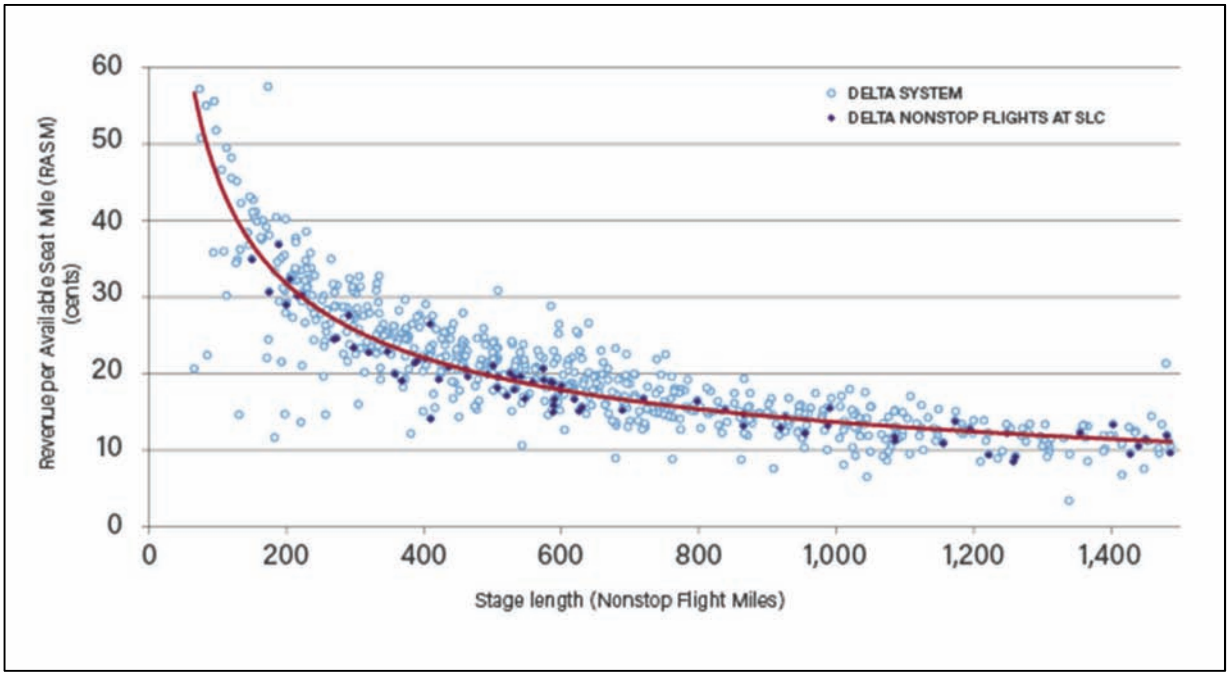
Delta Relative Profitability

Delta's commitment to the Airport is further enhanced by its overall profitability at the Airport. Given Delta's relative importance to overall passenger traffic at the Airport, Trillion Aviation performed an assessment of Delta's performance on each route served from the Airport. Relative route profitability is a key factor to assess when evaluating an airline's performance at an airport. Unit revenue or RASM was analyzed for each of the Airport's nonstop routes served by Delta. In conjunction with this, load factors and yield performance at the Airport were also assessed.

Figure 2-5 below graphically presents mileage-adjusted RASM for system-wide Delta nonstop markets for CY 2015. The trend line or curve represents the calculated system average RASM for Delta routes based on stage length (or nonstop flight miles). Because RASM tends to decrease as the stage length increases, it is critical to consider stage length when assessing RASM or yield. The trend line presented on Figure 2-5 represents a typical trend when comparing RASM and stage length. Markets for the Airport are depicted as the darker data points.

Figure 2-5

DELTA RASM AND STAGE LENGTH COMPARISON (CY 2015)



Note: Essential Air Service markets from SLC are not included.

Source: Diio, US DOT Reports DB1a and T100, accessed June 2016

Compiled by Trillion Aviation

In general, most of Delta's routes operated at the Airport were reasonably within range of average system RASM for Delta, which generally indicates profitability in line with Delta's system average. Of the 90 nonstop markets operated by Delta and its regional airline partners from the Airport during CY 2015, 80 operated at load factors in excess of 75%, and 68 of these were above 80%. On flights of more than 800 miles, average load factors were typically greater than 85%. As presented on Table 2-3, overall load factor for Delta at the Airport has increased by over six percentage points to approximately 87.9% in CY 2015 as compared to CY 2007. Delta's yield on routes at the Airport was also up significantly, increasing by 54% since CY 2007. In addition, the Airport is considered relatively low cost as compared to other airline hubs and other comparable airports in the region. This will be presented in more detail in Chapter 4 of this Report.

Delta operates trans-oceanic services from the Airport to Amsterdam Airport Schiphol (AMS), Paris Charles De Gaulle Airport (CDG) and London Heathrow Airport (LHR).[54] Delta began serving Paris in June 2008 and currently operates this flight on a year-round basis. Delta initiated service to Amsterdam in May 2015 and started year-round service in March 2016. Delta's AMS flight operates daily during the months of April through September, and operates less than daily

[54] Delta's SkyTeam codeshare partner, KLM Royal Dutch Airlines, also serves nonstop seasonal service from the Airport to Amsterdam on a less than daily basis during the months of March through October and started such service in May 2016.

during October through March. London service started in April 2016 and is currently scheduled to operate on a year-round basis with daily service during the months of April through August and non-daily service in the other months of the year. All three markets are operated with Boeing 767-300 aircraft.

Throughout its system, Delta operates significant service from the U.S. to both Paris and Amsterdam. Paris is the primary hub for Delta's SkyTeam Alliance partner Air France, while Amsterdam is the primary hub for its SkyTeam partner, KLM Royal Dutch Airlines. Delta's LHR service is primarily operated from Delta hubs or international gateway airports.

Delta's service to Paris and Amsterdam from the Airport appears to be exhibiting relatively strong performance. From the Airport to Paris, RASM results are generally in line, if not better, than other markets in the eastern half of the U.S. From a load factor standpoint, the flight from the Airport had the highest load factor in the Delta system for the Paris market in CY 2015. Based on discussions with Delta, it is currently planning to grow its Trans-Atlantic capacity by over 50% from the Airport into FY 2017.

Specifically related to Delta's overall system operations to the United Kingdom (U.K.) from the U.S., Delta has indicated it expects some impacts related to the U.K.'s potential withdrawal from the European Union or "Brexit." While there will likely be some deterioration in U.K. demand related to Brexit, given the impact of the devaluing of the British Pound, Delta expects that to be greater upon secondary U.K. markets such as Edinburgh and Manchester, and much less so on markets like LHR, that are heavily business and U.S. point of sale. Delta has indicated that it sees no impact to the Airport in the short-term.

Summary

In summary, the Airport is an integral component in Delta's overall route network serving as a major connecting hub in the western U.S. The following factors as analyzed above provide the basis as to why, in our opinion, the Airport should remain a hub within Delta's operation into the foreseeable future.

- Over the past several years, Delta has right-sized its hubbing operation to be comparable with its other connecting hubs. Its traffic mix for FY 2016 was approximately 38% O&D and 62% connecting. Delta has indicated in discussions that it generally expects that it would continue this traffic mix throughout the foreseeable future.

- The Airport's geographic location within the center of the western U.S. makes it an efficient transfer point for connecting traffic. The Airport is a primary access point for many smaller U.S. mountain west markets into Delta's route network. Further, there are limited options for an alternative hub or means to move connecting traffic within the U.S. mountain west. The only other option with the economic base needed to operate a hub is generally considered to be Denver, which is already a hub for three other airlines.

- Finally, Delta appears to operate profitably at the Airport as its RASM at the Airport is comparable to its system averages. Key airline revenue indicators at the Airport also appear strong and have improved for Delta over the last several years. The Airport's relatively low costs also contribute to the Airport being an important hub for Delta.

2.1.3 O&D Markets at the Airport

While the previous section reviewed Delta traffic at the Airport, this section assesses O&D traffic at the Airport for all airlines. Approximately 54% of the Airport's total enplaned passenger activity for all airlines consisted of O&D passengers in FY 2016. **Table 2-8** below presents the Airport's top 20 O&D markets, including passenger activity and the average one-way fare paid (net of taxes and fees) for CY 2015. The table also presents daily departures and daily non-stop seats for each market for CY 2015. Nonstop flights operate on all 20 of the Airport's top 20 O&D markets.

The Airport's top O&D markets reflect travel demand from the region, and consequently, where airline capacity is allocated. As expected, the Airport's O&D demand is somewhat partial toward the western U.S., primarily because of the Airport's geographic position in the U.S. mountain west region. There is also demand from the Airport to major cities in the eastern half of the U.S. This has resulted in an average passenger haul or trip length from the Airport of 1,349 miles. This is a moderately longer haul than the average of all U.S. airports of 1,126 miles.[55]

Markets with a heavier emphasis of local O&D passengers are typically higher yielding and hence, more profitable. Such is the case for most of the Airport's top O&D markets. For example, LAX has 1,750 daily O&D passengers on 3,430 daily seats. In other words, 51% of the seats on flights to LAX were occupied by O&D passengers. Overall, the route operated at an 89% load factor; therefore, the remaining passengers were connecting at the Airport.

Table 2-9 on the next page presents the change in the Airport's top O&D markets for CY 2015 versus CY 2007. This analysis helps illustrate how the Airport's air travel demand has changed since pre-recessionary levels. The average fare paid increased in all of the Airport's top 20 markets, with 15 of the 20 exhibiting double-digit percentage fare increases. In the aggregate, the Airport's average fare paid is up 25% since 2007, with O&D traffic increasing 6% and revenue increasing 33%. During this same time period, seat capacity dropped approximately 9%. In general, markets to the eastern half of the U.S. experienced faster growth than markets along the U.S. west coast, in part because of more capacity being added.

[55] USDOT Report DB1A for CY 2014

Table 2-8

TOP 20 O&D MARKETS FROM SLC (CY 2015)

Rank	Market	Miles	Avg. Daily O&D Passengers [1]	Avg. Fare	Avg. Daily Departures	Avg. Daily Seats
1	Los Angeles[2]	590	1,750	$137	32.6	3,430
2	SF Bay Area[3]	599	1,081	$131	22.5	2,373
3	New York[4]	1,989	686	$253	6.3	1,034
4	Phoenix	507	685	$132	16.4	2,311
5	Denver	391	684	$113	20.6	2,339
6	Seattle	689	566	$153	10.7	1,542
7	Las Vegas	368	539	$101	12.5	1,768
8	Chicago[5]	1,249	537	$161	12.1	1,323
9	San Diego	626	509	$115	6.8	957
10	Dallas[6]	988	418	$178	10.4	1,349
11	Orlando	1,929	402	$169	3.7	601
12	Portland	630	400	$136	7.1	1,056
13	Atlanta	1,589	347	$252	7.6	1,484
14	Houston[7]	1,195	331	$204	6.4	621
15	Wash. DC[8]	1,851	289	$259	1.9	321
16	Baltimore	1,864	270	$217	2.9	458
17	Boston	2,105	249	$272	1.8	291
18	Minneapolis	991	235	$236	5.6	850
19	Detroit	1,481	174	$251	4.2	679
20	Honolulu	2,994	170	$290	1.0	254
Total/Average for all Markets		**1,349**	**16,330**	**$212**	**311**	**34,589**

[1] Daily O&D passengers are calculated as the average passengers both inbound and outbound to/from the Airport.
[2] Includes Los Angeles International (LAX), Ontario International (ONT), John Wayne-Orange County (SNA), Long Beach (LGB), and Hollywood Burbank (BUR) Airports
[3] Includes Metropolitan Oakland International (OAK), Norman Y Mineta San Jose International (SJC) and San Francisco International (SFO) Airports
[4] Includes La Guardia (LGA), John F Kennedy International (JFK), and Newark Liberty International (EWR) Airports
[5] Includes Chicago O'Hare International (ORD) and Chicago Midway International (MDW) Airports
[6] Includes Dallas/Fort Worth International Airport (DFW) and Dallas Love Field (DAL)
[7] Includes George Bush Intercontinental (IAH) and William P Hobby (HOU) Airports
[8] Includes Ronald Reagan Washington National (DCA) and Washington Dulles International (IAD) Airports
Source: Diio; US DOT Reports DB1A, accessed June 2016
Compiled by Trillion Aviation

Table 2-9

TOP 20 O&D MARKETS AT SLC – CY 2015 VS. CY 2007

Rank	Market	Daily O&D Passenger Change	Avg. Fare Change	Change in Revenue
1	Los Angeles[1]	0%	26%	27%
2	SF Bay Area[2]	15%	7%	23%
3	New York[3]	7%	37%	47%
4	Phoenix	(16%)	23%	4%
5	Denver	(6%)	33%	25%
6	Seattle	8%	24%	34%
7	Las Vegas	(8%)	11%	3%
8	Chicago[4]	23%	9%	34%
9	San Diego	31%	(10%)	17%
10	Dallas[5]	13%	34%	52%
11	Orlando	62%	(4%)	55%
12	Portland	10%	7%	17%
13	Atlanta	13%	20%	36%
14	Houston[6]	29%	19%	53%
15	Wash. DC[7]	3%	18%	21%
16	Baltimore	29%	27%	64%
17	Boston	37%	12%	53%
18	Minneapolis	29%	16%	50%
19	Detroit	39%	37%	89%
20	Honolulu	1%	37%	38%
	Total	**6%**	**25%**	**33%**

[1] Includes Los Angeles International (LAX), Ontario International (ONT), John Wayne-Orange County (SNA), Long Beach (LGB), and Hollywood Burbank (BUR) Airports
[2] Includes Metropolitan Oakland International (OAK) , Norman Y Mineta San Jose International (SJC) and San Francisco International (SFO) Airports
[3] Includes La Guardia (LGA), John F Kennedy International (JFK), and Newark Liberty International (EWR) Airports
[4] Includes Chicago O'Hare International (ORD) and Chicago Midway International (MDW) Airports
[5] Includes Dallas/Fort Worth International Airport (DFW) and Dallas Love Field (DAL)
[6] Includes George Bush Intercontinental (IAH) and William P Hobby (HOU) Airports
[7] Includes Ronald Reagan Washington National (DCA) and Washington Dulles International (IAD) Airports
Source: Diio; US DOT Reports DB1A, accessed June 2015
Compiled by Trillion Aviation

2.2 Air Traffic Activity and Trends

This section analyzes historical trends in air traffic activity at the Airport including O&D, connecting and enplaned passengers, aircraft operations, and landed weight. It also discusses the primary factors affecting these trends.

2.2.1 Enplaned Passengers

Passenger activity at an airport drives numerous revenues and financial measures including such items as non-airline revenues, e.g., parking, rental car, and terminal concessions, Passenger Facility Charge (PFC) revenues and FAA Airport Improvement Program (AIP) entitlement grant distributions. **Table 2-10** below presents historical O&D, connecting and enplaned passenger trends at the Airport between FY 2004 and 2016. It is important to separately state O&D, connecting and enplaned passengers, given the fact that the Airport operates as a connecting hub for Delta. It also presents overall U.S. enplaned passenger activity on a federal fiscal year basis (years ended September 30) for 2006 through 2016. The most recent 12-year period of data was selected as it is representative of the longer-term trends and includes various historical events as described below. In addition, the table presents a comparison of enplaned passenger levels for the first five months of FY 2017 (July 2016 through November 2016) to the same period in FY 2016. As shown, enplaned passengers for this period have increased by approximately 4.9%.

Table 2-10

HISTORICAL ENPLANED PASSENGER TRENDS AT SLC AND FOR THE U.S.

Fiscal Year	O&D Passengers	% Change	Connecting Passengers	% Change	Total Enplaned Passengers	% Change	Federal Fiscal Year [1]	U.S. Enplaned Passengers (000s)	% Change
2004	4,684,137	6.9%	4,453,122	(9.4%)	9,137,259	(1.7%)	2004	689,000	3.4%
2005	5,117,863	9.3%	5,093,724	14.4%	10,211,587	11.8%	2005	737,000	7.0%
2006	5,414,007	5.8%	5,495,212	7.9%	10,909,219	6.8%	2006	740,000	0.4%
2007	5,594,785	3.3%	5,333,350	(2.9%)	10,928,135	0.2%	2007	765,300	3.4%
2008	5,659,877	1.2%	5,273,277	(1.1%)	10,933,154	0.0%	2008	759,000	(0.8%)
2009	5,150,548	(9.0%)	4,843,881	(8.1%)	9,994,429	(8.6%)	2009	704,000	(7.2%)
2010	5,030,672	(2.3%)	5,228,278	7.9%	10,258,950	2.6%	2010	712,000	1.1%
2011	5,120,614	1.8%	5,308,783	1.5%	10,429,397	1.7%	2011	731,000	2.7%
2012	5,169,664	1.0%	4,955,422	(6.7%)	10,125,086	(2.9%)	2012	737,000	0.8%
2013	5,276,135	2.1%	4,767,934	(3.8%)	10,044,069	(0.8%)	2013	739,000	0.3%
2014	5,317,054	0.8%	4,977,640	4.4%	10,294,694	2.5%	2014	757,000	2.4%
2015	5,748,372	8.1%	5,085,336	2.2%	10,833,708	5.2%	2015E[1]	786,000	3.8%
2016	6,138,562	6.8%	5,154,449	1.4%	11,293,011	4.2%	2016F[1]	819,000	4.2%
FYTD 16 [2]					4,758,253	-			
FYTD 17 [2]					4,992,875	4.9%			
CAGR [3]							**CAGR [3]**		
2004-16	2.3%		1.3%		1.8%		2004-16	1.5%	
2004-08	4.8%		4.3%		4.6%		2004-08	2.4%	
2008-09	(9.0%)		(8.1%)		(8.6%)		2008-09	(7.2%)	
2009-16	2.5%		0.9%		1.8%		2009-16	2.2%	

[1] Federal fiscal year is the 12-month period ending September 30. FAA data for 2015 is an estimate and data for 2016 is a forecast.

[2] Fiscal Year to-date period that includes the five months of July through November.

[3] CAGR = Compound annual growth rate

Sources: Airports records for Enplaned Passengers; USDOT (via Diio) for O&D passengers; and FAA Aerospace Forecast, Fiscal Years 2016-2036; Connecting passengers were derived by subtracting DOT-reported O&D passengers from Airport-reported Enplaned Passengers; these figures do not include one-stop/through passengers

Compiled by Trillion Aviation

FY 2004 - FY 2016

In FY 2016, the Airport experienced its highest annual level of enplaned passengers ever for a fiscal year period. Between FY 2004 and FY 2016, total enplaned passengers at the Airport increased from approximately 9.1 million to approximately 11.3 million, an overall CAGR of approximately 1.8% for this period, while O&D passengers increased from 4.7 million to 6.1 million (2.3% CAGR) and connecting passengers increased from 4.5 million to 5.2 million (1.2% CAGR). During this 12-year period, O&D passengers increased in 10 of those years, while connecting passengers increased in seven of those years. O&D traffic declined only during the period of the economic recession in FYs 2009-2010. Connecting traffic was more volatile because of Delta's strategic decisions to reduce capacity system-wide and at the Airport, primarily because of over-capacity that existed throughout the U.S.

Because of the Airport being a hub for Delta and the level of airline employment in the region by Delta, JetBlue Airways (JetBlue), and SkyWest, as described in Chapter 1, airline employees are also traveling through the Airport as non-revenue airline passengers. Historically, the Department has estimated this to represent approximately 5% of total enplaned passengers; however, this data is not collected nor presented on Table 2-10. It is generally expected similar trends of non-revenue passengers will continue into the future.

Given the overall dynamic nature of the aviation industry, there were unique factors driving trends at the Airport during specific time periods. For example, the Airport experienced growth in enplaned passengers during the years of FY 2006-2008 and FY 2011-2016. The Airport experienced reductions enplaned passengers in FYs 2009 and 2010. These time periods are discussed in further detail below.

FY 2004 – FY 2008

The Airport experienced steady growth in O&D enplaned passengers during FY 2004 through FY 2008. O&D passengers grew at a CAGR of 4.8%, while the average fare paid increased at a CAGR of 5.7%, with the result that airline revenue increased at a CAGR of 10.9%. The Airport's connecting enplaned passengers also increased during this period with annual increases of approximately 14.4% and 7.9% in FY 2005 and FY 2006, respectively. Contributing to this passenger growth at the Airport during FYs 2005 and 2006 was Delta's closure of its Dallas/Fort Worth International Airport (DFW) hub in 2004 and reallocating aircraft from DFW to its other hubs including the Airport. This had a short-term effect of increasing connecting traffic at the Airport. Over the longer-term, however, these aircraft were re-distributed throughout Delta's system, resulting in subsequent declines in connecting traffic as described below.

The Airport also benefited from new service. When combined, JetBlue, Southwest and Frontier Airlines increased seat capacity by approximately 48% during this time period and accounted for much of the Airport's traffic growth. Airlines began to more effectively manage seat inventory during this time period, as load factors increased sharply, from 72.6% in 2006 to 80.2% in 2008. Delta added 14 new markets, including service to Paris, but also significantly reduced service in over 20 markets. The majority of new service was to markets in the eastern U.S., while reductions were typically to shorter-haul markets in the western U.S.

FY 2008 - FY 2010

Enplaned passengers at the Airport declined from a previous peak of approximately 10.9 million in FY 2008 to approximately 10.0 million in FY 2009, and then increased back to approximately 10.3 million in FY 2010. During the same time period, O&D passengers decreased from a previous peak of about 5.7 million in FY 2008 to approximately 5.2 million in 2009 and then to

5.0 million in 2010. The U.S. airline industry and the Airport were affected by oil price increases during this time period and the U.S. economic recession and financial crisis. From the prior peak in FY 2008, Airport enplaned passengers declined by approximately 6.2% for a net loss of almost 1.0 million enplaned passengers in 2009 and over 700,000 enplaned passengers in 2010 (as compared to FY 2008). The majority of the enplaned passenger traffic decline was in O&D passengers; where that traffic component decreased by approximately 11%. O&D traffic was particularly impacted by the loss of selected LCC service during this time period. Connecting enplaned passengers during this period dropped in FY 2009 from FY 2008 by approximately 8.1%; however, connecting enplaned passengers rebounded in FY 2010 to near FY 2008 levels. This recovery in connecting traffic mitigated the decrease in total enplaned passengers at the Airport over this period.

To further illustrate capacity trends at the Airport during this period, **Table 2-11** presents the Airport's seat capacity for FY 2010 versus prior peak levels for FY 2008. As shown, capacity was reduced by almost 1.4 million seats, and about half of the decline was attributable to Delta, which reduced seat capacity by 6.3% during this time. Delta's changes appear to have been more moderate in a time of a sharp increase in oil prices and the subsequent deep economic recession. It should be noted that Delta reduced total U.S. seat capacity 7.4% during this time period (not shown). The majority of Delta's reductions in service at the Airport were on longer-haul routes that were more adversely affected by the high price of oil. Discontinued routes were generally lower yielding markets in the southeast U.S. Delta's load factor at the Airport was flat during this time period, remaining at 82%. All other airlines in aggregate accounted for over half of the Airport's seat capacity decline during this time period, all with double-digit percentage capacity reductions. In particular, Southwest Airlines reduced service by over 368,000 annual departing seats, or 18.1%. Southwest primarily ceased operating under-performing routes, as load factor increased from 57% in the fourth quarter of 2008 to 71.5% by the fourth quarter of 2010. Also, JetBlue reduced capacity by 136,750 seats or 43.4%. JetBlue ceased operations of under-performing routes, as load factor increased from 59.6% to 73.1% during this time period.

Table 2-11

AIRLINE CAPACITY DECLINES AT SLC – FY 2010 VS. FY 2008

Airline	Change in Departing Seats	% Change
Delta Air Lines [1]	(621,993)	(6.3%)
Southwest Airlines	(368,732)	(18.1%)
American Airlines [2]	(87,339)	(13.3%)
United Airlines [3]	(116,423)	(18.1%)
JetBlue Airways	(136,750)	(43.4%)
Frontier Airlines	(35,235)	(11.9%)
Total	**(1,366,472)**	**(9.7%)**

[1] Includes former Northwest Airlines
[2] Includes former US Airways
[3] Includes former Continental Airlines
Source: Innovata, accessed June 2016
Compiled by Trillion Aviation

FY 2010 – FY 2016

During the period of FY 2010 through FY 2016, enplaned passengers increased at a CAGR of about 1.6% to approximately 11.3 million enplaned passengers in FY 2016. During this time period, O&D passengers increased at a CAGR of 3.4%, increasing to more than 6.1 million in FY 2016. Connecting traffic decreased slightly at a CAGR of approximately 0.2%. The Airport had an estimated 5.2 million connecting passengers in FY 2016.

During this time period, Delta reduced scheduled seat capacity at the Airport from 9.0 million departing seats to 8.6 million seats, a decline of 4.4%. Delta's connecting passenger traffic decreased by approximately 3.0% during this time, while O&D traffic was up by approximately 1.9%. Much of this decline was driven by the reduction in the use of Delta's 50-seat regional jets during the 2012-2013 time period, which resulted in disproportionate declines in connecting traffic. During this same time period, Delta's average fare increased approximately 33% and Delta's O&D revenue from the Airport increased from approximately $1.1 billion in FY 2010 to almost $1.5 billion in FY 2016, an approximate 36% increase. Essentially, Delta used seat capacity reductions during this time period to reduce lower yielding (mostly connecting) traffic. The result has been significantly higher Delta yields and RASM at the Airport that was earlier illustrated in Table 2-3.

Similarly, Southwest's seat capacity at the Airport decreased by 25.0% from FY 2010 to FY 2016, with passenger traffic dropping about 12%. During this time period, Southwest's average fare increased by 21%, with revenue increasing 28%. As with Delta, Southwest effectively reduced lower yielding traffic, resulting in higher yields and RASM that were noted earlier on Table 2.3.

The aforementioned capacity declines by Delta and Southwest also helped support other airlines serving the Airport:

- JetBlue's load factor increased 14 percentage points, from 72% to 86% during the period between FY 2010 and 2016.
- American increased seat capacity by 150% while load factor also increased by four percentage points
- Frontier Airlines' (Frontier's) load factor remained at 77%.
- Alaska Airlines started service from the Airport in 2013. For FY 2015, Alaska offered nonstop service to Boise, Las Vegas, Los Angeles, Portland, San Diego, Seattle, San Francisco and San Jose. Alaska's entrance into the Airport may have been somewhat in response to Delta's sharp capacity increase at SEA.

2.2.2 Aircraft Operations

Airlines are constantly evaluating how to best serve passenger demand based on their available aircraft fleet. In markets that exhibit strong business travel, an airline may choose to serve that particular market by offering more daily frequency; in other words, it may choose to operate smaller aircraft on the route several times per day to offer customers more choice and redundancy. In other cases, an airline may choose to offer larger aircraft and less frequency. Airlines also make decisions to change aircraft capacity on particular routes in reaction to load factors and, ultimately, profitability. Aircraft fleet mix and operations are important considerations for airport operators when planning for appropriately-sized airport facilities and ensuring an airport has sufficient capacity to accommodate operations into the future. From an airport financial standpoint, aircraft operations have minimal impact on revenue performance, although aircraft operations do impact decisions regarding airport capital programs. Also, airline decisions on aircraft type and number of operations to accommodate passenger demand ultimately determine overall aircraft landed weight, which is discussed in the following section.

The Airport has exhibited relatively strong passenger growth, especially over the past two years. This growth in large part was driven by airlines' restructuring their flight schedules from the Airport, effectively decreasing aircraft operations, but adding more seats by using larger aircraft, known as "up-gauging." As a result, passenger growth at the Airport has been driven primarily by larger aircraft and higher load factors as opposed to growth in the frequency of aircraft operations.

Table 2-12 presents historical aircraft operations for the Airport for FY 2006 through FY 2016 for the categories of passenger airlines, all-cargo airlines, general aviation, and military. Overall, during this period, total aircraft operations have decreased at a CAGR of approximately 3.3%. In addition, the table presents a comparison of aircraft operations for the first five months of FY 2017 (July 2016 through November 2016) to the same period in FY 2016. As shown, total aircraft operations have increased by approximately 3.0%.

Table 2-12

HISTORICAL AIRCRAFT OPERATIONS AT SLC

Fiscal Year	Passenger Airlines	Cargo Airlines	General Aviation	Military	Total	% Change
2006	328,876	25,776	83,409	2,401	440,462	-
2007	313,828	25,096	83,532	2,007	424,463	(3.6%)
2008	311,858	23,026	76,365	2,086	413,335	(2.6%)
2009	280,906	19,236	69,606	1,980	371,728	(10.1%)
2010	277,174	17,916	69,887	2,181	367,158	(1.2%)
2011	272,550	16,476	69,796	2,649	361,471	(1.5%)
2012	249,040	16,520	73,389	4,170	343,119	(5.1%)
2013	236,860	17,942	74,145	2,044	330,991	(3.5%)
2014	237,646	18,102	66,670	2,190	324,608	(1.9%)
2015	237,948	18,484	60,824	2,738	319,994	(1.4%)
2016	237,294	19,434	50,879	7,978	315,585	(1.4%)
FYTD 16 [1]					131,077	-
FYTD 17 [1]					134,984	3.0%
CAGR [2]						
2006-16	(3.2%)	(2.8%)	(4.8%)	12.8%	(3.3%)	
2006-13	(4.6%)	(5.0%)	(1.7%)	(2.3%)	(4.0%)	
2013-16	0.1%	2.7%	(11.8%)	57.4%	(1.6%)	

[1] Fiscal Year to-date period that includes the five months of July through November.
[2] CAGR = Compound annual growth rate
Source: Airport records
Compiled by Trillion Aviation

Total aircraft operations decreased substantially from FY 2006 to FY 2013. Since FY 2013, passenger aircraft operations have remained stable, and have generally ranged between approximately 237,000 to 238,000 per year. Overall, for the period of FY 2013 through FY 2016, passenger airline aircraft operations have experienced essentially flat growth. Given current industry trends, it would be expected that aircraft operational activity will continue to lag enplaned passenger growth as airlines, generally, continue to accommodate passenger demand through increases in load factors, higher air fares, and larger aircraft types.

2.2.3 Landed Weight

Aircraft landed weight, expressed in 1,000-pound units, is the sum of the maximum gross certificated landing weight as certified by the FAA for passenger and all-cargo aircraft landing at the Airport. Per the Airline Use Agreement (AUA) with the Signatory Airlines that operate at the Airport, as later described in Section 4.3.3, aircraft landed weight is used as the denominator in the calculation of landing fees that are used to recover the net cost of the Airfield Cost and Revenue Center as described in Section 4.3.1. Therefore, landed weight is an important measure for the Department as it provides a method to recover costs from each airline based on its share of landed weight.

Table 2-13 presents landed weight activity at the Airport for the period of FY 2006 through FY 2016 for scheduled passenger airlines, other airlines including cargo airlines, and in total. As shown, total landed weight decreased moderately over this period, at a CAGR of approximately 0.9%. This was during a time when the Airport was generating relatively stronger passenger growth. From FY 2006 to FY 2013, the landed weight at the Airport declined at a CAGR of 2.5%, during a time period when passenger volume at the Airport decreased by a CAGR of approximately 1.2%. Subsequently, from FY 2013 to FY 2016, landed weight increased at a CAGR of 3.1%, during a time period when passenger volumes grew rapidly. In addition, the table presents a comparison of total landed weight for the first five months of FY 2017 (July 2016 through November 2016) to the same period in FY 2016. As shown, total landed weight has increased by approximately 6.6%.

In general, during FY 2013 through FY 2016, airlines reduced aircraft operations at the Airport, while generally adding larger aircraft to increase seat capacity. Overall, this resulted in marginally higher landed weight. Given recent trends, it would be expected that landed weight will grow marginally as airlines continue to add larger aircraft, although landed weight growth will likely lag growth in enplaned passengers

Table 2-13
HISTORICAL LANDED WEIGHT AT SLC (thousand-pound units)

Fiscal Year	Passenger Airlines	Cargo Airlines	Total	% Change
2006	13,688,252	1,143,544	14,831,796	-
2007	13,391,266	1,093,237	14,484,504	(2.3%)
2008	13,605,291	1,075,009	14,680,300	1.4%
2009	12,607,823	962,602	13,570,426	(7.6%)
2010	12,224,725	870,574	13,095,299	(3.5%)
2011	12,352,078	878,434	13,230,512	1.0%
2012	11,731,536	873,214	12,604,750	(4.7%)
2013	11,463,695	942,557	12,406,252	(1.6%)
2014	11,740,729	938,309	12,679,038	2.2%
2015	12,202,986	997,992	13,200,978	4.1%
2016	12,511,833	1,069,830	13,581,663	2.9%
FYTD 16 [1]			5,616,521	-
FYTD 17 [1]			5,987,133	6.6%
CAGR [2]				
2006-16	(0.9%)	(0.7%)	(0.9%)	
2006-13	(2.5%)	(2.7%)	(2.5%)	
2013-16	3.0%	4.3%	3.1%	

Note: Amounts may not add because of rounding.
[1] Fiscal Year to-date period that includes the five months of July through November.
[2] CAGR = Compound annual growth rate
Source: Airport records
Compiled by Trillion Aviation

2.3 Key Factors Affecting Air Traffic Demand

The forecast of future air traffic activity at the Airport, provided later in this chapter, was prepared partly on the basis of quantitative factors including regression versus socioeconomic variables such as population, employment and income. The following section addresses certain qualitative factors that potentially could impact air traffic activity both nationwide and at the Airport.

2.3.1 Economic Conditions and Events

Historical growth in the demand for aviation activity generally has been driven by economic conditions and events. The most significant economic variables driving passenger and freight demand include real GDP, consumer prices, fuel prices, non-farm employment, and real disposable personal income.

In 2008, the U.S. economy experienced an economic recession that many economists portray as the worst economic period in the U.S. since the Great Depression in the 1930s. During this recession, oil prices also spiked to nearly $150 per barrel. The combination of these two events caused significant turmoil within the U.S. airline industry, with most airports across the U.S.

greatly affected. Between 2007 and 2010, the U.S. unemployment rates increased from 4.6% to 9.6%.[56]

Since the recession, the U.S. economy has experienced a slow economic recovery. According to the U.S. Bureau of Transportation Statistics (BTS) data, the aviation industry started to rebound during the latter part of 2009 as the nation initiated recovery from the economic recession. Real GDP has generally experienced growth of approximately two percent annually, which is well below most historical post-recovery growth rates. Unemployment has dropped from the peak of 9.6% in 2010 to the November 2016 level of 4.7% (seasonally adjusted).[57] Consumer spending grew 1.0% for the 12 months ending May 31, 2016, as compared to the same prior 12-month period, following similar trends during the prior two-year period. Spending for transportation grew 3.2% during this same time period, up from 1.2% growth from the prior year. Lower airline industry air fares have been driving these relative trends, driven in part by capacity growth, which largely has been driven by oil price declines. Continued growth of 1% to 2% in consumer spending is expected to continue, as is relatively faster growth in transportation sector spending.

The most recent forecast from the Congressional Budget Office (CBO) estimates that real U.S. GDP is forecast to grow, on average, by about 2.0% per year between 2016 and 2026.[58] Should the U.S. economy deviate greatly from these estimates, aviation activity could vary from the forecasts presented herein.

2.3.2 The U.S. Airline Industry

Over the past several years, the U.S. airline industry has undergone a significant transformation. Although it has been profitable in recent years, the U.S. airline industry cumulatively experienced losses of approximately $40 billion from airline de-regulation (1978) through 2008.[59] Many airlines have filed for Chapter 11 bankruptcy protection and a few have ceased operations altogether. During this period, airlines suffered from excess capacity, which had the effect of driving down yields. Yields adjusted for inflation had dropped by approximately 70%. With oil prices spiking to near $150 per barrel, industry changes were critical. As a result, the network airlines restructured their route systems, and reached agreements with lenders, employees, vendors, and creditors to decrease their cost structure. Many airlines sought Chapter 11 bankruptcy protection to achieve such cost cuts. Republic Airways Holdings, the owner of Republic Airlines and which operates at the Airport as a regional affiliate doing business as American Eagle and United Express, filed for bankruptcy protection in February 2016.

Since 2008, the U.S. airline industry has slashed capacity, particularly in short-haul markets, served primarily with smaller, short-range aircraft types. The result has been a significant improvement in yields, unit revenues (RASM) and subsequently, profitability. In recent years, the U.S. airline industry has been at its most stable, profitable point in its history. For 2013, U.S. airlines tallied operating income of almost $10.6 billion and in 2014 profitability climbed to almost $15 billion. With oil price declines, the industry generated operating profits of $26.7

[56] Bureau of Labor Statistics, U.S. Department of Labor, accessed July 2016.
[57] Bureau of Labor Statistics, U.S. Department of Labor, accessed January 2017
[58] Congressional Budget Office, January 2016 accessed July 2016.
[59] Airlines for America, www.airlines.org.

billion in 2015. The industry operating margin in 2015 was 17.2%.[60] In addition to aforementioned yield improvement, recent profitability can also be attributed to airlines unbundling services and increasing the use of ancillary fees such as charges for checked baggage.

Industry consolidation has taken place as a result of competitive pressures and economic conditions. Since 2005, numerous airline mergers have taken place, including the consolidation of (1) US Airways and America West Airlines, (2) Delta and Northwest Airlines, (3) United Airlines (United) and Continental Airlines, (4) Southwest and AirTran Airways, and (5) American and US Airways. Additionally, Republic Airways Holdings purchased Frontier and Midwest Airlines in October 2009 operating the combined carrier as Frontier. Republic Airways Holdings sold Frontier in 2013. In December 2016, Alaska Air Group acquired Virgin America. The four largest U.S. airlines control approximately 83% of domestic industry seat capacity.[61] The potential impacts associated with consolidation include limited industry seat capacity growth and continued increases in yields (fares). Given the number of mergers that have taken place, it is likely that industry consolidation is at or nearing completion.

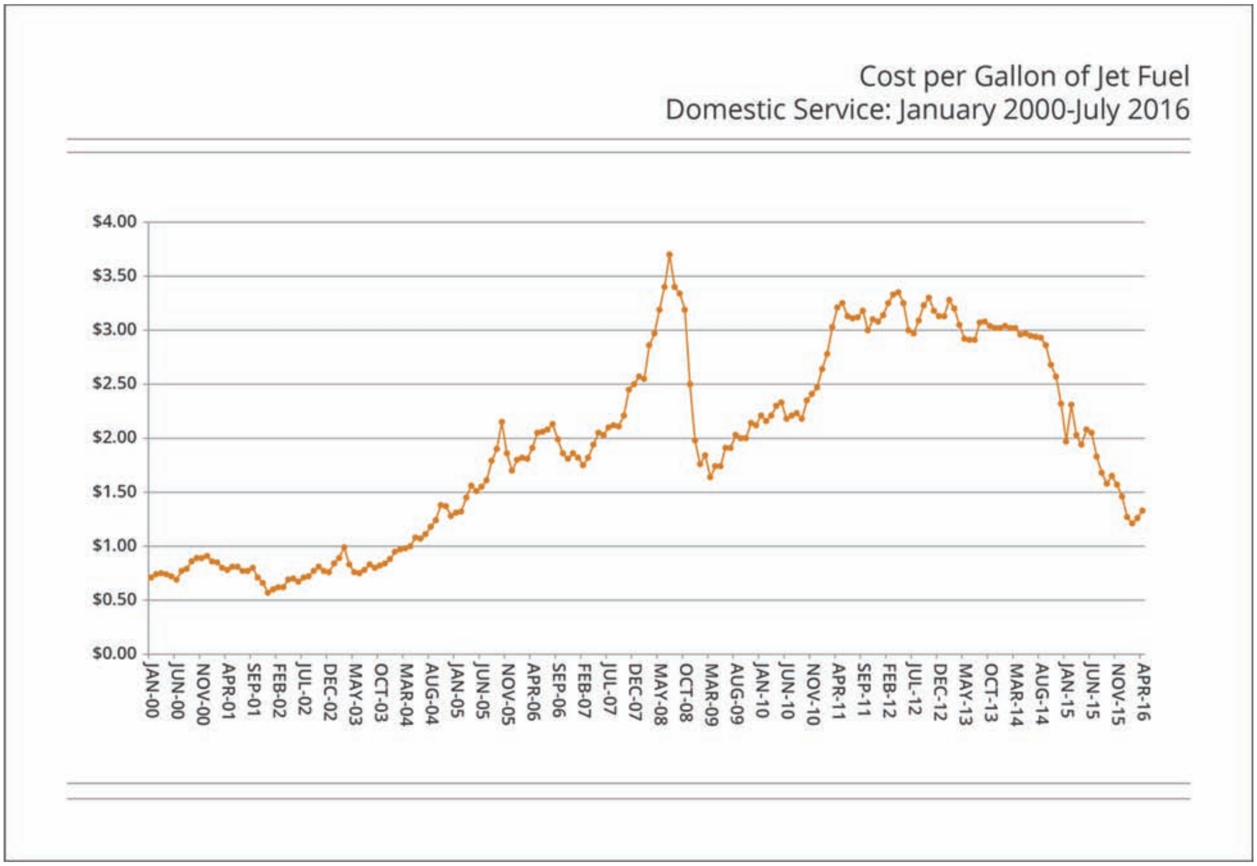
2.3.3 Aviation Fuel

The average price of jet fuel per gallon was $0.82 in 2000. It peaked at about $3.75 per gallon in 2008. The cost of jet fuel was the major influence that drove the aforementioned capacity trends in the industry. The cost of jet fuel approximated $3.00 per gallon throughout much of 2014, before beginning to drop in late 2014. Recently, the cost of jet fuel has been around $1.40 per gallon, with the most current price of $1.49 for the month of July 2016. Jet fuel price trends are presented below in **Figure 2-6**.

[60] As reported by 9 largest publicly traded U.S. airlines
[61] Innovata data for June 2016, accessed June 2016

Figure 2-6

COST OF JET FUEL



Source: US Bureau of Transportation Statistics, accessed October 2016

In July 2011, the industry's domestic jet fuel cost peaked at $1.954 billion, as 622 million gallons of jet fuel were consumed. During April 2016, the domestic industry consumed 884 million gallons of jet fuel at a fuel cost of $1.7 billion.[62]. Based on Airlines for America (A4A) data for the third quarter of 2016, fuel accounted for approximately 16.0% of airline industry operating expenses, its second largest component behind labor.[63]

Although fuel cost is of major importance to the airline industry, future prices and availability are uncertain and fluctuate based on numerous factors. These can include supply and demand expectations, geopolitical events, fuel inventory levels, monetary policies, and economic growth forecasts. Although it is impossible to predict future prices, experts generally agree that longer-term prices are expected to increase from today's relatively low levels, although they are expected to remain at levels well below peak levels experienced during most of the last decade.

It is expected that aviation fuel costs will continue to impact the airline industry in the future. If aviation fuel costs increase significantly over current levels, air traffic activity could become

[62] US DOT Bureau of Transportation Statistics, accessed June 2016

[63] A4A Website, accessed January 2017

negatively affected as airlines attempt to pass costs on to consumers through higher airfares and fees in order to remain profitable. At this time, alternative fuels are not yet commercially cost effective.

2.3.4 Aviation Security

Since September 11, 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against threats and maintain the public's confidence in the safety of air travel. Security measures have included cargo and baggage screening requirements, deployment of explosive detection devices, strengthening of aircraft cockpit doors, increased presence of armed air marshals, awareness programs for personnel at airports, deployment of passenger screening canine teams, and programs for flight crews. Aviation security is under the control of the federal government through the Transportation Security Administration (TSA).

The threat of terrorism poses risks to the continued growth of the aviation industry. Although terrorist events targeting aviation interests would likely have negative and immediate impacts on the demand for air travel, the industry and demand have historically recovered from such events. There have been recent terror attacks at airports internationally including in Istanbul, Turkey in June 2016 and Brussels, Belgium in March 2016. So long as government agencies continue to seek processes and procedures to mitigate potential risks and to maintain confidence in the safety of air travel, without requiring unreasonable levels of cost or inconvenience to passengers (which has been a factor of late at many larger airports, but is expected to be mitigated over the long-run), economic influences are expected to be the primary driver for aviation demand, as opposed to security and safety.

2.3.5 National Air Traffic Capacity

The U.S. aviation system has a major impact on the national economy because it provides a means of transporting people and cargo over long distances in a relatively short period of time. As demand for air travel increases, the national aviation system must maintain sufficient capacity to allow for travel without unacceptable delays or congestion. It generally is assumed that the required infrastructure improvements needed to maintain capacity will keep pace with demand. Although not likely over the forecast period evaluated herein, the inability of the national aviation system to keep pace with demand could create congestion and delays on a national level that could adversely affect the passenger experience and impact future demand for air travel.

2.4 Air Traffic Activity Forecasts

Trillion Aviation has prepared Airport air traffic activity forecasts for use as the basis for the financial analysis performed later in this report. Trillion Aviation's analysis consisted of two primary steps: a short-term forecast (FY 2017) and a long-term forecast (FY 2018-2024), and is described in the sections below.

2.4.1 Forecast Assumptions

Forecasts of air traffic activity were developed based on an analysis of the underlying economic conditions of the Air Service Area, airline traffic trends, and an assessment of Delta's continued operation of hubbing activity at the Airport. In general, it was assumed that in the long term, changes in airline traffic at the Airport will occur as a function of the growth in population and economy of the Air Service Area, growth in U.S. population and GDP, and changes in airline network strategy, including the role of the Airport as a connecting hub for Delta. In addition, several other assumptions are incorporated into the long-term forecast including the following:

- The airlines will continue to add capacity that is in line with demand and GDP growth.
- The Airport will continue its role as a Delta hub.
- The other network airlines currently serving the Airport (i.e., Southwest, American, and United) will continue to provide air service to support local demand primarily to and from their hub airports, key focus cities, and larger O&D markets.
- Delta will continue to provide trans-oceanic service to European markets. Other international service will be provided as demand dictates, including service to markets in Canada and Mexico.
- Low cost carrier service will continue to operate at the Airport to serve the demand for such services.
- Long-term nationwide growth in air travel will occur over the forecast period.
- Aviation fuel prices are anticipated to be higher relative to historical levels, but lower than the record prices reached in mid-2008.
- There will be no major disruption of airline service or airline travel behavior as a result of domestic or international terrorist acts or threats.

Many of the factors that may affect air travel demand are not necessarily quantifiable. As a result, all forecasts of aviation activity are subject to various uncertainties. Therefore, this forecast, as with any forecast, should be viewed as a general indication of future aviation activity as opposed to a precise prediction. Actual future traffic may vary from these forecasts and such variances could be material.

2.4.2 Enplaned Passenger Forecasts

The Airport's enplaned passenger base consists of O&D passengers driven by regional and national economic activity and connecting passengers primarily driven by Delta's strategic decisions. Specific assumptions and points regarding forecast enplanements for the short-term (FY 2017) and the longer-term (FY 2018 to FY 2024) are discussed below.

Short-Term Forecast

The short-term forecast developed an appropriate estimate for FY 2017. This included a review of prior year historical enplanements and also a review of scheduled departing aircraft seats for the next several months, obtained from published airline schedules. Recent or expected airline service announcements have been incorporated. Enplaned passengers are estimated to increase by approximately 2.4% over FY 2016 to approximately 11.6 million.[64] This forecast assumes enplanement growth will moderate as increases in enplaned passengers have been 4% to 5% in each of the two prior years.

Key assumptions regarding the short-term forecast for FY 2017 include the following:

- Passenger growth, particularly O&D, has been outpacing capacity growth over the past few years: although, the relative gap between the two has been shrinking over the past two years. In particular, a number of airlines have added service to existing and new domestic markets in FY 2016 and FY 2017, including:
  - Delta increased its seat capacity by 3.0% in FY 2016 and is scheduled to increase its seat capacity by 6.0% for the first half of FY 2017, including expanded service to a number of existing markets, including Boise, Boston, Grand Junction, Los Angeles, Sacramento, and Seattle, and new service to new markets - Des Moines in September 2015 and Aspen and Miami in December 2016.
  - Alaska added one additional daily flight to Seattle in March 2015.
  - Frontier added new service to Atlanta in April 2016 and year-round service to Phoenix in July 2016, both with three weekly flights.
  - JetBlue added daily nonstop service to Boston in May 2016.
  - Southwest added daily nonstop service to Dallas Love in August 2015, two daily flights to San Jose in November 2016, and is planning to add two daily flights to Burbank and one daily flight to Sacramento in March 2017.
- O&D traffic contributed to the majority of the Airport's traffic growth in FY 2015 and FY 2016. Following an 8.1% increase in FY 2015, estimated O&D enplaned passengers increased another 6.8% in FY 2016.
- Future scheduled seat capacity at the Airport for FY 2017 is currently up 7.1% year over year.
- The Airport's seat capacity for FY 2017 currently is scheduled to be higher than it was for FY 2016. For financial feasibility purposes, in order to be conservative, passenger traffic growth, especially O&D, is forecast to be somewhat lower for FY 2017 than in recent years. For FY 2017, O&D passengers are estimated to increase at a rate of 2.9%.

[64] It should be noted that the forecast of enplaned passengers was developed near the beginning of FY 2017, and if current passenger trends continue through the remainder of the FY, enplaned passengers for FY 2017 are likely to be higher than forecast.

- As indicated above, aircraft load factors have been increasing in recent years. For FY 2017, it is assumed that load factor growth will moderate and that passenger growth again will stabilize.

- In FY 2016, international passenger traffic is up nearly 40% over FY 2015. In addition, for the first half of FY 2017, future scheduled seat capacity for international service is up over 57% versus the same period last year. As a result, international enplaned passengers are estimated to increase by 35% in FY 2017. Much of the increase in international passenger traffic is a result of new nonstop service to Amsterdam in March 2016 (previously seasonal service) and London in April 2016 by Delta. In addition, Air Canada and Delta both initiated daily nonstop service to Toronto in May 2016.

Long-Term Forecast

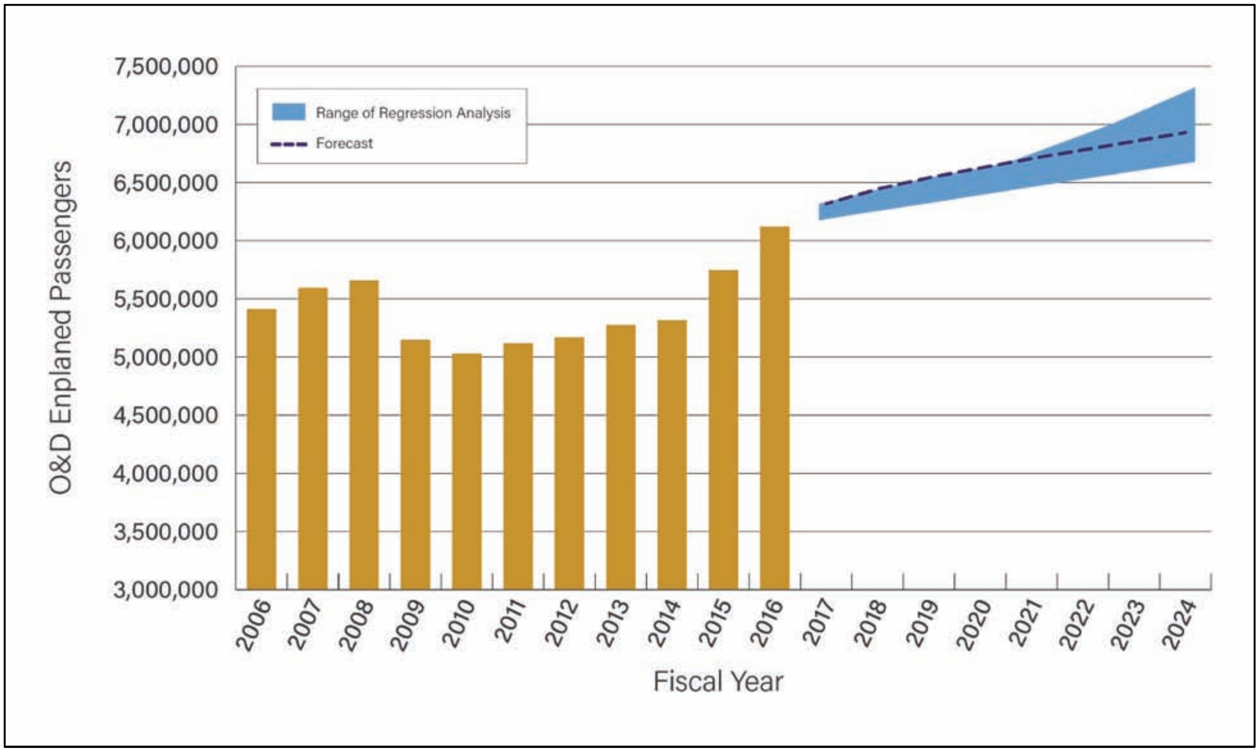
The long-term enplanement forecast is based on the ability of the Air Service Area's economic base to generate continued O&D passenger growth and the business decisions of Delta to continue operating the Airport as a major connecting hub, primarily serving the western half of the U.S. As such, the Airport's long-term enplanement forecast was developed in two parts: for O&D and connecting enplaned passengers. O&D enplaned passenger traffic is driven by the Air Service Area's economic base and was forecast using a socioeconomic regression analysis. The Airport's connecting enplaned passengers were then forecast based on discussions with Delta, and overall share of connecting enplaned passenger traffic.

The key socioeconomic forecast variables that have been found to have a strong correlation with an airport's O&D passenger demand generally include population, employment, income and gross regional product. These variables for the Air Service Area are expected to outpace or grow in tandem with those of the overall U.S. To develop an understanding of how O&D passengers may trend into the future, regression analyses of O&D enplaned passengers versus these key economic and demographic drivers were performed. A single regression for each Air Service Area economic and demographic factor as the independent variable, and Airport O&D enplaned passengers as the dependent variable was undertaken. For example, the Air Service Area historical population was analyzed versus historical Airport O&D enplaned passengers to determine an understanding of how future O&D enplaned passengers may trend based on forecast population.

Figure 2-7 presents the resulting O&D passenger forecast trends based on the regression analysis. Resulting CAGRs ranged from 1.2% to 1.9% for the period of FY 2014 through FY 2035, and forecast O&D enplaned passenger levels for FY 2035 ranged from 6.7 million to 7.9 million. The Airport's historical O&D passenger CAGR for the period between FY 2006 and FY 2016 was 1.2%. The dashed line represents the selected O&D enplaned passenger forecast trend for the Airport and the shaded area represents the range of outcomes based on the regression analysis. Consistent with the descriptions above, O&D enplaned passengers grew rapidly in both FY 2015 and FY 2016. Longer-term, the forecast assumes that this growth will stabilize and become more in-line with the overall growth rate sustainable from the economic base of the Air Service Area. As presented on Figure 2-7, forecast O&D enplaned passengers trend towards the middle of the range for the regression analysis by FY 2024. For the period of FY 2016 through FY 2024, O&D enplaned passengers are forecast to grow at a CAGR of 1.5%.

Figure 2-7

O&D ENPLANED PASSENGER REGRESSION ANALYSIS



Source: Trillion Aviation

Economic disturbances are likely to occur over the forecast period; however, the Airport's current air service appears more profitable and, hence, more stable than it was during the last peak experienced in the 2007-2008 period. Year-over-year variations likely to occur from these disturbances, therefore, are expected to be milder and shorter in duration than experienced during prior recessionary periods.

O&D enplaned passengers from the Airport are forecast to grow to approximately 6.9 million by FY 2024, or at a CAGR of 1.5% during the period of FY 2016 to FY 2024. This growth rate is below the CAGR of 2.3% experienced over the past 12 years. Beyond FY 2017, O&D passengers are forecast to increase at a CAGR of 1.3%, similar to the CAGR experienced over the past 10 years.

It is assumed that Delta will continue to operate the Airport as one of its key connecting hubs throughout the forecast period. As discussed earlier in this Chapter, the Airport is of key strategic importance for Delta, and continues to provide needed domestic connection capacity in the U.S West. Connecting enplaned passenger traffic is somewhat indirectly linked to the economic base of the Air Service Area; however, it is also significantly impacted by business decisions by Delta. Therefore, for the purposes of this passenger forecast, it is assumed that connecting enplaned passengers will continue to grow based on historical trends. Since the most recent transformation of the airline industry in 2008 and 2009, connecting enplaned passenger traffic has experienced a CAGR of 0.9% through FY 2016. In FY 2016, connecting traffic was up 1.4% over the same period last year. Beyond FY 2016, Delta's share of connecting passengers at the Airport is assumed to remain relatively constant at around 60% of Delta's total enplaned passengers. Overall, total connecting enplaned passengers at the Airport are forecast to increase at a CAGR of 1.2%. **Table 2-14** below presents the forecast for O&D, connecting, and total enplaned passengers for the Airport through FY 2024.

Table 2-14

ENPLANED PASSENGER FORECAST

Fiscal Year	O&D Enplaned Passengers	% Change	Connecting Enplaned Passengers	% Change	Total Enplaned Passengers	% Change
Historical						
2009	5,150,548		4,843,881		9,994,429	
2010	5,030,672	(2.3%)	5,228,278	7.9%	10,258,950	2.6%
2011	5,120,614	1.8%	5,308,783	1.5%	10,429,397	1.7%
2012	5,169,664	1.0%	4,955,422	(6.7%)	10,125,086	(2.9%)
2013	5,276,135	2.1%	4,767,934	(3.8%)	10,044,069	(0.8%)
2014	5,317,054	0.8%	4,977,640	4.4%	10,294,694	2.5%
2015	5,748,372	8.1%	5,085,336	2.2%	10,833,708	5.2%
2016	6,138,562	6.8%	5,154,449	1.4%	11,293,011	4.2%
Forecast						
2017	6,318,000	2.9%	5,249,000	1.8%	11,567,000	2.4%
2018	6,444,000	2.0%	5,317,000	1.3%	11,761,000	1.7%
2019	6,541,000	1.5%	5,375,000	1.1%	11,916,000	1.3%
2020	6,626,000	1.3%	5,429,000	1.0%	12,055,000	1.2%
2021	6,706,000	1.2%	5,483,000	1.0%	12,189,000	1.1%
2022	6,780,000	1.1%	5,538,000	1.0%	12,318,000	1.1%
2023	6,855,000	1.1%	5,593,000	1.0%	12,448,000	1.1%
2024	6,930,000	1.1%	5,649,000	1.0%	12,579,000	1.1%
CAGR [1]						
2009-2016	2.5%		0.9%		1.8%	
2016-2024	1.6%		1.2%		1.4%	
2017-2024	1.3%		1.1%		1.2%	

Note: Originating and connecting enplaned passengers for FY 2016 are estimated based on the latest available data.
[1] CAGR = Compounded annual growth rate
Source: Airport records (historical total); USDOT via Diio (historical O&D); Trillion Aviation (forecast)

For comparative purposes, with regard to the enplaned passenger forecast, the FAA's Terminal Area Forecast (TAF) for the Airport is for 12.7 million enplaned passengers by FY 2024, a 2.4% CAGR when measured from FY 2016, or roughly at the rate of expected GDP growth. The TAF forecast is approximately 0.7% higher than the enplaned passenger forecast contained herein for FY 2024. However, the FAA TAF forecast generally is used for facility planning purposes as opposed to financial planning; therefore, it is not uncommon for it to be higher than forecasts used for financial purposes.

2.4.3 Aircraft Operations Forecasts

Table 2-15 presents historical and forecast aircraft operations. Total passenger airline aircraft operations are expected to increase modestly at a 0.3% CAGR from FY 2016 through FY 2024. It is assumed that the current industry shift towards larger aircraft will continue to occur for the foreseeable future. In addition, the forecasts assume further decreases in smaller regional jets, especially 50-seat aircraft as they are retired. Cargo airlines and general aviation are forecast to increase at a 0.5% CAGR through FY 2024. For the purposes of this Report, military aircraft operations are forecast to remain flat at 5,000 annually. Total aircraft operations at the Airport are forecast to increase from 315,585 in FY 2016 to 324,700 in FY 2024, a CAGR of 0.4% during this period.[65]

Table 2-15

AIRCRAFT OPERATIONS FORECAST

Fiscal Year	Passenger Airlines	Cargo Airlines	General Aviation	Military	Total	% Change
Historical						
2009	280,906	19,236	69,606	1,980	371,728	(10.1%)
2010	277,174	19,916	69,887	2,181	367,158	(1.2%)
2011	272,550	16,746	69,796	2,649	361,471	(1.5%)
2012	249,040	16,520	73,389	4,170	343,119	(5.1%)
2013	236,860	17,942	74,145	2,044	330,991	(3.5%)
2014	237,646	18,102	66,670	2,190	324,608	(1.9%)
2015	237,948	18,484	60,824	2,738	319,994	(1.4%)
2016	237,294	19,434	50,879	7,978	315,585	(1.4%)
Forecast						
2017	238,500	19,500	54,200	5,000	317,200	0.5%
2018	239,500	19,600	54,500	5,000	318,600	0.4%
2019	240,300	19,700	54,800	5,000	319,800	0.4%
2020	241,100	19,800	55,100	5,000	320,900	0.3%
2021	241,700	19,900	55,400	5,000	321,900	0.3%
2022	242,300	20,000	55,700	5,000	322,900	0.3%
2023	242,900	20,100	56,000	5,000	323,900	0.3%
2024	243,300	20,200	56,300	5,000	324,700	0.2%
CAGR [1]						
2009-2016	(2.4%)	0.1%	(4.4%)	22.0%	(2.3%)	
2016-2024	0.3%	0.5%	1.3%	(5.7%)	0.4%	
2017-2024	0.3%	0.5%	0.5%	0.0%	0.3%	

[1] CAGR = Compounded annual growth rate
Source: Airport records (historical); Trillion Aviation (forecast)

[65] It should be noted that the forecast of aircraft operations was developed near the beginning of FY 2017, and if current trends continue through the remainder of the FY, aircraft operations for FY 2017 are likely to be higher than forecast.

2.4.4 Aircraft Landed Weight Forecasts

Table 2-16 presents historical and forecast aircraft landed weight. Total scheduled passenger airline landed weight is expected to increase at 1.1% CAGR from FY 2016 through FY 2024. Landed weight growth is forecast to be lower than enplaned passenger growth as the airlines are expected to continue the trend of capacity discipline through increases in load factors and increasing aircraft size when demand warrants. Other airline landed weight, including cargo airlines, is forecast to increase at a 1.0% CAGR through FY 2024. Total commercial aircraft landed weight at the Airport is forecast to increase from 13.6 million units in FY 2016 to approximately 14.8 million units in FY 2024, a CAGR of 1.1% during this period.[66]

Table 2-16

AIRCRAFT LANDED WEIGHT FORECAST (thousand-pound units)

Fiscal Year	Passenger Airlines	Cargo Airlines	Total	% Change
Historical				
2009	12,607,823	962,602	13,570,426	(7.6%)
2010	12,224,725	870,574	13,095,299	(3.5%)
2011	12,352,078	878,434	13,230,512	1.0%
2012	11,731,536	873,214	12,604,750	(4.7%)
2013	11,463,695	942,557	12,406,252	(1.6%)
2014	11,740,729	938,309	12,679,038	2.2%
2015	12,202,986	997,992	13,200,978	4.1%
2016	12,511,833	1,069,830	13,581,663	2.9%
Forecast				
2017	12,595,146	1,176,923	13,772,069	1.4%
2018	12,742,569	1,188,443	13,931,012	1.2%
2019	12,879,755	1,200,018	14,079,774	1.1%
2020	13,012,024	1,211,650	14,223,674	1.0%
2021	13,139,253	1,223,338	14,362,591	1.0%
2022	13,266,963	1,235,081	14,502,045	1.0%
2023	13,395,153	1,246,881	14,642,034	1.0%
2024	13,512,387	1,258,737	14,771,123	0.9%
CAGR [1]				
2009-2016	(0.1%)	1.5%	0.0%	
2016-2024	1.1%	1.0%	1.1%	
2017-2024	1.0%	1.0%	1.0%	

Note: Amounts may not add because of rounding.
[1] CAGR = Compounded annual growth rate
Source: Airport records (historical); Trillion Aviation (forecast)

[66] It should be noted that the forecast of landed weight was developed near the beginning of FY 2017, and if current trends continue through the remainder of the FY, total landed weight for FY 2017 is likely to be higher than forecast.

3 Airport Facilities and Capital Program

This Chapter provides an overview of existing Airport facilities and describes the TRP, NCP, and other planned capital improvements at the Airport, referred to as Other Capital Projects for the purposes of this Report.

3.1 Existing Airport Facilities

The Airport comprises approximately 9,400 acres of land in Salt Lake County, Utah. It is located approximately five miles west of downtown Salt Lake City. The Airport is relatively distant from other comparable airports and is the primary commercial air passenger and cargo service facility for the Salt Lake Valley, the State of Utah, and portions of southwestern Wyoming, southeastern Idaho, northeastern Nevada, and northwestern Colorado. Access to the Airport is primarily provided from Interstate 80 via Terminal Drive. Existing Airport facilities are described in sections below and are graphically illustrated on **Figure 3-1**.

Figure 3-1

AIRPORT LAYOUT

Source: Airport records

3.1.1 Airport History

Originally used for aerobatic flights, the Airport began as a cinder-covered landing strip in a marshy pasture called Basque Flats in 1911. The City purchased 100 acres surrounding the landing strip for $40.00 per acre in 1920, and the resulting airfield was named Woodward Field. The first commercial passenger flight took place in 1926 with two passengers perched atop U.S. mail sacks, and in 1943, the Airport became a training base and replacement depot for the U.S. Army Air Force. A history of the Airport's growth over historical time periods is summarized below[67].

- **1930s and 1940s.** In 1930, the Airport was renamed Salt Lake City Municipal Airport and consisted of approximately 400 acres, 11 hangars and two gravel runways. In 1933, the City built an airport administration building that housed a passenger waiting room, mail room, airport manager's office, other facilities, and leased office space to the airlines. A third runway was also added in 1933. The Airport became a training base and replacement depot for the U.S. Army Air Force in 1943.

- **1950s and 1960s.** The three runways were upgraded in 1950 to accommodate the largest commercial jet aircraft of that time. The first terminal building, currently Terminal One, was constructed and dedicated in 1961. In 1968, the Airport was renamed the Salt Lake City International Airport.

- **1970s and 1980s.** Airport property expanded to an area of approximately 7,500 acres. In 1978, Terminal Two was completed to accommodate the operations of former Western Airlines, a new executive terminal was opened to serve general aviation needs, and the west runway and taxiway systems were extended. Terminal One was expanded and remodeled in 1981. The Airport became an operational hub for former Western Airlines in 1982, which led to facility upgrades. In 1984, Terminal Two was expanded to accommodate an additional concourse. In 1987, Western Airlines merged with Delta and additional facilities were constructed to accommodate an expansion of the hub.

- **1990s to Present.** A third air carrier runway was added in 1995, in addition to Concourse E and the International Arrivals Building. In 1999, the FAA opened a new airport traffic control tower (ATCT) and terminal radar approach control facility. The City hosted the 2002 Olympic Winter Games. Since 2005, the Airport has upgraded Terminal Two, including bag claim carousel modifications, explosive detection systems (EDS) and international gates, completed the north cargo apron, and completed rehabilitation of Runway 16L-34R pavement. In FY 2015, the Terminal Redevelopment Program (TRP) started construction for the quick turn-around facility (QTA), rental car facility site work, rental car service buildings, infrastructure, and temporary roadway construction and realignments.

[67] Salt Lake City Department of Airports website (https://www.slcairport.com/about-the-airport/airport-overview/airport-history/), accessed June 2016.

3.1.2 Airfield Facilities

The existing airfield consists of three air carrier runways and a general aviation runway. The air carrier runways are, generally, in a parallel north/south alignment (Runways 16L-34R, 16R-34L, and 17-35). The general aviation runway is oriented in a northwest/southeast direction (Runway 14-32). Runway 16L-34R is 12,003 feet in length, Runway 16R-34L is 12,000 feet in length, Runway 17-35 is 9,596 feet in length, and Runway 14-32 is 4,900 feet in length. All runways are 150 feet wide. The air carrier runways are equipped with high intensity runway lighting systems, centerline lighting, and touchdown zone lights. Precision instrument landing systems (ILS) were installed on all ends of each air carrier runway for approaches during instrument flight rules (IFR) conditions. The general aviation runway (14-32) is not equipped with an ILS.

3.1.3 Current Terminal Facilities

The passenger terminal complex consists of two terminal facilities, five attached airside concourses (A through E), and an international arrivals building (IAB) all comprising approximately one million square feet of total space. Delta and its regional affiliate partners operate from Terminal 2, while all other airlines at the Airport use Terminal 1. The existing terminal and apron facilities currently provide for a total of 76 gate positions, associated passenger waiting areas and security screening facilities. This gate count reflects the recent decommissioning of 10 aircraft gate positions on Concourse E because of its southwest wing being demolished in June 2016 to allow for construction of the TRP. Of the 76 gate positions, 56 have passenger loading bridges and the 20 gate positions currently remaining on Concourse E have aircraft access directly on the apron without passenger loading bridges. **Table 3-1** below presents the current number of aircraft gate positions at the Airport by concourse and used by Signatory Airlines. Section 3.6 of this Report describes future gate counts planned as part of the TRP and NCP.

Table 3-1

AIRCRAFT GATE USE AT SLC

Airline	Conc. A	Conc. B	Conc. C	Conc. D	Conc. E [1]	Total
Alaska	2	0	0	0	0	**2**
American	2	0	0	0	0	**2**
Delta	0	13	13	13	20	**59**
Frontier	1	0	0	0	0	**1**
JetBlue	1	0	0	0	0	**1**
Southwest	0	6	0	0	0	**6**
United	0	3	0	0	0	**3**
Department	2	0	0	0	0	**2**
Total	**8**	**22**	**13**	**13**	**20**	**76**

[1] Concourse E does not provide loading bridge access to aircraft. Ten aircraft parking positions were decommissioned in June 2016 because of demolition of a portion of Concourse E for to allow for construction of the TRP.

Source: Airport records

Compiled by Trillion Aviation

The airside concourses are generally in a linear or “finger” configuration extending from the terminal buildings and connected by a passenger connector. Therefore, passengers connecting at the Airport between concourses must flow to the passenger connector and then back to the appropriate concourses. From an aircraft movement standpoint, this configuration can pose traffic congestion issues when multiple aircraft are taxiing to and from terminal gates on the same or an adjacent concourse to the airfield. Because of recent increases in airline activity, the Airport has experienced an increase in demand for airline gate space. However, because of existing gate utilization by current airlines at the Airport, the ability to accommodate this increase in demand has been a challenge. In addition, the 20 gates on Concourse E do not provide loading bridge access and are used for smaller regional jet aircraft. The current trend in the airline industry is to move towards larger aircraft, which poses future limitations for these gates. The Airport is gate constrained, especially during peak periods.

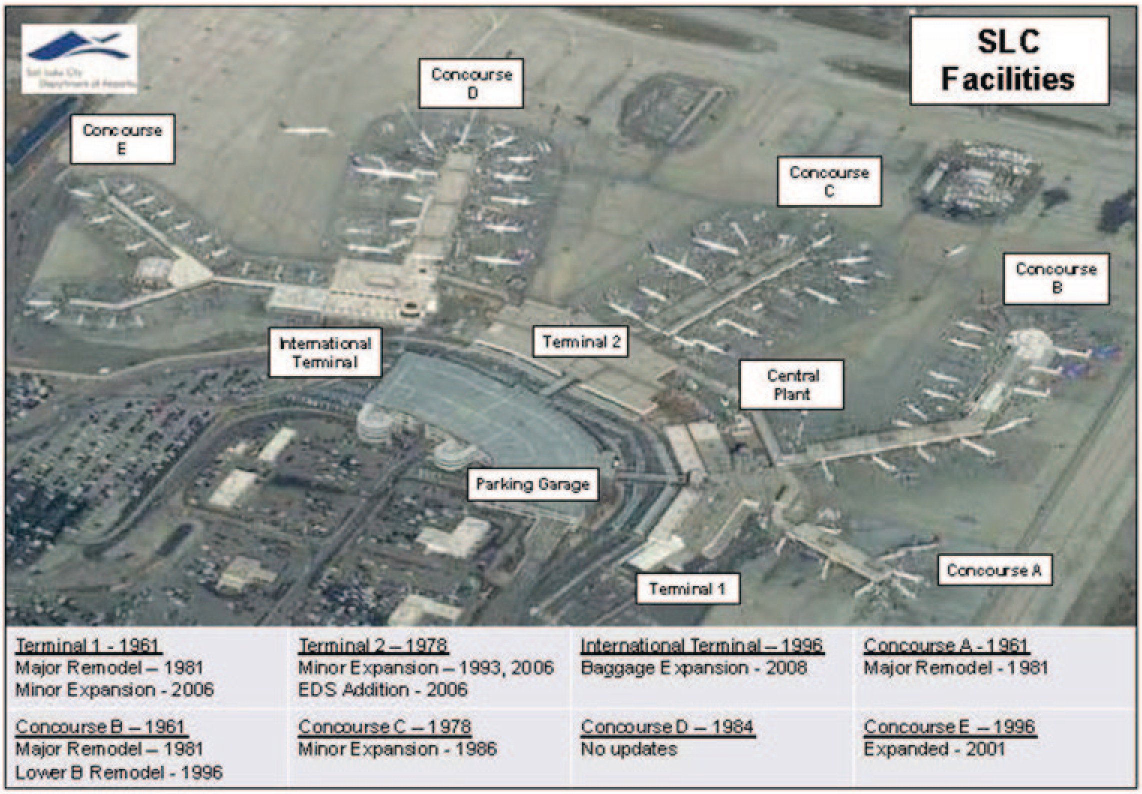
The primary public areas in both terminal buildings are contained on the ground level. These areas include certain ground transportation services, baggage claim, and the airline ticketing lobbies. Airport ground transportation services generally include taxis, limos, and shuttle buses. Rental car ticket counters are provided in a service facility adjacent to the parking garage. The terminal roadway provides vehicle access to the terminals, which provides passengers access to the ticketing hall, the security checkpoints, and, ultimately, the five concourses. In Terminal 1, the security checkpoint is located on the ground level in between the airline ticket lobby and baggage claim area. In Terminal 2, the security checkpoint is located on Level 2 and is accessed via an escalator or elevator from the ground level. Additionally, passengers arriving to the Airport from the parking garage can access the Terminal 2 security checkpoint from the pedestrian bridge. The Department’s administration space is primarily located on the second level of Terminal 1. This space comprises approximately 27,000 square feet and is the majority of the level.

Concession areas primarily are throughout Level 2 of the terminal complex post security; however, there are limited concessions pre-security in both Terminal 1 and Terminal 2, and a brewpub is located on the mezzanine level of the concourse passenger connector adjacent to Terminal 1. Throughout the terminal building, 30 different food and beverage operators and 24 retailers provide for passengers to taste and experience the Salt Lake City region and other more common national brands while at the Airport. Such concessions offerings include cafes, pubs, fast food, full service restaurants, a spa and wellness store, chocolatier, local themed gifts, duty free shops, book stores, beauty/fashion accessories, electronic media and entertainment, newsstands, and retail shops. In 2011, the Department initiated a major update of its concession program throughout the terminal building to improve both the passenger experience and revenue performance.

Figure 3-2 depicts the Airport’s existing terminal complex. As shown, the existing terminal complex is becoming aged as the majority of the facility was constructed several decades ago. In addition, the facility does not meet current seismic standards. The original terminal complex was designed to accommodate approximately 11 million annual passengers, which is far less than the more than 22 million processed currently. The Airport’s current terminal complex is planned to be demolished and completely replaced by the elements of the TRP and NCP described later in this report.

Figure 3-2

ORIGINAL SLC TERMINAL COMPLEX [1]



[1] This figure illustrates the original SLC terminal complex prior to the demolition of a portion of the southwest wing of Concourse E to enable the construction of the TRP.

Source: Airport records

3.1.4 Public Parking Facilities

Public parking facilities consist of a four-level short-term parking garage near the terminal complex and long-term economy surface parking lots. In total, these facilities comprise over 106 acres and have nearly 12,000 public parking spaces offering various products to passengers as described below.

- The parking garage has approximately 1,770 public parking spaces on three of the four levels and is located adjacent to and within walking distance of the passenger terminal. An area on the second level of the parking garage nearest to the passenger terminal is designated as Premium Reserved Parking for public patrons and is the highest level of parking service offered at the Airport. Current pricing for the parking garage is $32 per day and $50 per day for the Premium Reserved Parking service.

- Economy parking at the Airport is generally located south and to the west of the parking garage and south of the construction area of the new terminal and parking garage. Over 10,000 surface public parking spaces are available for economy public parking. This lot offers shuttle service to the terminal approximately every 10 minutes. Current pricing for the economy parking is $9 per day, and passengers are able to reserve a parking space for an additional $3 per day.

- Off-Airport parking competition generally includes two private operators. These operators are located approximately four miles from the Airport.

To help reduce vehicle traffic congestion in the terminal area, an 82-space Park and Wait lot is available and located east of Terminal Drive, just south of Terminal 1 where motorists meeting arriving passengers can wait for free until passengers are ready to be picked up along the terminal curbside. The Park and Wait lot has large electronic flight information signs displaying flight arrival information to assist motorists. Once the flight has arrived and time is allowed for passengers to receive luggage, the sign indicates "ready for pick up." However, the Department encourages drivers to wait for pick-up until passengers are at the curb, confirming with their driver via cell phone.

The parking garage at the Airport also is planned to be demolished and replaced as part of the TRP described later in this chapter. Current construction of the TRP is impacting parking facilities and changes to capacity and layout will occur throughout the phasing of the TRP over the next several years.

3.1.5 Rental Car Facilities

Rental car operations for passengers at the Airport are generally located on the ground floor of the parking garage adjacent to the terminal building. Rental car counters are located in a service facility adjacent to the parking garage, and approximately 820 rental car ready-return spaces are located within level one of the parking garage. These facilities are within walking distance of the terminal building; therefore, no busing of passengers is needed. Ten rental car brands are currently offered at the Airport: Alamo, Avis, Budget, Dollar, Enterprise, Firefly, Hertz, National, Payless, and Thrifty. In addition, five brands are located off-Airport with shuttle service.

New rental car service and maintenance facilities recently have been constructed as part of the TRP and are in operation. A description of these facilities is contained below in Section 3.4.8.

3.1.6 Ancillary Facilities

Ancillary facilities support the aviation-related activities at the Airport. The facilities identified as ancillary are categorized as military, general aviation, FAA, ground support equipment, cargo facilities, aircraft maintenance facilities, and the Boeing facility.

- **Military.** The Utah Air National Guard (UTANG) operates on more than 82 acres on the northeast side of the Airport as the Roland R. Wright Air National Guard Base. The 151st Air Refueling Wing is based at the Airport, which provides personnel to fly, maintain, and support a KC-135R aerial refueling unit.
- **General Aviation.** General aviation (GA) facilities at the Airport are located on the east side of Airport property. This area includes fixed base operator (FBO) facilities, maintenance hangar facilities, aircraft parking aprons (aircraft tie-down spaces managed by the FBOs), general aviation aircraft storage hangars (total combination of 226 T-hangars and shade hangars managed by the Department), fuel storage facilities

and access roadways. The two FBOs on site sell both jet A and 100 low-lead aviation gasoline. FBOs offer a variety of services including rental cars, catering and transportation. Aircraft maintenance facilities are available on the airfield.

- **FAA.** The FAA occupies the Airport Traffic Control Tower (ATCT) and handles all flight arrivals and departures as well as ground movement. The ATCT is located within the north support area.
- **Ground Support Equipment.** Ground support equipment (GSE) facilities include areas and buildings that house vehicles and equipment necessary to serve aircraft operations such as aircraft tugs, baggage tugs and carts, catering trucks, fuel trucks, 400-hertz power generators, deicers, lavatory service trucks, etc. GSE is stored in a multi-purpose building and covered areas surrounding the terminal area.
- **Cargo Facilities.** Over 1.0 million square feet of cargo space is leased at the Airport. United Parcel Service and DHL each have stand-alone cargo facilities and FedEx has a new cargo facility recently constructed at the Airport of just under 70,000 square feet.
- **Aircraft Maintenance Facilities.** Delta and its regional partner, SkyWest, currently lease from the Department and maintain aircraft maintenance hangars at the Airport. Routine and heavy aircraft maintenance is performed at these facilities.
- **Boeing Facility.** Boeing leases a 100,000-square foot fabrication and assembly facility on a 16-acre site on the east side of the Airport. At this site, Boeing is assembling the horizontal stabilizer for its 787-9 Dreamliner aircraft. Boeing also has an option to lease an additional 157 acres of adjacent Airport property.

3.2 The Auxiliary Airports

The Department also operates two general aviation airports owned by the City: South Valley Regional Airport and Tooele Valley Airport, referred to collectively as the Auxiliary Airports. These airports support the GA needs of the region and complement the airport services provided at the Airport. A general description of each GA airport is provided below.

South Valley Regional Airport (U42) currently supports business-related flying, law enforcement/fire/rescue flying services, recreational flying, flight training, and air charters. A Utah National Guard Army Aviation Support Facility is also housed on the airfield. South Valley Regional Airport comprises about 880 acres and is located approximately 10 miles south of the Airport in West Jordan, Utah. U42 has a single runway, Runway 16-34, which is 5,862 feet in length and 100 feet in width. The runway is constructed of asphalt and is equipped with pilot-controlled medium intensity runway lights (MIRL) and four light precision approach path indicators (PAPIs) In addition, each end of the runway is also equipped with runway end identifier lights (REILs). The primary landside area at U42 consists of a linear layout, running north to south along the west side. Facilities include the Utah National Guard Army Aviation Support Facility, FBO facilities, maintenance hangar facilities, aircraft parking aprons (100 aircraft tie-down spaces), general aviation aircraft storage hangars (total combination of 155 T-hangars and shade hangars managed by the Department), fuel storage facilities and access roadways. The Department sells both jet A and 100 low-lead aviation gasoline. Aircraft maintenance facilities are available on the airfield. The Department is currently providing fueling, ground handling, aircraft storage and parking and ground power (GPU) services at South Valley Regional Airport. A third party maintenance provider and flight school are also available.

Tooele Valley Airport (TVY) currently provides many aviation-related services, including business-related flying, sky diving, law enforcement/fire/rescue flying services, recreational flying, and flight training. Tooele Valley Airport comprises about 600 acres and is located in Erda, Utah, approximately five miles northwest of Tooele, near State Highway 138. It is operated with one primary runway, oriented in a general north-south direction, along with a supporting parallel taxiway system. The single runway at the airport, Runway 17-35, is 6,050 feet in length and 100 feet in width. The runway is constructed of asphalt and is equipped with pilot-controlled medium intensity runway lights. Threshold lights are located at each end as well as runway end identifier lights for the Runway 35 approach. Four light precision approach path indicators service each runway. The airport has ILS for Runway 17 in addition to a non-directional beacon. The landside area consists of a linear layout, running north to south along the east side. The facilities include six individual privately-owned hangars, aircraft parking aprons (24 aircraft tie-down spaces), self-service fuel storage and dispensing facilities and access roadways. Self-serve 100 low-lead aviation fuel is available 24-hours a day.

The Department operates the Airport and the Auxiliary Airports as an Airport System. This is defined within the Master Trust Indenture (referred to herein as Master Indenture) to include the operation and maintenance costs and revenues of the Auxiliary Airports within the definitions of Operation and Maintenance Expenses of the Airport System and Revenues. Therefore, such costs and revenues are included for the purposes of the Master Indenture, including the Rate Covenant (defined later in Chapter 4 of this Report).

3.3 Summary of Capital Projects

For purposes of this Report, the Airport System's current capital program is organized into the following three categories, each of which is discussed in the sections that follow in this chapter of the Report:

- **The Terminal Redevelopment Program.** The TRP is the major capital program that is planned to completely replace and rebuild the Airport's landside and terminal complex facilities over the next several years in conjunction with the NCP (described herein). The TRP is to be funded, in part, with proceeds from the Series 2017 Bonds along with other funding sources to be described later. The capital and operating costs associated with the TRP have been included in the financial analysis and are further described in Chapter 4.
- **The North Concourse Program.** The NCP includes the development of a midfield airside concourse to the north of the new airside concourse to be developed simultaneously with the TRP (i.e., the proposed South Concourse). The NCP is to be funded, in part, with proceeds from the Series 2017 Bonds along with other funding sources to be described later. The capital and operating costs associated with the NCP have been included in the financial analysis and are further described in Chapter 4.

- **Other Capital Projects.** These projects are in addition to the elements of the TRP and NCP and are the other Airport System capital projects that currently are anticipated by the Department to be undertaken over the forecast period, or from FY 2017 through FY 2024. Such projects are referred to in this Report as the Other Capital Projects. The estimated capital funding and operating costs, if any, and estimated revenue impacts, if any, associated with the Other Capital Projects have also been included as part of the financial analysis in this Report.

3.4 The Terminal Redevelopment Program

In 1997, the Department completed an Airport master plan study that outlined the long-term development program to accommodate the future growth of aviation activity. Primarily because of volatile economic conditions experienced during the 2000s, including the events of September 11, 2001 and the U.S. economic recession experienced later in the decade, the Department deferred the implementation of the full master plan recommendations. During this time, it proceeded with a variety of infrastructure improvements required to address deficiencies and to prepare for the full implementation of the master plan. The master plan recommendations generally include a major redevelopment and reconfiguration of the Airport's landside area, terminal facilities, and airside concourses. This overall project is referred to as the Terminal Redevelopment Program or TRP.[68]

The Department has been studying, analyzing, and modifying the TRP and the NCP since the time it was recommended in the 1997 Airport master plan. In 2009, the Department initiated a planning program to validate the Airport master plan. In 2011, the Department in consultation with Delta undertook a comprehensive study of the existing facilities to identify improvements that would be necessary to extend the useful life of the facilities for another 30 years. This study also compared the potential costs of renovation of the existing facilities versus replacement with modern facilities. As part of this study, each component of the existing facilities was inventoried and evaluated to determine needed improvements, potential construction cost and likely schedule to implement the renovations. Key among the necessary improvements identified was the need to seismically retrofit all structural components of the existing buildings to comply with current standards. Such improvements would require phased closure of and reconstruction of existing building segments. Significant interior renovations and upgrades to building systems would also be required. This type of construction program with an active terminal or concourse would require careful coordination to assure maintenance of public safety, and could incur additional time and cost to complete a phased construction. Ultimately, it was determined by both parties that replacement of the existing facilities with new modern facilities was the preferred approach for the following primary reasons.

- **Problems with existing aging infrastructure.** Much of the existing terminal complex is over 50 years old, requires extensive ongoing maintenance, is not energy efficient, does not provide current airline industry standard levels of service, and does not meet current seismic standards.

[68] The redevelopment of the Airport's terminal complex also includes the NCP as described later in this chapter.

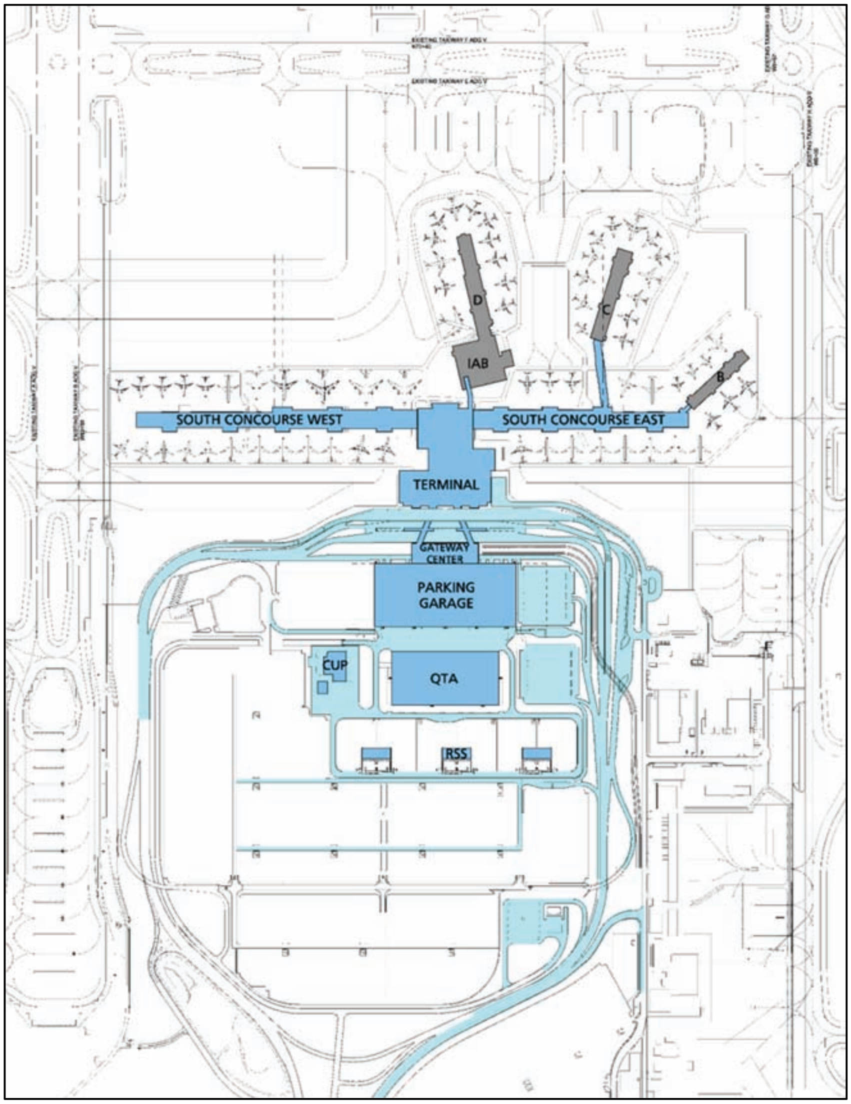
- **Respond to changes in the air transportation industry.** Since the majority of the terminal facilities at the Airport were built, the aviation industry has experienced significant changes in how airline passenger traffic at airports is accommodated. The following major changes have occurred in the industry over the past 50 years:
    - The introduction of hub and spoke airline route systems, which made the ability of passengers to transfer quickly from an arriving aircraft to a departing aircraft a key requirement at airline connecting hubs such as the Airport
    - Increasingly stringent security requirements, requiring more space for passenger security screening
    - Changes in baggage handling and delivery demands
    - Increasing need for well-placed concessions and efficient public parking and ground transportation facilities to meet passenger demand and optimize non-airline revenue
    - Changes in the types of aircraft used for passenger travel
    - The advent of ticketless travel, which has decreased the area required for airline ticketing and check-in facilities

- **Enhance operational efficiency.** The existing terminal configuration requires redundant facilities for passenger check-in and baggage screening, baggage claim, enplaning and deplaning passenger curbsides, and associated mechanical systems. The current terminal configuration also results in inefficient aircraft movement in the terminal area.

In 2014, the Signatory Airlines operating at the Airport approved the implementation of the TRP through execution of the current AUA that incorporates the TRP and is effective through June 30, 2024. Terms and conditions of the AUA are described later in this Report in Chapter 4. As adopted, the TRP assumed that Concourses B (upper portion only), C, and D would be retained and renovated, and did not include the construction of an additional concourse to the north of the South Concourse to be developed as part of the TRP (i.e., the NCP). The costs of the future renovations of Concourses B, C, and D were initially planned to be incurred after completion of the South Concourse-East of the TRP, and after the expiration of the AUA. Therefore, these renovation costs were not part of the initial approvals of the TRP by the Signatory Airlines contained in the AUA. While the renovations of Concourses B, C, and D were assumed, the Signatory Airlines and the Department also agreed to revisit the decision of whether or not to renovate the existing concourses or construct the NCP at a later time when appropriate. Total project costs for the TRP currently are estimated at approximately $2.18 billion and do not include the renovations to Concourses B, C, and D. Construction of the TRP began in July 2014. **Figure 3-3** below depicts the TRP as it was initially envisioned.

Figure 3-3

TERMINAL REDEVELOPMENT PROGRAM AS ORIGINALLY ENVISIONED [1]



[1] Existing Concourses B (upper portion only), C, and D were initially assumed to be retained and renovated as part of the TRP as originally approved. Other shaded facilities are future construction as part of the TRP.

Source: Airport records

As indicated above, the TRP is estimated to cost approximately $2.18 billion, including design, engineering, construction, escalation for inflation, and contingency amounts, but excluding financing costs. Sources of funding for the TRP are presented in Exhibit A of this Report. Approximately $248 million of project costs have already been incurred through June 2016. Proceeds of the Series 2017 Bonds will fund a portion of the TRP. **Table 3-2** below presents project costs of the TRP by element in chronological order for when each element is planned to be operational. A description of the major project elements of the TRP is then contained in the next several subsections.

Table 3-2

TRP PROJECT COSTS BY ELEMENT (thousands of dollars)

TRP Element	Current Budget [1]	Planned CY Quarter of Operation
South Economy Parking Lot	$15,944	Operational
Rental Car Facilities: QTA and RSS	92,662	Operational
Central Utility Plant	68,143	Q2 2019
Terminal Facility [2]	727,574	Q3 2020
Gateway Center	112,494	Q3 2020
South Concourse-West	335,785	Q3 2020
Parking Garage	220,020	Q3 2020
Terminal Roadway System	110,371	Q3 2020
South Concourse-East [3]	289,990	Q4 2022
Terminal Apron and Fuel Hydrant System	186,824	Various
Miscellaneous Landside/Parking Lot Improvements	16,747	Various
Total	**$2,176,553**	

Note: Amounts may not add because of rounding.
[1] Approximately $248.2 million of project cots have been incurred through June 30, 2016.
[2] Includes the costs for the new baggage handling system.
[3] Includes project costs associated with the terminal connectors required during construction of the South Concourse-East. The building is planned to be complete by the fourth quarter of 2022; however, all of the aircraft gates are not planned to be fully operational until first quarter of CY 2024 because of construction phasing.
Source: Airport records
Compiled by Trillion Aviation

3.4.1 Terminal Facility

The consolidated terminal facility will consist of approximately 895,000 square feet of space on three levels and will be physically contiguous with the South Concourse and connected to the new parking garage by two pedestrian walkways. The terminal facility is currently planned to be completed and operational in August 2020. A summary of facilities on each level is provided below.

- Level 1 will contain a federal inspection service area (FIS), international baggage claim and recheck area, a centralized security checkpoint for dedicated employee access, ground transportation counters, and will also serve commercial vehicle curbs and other ground transportation functions.
- Level 2 will provide key passenger circulation areas and will connect landside and airside components of the facility. Public areas prior to the security checkpoint will provide for baggage claim and airline baggage service offices, a meet and greet area, food and beverage retail concessions, and a centralized security screening checkpoint. Areas post security screening will include a concession core of approximately 33,000 square feet and transition to the airside concourses.
- Level 3 will contain the ticketing area for departing passengers and administrative offices for the Department and other tenants of the Airport. Departing passengers being dropped off at the Airport will arrive on the Level 3 curb.

3.4.2 South Concourse-West

The initial portion of the South Concourse to be constructed is the South Concourse-West. This facility will consist of approximately 445,000 square feet of building space on two main levels. Level 1 will contain non-public areas that accommodate airline operations offices and support areas, outbound and transfer baggage facilities, storage facilities, and mechanical-electrical-plumbing (MEP) facilities. Level 2 will consist of the primary passenger circulation level and serve enplaning and deplaning passengers. It will include passenger amenities including moving sidewalks and major food, beverage, and retail concessions. A total of 25 gates will be provided, of which six gates will accommodate international arrivals, depending on aircraft size. International gates will connect to a sterile corridor that routes international passengers to U.S. Immigration and Customs Enforcement facilities in Level 1 of the terminal. The South Concourse-West is currently planned to be completed and operational in the third quarter of CY 2020.

3.4.3 South Concourse-East

The South Concourse-East is the remaining portion of the South Concourse and is planned to be constructed following the South Concourse-West. This facility is also two levels and is comprised of approximately 355,000 square feet of space that will be contiguous with the terminal facility. Level 1 of the South Concourse-East will contain non-public areas that accommodate airline operations offices and support areas, outbound and transfer baggage facilities, storage facilities, and house MEP systems. Level 2 of the facility will serve as the main passenger circulation level serving enplaning and deplaning passengers, and will include passenger amenities such as moving sidewalks and major food and beverage and retail concessions. In total, the South Concourse-East will ultimately accommodate 22 aircraft gate positions.

The South Concourse East is currently planned to be completed by the fourth quarter of CY 2022. However, because of construction phasing requirements and the ultimate demolition of the existing passenger concourse connector and Concourses C and D, gate facilities are planning to become operational in various phases as follows.

- Upon completion of the building construction, nine aircraft gate positions along the south side of the concourse are planned to be operational as existing Concourses C and D and the concourse connector facility will limit access to the northern side of the South Concourse-East.

- Upon demolition of Concourse C and the passenger concourse connector, the aircraft apron on the north side of the South Concourse-East will be completed. An additional nine aircraft gate positions will become operational upon the completion of this phase for a total of 18 gate positions. This is currently planned to occur in the third quarter of CY 2023.

- Upon demolition of Concourse B and new taxilane pavement construction, the aircraft parking apron on the remaining north side of the South Concourse-East will be competed. At that time, an additional four gates are planned to become operational for an ultimate total of 22 gates. This is currently planned to occur in the first quarter of CY 2024.

3.4.4 Gateway Center

The Gateway Center will be an elevated building adjacent to the north side of the parking garage consisting of approximately 79,000 square feet of building space. This facility will house a variety of functions, including both ticket counters and kiosks for remote passenger airline check-in, baggage drop services, rental car counters and check-in facilities, and rental car support offices, as well as MEP support space. The Gateway Center will be connected to the terminal building via two pedestrian bridges and connected to the parking garage via two vestibules. The Gateway Center is planned to be completed and open simultaneous with the terminal building by the third quarter of CY 2020.

3.4.5 Parking Garage and Other Parking Facilities

The new parking structure is planned to be a five-level, cast-in-place, post-tensioned concrete structure with a footprint of approximately 360,000 square feet and a total gross square footage of approximately 1.8 million square feet. Levels 2 through 5 of the parking garage are expected to provide approximately 3,600 public parking spaces. The first floor will be dedicated to the rental car operations and will contain approximately 1,200 ready/return parking spaces. Upper floors will be accessed via two helical ramps. The parking garage is planned to be completed by the third quarter of CY 2020.

In addition to the new parking garage, the Airport will also have ample surface parking available for Airport patrons. A summary of these facilities is as follows:

- Close-in Parking Lot. This parking area will be located east of the new parking structure. It comprises an area of approximately 150,000 square feet, including about 350 parking spaces. The Close-in Parking Lot is planned to be covered by a structure that includes photovoltaic panels that will provide covered parking for patrons and a source for power generation. A study is underway to evaluate other options for installation of these photovoltaic units.

- South Economy Parking Lot (completed). This parking area consists of approximately 2,900 parking spaces and replaces economy parking that was displaced by the construction of the new rental car services sites. The South Economy Parking Lot is an extension to the existing Economy Lot and provides for approximately 10,000 economy parking spaces at the Airport.

3.4.6 Rental Car Service Facilities

The rental car service facilities consist of a quick-turn-around (QTA) facility for fueling and washing cars and a second remote rental car service site (RSS) for performing light vehicle maintenance. The QTA is a two-level building of approximately 468,000 square feet with 14 wash and service bays on the first floor and vehicle storage and parking on the second floor. The RSS facility consists of three single-level service buildings totaling approximately 34,000 square feet of building space located south of the QTA. These buildings provide back-of-house maintenance areas for the rental car providers and contain office, support, and storage space. Construction on the new rental car service facilities began in October 2014 and became operational in March 2016. The QTA and RSS are currently in use by rental car operators at the Airport.

3.4.7 Roadways

This project element includes all roadways, bridges, and signage to service the new terminal complex and support areas such as the parking garage, surface lots, rental car areas, and adjacent terminal facilities. The departing passengers roadway will be an elevated bridge system with vehicle access to the Level 3 terminal curb-front. Other elements of this component include the arriving passengers roadways, commercial vehicle roads, rental car user and service roads, and access to and from the parking facilities. All surface roads are planned to be asphalt with the exception of areas to be utilized by commercial vehicles, which will be constructed with concrete. Temporary roads will be constructed to accommodate construction phasing. The new roadways will become operational during various phases of the TRP as facilities are completed.

3.4.8 Central Utility Plant

The Central Utility Plant (CUP) will be approximately 52,000 square feet of building space in a high-ceiling one-level structure. The CUP will house all main boilers and chillers as well as electrical systems to service the terminal complex and other applicable Airport systems connected to this facility, including pumping systems, electrical equipment, distribution equipment, and emergency generators. The CUP is planned as a stand-alone building located west of the QTA facility with utility connections to the terminal and associated facilities. The CUP is planned to be completed by the second quarter of CY 2019.

3.4.9 Apron Site-work and Paving

The apron site-work and paving includes all airfield site demolition, utility relocation, and apron paving required to enable the redevelopment of the terminal complex. Included in this project element are the specialty utilities such as hydrant fueling, and standard utilities including power, water, and sewer.

3.4.10 Site-work Demolition and Landscaping

The site-work demolition and landscaping element includes all non-airfield site demolition required to enable the redevelopment of the terminal complex. Included is the demolition of all existing terminal buildings, the existing parking garage, connectors and pedestrian bridges. This demolition work will be phased and coordinated with new construction and active areas. Also included will be common landside landscaping work such as entry and exit landscaping and planting of undeveloped areas.

3.4.11 Information Technology

Information technology (IT) components are an integral element of the TRP incorporated throughout the facilities and project site. Elements in this scope of work include IT infrastructure such as fiber optics, cabling, conduits, routers, power, and associated network components needed to operate a wide range of systems. IT systems in the TRP include building systems such as fire alarm systems (FAS), security and access control systems, building public address systems (PA), building automation systems (BAS), various other access control and security systems, and the network master clock system. Other IT systems include parking revenue control and related vehicle control systems as well as operating systems including: airport information management system (AIMS), distributed antenna systems (DAS), computerized maintenance management systems (CMMS), shared use passenger processing systems (SUPPS), common use passenger processing systems (CUPPS), common use self-service (CUSS), voice system (PBX/VoIP), and courtesy phones. Other associated systems included in the TRP are wireless local area network (WLAN), electronic visual display system (EVIDS), baggage handling associated systems (BHS), baggage informational display systems (BIDS), flight information display systems (FIDS), gate information display systems (GIDS), lobby information display systems, and ramp information display systems. The overall scope also includes associated software, hardware, and infrastructure elements needed to ensure proper operation of the Airport and passenger experience.

3.4.12 Other Projects

Although not included in the TRP project cost budget, there are certain work elements that must be coordinated with the TRP. This includes the extension of the light rail line to the future Gateway Center, and its elevated guideway, easements, and related work. This work will be funded by other sources, but may be performed by a TRP-contracted designer and construction manager at risk (CMAR) to ensure proper coordination and consistency of building systems to achieve best results on the TRP.

3.4.13 The TRP Program Management Team

The Department has developed a Plan of Execution for the TRP to coordinate key TRP activities in a systematic and formalized manner. The Plan of Execution document provides an overview of Department administrative requirements needed to implement the TRP; recommendations of the proposed program management team structure and composition, recommendations for design packages, recommendations for project delivery methods; and a plan of finance summary. This document is also designed to be a dynamic document that is intended to be updated throughout the implementation of the TRP.

Program management for the TRP is comprised of a selected staff of professionals chosen from five companies of which approximately 20 currently are engaged. Pursuant to this approach, the Department maintains complete control as opposed to a more typical approach where this responsibility is contracted to a firm or team of firms that provide this function with their staff. The Department's process allows it to select individuals from the pool of firms for each program management position. In addition, the Department outlines key performance requirements for each of these program management positions and has the ability to replace those not meeting appropriate performance requirements. In such circumstances, the Department will request companies from the external pool to provide potential candidates to be interviewed by the Department. The Department will then select the most qualified individual from the pool of candidates. Key external program management staff, which lead the program management team, include a Program Director, a Financial and Program Controls coordinator, and an Airline Technical Representative.

The Program Director reports to the Department's Executive Director and is responsible for the overall implementation of the TRP. The lead architectural firm for the TRP is Helmuth, Obata & Kassabaum, Inc. (HOK), which has multiple sub-consultant firms engaged on various engineering and design efforts. In October 2013, the Department selected Holder-Big-D Construction, A Joint Venture ("HDJV") as the Construction Manager at Risk (CMAR) for the TRP. HDJV is a joint venture between Holder Construction Company and Big-D Construction.

The TRP has been broken down into component guaranteed maximum price (CGMP) contracts between the Department, on behalf of the City, and the CMAR. Each CGMP constitutes an amendment to the CMAR contract that provides that HDJV will construct the elements of the TRP described in the scope of the applicable CGMP for a guaranteed maximum price, within the schedule set forth in the CGMP and in accordance with the CMAR contract. The CMAR contract also requires HDJV to provide specified pre-construction and general conditions services during its term. The CGMPs for pre-construction services, general conditions, the South Economy Parking Lot, the rental car facilities, the Terminal and baggage handling system, the Gateway Center, the South Concourse-West, the Terminal Roadway System, the CUP, and the Parking Garage have been executed. Of the three remaining CGMPs for the TRP, which generally are for construction of the South Concourse-East and related apron and hydrant fuel system work, the CGMP for the South Concourse-East has not yet been executed, while the other two elements are being undertaken in phases concurrently with other elements of the TRP, some of which have commenced. As of January 15, 2017, more than 80% of the TRP by project cost is subject to an executed CGMP. Each CGMP is designed and bid separately. All subcontracts must be competitively awarded and the subcontracts are held by HDJV and expressly provide that the Department has no contractual relationship with the subcontractors. Before the Department enters into a CGMP, the Department's Financial Oversight Committee must approve the guaranteed maximum price and its Construction Committee must approve the scope of the work of the CGMP and recommend to the Executive Director that the CGMP be approved and executed. The CMAR contract provides for a formal dispute resolution process that must be undertaken in the event of a disagreement between the Department and HDJV before any legal action may be commenced.

3.5 The North Concourse Program

In 2015, the Department and the Signatory Airlines agreed to study the feasibility of initiating development of a new program to construct an additional airside concourse (i.e., the NCP). As described above, the Department and Signatory Airlines agreed to revisit the decision on whether to renovate and retain existing Concourses B, C, and D or to develop the NCP. Because of recent demand for facilities, this decision was accelerated. The development of the NCP would eliminate the need to renovate and retain Concourses B, C, and D for the TRP. To this end, the Department and the Signatory Airlines initiated the North Concourse Study in April 2015. The purpose of the study was to:

- Establish facility requirements

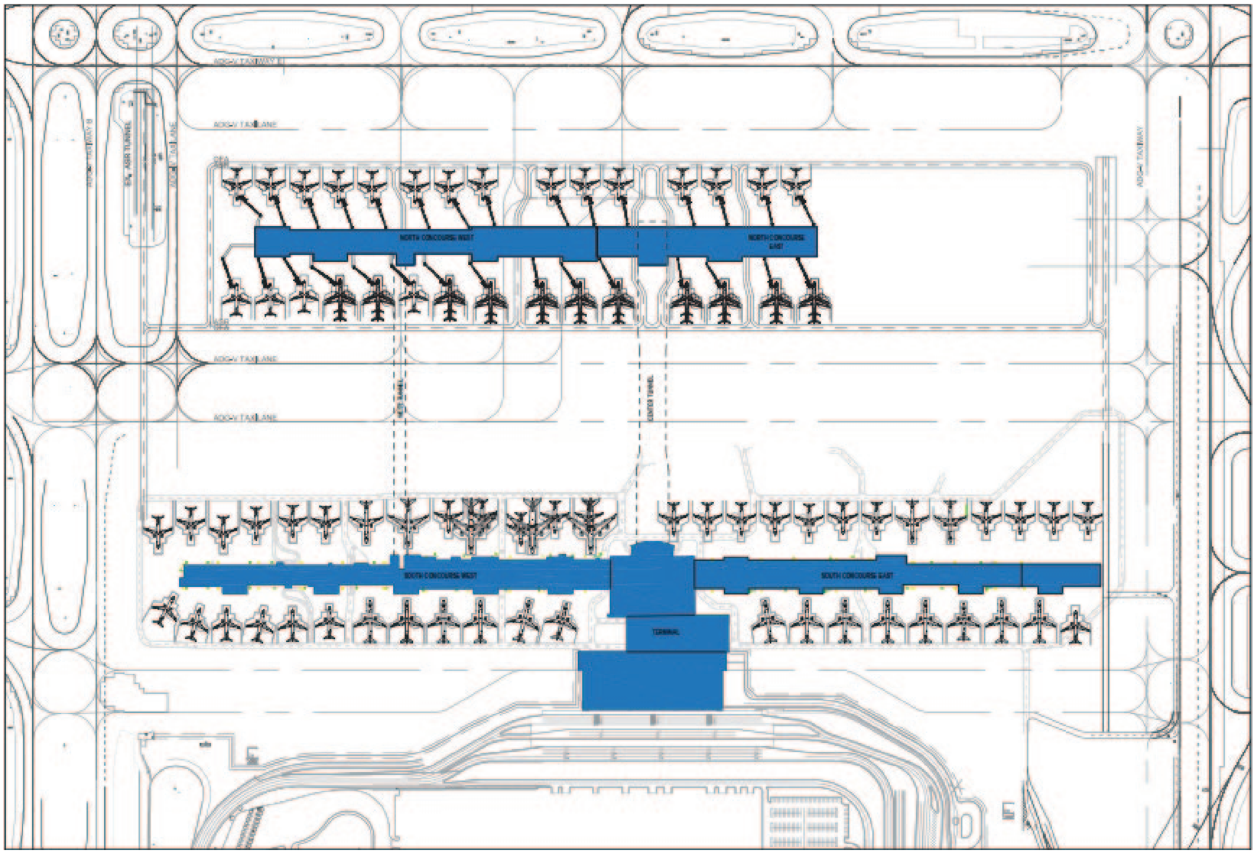
- Determine physical and financial feasibility
- Define a conceptual plan layout
- Estimate probable construction cost
- Evaluate potential construction phasing for the new concourse in the context of the ongoing TRP

The North Concourse Study concluded in late 2015 and determined that the development of a new North Concourse was both physically and financially feasible to implement within the context of the current ongoing TRP. It is currently estimated that the NCP will cost approximately $737 million. However, the development of the NCP also eliminates the need to renovate existing Concourses B, C, and D that were planned to be utilized into the future. Such renovation costs were planned to cost over $400 million, considerably greater than originally anticipated, and the construction period was planned to extend well beyond FY 2024. Additional complications with retaining the existing concourses would have included the renovation construction occurring while maintaining airline operations, and the ability to provide appropriate aircraft gate capacity during the construction. As previously described, the Airport currently is constrained with its existing aircraft gate capacity, and the NCP provides the ability to increase aircraft gate capacity at a new site while having limited impacts to ongoing airline operations during construction.

In April 2016, the Signatory Airlines at the Airport unanimously approved the implementation of the NCP. **Figure 3-4** illustrates the future terminal and concourse facilities of the TRP and the NCP. The NCP consists of a planned 31-gate midfield concourse on the north side of the drawing and the development of underground connecting tunnels from the South Concourse. A description of the primary elements of the NCP is contained in the following sub sections.

Figure 3-4

FUTURE TERMINAL AND CONCOURSE FACILITIES OF THE NCP AND TRP



Source: Airport records

HOK is the lead architect for the NCP; however, no CMAR or program management team for the NCP has been established. The Department expects to issue a request for proposals in early 2017 to staff a project management team for the NCP in an approach similar to the model used for the TRP. The Department has issued a request for proposals for a CMAR for the NCP and expects to enter into an agreement with the selected CMAR in the first quarter of 2017.

3.5.1 NCP Project Elements

The NCP will consist of approximately 838,000 square feet of building space on two main levels. Level 1 will contain non-public areas that accommodate airline operations offices and support areas, outbound and transfer baggage facilities, storage facilities, and MEP facilities. Level 2 will consist of the primary passenger circulation level and serve enplaning and deplaning passengers, and will include passenger amenities including moving sidewalks and major food, beverage, and retail concessions. A total of 31 gates currently is planned to be provided with the NCP, which is planned to be implemented in the following two phases.

- The first phase is planned to be completed by the third quarter of CY 2020, at approximately the same time as the terminal and the South Concourse-West. This initial phase would begin at the west end of the North Concourse and include 21 aircraft gate positions and comprise approximately 421,000 square feet of space. The underground tunnel connecting the western portions of the future concourses will be approximately 1,000 linear feet. During the first phase of the NCP, this tunnel area will provide pedestrian access to the North Concourse. Ultimately, this tunnel will be closed to passenger access when the Central Tunnel is completed and will be primarily used as a utility corridor and for baggage systems. Upon completion of the first phase of the NCP, the Airport will have adequate gate facilities such that existing Concourses A, D, and E can be closed to airline use.

- The second phase of the NCP will add an additional 10 aircraft gate positions. The second phase is planned to be approximately 417,000 square feet of building space. The Central Tunnel connecting the North Concourse to the South Concourse and terminal will be approximately 1,000 linear feet and will also be constructed during this phase. The Central Tunnel will become the primary pedestrian access as described above. This final phase of the NCP is currently planned to be operational in in late CY 2022, which is generally simultaneous with the completion of the building construction for the TRP South Concourse-East.

As shown on Figure 3-4, there is additional area east of the NCP available for further buildout of a future extension of the north concourse at the Airport. It is currently estimated that an additional 15 aircraft gates could be built in this area as future demand warrants.

3.6 TRP and NCP Aircraft Gate Positions

As described earlier, the Airport currently has 76 aircraft gate positions with 56 of these having loading bridge access to aircraft, and the remaining 20 gates on Concourse E are for smaller aircraft without loading bridges. In June 2016, the Department decommissioned 10 gates on Concourse E as a portion was demolished as an enabling project for the TRP. The construction phasing plan for the TRP and NCP has been carefully developed to maintain active aircraft gate positions throughout construction. When completed, the TRP and NCP are planned to provide 78 aircraft gate positions at the Airport. Each of these ultimate gates will have loading bridge capability and is planned to accommodate the expected future aircraft fleet mix. As compared to today, the Airport is planned to have 22 more loading bridge capable gates upon completion of the TRP and NCP to accommodate future requirements more efficiently and effectively. In addition, when the TRP and NCP are complete, the Airport will be designed to accommodate 23 million annual passengers. The design capacity of the original Airport terminal complex was 11 million annual passengers. **Table 3-3** presents the current plan for aircraft gate positions through various phases of the TRP and NCP construction.

Table 3-3
PLANNED AIRCRAFT GATE POSITIONS DURING TRP AND NCP CONSTRUCTION

Phase	Conc. A	Conc. B	Conc. C	Conc. D	Conc. E [1]	SCW[2]	SCE[3]	NC[4]	Total with LB [5]	Total
Before June 2016	8	22	13	13	30	0	0	0	56	86
As of September 2016	8	22	13	13	20	0	0	0	56	76
During Construction of Terminal, SCW, NC Phase 1	8	22	13	11	14	0	0	0	54	68
Upon Completion of Terminal, SCW, NC Phase 1	0	19	13	0	0	23	0	21	76	76
During Construction of SCE, Tunnel, NC Phase 2	0	19	13	0	0	25	0	21	78	78
Upon Completion of SCE, Tunnel, NC Phase 2	0	19	0	0	0	25	9	32	85	85
Upon Demolition of Conc. C	0	0	0	0	0	25	18	32	75	75
Final – Upon Demolition of Conc. B	0	0	0	0	0	25	22	31	78	78

[1] Concourse E does not provide loading bridge access to aircraft. Ten aircraft parking positions were decommissioned in June 2016 because of demolition of a portion of Concourse E for to allow for construction of the TRP.
[2] South Concourse-West (SCW)
[3] South Concourse-East (SCE)
[4] North Concourse (NC). To maintain gate requirements, the NC is planned to contain a temporary gate upon completion of Phase 2 and until Concourses C and B are demolished and the SCE is fully available.
[5] Loading bridge (LB)Source: Airport records
Compiled by Trillion Aviation

3.7 Other Capital Projects

Other Capital Projects currently anticipated by the Department to be undertaken or completed during the forecast period that are not part of the TRP or the NCP are shown in Exhibit A. Preliminary cost estimates for the Other Capital Projects total approximately $191 million. It should be noted that certain capital projects included in Other Capital Projects could be potentially deferred or not otherwise undertaken by the Department during the forecast period, depending on circumstances such as aviation demand levels and availability of project funding. For purposes of this analysis, all such projects have been incorporated in this Report and the accompanying financial tables to demonstrate the full financial effect of undertaking all of the Other Capital Projects along with the TRP and NCP.

Major elements of Other Capital Projects currently planned to be undertaken primarily consist of various pavement rehabilitations and other facility upgrades. A summary of the larger projects are as follows:

- Airport Operations Center building renovations
- Runway 17-35 and Taxiways P and R pavement rehabilitation
- Taxiways E and F pavement rehabilitation
- Runway 14-32 pavement rehabilitation
- Taxiways K, Q, and R pavement rehabilitation
- Central screening warehouse construction
- Parking access revenue control system

3.7.1 Financial Impact for Other Capital Projects

Sources of funding for the Other Capital Projects are described in Chapter 4 of this Report and presented on Exhibit A. The estimated financial impacts of the Other Capital Projects are incorporated in this Report.

It is possible that during the forecast period, the Department may consider other potential future Airport improvements not planned at this time. However, the Department will only undertake construction on any other potential future projects when demand warrants, necessary environmental reviews have been completed, necessary approvals have been obtained, and associated project costs can be supported by a reasonable level of Airport user fees or other discrete funding sources such as state and federal grants, PFCs, Department funds, CFCs, and third party funds.

4 Financial Framework and Analysis

This Chapter discusses the financial framework for the Airport System, including an overview of the governing body, management structure of the Department, financial structure including Airport System cost centers, certain obligations of the Master Indenture, and certain provisions contained in the AUA (defined herein) and in other key agreements at the Airport System. Additionally, the Department's CIP for the Airport System including funding sources, the planned Series 2017 Bonds sources and uses, Debt Service forecasts, Operating Expenses, Revenues forecasts, debt service coverage, and other key financial analyses are described in this Chapter.

Exhibits contained at the end of this Chapter present results for FY 2016, and forecasts for FY 2017 through FY 2024, also referred to as the forecast period.

4.1 Airport Governing Body

The Airport System is operated and managed by the Salt Lake City Department of Airports, a department of the City. The Mayor of the City, the City Council and the nine-member Airport Advisory Board of citizen volunteers oversee its affairs. In February 1976, the City created the Airport Advisory Board to provide advice with respect to broad matters of policy affecting the operation of the Airport System. All actions taken by the Airport Advisory Board constitute recommendations to the Mayor. The Mayor has the power to review any action submitted by the Airport Advisory Board.

4.2 Management Structure

The day-to-day operations of the Airport System are managed by the Executive Director, who reports directly to the Mayor. The Executive Director, appointed by the Mayor, leads the management staff of the Department along with the Department's Division Directors. Nine Division Directors of the Department lead the following areas: Operations, Maintenance, Finance, Engineering, Planning and Environmental, Administration and Commercial Services, Public Relations/ Marketing, Information Management, and Police. The executive team of the Department is a full-time staff of professional and technical personnel located at the Airport.

4.3 Financial Structure

The Department's Airport System includes the Airport and the Auxiliary Airports, general aviation airports owned by the City and operated by the Department. For accounting purposes, the Airport System is operated as an independent enterprise fund of the City and is separate from other City enterprises. As described in Section 4.3.2 below, fund amounts deposited into the Revenue Account are not commingled with any other funds of the City and are used and applied only in the manner as specified in the Master Indenture. A discussion of the application of Revenues is also described below.

The Department funds its operation of the Airport System with Revenues generated from Airport System rentals, fees, and charges. The Airport System is financially self-sustaining with Revenues generated from airline and other tenant fees, grants, Passenger Facility Charges

(PFCs), rental car Customer Facility Charges (CFCs), concession fees, and other Revenues of the Airport System. Capital improvements at the Airport System are funded by the Department with: (1) federal, state, and other grants-in-aid, (2) Revenues generated from Airport System rentals, fees and charges; (3) Airport System revenue bond proceeds; (4) PFC revenues, (5) CFC revenues, and (6) other Department funds.

4.3.1 Accounting Structure

Pursuant to the AUA for the Airport, the Department created various cost and revenue centers and cost centers for the purpose of accounting for and allocating costs and revenues of the Airport System in order to establish airline rates and charges for the use of the Airfield and the Terminal. Per the AUA, the airline cost and revenue centers are referred to as the Airfield Cost and Revenue Center and the Terminal Cost and Revenue Center. In addition to the two airline cost and revenue centers, the Department also allocates costs and revenues to five other Department cost centers and two indirect cost centers. Landside, General Aviation, Support Areas, Auxiliary Airports, and Other comprise the other direct Department cost and revenue centers. The General Administration and Roads cost centers are the Department's indirect cost centers, which are allocated to the direct cost centers. As described below, rate-setting at the Airport is a hybrid methodology, where Landing Fees are calculated on a residual basis and the Terminal Rents are calculated on a commercial compensatory basis. In the Airfield Cost and Revenue Center, the Signatory Airlines have the primary responsibility and risk and benefit from non-airline revenues. In the Terminal Cost and Revenue Center, the Department and the Signatory Airlines share the responsibility and risk. The AUA also has an adjustment-to-actual provision that sets a process for the reconciliation of rates and charges with the Signatory Airlines at the end of each FY.

The Airfield Cost and Revenue Center and Terminal Cost and Revenue Center include allocated shares of Operating Expenses and Capital Outlays, debt service, amortization charges, Rolling Coverage Amount requirements, O&M Reserve Requirements, Renewal and Replacement Requirements, other required reserve deposits, and Revenues. The Series 2017 Bonds are payable from the Airport System Net Revenues from all Cost and Revenue Centers of the Department.

Direct Cost and Revenue Centers:

- **Airfield Cost and Revenue Center.** The cost and revenue center to which revenues and expenses associated with those portions of the Airport providing for the landing, taking off, and taxiing of aircraft, including without limitation approach and turning zones, clear zones, avigation or other easements, runways, a fully integrated taxiway system, runway and taxiway lights, GSE storage areas, and other appurtenances related to the aeronautical use of the Airport, including any airfield property purchased for noise or other environmental mitigation purposes.

- **Terminal Cost and Revenue Center.** The cost and revenue center to which revenues and expenses associated with the Terminal buildings and Terminal Aircraft Aprons including but not limited to aircraft gates, ticket counters, baggage claim areas, baggage make up areas, security checkpoint areas, office space, storage areas, concourses, lobbies, VIP lounges, the IAB, employee break rooms and public areas located within terminal building at the Airport. Terminal Aircraft Aprons include those areas of the Airport that primarily are designated for parking of passenger aircraft and support vehicles and the loading and unloading of passenger aircraft.

- **Landside Cost and Revenue Center.** The cost center and revenue center to which revenues and expenses associated with areas and facilities accommodating ground transportation, including Terminal public access roadways and curbside, public automobile and employee parking facilities, and rental car operations.

- **General Aviation.** The cost and revenue center to which revenues and expenses associated with general aviation areas and facilities provided at the Airport. These include, but are not limited to, hangar, building, land and space rentals and fuel flowage fees.

- **Support Areas.** The cost and revenue center to which revenues and expenses associated with, but not limited to, Airport support areas are allocated. These include flight kitchens, non-terminal buildings, cargo ramps, and other areas.

- **Auxiliary Airports.** The cost and revenue center to which revenues and expenses associated with areas and facilities provided at the Auxiliary Airports. These include, but are not limited to, hangar, building, land and space rentals and fuel flowage fees.

- **Other.** The cost and revenue center to which revenues and expenses associated with areas and facilities leased or provided for air cargo activities, improved land and buildings, and unimproved land.

Indirect Cost Centers

- **General Administration.** Expenses associated with salaries, benefits, materials, and supplies of the Airport's administrative staff and not attributable to any Direct Cost and Revenue Center, but allocated among all cost centers for purposes of rate making.

- **Roads.** Expenses associated with Airport roadways are allocated to the Department's Direct Cost and Revenue Centers.

4.3.2 Master Indenture

The Master Trust Indenture, referred to as the Master Indenture, to be dated as of February 1, 2017 by and between the City and Wilmington Trust, National Association as Trustee, authorizes the issuance of airport revenue bonds to pay the costs of acquiring and constructing Airport System improvements, among other items. The Series 2017 Bonds are being issued pursuant to the provisions of the Master Indenture and the First Supplemental Trust Indenture to be dated as of February 1, 2017, referred to as the First Supplemental Indenture, by and between the City and the Trustee. The Master Indenture and the First Supplemental Indenture are collectively referred to as the Indenture. The Series 2017 Bonds are payable solely from the Net Revenues of the Airport System, certain funds and accounts held by the Trustee under the Indenture, and other amounts payable under the Indenture. The Department currently has no Bonds that are Outstanding.

Pursuant to the Master Indenture, the City has pledged Net Revenues to the payment of the Series 2017 Bonds. Net Revenues are all Revenues of the Airport System remaining after payment of Operation and Maintenance Expenses of the Airport System. Revenues include, among other things, all amounts derived from all rates, tolls, fees, rentals, charges and any other payments collected, or received by the City in connection with the operation of the Airport System, any amounts designated as Other Pledged Revenues pursuant to the procedures in the Master Indenture, and all investment income earned by the City on such Revenues except as otherwise expressly provided in the Master Indenture. Revenues do not include (i) any amounts received by the City from the imposition of ad valorem taxes, (ii) gifts, grants and other income (including any investment earnings thereon) otherwise included in the definition of "Revenues" which are restricted by their terms to purposes inconsistent with the payment of debt service on the Bonds or which constitute fuel tax refunds made by the State to the City, (iii) Net Proceeds and other insurance proceeds, to the extent the use of such Net Proceeds or other proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Bonds (except to the extent Net Proceeds are utilized to pay Operation and Maintenance Expenses of the Airport System), (iv) Special Facilities Revenue (to the extent there is no excess Special Facilities Revenue as described in Section 5.07 of the Master Indenture), (v) Passenger Facility Charges, and (vi) the proceeds of the sale of Bonds or other obligations issued for Airport System purposes.

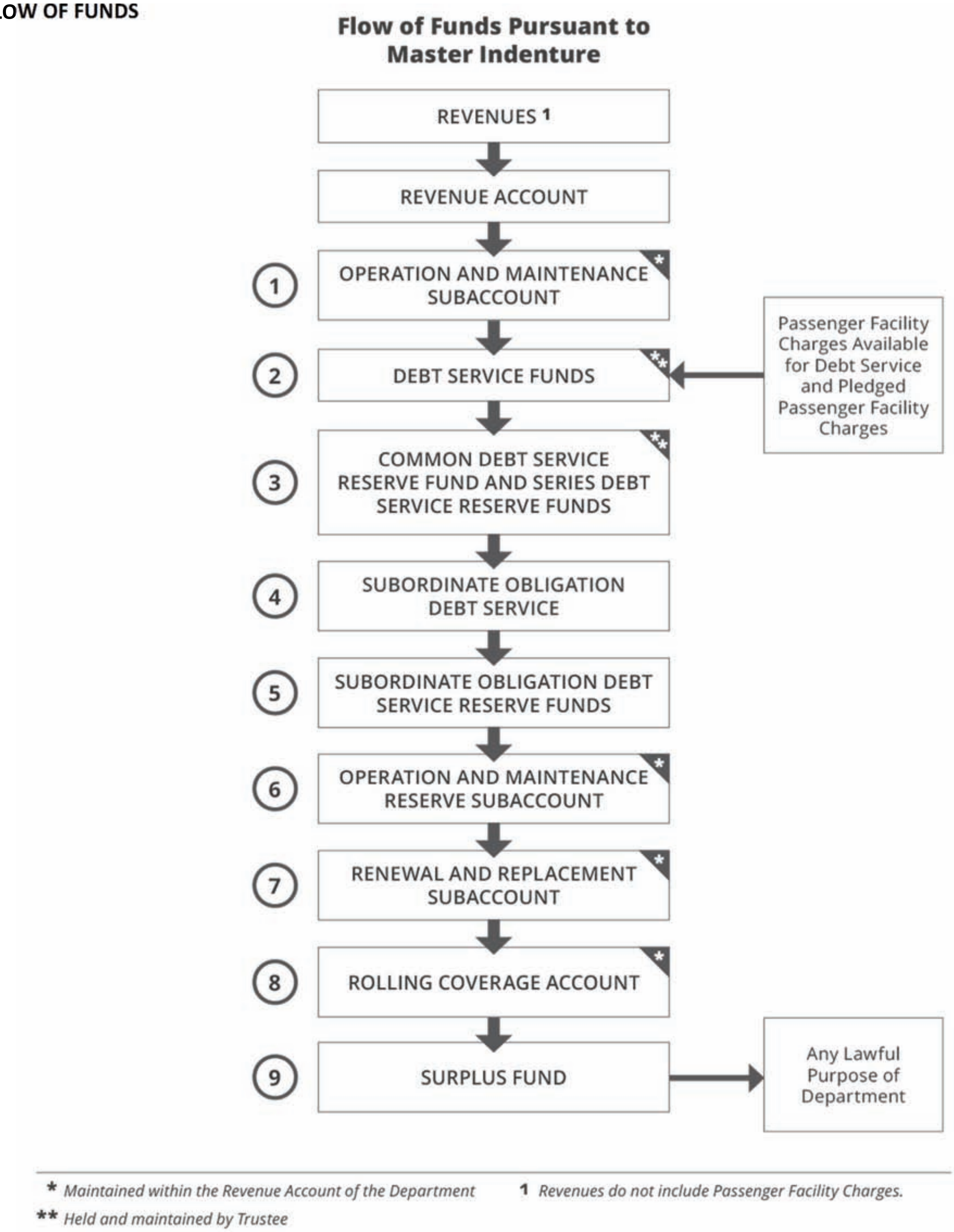
Additionally, the following, including any investment earnings thereon, are specifically excluded from Revenues unless designated as and included in Other Pledged Revenues: (1) any Swap Termination Payments paid to the City pursuant to a Qualified Swap, (2) subject to clause (ii) in the previous paragraph, grants and other charges authorized on or after the date of the Indenture by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, (3) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Bonds, (4) any arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Code, (5) Capitalized Interest, (6) Customer Facility Charges and CFC Bond Funding Supplemental Consideration, (7) Federal Direct Payments and (8) excess Revenues from a prior Fiscal Year deposited in the Surplus Fund.

Flow of Funds

The Master Indenture will establish certain funds and accounts and the priority for the flow of Revenues and certain other amounts to such funds and accounts, as described below. **Figure 4-1** illustrates the flow of funds as set forth in the Master Indenture.

Figure 4-1

FLOW OF FUNDS



Source: Master Indenture

As long as there are Outstanding Bonds, all Revenues are required to be deposited into the Revenue Account, which is administered by the Department on behalf of the City. Revenues will be set aside for the payment of the following amounts or deposited or transferred to the following funds, accounts and subaccounts in the following order of priority:

First: to the Operation and Maintenance Subaccount. On or prior to the third Business Day of each month, the City shall deposit to the Operation and Maintenance Subaccount in an amount equal to $1/12^{th}$ of the estimated Operation and Maintenance Expenses of the Airport System for the then current Fiscal Year as set forth in the budget of the City for such Fiscal Year as finally approved by the City and such additional amounts as determined to be necessary by the City. In the event that the balance in the Operation and Maintenance Subaccount at any time is insufficient to make any required payments therefrom due and payable between the third Business Day of the then current month and the second Business Day of the immediately succeeding month, additional Revenues at least sufficient to make such payments shall immediately be deposited in the Operation and Maintenance Subaccount from the Revenue Account.

Second: to the Debt Service Funds. Except as otherwise provided in a Supplemental Indenture, on or prior to the third Business Day of each month, a sufficient amount of Revenues shall be transferred by the City, without priority and on an equal basis, except as to timing of payment, to the Trustee for deposit to the Debt Service Funds in the amounts, at the times and in the manner provided in the Master Indenture to provide for the payment of principal and interest to become due on the Outstanding Bonds. In addition to the deposit of Revenues to the Debt Service Funds, the City shall deposit any Pledged Passenger Facility Charges and/or Passenger Facility Charges Available for Debt Service with the Trustee for deposit to the applicable Debt Service Fund(s) in accordance with the provisions of the applicable Supplemental Indenture and/or the applicable certificate described in the Master Indenture.

Third: to the Common Debt Service Reserve Fund and Series Debt Service Reserve Funds. On or prior to the third Business Day of each month, a sufficient amount of Revenues shall be transferred by the City, without priority and on an equal basis, to the Trustee for deposit to the Common Debt Service Reserve Fund at the times and in the amounts provided in the Master Indenture, and to any Series Debt Service Reserve Fund at the times and in the amounts set forth in the Supplemental Indenture pursuant to which such Series Debt Service Reserve Fund is created.

Fourth: to the Subordinate Obligation Debt Service. On or prior to the third Business Day of each month, a sufficient amount of Revenues shall be transferred by the City to the Subordinate Obligation Trustee, in such amounts and at such times (as specified by the City), as shall be necessary to make all payments and deposits required to be made during the following month on all Subordinate Obligations.

Fifth: to the Subordinate Obligation Debt Service Reserve Funds. On or prior to the third Business Day of each month, a sufficient amount of Revenues shall be transferred or caused to be transferred by the City to the Subordinate Obligation Trustee (in such amounts and at such times as specified in the Subordinate Obligation Trust Indenture) to fund any deficiency in any debt service reserve fund established by or for the benefit of the City in connection with any Subordinate Obligations issued pursuant to the terms of a Subordinate Obligation Trust Indenture, provided, however, no Revenues shall be transferred by the City to the Subordinate Obligation Trustee for deposit to any debt service reserve fund established by or for the benefit of the City in connection with any Subordinate Obligations if amounts (including any Debt Service Reserve Fund Surety Policy) in the Common Debt Service Reserve Fund are not sufficient to meet the Reserve Requirement or amounts (including any Debt Service Reserve Fund Surety Policy) in any Series Debt Service Reserve Fund are not sufficient to meet the applicable Reserve Requirement for such Series Debt Service Reserve Fund.

Sixth: to the Operation and Maintenance Reserve Subaccount. On or prior to the third Business Day of each month, sufficient Revenues shall be deposited to the Operation and Maintenance Reserve Subaccount to fund any deficiency in the Operation and Maintenance Reserve Subaccount in accordance with the Master Indenture.

Seventh: to the Renewal and Replacement Subaccount. On or prior to the third Business Day of each month, sufficient Revenues shall be deposited to the Renewal and Replacement Subaccount to fund any deficiency in the Renewal and Replacement Subaccount in accordance with the Master Indenture.

Eighth: to the Rolling Coverage Account. On or prior to the third Business Day of each month, at the discretion of the City, Revenues may be deposited to the Rolling Coverage Account in an amount determined by the City to fund the Rolling Coverage Account in accordance with the Master Indenture.

Ninth: to the Surplus Fund. At the discretion of the City, all or a portion of the remaining Revenues shall be deposited to the Surplus Fund to be used for any lawful Airport System purpose.

Rate Covenant

In the Master Indenture, the City will covenant, while any Bonds are Outstanding, to establish, fix, prescribe, and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that Revenues in each FY will be at least equal to the following amounts:

- Operation and Maintenance Expenses of the Airport System due and payable during such FY;
- the Annual Debt Service on any Outstanding Bonds required to be funded by the City in such FY as required by the Master Indenture or any Supplemental Indenture with respect to the Outstanding Bonds;
- the required deposits to the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund which may be established by a Supplemental Indenture;
- the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Indenture;

- the interest on and principal of any indebtedness of the Department required to be funded during such FY, other than for Outstanding Bonds, but including Subordinate Obligations; and

- funding of any debt service reserve funds created with respect to any indebtedness of the Department, other than Outstanding Bonds, but including Subordinate Obligations.

The City also will covenant and agree that it shall establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each FY the Net Revenues, together with any Transfer from the Rolling Coverage Account, will be equal to at least 125% of Annual Debt Service on the Outstanding Bonds for such Fiscal Year. The amount of any Transfer from the Rolling Coverage Account taken into account shall not exceed 25% of Annual Debt Service on the Outstanding Bonds in such FY. When calculating Annual Debt Service on the Outstanding Bonds for purposes of the rate covenants described above, Annual Debt Service on the Outstanding Bonds shall be reduced by the amount of principal and/or interest paid with Capitalized Interest, Passenger Facility Charges Available for Debt Service and/or Pledged Passenger Facility Charges.

Additional Bonds

Pursuant to the Master Indenture, the Department is authorized to issue additional Bonds, subject to meeting certain conditions. To issue such Bonds other than the Series 2017 Bonds, the Department must provide either:

(i) a certificate, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds (both dates inclusive), prepared by an Authorized City Representative showing that the Net Revenues for the last audited FY or any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, together with any Transfer for the most recently ended Fiscal Year, were at least equal to 125% of Maximum Aggregate Annual Debt Service with respect to all Outstanding Bonds and the proposed Series of Bonds, calculated as if the proposed Series of Bonds were then Outstanding; or

(ii) a certificate, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds (both dates inclusive), prepared by a Consultant, nationally recognized as an expert in the area of air traffic and airport financial analysis, showing that:

(A) the Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, together with any Transfer for the most recently ended Fiscal Year, were at least equal to 125% of the sum of the Annual Debt Service due and payable with respect to all Outstanding Bonds for such applicable period; and

(B) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Bonds, during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof, through and including the later of: (1) the fifth full Fiscal Year following the issuance of such Series of Bonds, or (2) the third full Fiscal Year during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof, the estimated Net Revenues, together with any estimated Transfer, for each such Fiscal Year, will be at least equal to 125% of the Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Bonds and calculated as if (1) the proposed Series of Bonds were then Outstanding, and (2) any future Series of Bonds which the City estimates will be required to complete payment of the estimated costs of construction of such portion of the Specified Project and any other uncompleted portion of the Specified Project from which the Consultant projects additional Revenues will be generated were then Outstanding.

For purposes of subparagraphs (i) and (ii) above, the amount of any Transfer taken into account shall not exceed 25% of the Aggregate Annual Debt Service on the Outstanding Bonds and the proposed Series of Bonds. The City will not be required to meet this test with respect to the Series 2017 Bonds.

PFC Revenues used to pay Debt Service

Revenues do not include PFCs. However, PFCs may still be used to pay the principal of and interest on Bonds in two separate ways under the Master Indenture. The City may designate specified PFCs as Passenger Facility Charges Available for Debt Service or as Pledged Passenger Facility Charges. Any PFCs designated as Passenger Facility Charges Available for Debt Service or as Pledged Passenger Facility Charges will be deposited directly to the Debt Service Fund or Funds directed by the City and will be used to pay debt service on the applicable Series of Bonds. The City expects, to the extent approved by the FAA, to designate certain PFCs as Passenger Facility Charges Available for Debt Service and to use such PFCs to pay a portion of the debt service on the Series 2017 Bonds and certain of the Bonds to be issued in the future. The City does not have any current plans to designate any PFCs as Pledged Passenger Facility Charges. When calculating debt service for purposes of the rate covenant set forth in the Master Indenture and the additional bonds test set forth in the Master Indenture, debt service is reduced by the amount of PFCs, whether designated as Pledged Passenger Facility Charges Available for Debt Service or as Pledged Passenger Facility Charges, used or expected to be used, as applicable, to pay debt service on the Series 2017 Bonds or any additional Bonds.

4.3.3 Airline Use Agreement

The Department entered into 10-year AUA with the Signatory Airlines operating at the Airport on July 1, 2014. The AUA is effective through June 30, 2024. The AUA establishes, among other things, procedures for setting and adjusting rentals, rates, fees and charges to be collected for the use of Airport facilities. The Signatory Airlines at the Airport include the following: Alaska, American, Delta, Frontier, JetBlue, Southwest and United. Together, the Signatory Airlines and their respective regional affiliates accounted for approximately 98.5% of enplaned passengers at the Airport in FY 2016.

The AUA governs airline use of certain Airport facilities, including Airfield, Terminal, Aircraft Aprons, baggage claim, ticket counters and gate areas and permits the Signatory Airlines to lease Exclusive Use Premises, Preferential Use Premises, and Joint Use Premises. Exclusive Premises generally includes office space, storage areas, airline club lounges, and employee break rooms; and Preferential Use Premises is Airport space, including holdroom areas and gates, ticket counters, and certain baggage makeup areas, leased to a Signatory Airline and to which the Signatory Airline has a higher and continuous priority of use over all other air carriers. Joint Use Premises generally includes baggage claim areas and baggage makeup equipment.

The key provisions of the AUA are summarized in the following sections, and are used as the basis for forecasting airline revenues for this Report.

Airline Rate-Setting Methodology

As described earlier in this Chapter, the Airport has been segregated into seven direct cost and revenue centers and two indirect cost centers for the purposes of setting rates and charges: two cost centers are associated with the airlines' operations and five other Department cost and revenue centers. The cost centers associated with the airlines are the Airfield Cost and Revenue Center and the Terminal Cost and Revenue Center, each of which are direct cost and revenue centers, plus their allocated portions of the indirect cost center. The Department's other five direct cost and revenue centers are Landside, General Aviation, Support, Auxiliary Airports, and Other, plus their allocated portions of the indirect cost center.

Landing Fees under the AUA are calculated on an Airfield Cost and Revenue Center residual basis where the Signatory Airlines are required to guarantee the total requirement. The cost of Capital Investments allocable to the Airfield, including debt service on Bonds or amortization of Department equity, may be included in the calculation of the Landing Fees upon approval from at least one Signatory Airline. Terminal Rents under the AUA are calculated on a commercial compensatory basis where the Signatory Airlines essentially pay rent for only the space they lease. The cost of Capital Investments allocable to the Terminal, including debt service on Bonds or amortization of Department equity, may be included in the calculation of the Terminal Rents upon approval from at least one Signatory Airline. The Capital Investment costs associated with the TRP, including debt service on the Series 2017 Bonds, has received the required approvals from the Signatory Airlines pursuant to the AUA.

The AUA allows for the annual calculation and adjustment of Landing Fees and Terminal Rents each FY, using budgeted aviation activity, expenses, and non-airline revenues. The Department may also adjust Landing Fees and Terminal Rents during the current FY if certain conditions warrant an adjustment per the AUA. The AUA also allows for a final adjustment of Landing Fees, Terminal Rents, and Revenue Sharing credits after the annual audit of Department records. Any resulting Adjustment-to-Actual resulting from the final settlement is included in the budget for the second subsequent FY and included as part of the calculation of Landing Fees and Terminal Rents for such FY.

Revenue Sharing

The AUA provides for the sharing of certain concession revenues with the Signatory Airlines (Revenue Sharing). All Revenue Sharing is applied directly to each Signatory Airline based on a credit of $1 per enplaned passenger for up to 10 million enplaned passengers carried by all Signatory Airlines at the Airport. If during any FY, the Signatory Airlines collectively carry more than 10 million enplaned passengers, the Department will provide an additional enhancement to Revenue Sharing for only those enplaned passengers that exceed the 10 million base; provided, however, that the total revenue sharing amount in any FY cannot exceed the least of (i) 30% of Net Remaining Revenue; (ii) the total amount of Annual Adjusted Gross Revenues for Selected Concessions; and (iii) the Calculated Revenue Sharing Amount. The Department's obligation to provide Revenue Sharing to the Signatory Airlines in a given FY shall be solely from annual adjusted gross revenues for selected concessions for such FY. **Exhibit G** following this Chapter presents the Department's Revenue Sharing methodology pursuant to the AUA.

Throughout the FY, budgeted Revenue Sharing amounts are applied uniformly as a monthly credit to Signatory Airlines' invoices for Terminal Rents. For budgeting purposes, the Department applies only 95% of forecast Revenue Sharing amounts throughout the FY. Revenue Sharing Adjustments-to-Actual are performed after the end of the FY during the annual settlement process described above.

Department Cost Centers

The Department's non-airline Cost and Revenue Centers are not subject to an airline rate-setting methodology. Airport Revenues generated in these Cost and Revenue Centers can be used by the Department to meet various obligations or be used for other authorized Airport System-related purposes. The Department bears the responsibility and risk for the Department's non-airline Cost and Revenue Centers.

The TRP

The AUA also contemplates the development of the TRP during the course of their term. Section 10.06 of the AUA specifies special provisions regarding the TRP including memorializing that the Signatory Airlines have approved and support the TRP and that the Department will use reasonable efforts to achieve the shared goal of a target airline cost per enplaned passenger. Additional provisions regarding the TRP include procedures for designating an airline technical representative, the development of contract documents, estimated costs and potential budget overruns, change orders, the notice of claims, and for funding the development of the TRP including best efforts to fund the project with federal and state grants, PFCs, CFCs, and the use of Bonds.

Signatory Airline Approval of Capital Improvement Projects

The Department and the Signatory Airlines agreed in the AUA that costs of certain Capital Investments are subject to Signatory Airline consideration. Section 10.02 of the AUA specifies that no costs or amortization of Capital Investments, including debt service on Bonds, shall be charged to the Signatory Airlines in Landing Fees or Terminal Rents for any Capital Investments in the Airfield Cost and Revenue Center or in the Terminal Cost and Revenue Center, respectively, unless at least one of the Signatory Airlines has approved such Capital Investments. In the event the Department decides to undertake a Capital Investment in these airline Cost and Revenue

Centers, the Department and representatives from the Signatory Airlines shall meet to discuss the methods for amortizing or allocating any associated Bonds debt service along with the associated impacts to the Landing Fees and/or Terminal Rents resulting from such Capital Investment.

The Department has received all required approvals from the Signatory Airlines to undertake the capital development projects described herein, and to include debt service, including the Series 2017 Bonds, allocable to the Airfield Cost and Revenue Center and Terminal Cost and Revenue Center in the calculation of Landing Fees and Terminal Rents, respectively.

The Department may implement, at any time, certain types of Capital Investments that are not subject to Signatory Airline consideration. These include the following:

- Projects mandated by the FAA, DOT, TSA , or similar government authority

- Projects to repair casualty damage to Airport property that must be rebuilt or replaced in order for the City to meet its obligations pursuant to the AUA, Master Indenture, or other agreements with lessees at the Airport

- Projects undertaken in Cost and Revenue Centers other than the Airfield Cost and Revenue Center and the Terminal Cost and Revenue Center

- Reasonable repairs, rebuilding, improvements or additions, including the associated costs therefor, necessary to comply with the AUA or applicable law or to settle lawful claims, satisfy judgements, or comply with judicial orders against City by reason of its ownership, operation, maintenance or use of the Airport

- Expenditures of any emergency nature which, if not made within 48 hours, would result in the closing of any portion of the Airport

- Projects funded directly or indirectly by PFCs, CFCs or grants; provided, however, that this provision shall not be interpreted as a waiver of Signatory Airline consultation rights under 49 U.S.C. § 40117 or 14 C.F.R. Part 158 as such statute and regulation currently exist or may be amended

- Projects undertaken to satisfy the specific requirements of any Signatory Airline so long as such Signatory Airline agrees to pay all increased rentals, fees, charges, and operating and maintenance costs that are sufficient to cover annual debt service and operating and maintenance costs associated with the project

- Projects related to special purpose facilities for which the user agrees to pay or reimburse the Department

Extraordinary Coverage Protection

Section 8.11 of the AUA also contains an extraordinary coverage protection provision that allows for the Department to collect additional payments from the Signatory Airlines to satisfy the Rate

Covenant set forth in the Master Indenture. These amounts collected from the Signatory Airlines, if ever required, are in addition to Landing Fees and Terminal Rents and are to be allocated to the Signatory Airlines in a fair and not unjustly discriminatory manner in the reasonable discretion of the Executive Director of the Department.

4.3.4 Other Agreements

The Department has agreements with other entities that operate, provide services or occupy space at the Airport System, including food court restaurants, cafes, pubs, full service restaurants, newsstands, retail shops, and display advertising, among other specialties. In addition, several Airport System tenants have executed lease agreements with the Department governing their occupancy and use of space on Airport System property. In regards to terminal food and beverage, the Department has contracts with HMS Host, HBF/ATG, Salt Lake Brewing, and McDonald's for 35 total individual units. For retail, the Department has contracts with Paradies Lagardere, World Duty Free Group, Duty Free Americas, and Sweet Ventures for 32 terminal retail units. The Department also has six additional contracts for retail, advertising, and other miscellaneous services.

The following rental car brands operate at the Airport: Alamo, Avis, Budget, Dollar, Enterprise, Firefly, Hertz, National, Payless, and Thrifty. All of these rental car companies pay privilege fees and must collect and remit Customer Facility Charges (CFCs). The Department contracts with SP Plus Corporation to manage and operate on-Airport automobile parking facilities. In addition, the Department has agreements with cargo facility and fixed base operators and tenants leasing hangars and buildings.

Airport non-airline agreements have various terms and conditions. In general, the business terms of these agreements are based on industry standards and practices. Additional summaries of key non-airline agreement terms are provided below:

- **Terminal Food and Beverage Agreements:**
    - Concession fees range between 15% and 22% of gross revenues
    - Minimum annual guarantee (MAG) equal to 90% of prior year percentage rents or 103% of prior year MAG, whichever is greater
    - Total MAG amounts for FY 2016 were approximately $8.4 million
    - Agreement expiration date is December 31, 2021 for Host, with Department option for extension
    - Department may buy-out concessionaire at any time based on a straight-line depreciation of each concessionaire's initial investment at the remaining unamortized value to allow for flexibility as current facilities are decommissioned for the TRP
    - Concessionaire does not have right of first refusal for space in the new facilities

- **Terminal Retail Agreements:**
    - Percentage rents range between 10% and 25% of gross revenues
    - MAG equal to 90% of prior year percentage rents or 103% of prior year MAG, whichever is greater

  - Total MAG amounts for FY 2016 were approximately $4.9 million
  - Agreement expiration date is June 30, 2019 for Paradies, with Department option for extension
  - Department may buy-out concessionaire at any time based on a straight-line depreciation of each concessionaire's initial investment at the remaining unamortized value to allow for flexibility as current facilities are decommissioned for the TRP
  - Concessionaire does not have right of first refusal for space in the new facilities

- **Parking and Shuttle Management Agreement:**
  - Includes automobile parking facilities and shuttle bus operations
  - Term of agreement with SP Plus Corporation was through June 30 2016, with City option to extend term for two additional one-year periods
  - The City recently exercised its option to extend the contract for its first one-year period

- **Rental Car Concession Agreement:**
  - Concession fees equal to 11.11% on all on-Airport customer contracts or the MAG, whichever is greater annually
  - MAG equal to 103% of prior year MAG, which resets at opening of new parking garage and continues at 103% through term
  - This is the first year for MAG amounts, which started in March 2016 and total approximately $15 million
  - In addition to the MAG, each on-Airport rental car company will pay fair market value rent for the use of the QTA, RSS, parking stalls, and customer service counters
  - Term of agreement is 10 years expiring on February 28, 2026

4.4 Plan of Finance

Exhibit A presents the total project costs along with estimated funding sources for the TRP, NCP, and Other Capital Projects discussed previously in Chapter 3. These estimates are based on currently available information regarding the estimated cost and timing of the TRP, NCP, and Other Capital Projects, and the estimated receipt of federal, state, and other grants and other funds. As presented in Exhibit A, the TRP is estimated to cost approximately $2.18 billion, the NCP is estimated to cost $737 million, and the Other Capital Projects are estimated to cost $191 million. Additional detail regarding the estimated funding sources for the TRP and Other Capital Projects is presented in this section.

4.4.1 Federal, State and Other Grants

The Department receives federal grants for Airport capital development under the FAA Airport Improvement Program (AIP). The Department received AIP entitlement grants of approximately $4.1 million in FY 2016 based on (1) levels of funding authorized and appropriated by Congress for the program, (2) the number of passengers and amount of cargo at the Airport, and (3) a 75% reduction in entitlement grants associated with the Department's $4.50 PFC level. The Auxiliary Airports receive a total of approximately $150,000 in FAA AIP entitlements per year per airport.

The Department also receives AIP discretionary grants for specific projects pursuant to grant applications for such funding, and FAA discretionary grant awards, which are a function of the amounts authorized and appropriated by Congress and the FAA's prioritization of competing projects.

As shown in Exhibit A, the Department expects to be able to fund a portion of its capital development with FAA AIP and TSA grants. Approximately $69.2 million and $84.5 million in federal grants are anticipated to fund a portion of the TRP and NCP, respectively. In addition, the Department also expects to receive approximately $50.6 million in federal grant funding for the Other Capital Projects.

4.4.2 Passenger Facility Charge Revenues

Passenger Facility Charge (PFC) revenues are used to pay for certain FAA-approved, PFC-eligible projects, either by using certain PFC revenues to pay for approved project costs on a pay-as-you-go basis or by applying certain PFC revenues to pay debt service associated with bonds used to fund approved projects. Pursuant to the Master Indenture, unless otherwise provided in a Supplemental Indenture or a certificate of the City, PFC revenues are excluded from the definition of Revenues, and therefore, are not pledged to the payment of debt service on the Bonds. However, PFC revenues may still be applied to pay debt service on Bonds in two separate ways. First, the City may designate specified PFC revenues as Passenger Facility Charges Available for Debt Service. Passenger Facility Charges Available for Debt Service are transferred to the Trustee and deposited directly into a City designated Debt Service Fund to be used to pay debt service on a specific Series of Bonds. Secondly, the City can designate specified PFC revenues as Pledged Passenger Facility Charges. Pledged Passenger Facility Charges are treated as Revenues, but transferred to the Trustee and deposited directly into a City designated Debt Service Fund to be used to pay debt service on a specific Series of Bonds. For purposes of the Rate Covenant, Annual Debt Service on the Bonds does not include principal or interest paid with PFC revenues that have been designated as Passenger Facility Charges Available for Debt Service and/or Pledged Passenger Facility Charges. For the purposes of the financial analysis for the Series 2017 Bonds, it is assumed that the City will designate certain PFC revenues as Passenger Facility Charges Available for Debt Service and such PFC revenues will be used to pay a portion of the debt service on the Series 2017 Bonds.

As of July 1, 2016, the Department is authorized by the FAA, to impose and use approximately $2.086 billion of PFC revenues (at the $4.50 level) for various projects. Based on Final Agency Decisions, the FAA estimates the charge-expiration date to be March 1, 2036. As of June 2016, the Department had collected approximately $738 million of its total approved collection, and had spent approximately $615 million on approved projects. The Department received approval for its PFC Application number 16 in February 2016 for the TRP. The application was approved at the PFC collection rate of $4.50 for a total approved use of approximately $1.308 billion.

As presented in Exhibit A, the Department has planned for approximately $306.0 million of PFCs to fund TRP project costs on a pay-as-you-go basis. The Department has funded eligible project costs through June 30, 2016 with approximately $47 million of PFC revenues on a pay-as-you-go basis. Also presented on Exhibit A, the Department currently expects to apply approximately

$29.7 million of PFC revenues to fund the Other Capital Projects on a pay-as-you-basis. In addition, the Department intends to fund eligible debt service for the TRP with a significant portion of its annual PFC collections into the foreseeable future.

4.4.3 Department Funds

The Department has historically used its internal funds from the operation of the Airport System to fund certain projects in the CIP. Per the Master Indenture, any Revenues remaining in the Surplus Fund, after all obligations have been satisfied, are available for use by the Department for any lawful Airport System purpose. Per the AUA, the Department may include in airline rates and charges a cost for the use of Department funds (net of PFCs, CFCs, grants, and other funding sources), along with imputed interest, that pay for capital development in airline cost and revenue centers. This cost is referred to as Amortization in the AUA. The AUA specifically prohibits Amortization to be included in airline rates and charges for Department funds paying for costs of the TRP. Although there is no prohibition for the use of Amortization for NCP, for the purposes of this Report, Amortization is only assumed for Department funds that have previously been expended on airline cost and revenue center capital projects other than the TRP and NCP, and Department funds forecast to be expended on airline cost and revenue center elements of the Other Capital Projects.

As presented in Exhibit A, the Department is currently planning to apply internally generated Department funds for the TRP and NCP of approximately $270.1 million and $112.0 million, respectively. The Department has already expended approximately $98 million of Department funds on TRP project costs through June 30, 2016. The Department intends to use approximately $111.2 million of Department funds for Other Capital Projects.

4.4.4 Series 2017 Bonds and Future Bonds

The remaining portions of the TRP and NCP are planned to be funded with proceeds of the Series 2017 Bonds and additional Bonds expected to be issued in the future. Specifically, the Department plans to issue the Series 2017 Bonds to pay the costs of implementing a portion of the TRP and NCP. Currently, the Department is planning to issue additional Bonds over the next several years to fund remaining portions of the TRP and NCP based on future timing and cash flow needs. As presented on Exhibit A, approximately $757.9 million of Series 2017 Bond proceeds are planned to fund costs of the TRP and NCP, and approximately $1.1 billion of future Bond proceeds are expected to fund future costs of the TRP and NCP. Assumptions related to the issuance of the Series 2017 Bonds and future Bonds are provided below in Section 4.5.

4.4.5 Customer Facility Charges

On July 1, 2011, the Department began requiring the rental car companies at the Airport to charge a CFC to be used to pay, or to reimburse the Department, for capital costs for construction and improvement of rental car facilities at the Airport. The CFC was initially $4.00, with the most recent rate increase to $5.00 effective July 1, 2012. The $5.00 CFC is a per transaction daily fee up to a maximum of 12 days and is collected by the on-airport rental car companies from each of their customers and subsequently remitted to the Department.

Although federal law does not restrict the use of CFCs, a City ordinance restricts the use of CFCs to finance capital improvements at the Airport that support rental car services, including a pro rata share of joint use infrastructure such as roadways, the portions of the Parking Garage needed for ready/return facilities, funding debt service associated with rental car facilities or funding the City's costs for such other rental car related purposes as the City may determine. The City currently does not expect to apply proceeds of Bonds to finance rental car facilities or, accordingly, to pay debt service on Bonds with CFCs. CFCs are not included in Revenues. The Department is applying the CFC revenues on a pay-as-you-go basis to fund eligible rental car portions of the TRP. As shown on Exhibit A, the Department intends to fund approximately $187.3 million of rental car-related improvements of the TRP from CFC revenues. The Department has expended approximately $103 million of CFC eligible project costs through June 30, 2016. The Department has already constructed the QTA and RSS and has used available CFCs and Department cash to fund these projects. The Department intends to reimburse its internal cash expenditures on these elements of the TRP from CFC revenues as they become available.

4.5 Debt Service

The Department plans to issue the Series 2017 Bonds to (1) fund a portion of the costs of the TRP and NCP, (2) reimburse the City for certain capital expenses previously incurred in connection with the TRP and the NCP, (3) fund capitalized interest, (4) fund a deposit to the Common Debt Service Reserve Fund, and (5) pay the costs of issuance of the Series 2017 Bonds. **Table 4-1** below presents a listing of estimated sources and uses of funds for the proposed Series 2017 Bonds. The estimated sources and uses of funds and debt service for the proposed Series 2017 Bonds were prepared by the Department's financial advisor, Public Financial Management, Inc. (PFM). **Table 4-2** presents the estimated sources and uses for future Bonds currently estimated to be required to fund the remaining portions of the TRP and NCP.

Exhibit B presents annual Debt Service for the forecast period of FY 2017 through 2024. Series 2017 debt service, net of capitalized interest, is forecast to be approximately $69.8 million in FY 2022 upon completion of certain elements of the TRP and NCP. The Department is planning to structure principal payments, starting in FY 2023, for the Series 2017 Bonds in order to meet airline cost per enplaned passenger targets, referred to as CPE targets. Total annual debt service, net of PFC revenues applied to pay debt service on the Series 2017 Bonds and future Bonds, is estimated to be approximately $89.0 million by FY 2024 when all elements of the TRP and NCP are expected to be operational. Debt Service estimates for the Series 2017 Bonds and future Bonds were provided by PFM and are based on the assumptions included in **Table 4-3** below.

Table 4-1

SERIES 2017 BONDS ESTIMATED SOURCES AND USES (dollars in thousands) [1, 2]

Sources	Total
Par Amount of Series 2017 Bonds	$952,125
Premium	35,498
Total Sources	**$987,623**
Uses:	
Construction Funds	$757,853
Capitalized Interest	155,318
Common Debt Service Reserve Fund	69,801
Cost of Issuance	4,652
Total Uses	**$987,623**

Note: Amounts may not add because of rounding.
[1] Amounts in this table will not be updated to reflect the final terms of sale on the Series 2017 Bonds.
[2] The Series 2017 Bonds are planned to be issued in two series or the Series 2017A (AMT) and Series 2017B (Non-AMT).
Source: Public Financial Management, Inc., January 2017
Compiled by Trillion Aviation

Table 4-2

FUTURE BONDS ESTIMATED SOURCES AND USES (dollars in thousands)

Sources	Future Series 2019	Future Series 2021	Total
Par Amount of Future Bonds	$784,755	$516,390	$1,301,145
Total Sources	**$784,755**	**$516,390**	**$1,301,145**
Uses:			
Construction Funds	$680,387	$446,529	$1,126,915
Capitalized Interest	48,090	32,439	80,529
Common Debt Service Reserve Fund	52,344	34,832	87,175
Cost of Issuance	3,935	2,591	6,525
Total Uses	**$784,755**	**$516,390**	**$1,301,145**

Note: Amounts may not add because of rounding.
Source: Public Financial Management, Inc., January 2017
Compiled by Trillion Aviation

Table 4-3

ASSUMPTIONS FOR THE SERIES 2017 BONDS AND FUTURE BONDS

Assumption	Series 2017	Future Series 2019	Future Series 2021
Issuance Date	March 1, 2017	July 1, 2019	July 1, 2021
Estimated Principal Amount	$952.1 million	$784.8 million	$516.4 million
Estimated Project Fund Deposit	$757.9 million	$680.4 million	$446.5 million
Bond Yield	4.71%	4.75%	5.00%
Final Maturity	July 1, 2047	July 1, 2049	July 1, 2051

Source: Public Financial Management, Inc., January 2017
Compiled by Trillion Aviation

4.6 Operating Expenses

Table 4-4 below presents historical Operating Expenses and capital outlays of the Department for the last five FYs or for FY 2012 through FY 2016. For the period of FY 2012 through FY 2016, total Operating Expenses increased from approximately $85.9 million in FY 2012 to approximately $93.6 million in FY 2016, a CAGR of approximately 2.2%. The primary categories of Operating Expenses include salaries and benefits, materials and supplies, services, other operating expenses, intergovernmental charges, and capital outlays less than $100,000. Additionally, **Exhibit C** after this Chapter presents annual forecast Operating Expenses of the Department for the Airport System for the period of FY 2016 through forecast FY 2024.

Table 4-4

HISTORICAL OPERATING EXPENSES AND CAPITAL OUTLAYS (dollars in thousands) [1]

Fiscal Year	2012	2013	2014	2015	2016	2012-16 CAGR
Salaries and Benefits	$41,345	$42,348	$44,916	$44,336	$46,877	3.2%
Materials and Supplies	8,999	11,118	10,755	9,487	10,940	5.0%
Services [2]	25,985	25,636	23,484	23,078	25,225	(0.7%)
Other Operating Expenses [3]	2,888	2,944	2,871	3,980	2,761	(1.1%)
Intergovernmental Charges	5,343	5,425	5,589	5,783	6,043	3.1%
Capital Outlays	1,353	1,131	1,021	2,340	1,715	6.1%
Total Operating Expenses & Capital Outlays	**$85,912**	**$88,602**	**$88,636**	**$89,005**	**$93,561**	**2.2%**

Note: Amounts may not add because of rounding.
[1] Amounts shown are those included in airline rates and charges and may vary from the Department's financial reports for various reasons, including the treatment of non-cash items.
[2] Includes utilities
[3] Includes insurance premiums
Source: Airport records, October 2016
Compiled by Trillion Aviation

Key Operating Expenses categories and assumptions in forecasting future growth are summarized below. These categories account for more than 95% of the Airport System's total Operating Expenses for FY 2016.

- **Salaries and Benefits**. This expense category includes salaries, wages, and benefits associated with Department staff, including the funding of unfunded pension and other post-employment benefits (OPEB) liabilities prior to FY 2016.[69] It is the largest single category of Operating Expenses at the Airport System as it represents approximately 50% of total Operating Expenses at the Airport System for FY 2016. As presented above, these expenses increased at a CAGR of approximately 3.2% for the period FY 2012 through FY 2016, and are budgeted to increase by approximately 4.4% in FY 2017 to approximately $49.0 million. Salaries and Benefits expenses are forecast to increase at a CAGR of 4.0% from budget FY 2017 through FY 2024.

- **Services**. This expense category includes costs associated with the Department's outsourcing for janitorial services, maintenance contracts, professional services, other contractual services, and utilities at the Airport System. It is the second largest category of Operating Expenses at the Airport System as it represents approximately 27% of total Operating Expenses at the Airport for FY 2016. This category of expenses decreased at a CAGR of approximately 0.7% for the period FY 2012 through FY 2016, and is budgeted to remain flat for budget FY 2017 at approximately $25.2 million. Future services Operating Expenses are forecast to increase at a CAGR of approximately 4.0% through FY 2024.

- **Materials and Supplies**. Materials and supplies expenses of the Airport System comprise approximately 12% of total Operating Expenses for FY 2016. This category of expenses increased at a CAGR of approximately 5.0% for the period FY 2012 through FY 2016, and is budgeted to increase by approximately 0.5% in budget FY 2017 to approximately $11.0 million. Future material and supplies Operating Expenses are forecast to increase at a CAGR of approximately 4.0% through FY 2024.

- **Intergovernmental Charges.** This expense category includes charges to the Department for the use of aircraft rescue and firefighting services and for other allocable costs for the use of City services. Intergovernmental charges expenses at the Airport System comprise approximately 6.5% of total Operating Expenses at the Airport System for FY 2016. This category of expenses increased at a CAGR of approximately 3.1% for the period FY 2012 through FY 2016, and is budgeted to increase by approximately 15% in budget FY 2017 to approximately $6.9 million. Future intergovernmental Operating Expenses are forecast to increase at a CAGR of approximately 4.0% through FY 2024.

As described previously, the TRP and NCP will ultimately result in the replacement and rebuilding of essentially all of the Airport's terminal complex and landside facilities at the Airport. The new terminal complex and landside facilities will also be larger and comprise more square-footage than existing facilities. Therefore, it is anticipated that the Department's Operating Expenses will increase as a result of these larger facilities. Exhibit C presents the estimated increase associated with this capital investment. As shown, approximately $9.1 million of Operating Expenses increase is forecast in FY 2021 when the Terminal, Gateway Center, South Concourse-West, Parking Garage, and the first phase of the NCP are expected to be operational.

[69] Effective in FY 2016, the City has discontinued its OPEB program.

This amount is forecast to be approximately $17.2 million by FY 2024 when the remainder of the TRP and NCP facilities are planned to be operational. This also takes into consideration the decommissioning of existing facilities as planned.

Overall, the Department's forecast of Operating Expenses are based on historical trend reviews, the anticipated impacts of inflation, forecast activity levels, and impacts associated with the TRP, NCP, and Other Capital Projects. Exhibit C presents the Operating Expenses by category and cost center through 2024. Total Operating Expenses are forecast to increase at a CAGR of approximately 5.9% over the forecast period from budget FY 2017 to FY 2024.

4.7 Non-Airline Revenues

Table 4-5 below presents historical non-airline revenues for the Airport System for the period of FY 2012 to FY 2016.[70] As shown, the three primary categories of non-airline revenues (e.g., auto parking, car rental, and terminal concessions) accounted for approximately 77% of the Airport System's total non-airline revenues and are presented along with growth rates during this period. Total non-airline revenues increased from approximately $74.6 million in FY 2012 to approximately $93.4 million in FY 2016, for a CAGR of approximately 5.8% over this period. The largest non-airline revenue items at the Airport System experienced a CAGR of over 6%. Additionally, non-airline revenues per enplaned passenger also increased through this period from approximately $7.37 in FY 2012 to approximately $8.27 in FY 2016.

While non-airline revenues have experienced rapid growth in recent years, additional enhancements are also anticipated as a result of implementing the TRP and NCP. As described previously, the TRP is increasing the Airport's public parking and rental car capacity, and both the TRP and NCP will provide additional terminal space for terminal concessions. For example, terminal concession areas will be provided throughout the future concourses including a major area in the center of the South Concourse post- security screening. It is expected that all of the Airport's O&D passengers will pass through this node when using the Airport.

Exhibit D presents non-airline revenues at the Airport System for FY 2016, budgeted FY 2017, and forecasts for FY 2018 through FY 2024, including incremental impacts associated with the TRP and NCP described above. Non-airline revenues, including Airfield and Terminal offsets to airline rates and charges, are budgeted at approximately $97.6 million in FY 2017 and are forecast to increase to approximately $137.4 million in FY 2024. This increase in non-airline revenues between FY 2017 and FY 2024 represents a CAGR of approximately 5.0%. In general, the forecast of non-airline revenues are based on historical trend reviews, forecast activity levels, and impacts associated with the TRP and NCP. Non-airline revenues are further described in the following sections.

[70] For the purposes of this Report, non-airline revenues do not include landing fees, terminal rents, loading bridge fees, IAB Use Fees, or aircraft apron parking fees.

Table 4-5

HISTORICAL AIRPORT NON-AIRLINE REVENUES (dollars in thousands)

Fiscal Year	2012	2013	2014	2015	2016	2012-16 CAGR
Auto Parking	$26,282	$28,619	$29,228	$31,117	$33,409	6.2%
Car Rental	16,697	17,482	18,064	19,341	22,142	7.3%
Terminal Concessions	11,110	14,037	15,154	16,016	16,637	10.6%
Other	20,511	20,399	20,883	21,215	21,241	0.9%
Total Non-Airline Revenues [1]	**$74,599**	**$80,537**	**$83,329**	**$87,689**	**$93,428**	**5.8%**
Enplaned Passengers (000s)	10,125	10,044	10,294	10,834	11,293	
Non-Airline Revenues per Enplaned Passenger	$7.37	$8.02	$8.09	$8.09	$8.27	
Percent of Total Revenue						

[1] Does not include landing fees, terminal rents, loading bridge fees, IAB Use Fees, or aircraft apron parking fees.
Source: Airport records, September 2016
Compiled by Trillion Aviation

4.7.1 Auto Parking

Auto parking revenues represent the largest component of non-airline revenues at the Airport System, accounting for approximately 36% of total non-airline revenues for FY 2016. As presented on Table 4-5, auto parking revenues increased at a CAGR of approximately 6.2% from FY 2012 to FY 2016 as they increased from approximately $26.3 million to $33.4 million. The Department has implemented certain parking rate changes during this period including increases in the Economy Lot, Parking Garage, and the implementation of Premium Reserved Parking. **Table 4-6** below presents public parking rates at the Airport since FY 2011. As shown in the table, the Department monitors public parking rates and implements rate changes periodically. Additionally, the Department offers a variety of parking options to address the differing needs of its customer base. The Department has been able to realize revenue gains resulting from these increases and the differing products as demand has continued to increase. As of September 2016, two primary off-airport parking companies also provide parking services to passengers, in competition with the Department.

Table 4-6

PUBLIC PARKING RATES AT THE AIRPORT (daily maximum rates)

Parking Facility	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Economy Lot	$7.00	$9.00	$9.00	$9.00	$9.00	$9.00	$9.00
Parking Garage	$28.00	$28.00	$28.00	$28.00	$28.00	$32.00	$32.00
Premium Reserved Parking	n/a	n/a	n/a	n/a	n/a	$50.00	$50.00

Source: Airport records
Compiled by Trillion Aviation

For the period of FY 2017 through FY 2024, auto parking revenues are forecast to have a CAGR of 6.4%. The forecast assumes rate increases generally in line with inflationary trends and a one-time increase in parking revenues because of additional capacity with the opening of the new Parking Garage.

4.7.2 Car Rental

Rental car concessions and facility rents increased at a CAGR of approximately 7.3% during the period of FY 2012 and FY 2016; increasing in the aggregate by more than $5.0 million. The increase in car rental revenues is because of increased demand at the Airport and the addition of facility rents because of rental car elements of the TRP coming on line during FY 2016. For the period of FY 2017 through FY 2024, car rental revenues are forecast to have a CAGR of 2.9%. The forecast assumes increases generally in line with inflationary trends and a one-time increase because of additional ready/return car rental parking capacity with the opening of the new Parking Garage.

4.7.3 Terminal Concessions

As shown on Table 4-5, terminal concessions increased at a CAGR of approximately 10.6% from FY 2012 to FY 2016 as they increased from approximately $11.1 million to $16.6 million. Over this period, the Department has restructured its terminal concession program, which has contributed to the improvement in revenue. Given the lack of space for terminal concessions, additional revenue improvements are expected with the development of the TRP and NCP. Budgeted terminal concession revenues for FY 2017 are expected to increase primarily with inflation and increases in enplaned passengers. For the period of FY 2017 through FY 2024, terminal concession revenues are forecast to have a CAGR of 7.8%. The forecast assumes increases generally in line with inflationary trends and one-time increases because of new concession space and a revised program becoming operational with the opening of major elements of the TRP and NCP.

4.7.4 Other

Other non-airline revenues primarily include a State of Utah aviation fuel tax, other tenant leases, cargo building rents, hangar rents, fixed base operator rents, and other buildings at the Airport leased by the Department. Over the last five years, these revenues had a CAGR of approximately 0.9%. These revenues totaled approximately $21.2 million in FY 2016. The forecast for other non-airline revenues assumes increases generally in line with inflationary trends.

4.8 Airline Revenues

Airline revenues at the Airport include Landing Fees and Terminal Rents. The rate-setting formulas for Landing Fees and Terminal Rents are consistent with the rate-setting methodologies set forth in the AUA and described earlier in this Chapter. **Exhibits E** and **F** further illustrate the rate-setting methodologies for the Landing Fees and Terminal Rents, respectively. In addition, forecast Revenue Sharing consistent with the AUA is presented on **Exhibit G**. The business terms of the AUA are used as the basis for forecasting airline revenues for the purposes of this Report.

4.8.1 Landing Fees

Exhibit E presents the calculation of Landing Fees for FY 2016 through FY 2024. Per the residual rate-setting methodology, the Department fully recovers direct and allocated indirect costs for airline use of the Airfield cost center. The total requirement is reduced by estimated non-airline revenues forecast in each FY to calculate the Airfield Revenue Requirement.

As presented in Exhibit E, the Signatory Airline Landing Fee Rate per 1,000-pound unit of landed weight was $2.03 for FY 2016. Throughout the period, the Signatory Airline Landing Fee rate is forecast to increase up to $2.43 by FY 2024.

Landing Fees are forecast to increase from approximately $27.5 million in FY 2016 to approximately $36.0 million in FY 2024. This represents a CAGR of approximately 3.4%.

4.8.2 Terminal Rents

Exhibit F presents the calculation of Terminal Rents for FY 2016 through FY 2024. Per the rate-setting methodology, the Department recovers Terminal Rents from the Signatory Airlines based on a commercial compensatory methodology. The conditioned terminal rental rate per square foot in 2016 was $74.08. Over the forecast period, the conditioned terminal rate is expected to increase to $130.441 in FY 2021 and further increase to $182.87 in FY 2024. Exhibit F presents the forecast Terminal Rents over the forecast period.

Total Terminal Rents are forecast to increase from approximately $27.4 million in FY 2016 to approximately $94.4 million in FY 2024. This represents a CAGR of approximately 16.7% as the Terminal Rents include future debt service and increased operating expense impacts associated with the TRP and NCP.

4.8.3 Revenue Share

Exhibit G presents the calculation of Revenue Share pursuant to the AUA, which is allocated to each Signatory Airline on the basis of their enplaned passenger market share. As described above in Section 4.3.3 and as shown on Exhibit G, Revenue Sharing amounts for FY 2016 are approximately $10.9 million. Revenue Sharing is expected to increase to approximately $12.5 million in FY 2020. However, as debt service from the TRP and NCP is planned to be paid from Revenues starting in FY 2021, Revenue Sharing amounts are planned to decrease based on the formula in the AUA. For the period of FY 2021 through FY 2024, Revenue Sharing amounts are forecast to range between $6.8 million to $10.7 million.

4.8.4 Signatory Airline Cost per Enplaned Passenger

A key performance indicator for airline costs at an airport is the average CPE. **Exhibit H** presents the forecast of CPE for the Signatory Airlines at the Airport. As shown, the Signatory Airline CPE includes the Landing Fees and Terminal Rents less the Revenue Sharing amounts divided by total Signatory enplaned passengers. CPE for FY 2016 was $3.69. Over the forecast period, Signatory Airline CPE is expected to increase as the elements of the TRP and NCP become operational and the associated costs are included within the airline rate base. In FY 2021, CPE is forecast to increase to $6.25 and peak in FY 2024 at $9.58. Signatory Airline CPE throughout this period is forecast to remain within reasonable levels as compared to other airports.

4.9 Application of Airport Revenues

Exhibit I presents the application of Revenues for the Airport System throughout the forecast period consistent with the requirements of the Master Indenture. As presented, the City is expected to experience an annual net surplus (amount deposited into the Surplus Fund) after the payment of Operating Expenses and debt service and required deposits to the Operations and Maintenance Reserve Fund and the Renewal and Replacement Fund in each year of the forecast period. The deposit to the Surplus Fund for FY 2016 was approximately $49.7 million. Over the forecast period, the annual deposit to the Surplus Fund is expected to fluctuate, with the largest forecast deposit of approximately $51.4 million occurring in FY 2019, before annual payments on the debt service for the Series 2017 Bonds are expected to occur. The annual deposit to the Surplus Fund is forecast to decrease to approximately $22.8 million in FY 2024 as debt service is forecast to increase as additional debt is issued to fund the TRP and NCP. Revenues deposited into the Surplus Fund are planned to be used to fund the ongoing TRP, NCP, and Other Capital Projects throughout the forecast period.

4.10 Net Revenues and Debt Service Coverage

Exhibit J presents Net Revenues and debt service coverage ratio forecast throughout the forecast period. As presented, the Airport System Net Revenues are forecast to increase from $49.7 million in FY 2016 to $116.7 million in FY 2024. This increase in Net Revenues is primarily driven by the increased revenue requirements included in airline rates and charges because of the future debt service associated with the TRP and NCP. Per the Master Indenture, the City is able to include amounts available in the Rolling Coverage Account on the last business day of the applicable FY for the purposes of calculating debt service coverage. Total amounts available for debt service (e.g., Net Revenues plus amounts available in the Rolling Coverage Account) are forecast to increase from approximately $49.7 million in FY 2016 to approximately $139.0 million in FY 2024. As the City issues additional Bonds to fund the TRP and NCP, debt service coverage ratios are forecast to range from 2.56 in FY 2021 to 1.56 in FY 2024.

As required pursuant to the Rate Covenant, Revenues must be sufficient in each FY to pay the following amounts: (1) Operation and Maintenance Expenses of the Airport System due and payable during each FY; (2) the Annual Debt Service on any Outstanding Bonds required to be funded by the City in each FY as required by the Master Indenture or any Supplemental Indenture with respect to the Outstanding Bonds; (3) the required deposits to the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund which may be established by a Supplemental Indenture; (4) the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Indenture; (5) the interest on and principal of any indebtedness of the Department required to be funded during each FY, other than for Outstanding Bonds, but including Subordinate Obligations; and (6) funding of any debt service reserve funds created with respect to any indebtedness of the Department, other than Outstanding Bonds, but including Subordinate Obligations. As presented on Exhibit J, the City is forecast to satisfy the Rate Covenant requirement in each year.

4.11 Sensitivity Analysis

To assess the sensitivity of the baseline financial forecasts presented herein, an additional scenario was developed associated with a hypothetical decrease in passenger activity at the Airport. This sensitivity analysis is provided only for informational purposes and should not be considered an expected forecast of future results. A description of the scenario and results is described below.

4.11.1 Sensitivity Analysis Scenario

In preparing financial feasibility analyses for airports that operate as airline connecting hubs, it is somewhat common to assess the sensitivity of financial impacts under a reduced connecting passenger scenario. While considered unlikely given Delta's commitment to the Airport through its execution of a long-term AUA, its public support of the TRP and NCP, and the Airport's importance as a hub within Delta's overall network, the hypothetical loss of a significant portion of connecting traffic at the Airport was assessed as a sensitivity scenario for the purposes of this Report. As described in Chapter 2 and for the primary reasons restated below, the importance of the Airport as a hub within Delta's route network suggests that a reduction in connecting traffic does not appear as a likely scenario over the forecast period.

- Over the past several years, Delta has right-sized its hubbing operation to be comparable with its other connecting hubs in its system with around 40% of its passengers at the Airport being O&D. Other airports where Delta has significantly reduced hubbing activity in recent years have, historically, had a much lower share of Delta O&D passengers at approximately 25%, and relied more on connecting activity.

- The Airport's geographic location within the center of the western U.S. makes it an efficient transfer point for connecting traffic. The Airport is a primary access point for many smaller U.S. mountain west markets. Also, there are limited other options for an alternative hub within the U.S. mountain west where such connecting traffic could be accommodated.

- Delta appears to generate a level of profitability at the Airport consistent with its overall system average, which is an important factor operating a hub. Also, key airline revenue indicators appear strong and have improved for Delta at the Airport over the last several years.

For financial feasibility purposes, the sensitivity analysis scenario is assumed to occur in FY 2023, the first year that the all phases of the TRP and NCP are assumed to be funded and substantially complete. Key assumptions related to the sensitivity analysis scenario are as follows:

- An approximate 80% reduction of connecting passenger traffic occurs in FY 2023.

- Upon the reduction of traffic, the Airport's share of connecting passengers would decrease to approximately 15% of passengers, and its share of O&D passengers would increase to approximately 85%.

- PFC revenues decrease starting in FY 2023 to reflect the reduced passengers at the Airport. Therefore, fewer PFC revenues are available to pay eligible future debt service starting in FY 2023.

- No reduction is assumed for Operating Expenses of the Airport System.

- Certain non-airline revenues decrease starting in FY 2023 to reflect the reduced passengers at the Airport. These categories primarily included terminal concession revenues, State aviation fuel tax, and other traffic-driven revenues. However, rental car revenues and auto parking revenues were not reduced as these are primarily driven by O&D passengers.

- Current AUA business terms and conditions remain in effect through FY 2024.

4.11.2 Sensitivity Analysis Results

Table 4-7 below presents enplaned passengers and the share of O&D passengers assumed for the sensitivity analysis. As shown, enplaned passengers decrease starting in FY 2023 to reflect a loss of connecting traffic, which results in a higher share of O&D passengers. The table also presents the debt service coverage impacts associated with this sensitivity analysis. As shown, debt service coverage exceeds the requirements set forth in the Master Indenture throughout the forecast period. Future debt service coverage ranges from 1.53 in FY 2023 and 1.40 in FY 2024. Airline CPE, also presented, is forecast to be $15.46 in FY 2023 and $16.48 in FY 2024, an increase as compared to levels in the baseline forecast.

Under this sensitivity analysis scenario, the Department is forecast to exceed its obligations pursuant to the Master Indenture and maintain airline CPE levels consistent with other similarly situated airports undergoing major capital programs. Additionally, while it would not be required based on the results from this analysis, the Department also has the ability to collect extraordinary coverage projection payments from the Signatory Airlines, pursuant to the current AUA, to satisfy any deficiency in meeting the Rate Covenant for any FY.

Table 4-7

SENSITIVITY ANALYSIS RESULTS: DEBT SERVICE COVERAGE AND AIRLINE CPE

Fiscal Year	Enplaned Passengers	% of O&D Enplaned Passengers	Debt Service Coverage Ratio	Airline CPE
2017	11,567,000	55%	n/a	$3.68
2018	11,761,000	55%	n/a	$4.17
2019	11,916,000	55%	n/a	$4.30
2020	12,055,000	55%	121.69	$4.27
2021	12,189,000	55%	2.56	$6.25
2022	12,318,000	55%	1.88	$7.09
2023	8,065,000	85%	1.53	$15.46
2024	8,152,000	85%	1.40	$16.48

It is important to note that, while not considered as part of this sensitivity analysis, if this type of scenario were to occur, the Department would conduct a thorough analysis of its facilities and operating conditions to develop a comprehensive plan for the future. It would be expected that the Department would consider various operational procedures to adjust to a reduced traffic level. These could include the closure of terminal facilities to reduce Operating Expenses. The Department would also evaluate new business terms for a future AUA, effective in FY 2025, which would be more appropriate under a reduced hubbing scenario.

Exhibit A

TRP, NCP, AND OTHER CAPITAL PROJECTS - PLAN OF FINANCE **SALT LAKE CITY DEPARTMENT OF AIRPORTS**

(Dollars in Thousands for Fiscal Years Ending June 30)

	Total Project Costs	Funding Sources (a) AIP / TSA	PFC Revenues (pay-as-you-go)	CFC Revenues (pay-as-you-go)	Airport Funds	Proposed Series 2017 Bonds	Future Bonds
Terminal Redevelopment Program (TRP)	$2,176,553	$69,212	$306,023	$187,270	$270,105	$621,081	$722,862
North Concourse Program (NCP)	737,295	84,511	0	0	111,959	136,772	404,053
Other Capital Projects	191,432	50,576	29,652	0	111,204	0	0
Total TRP, North Concourse Program, and Other Capital Projects	**$3,105,280**	**$204,299**	**$335,675**	**$187,270**	**$493,268**	**$757,853**	**$1,126,915**

Note: Amounts may not add because of rounding.

Sources: Salt Lake City Department of Airports (project costs); Trillion Aviation (funding sources); Public Financial Management (Series 2017 Bonds and Future Bonds)

Compiled by: Trillion Aviation

(a) Includes capital projects that have been paid for with Airport funds, PFC revenues and CFC revenues prior to fiscal year 2017 (July 1, 2016).

Exhibit B

DEBT SERVICE **SALT LAKE CITY DEPARTMENT OF AIRPORTS**

(Dollars in Thousands for Fiscal Years Ending June 30)

	Actual	Budget	Forecast						
	2016	2017	2018	2019	2020	2021	2022	2023 (a)	2024 (a)
Debt service									
Proposed Series 2017 Bonds	$0	$0	$0	$0	$2,813	$48,679	$69,787	$46,257	$53,072
Debt service on future Bonds									
Planned Series 2019 Bonds	$0	$0	$0	$0	$0	$31,869	$31,869	$50,016	$52,331
Planned Series 2021 Bonds	0	0	0	0	0	0	298	22,456	30,011
Total debt service on future Bonds	$0	$0	$0	$0	$0	$31,869	$32,166	$72,472	$82,342
Total debt service	$0	$0	$0	$0	$2,813	$80,548	$101,954	$118,729	$135,414
Less: PFCs applied to debt service	$0	$0	$0	$0	($2,391)	($44,998)	($45,474)	($45,953)	($46,436)
Total net debt service	**$0**	**$0**	**$0**	**$0**	**$422**	**$35,550**	**$56,480**	**$72,775**	**$88,977**
Allocation of debt service to Cost Centers									
Airfield	$0	$0	$0	$0	$0	$0	$0	$0	$0
Terminal	0	0	0	0	422	22,601	39,596	58,173	73,178
Landside	0	0	0	0	0	12,949	16,884	14,602	15,800
Total net debt service	**$0**	**$0**	**$0**	**$0**	**$422**	**$35,550**	**$56,480**	**$72,775**	**$88,977**

Note: Amounts may not add because of rounding.
Source: Public Financial Management, January 2017
Compiled by: Trillion Aviation
(a) Reflects Department's plan of structuring principal payments to meet CPE targets.

Exhibit C

OPERATING EXPENSES AND CAPITAL OUTLAYS **SALT LAKE CITY DEPARTMENT OF AIRPORTS**

(Dollars in Thousands for Fiscal Years Ending June 30)

	Actual 2016 (a)	Budget 2017	Forecast 2018	2019	2020	2021	2022	2023	2024
Operating Expenses and Capital Outlays									
Salaries and benefits	$46,877	$48,953	$50,911	$52,947	$55,065	$57,268	$59,558	$61,941	$64,418
Materials and supplies	10,940	10,990	11,429	11,886	12,362	12,856	13,370	13,905	14,461
Services	25,225	25,232	26,242	27,291	28,383	29,518	30,699	31,927	33,204
Other Operating Expenses	2,761	5,420	5,636	5,862	6,096	6,340	6,594	6,857	7,132
Intergovernmental charges	6,043	6,946	7,223	7,512	7,813	8,125	8,450	8,788	9,140
Capital Outlays	1,715	1,021	1,062	1,105	1,149	1,195	1,242	1,292	1,344
Subtotal Operating Expenses and Capital Outlays	$93,561	$98,561	$102,503	$106,603	$110,867	$115,302	$119,914	$124,711	$129,699
Incremental TRP, NCP, and Other Capital Projects impact	$0	$0	$0	$0	$0	$9,124	$9,489	$16,557	$17,220
Total Operating Expenses and Capital Outlays	**$93,561**	**$98,561**	**$102,503**	**$106,603**	**$110,867**	**$124,426**	**$129,403**	**$141,268**	**$146,919**
Allocation of Operating Expenses and Capital Outlays to Cost Centers									
Airfield	$30,257	$29,782	$30,974	$32,213	$33,501	$34,841	$36,235	$37,684	$39,192
Terminal	40,249	43,946	45,704	47,532	49,433	59,937	62,335	71,517	74,378
Landside	14,942	16,535	17,196	17,884	18,600	19,941	20,738	21,568	22,431
Aux. Airports	1,860	1,848	1,922	1,999	2,078	2,162	2,248	2,338	2,432
Other	3,998	3,846	4,000	4,160	4,327	4,500	4,680	4,867	5,062
General Aviation	1,017	1,327	1,380	1,435	1,492	1,552	1,614	1,678	1,746
Support	1,238	1,277	1,328	1,381	1,436	1,493	1,553	1,615	1,680
Total Operating Expenses and Capital Outlays	**$93,561**	**$98,561**	**$102,503**	**$106,603**	**$110,867**	**$124,426**	**$129,403**	**$141,268**	**$146,919**

Note: Amounts may not add because of rounding.
Source: Airport records (actual and budget); Trillion Aviation (forecast)
Compiled by: Trillion Aviation
(a) Amounts shown are those included in airline rates and charges and may vary from the Department's financial reports for various reasons, including the treatment of non-cash items.

Exhibit D

NONAIRLINE REVENUES AND AIRFIELD AND TERMINAL OFFSETS **SALT LAKE CITY DEPARTMENT OF AIRPORTS**

(Dollars in Thousands for Fiscal Years Ending June 30)

	Actual	Budget	Forecast						
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Airfield offsets									
Fuel farm	$528	$528	$536	$544	$552	$561	$569	$577	$586
Cargo ramp use fee	241	224	236	247	260	272	286	300	315
Flight kitchen	1,438	1,389	1,433	1,473	1,513	1,552	1,592	1,632	1,674
ARFF training revenue	848	848	861	874	887	900	913	927	941
State aviation fuel tax	2,796	2,645	2,676	2,705	2,732	2,759	2,786	2,813	2,837
Fuel oil royalties	289	256	262	267	272	278	283	289	294
Glycol recycling sales	270	310	453	462	471	480	489	497	505
Other Airfield Revenues (a)	555	594	604	614	623	633	642	652	662
Subtotal Airfield offsets	$6,965	$6,795	$7,059	$7,185	$7,309	$7,434	$7,561	$7,688	$7,815
Terminal offsets									
Jet bridges	$1,831	$1,671	$1,738	$1,807	$1,879	$1,955	$2,033	$2,114	$2,199
IAB use fees	933	906	943	980	1,019	1,060	1,103	1,147	1,193
Shared tenant telephone fees	346	371	382	393	405	417	430	443	456
EDS utilities and janitorial	137	153	158	163	168	173	178	183	189
Other Terminal Revenues (b)	451	473	485	497	510	523	536	550	564
Subtotal Terminal offsets	$3,698	$3,574	$3,705	$3,841	$3,981	$4,127	$4,279	$4,436	$4,599
Other Nonairline Revenues									
Car rental - commissions (c)	$17,970	$18,082	$18,714	$19,276	$19,816	$22,388	$22,970	$23,569	$24,181
Car rental - fixed rents (c)	4,172	5,731	5,731	5,731	5,731	5,000	5,000	5,000	5,000
Auto parking	33,409	33,911	35,096	36,150	37,162	48,399	49,655	50,953	52,275
Ground transportation	2,312	2,212	2,300	2,392	2,488	2,587	2,691	2,799	2,910
General aviation hangars	1,117	1,129	1,163	1,198	1,234	1,271	1,309	1,348	1,389
FBO hangars	225	365	376	387	398	410	423	435	448
Cargo buildings	1,364	1,377	1,419	1,461	1,505	1,550	1,597	1,645	1,694
Other buildings	4,302	4,310	4,440	4,573	4,710	4,851	4,997	5,147	5,301
Office space	1,032	1,034	1,065	1,097	1,130	1,164	1,199	1,235	1,272
Food service (c)	9,673	9,876	10,189	10,476	10,756	14,348	14,715	16,252	16,666
Vending/Public telephone	321	264	272	280	287	295	302	310	318
News & gifts (c)	5,538	5,574	5,751	5,913	6,071	8,098	8,306	9,173	9,407
Leased site areas	1,889	2,035	2,096	2,158	2,223	2,290	2,359	2,429	2,502
Advertising media fees (c)	1,104	1,154	1,181	1,206	1,231	1,256	1,282	1,308	1,334
Other revenues	1,392	216	222	228	234	241	248	255	263
Subtotal Other Nonairline Revenues	$85,820	$87,268	$90,013	$92,528	$94,977	$114,149	$117,051	$121,858	$124,961
Total Nonairline Revenues and Airfield and Terminal offsets	**$96,483**	**$97,638**	**$100,777**	**$103,553**	**$106,268**	**$125,710**	**$128,891**	**$133,982**	**$137,375**

Note: Amounts may not add because of rounding.
Source: Airport records (actual and budget); Trillion Aviation (forecast)
Compiled by: Trillion Aviation
(a) Includes leased areas on airfield, K-9 grants, Utah Air National Guard, and RON (overnight) fees.
(b) Includes UTA revenues, LEO charges reimbursed by TSA, and K-9 grants.
(c) Included as Select Concessions for the Revenue Sharing test.

Exhibit E

LANDING FEES **SALT LAKE CITY DEPARTMENT OF AIRPORTS**

(Dollars in Thousands for Fiscal Years Ending June 30)

	Actual	Forecast							
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Airfield Revenue Requirement									
Operating Expenses and Capital Outlays	$30,257	$29,782	$30,974	$32,213	$33,501	$34,841	$36,235	$37,684	$39,192
Net debt service	0	0	0	0	0	0	0	0	0
Rolling Coverage Amount	0	0	0	0	0	0	0	0	0
CIP Amortization	3,610	5,684	6,879	6,774	6,210	5,786	4,376	4,271	4,327
Reserve Requirements (a)	0	229	199	206	215	223	232	242	251
Less: Airfield offsets	(6,965)	(6,795)	(7,059)	(7,185)	(7,309)	(7,434)	(7,561)	(7,688)	(7,815)
Less: Adjustments-to-Actual	621	(2,484)	481	0	0	0	0	0	0
Total Airfield Revenue Requirement	**$27,523**	**$26,416**	**$31,473**	**$32,008**	**$32,617**	**$33,416**	**$33,283**	**$34,508**	**$35,955**
Landed Weight (million-pound units)	13,582	13,772	13,931	14,080	14,224	14,363	14,502	14,642	14,771
Landing Fee (per 1,000-pound unit)	$2.03	$1.92	$2.26	$2.27	$2.29	$2.33	$2.30	$2.36	$2.43
Signatory Airline Landing Fee revenue	$24,211	$24,158	$28,788	$29,280	$29,838	$30,570	$30,448	$31,570	$32,891
Non-signatory Airline Landing Fee revenue	3,312	2,257	2,685	2,728	2,778	2,846	2,835	2,939	3,064
Total Landing Fee revenue	**$27,523**	**$26,416**	**$31,473**	**$32,008**	**$32,617**	**$33,416**	**$33,283**	**$34,508**	**$35,955**

Note: Amounts may not add because of rounding.
Source: Airport records (actual); Trillion Aviation (forecast)
Compiled by: Trillion Aviation
(a) Includes deposits to the Operation and Maintenance Reserve and the Renewal and Replacement subaccounts.

Exhibit F

TERMINAL RENTS | **SALT LAKE CITY DEPARTMENT OF AIRPORTS**

(Dollars in Thousands for Fiscal Years Ending June 30)

	Actual	Forecast							
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net Terminal Revenue Requirement									
Operating Expenses and Capital Outlays	$40,249	$43,946	$45,704	$47,532	$49,433	$59,937	$62,335	$71,517	$74,378
Net debt service	0	0	0	0	422	22,601	39,596	58,173	73,178
Rolling Coverage Amount	0	0	0	0	105	5,545	4,249	4,644	3,751
Reserve Requirements (a)	0	337	293	305	317	1,751	400	1,530	477
CIP Amortization	4,484	4,627	7,193	7,399	6,460	6,040	4,675	4,410	4,129
Less: Terminal offsets	(3,698)	(3,574)	(3,705)	(3,841)	(3,981)	(4,127)	(4,279)	(4,436)	(4,599)
Less: Adjustments-to-Actual	(112)	(156)	(894)	0	0	0	0	0	0
Total Net Terminal Revenue Requirement	**$40,923**	**$45,181**	**$48,591**	**$51,395**	**$52,757**	**$91,746**	**$106,975**	**$135,839**	**$151,313**
Total rentable space (s.f.)	644,813	653,832	650,199	650,199	615,303	850,687	850,687	1,021,892	1,021,892
Average Terminal rental rate	$63.46	$69.10	$74.73	$79.04	$85.74	$107.85	$125.75	$132.93	$148.07
Airline rented space									
Conditioned space (s.f.)	307,912	317,441	312,592	312,592	286,308	341,373	341,373	394,813	394,813
Unconditioned space (s.f.)	123,648	119,942	120,044	120,044	111,432	180,863	180,863	242,581	242,581
Total Airline rented space (s.f.)	431,560	437,383	432,636	432,636	397,740	522,236	522,236	637,394	637,394
Airline Net Terminal Revenue Requirement	**$27,389**	**$30,224**	**$32,332**	**$34,198**	**$34,103**	**$56,323**	**$65,672**	**$84,728**	**$94,380**
Weighted Airline rented space									
Conditioned space (s.f.)	307,912	317,441	312,592	312,592	286,308	341,373	341,373	394,813	394,813
Unconditioned space (s.f.)	61,824	59,971	60,022	60,022	55,716	90,432	90,432	121,291	121,291
Total weighted Airline rented space (s.f.)	369,736	377,412	372,614	372,614	342,024	431,805	431,805	516,103	516,103
Airline rented space									
Conditioned space (s.f.)	307,912	317,441	312,592	312,592	286,308	341,373	341,373	394,813	394,813
Unconditioned space (s.f.)	123,648	119,942	120,044	120,044	111,432	180,863	180,863	242,581	242,581
Total Airline rented space (s.f.)	431,560	437,383	432,636	432,636	397,740	522,236	522,236	637,394	637,394
Airline Terminal rental rate - conditioned space	$74.08	$80.08	$86.77	$91.78	$99.71	$130.44	$152.09	$164.17	$182.87
Airline Terminal rental rate - unconditioned space	$37.04	$40.04	$43.39	$45.89	$49.85	$65.22	$76.04	$82.08	$91.44
Airline Terminal Rents - conditioned space	$22,809	$25,421	$27,124	$28,689	$28,547	$44,527	$51,918	$64,816	$72,199
Airline Terminal Rents - unconditioned space	4,580	4,803	5,208	5,509	5,555	11,796	13,753	19,912	22,180
Total Airline Terminal Rents (b)	**$27,389**	**$30,224**	**$32,332**	**$34,198**	**$34,103**	**$56,323**	**$65,672**	**$84,728**	**$94,380**

Note: Amounts may not add because of rounding.

Source: Airport records (actual); Trillion Aviation (forecast)

Compiled by: Trillion Aviation

(a) Includes deposits to the Operation and Maintenance Reserve and the Renewal and Replacement subaccounts.

(b) With the exception of the 2016 actual results, it is assumed that all Terminal Rents are reflective of Signatory Airlines. American Airlines became a Signatory Airline for the last five months of 2016.

Exhibit G

REVENUE SHARING CALCULATION — **SALT LAKE CITY DEPARTMENT OF AIRPORTS**

(Dollars in Thousands for Fiscal Years Ending June 30)

		Actual				Forecast				
		2016	2017	2018	2019	2020	2021	2022	2023	2024
Per 8.07.1 (b) Revenue sharing amount rebated to Signatory Airlines for a particular Fiscal Year shall not exceed the LEAST of:										
1. 30% of Net Remaining Revenues in such Fiscal Year										
Net Remaining Revenues		$49,675	$46,444	$50,597	$51,435	$50,002	$35,700	$29,408	$27,474	$22,762
Percent required of Net Remaining Revenues		30%	30%	30%	30%	30%	30%	30%	30%	30%
30% of Net Remaining Revenues	[A]	$14,903	$13,933	$15,179	$15,431	$15,001	$10,710	$8,822	$8,242	$6,829
2. Total Annual Adjusted Gross Revenues for Selected Concessions	[B]	$38,779	$40,680	$41,838	$42,883	$43,892	$44,901	$45,906	$46,936	$47,990
3. Calculated Revenue Sharing Amount										
Enplanement Detail for Credit in Future Agreement										
Signatory Enplaned Passengers		10,848	11,567	11,761	11,916	12,055	12,189	12,318	12,448	12,579
Growth in Enplaned Passengers from 2015 base Enplaned Passengers		9.2%	16.5%	18.4%	20.0%	21.4%	22.7%	24.0%	25.3%	26.7%
Enplaned Passengers over 10,000,000 (a)		848	1,567	1,761	1,916	2,055	2,189	2,318	2,448	2,579
Rates:										
For Enplaned Passengers of 10,000,000 or less:		$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00
Revenue sharing rate for Enplaned Passengers over 10,000,000 (a)		1.11	1.16	1.18	1.20	1.21	1.23	1.24	1.25	1.27
Calculated Revenue Sharing Amount										
First 10,000,000 Enplaned Passengers		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Enplaned Passengers over 10,000,000 (a)		941	1,825	2,085	2,299	2,494	2,686	2,875	3,068	3,266
Total calculated Revenue Sharing Amount	[C]	$10,941	$11,825	$12,085	$12,299	$12,494	$12,686	$12,875	$13,068	$13,266
Total Revenue Sharing Amount to be used	[Minimum of A, B, or C]	**$10,941**	**$11,825**	**$12,085**	**$12,299**	**$12,494**	**$10,710**	**$8,822**	**$8,242**	**$6,829**

Note: Amounts may not add because of rounding.
Source: Airport records (actual); Trillion Aviation (forecast)
Compiled by: Trillion Aviation
(a) Increased Revenue Sharing is only applied to those Enplaned Passengers over 10,000,000.

Exhibit H

SIGNATORY AIRLINE COST PER ENPLANED PASSENGER **SALT LAKE CITY DEPARTMENT OF AIRPORTS**

(Dollars in Thousands for Fiscal Years Ending June 30)

	Actual	Forecast							
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Signatory Airline Terminal Rents	$26,692	$30,224	$32,332	$34,198	$34,103	$56,323	$65,672	$84,728	$94,380
Signatory Airline Landing Fee revenue	24,211	24,158	28,788	29,280	29,838	30,570	30,448	31,570	32,891
LESS: Revenue Sharing	(10,941)	(11,825)	(12,085)	(12,299)	(12,494)	(10,710)	(8,822)	(8,242)	(6,829)
Net passenger Signatory Airline Revenue Requirement	**$39,962**	**$42,557**	**$49,035**	**$51,179**	**$51,446**	**$76,183**	**$87,297**	**$108,056**	**$120,442**
Signatory Airline Enplaned Passengers (000s) (a)	10,848	11,561	11,754	11,909	12,048	12,182	12,311	12,441	12,572
Passenger Signatory Airline Cost per Enplaned Passenger	**$3.69**	**$3.68**	**$4.17**	**$4.30**	**$4.27**	**$6.25**	**$7.09**	**$8.69**	**$9.58**

Note: Amounts may not add because of rounding.

Source: Airport records (actual); Trillion Aviation (forecast)

Compiled by: Trillion Aviation

(a) American Airlines executed the AUA in February 2016. Therefore, enplaned passengers for Signatory Airlines reflect American Airlines for a partial year in FY 2016.

Exhibit I

APPLICATION OF REVENUES | **SALT LAKE CITY DEPARTMENT OF AIRPORTS**

(Dollars in Thousands for Fiscal Years Ending June 30)

	Actual	Forecast							
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues									
Terminal Rents	$27,389	$30,224	$32,332	$34,198	$34,103	$56,323	$65,672	$84,728	$94,380
Landing Fee revenue	27,523	26,416	31,473	32,008	32,617	33,416	33,283	34,508	35,955
Nonairline revenue	96,483	97,638	100,777	103,553	106,268	125,710	128,891	133,982	137,375
Revenue Sharing Amount	(10,941)	(11,825)	(12,085)	(12,299)	(12,494)	(10,710)	(8,822)	(8,242)	(6,829)
Interest income	2,782	1,796	1,260	1,262	1,615	1,978	2,330	2,593	2,769
Total Revenues	**$143,236**	**$144,248**	**$153,757**	**$158,722**	**$162,108**	**$206,717**	**$221,353**	**$247,569**	**$263,651**
Application of Revenues (a)									
1. Operation and Maintenance Subaccount	$93,561	$98,561	$102,503	$106,603	$110,867	$124,426	$129,403	$141,268	$146,919
2. Debt Service Funds (b)	0	0	0	0	422	35,550	56,480	72,775	88,977
3. Debt Service Reserve Funds	0	0	0	0	0	0	0	0	0
4. Subordinate Obligation Debt Service	0	0	0	0	0	0	0	0	0
5. Subordinate Obligation Debt Service Reserve Funds	0	0	0	0	0	0	0	0	0
6. O&M Reserve Requirement Subaccount	0	757	657	683	711	2,260	830	1,978	942
7. Renewal and Replacement Subaccount	0	0	0	0	0	0	0	0	0
8. Rolling Coverage Account	0	0	0	0	105	8,782	5,233	4,074	4,051
9. Surplus Fund	49,675	44,930	50,597	51,435	50,002	35,700	29,408	27,474	22,762
Total Application of Revenues	**$143,236**	**$144,248**	**$153,757**	**$158,722**	**$162,108**	**$206,717**	**$221,353**	**$247,569**	**$263,651**

Note: Amounts may not add because of rounding.
Source: Airport records (actual); Trillion Aviation (forecast)
Compiled by: Trillion Aviation
(a) Reflects only incremental amounts required for each year.
(b) Net of PFC revenues applied to debt service and capitalized interest.

Exhibit J

NET REVENUES AND DEBT SERVICE COVERAGE **SALT LAKE CITY DEPARTMENT OF AIRPORTS**

(Dollars in Thousands for Fiscal Years Ending June 30)

	Actual	Forecast							
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues	$143,236	$144,248	$153,757	$158,722	$162,108	$206,717	$221,353	$247,569	$263,651
Operating Expenses and Capital Outlays	93,561	98,561	102,503	106,603	110,867	124,426	129,403	141,268	146,919
Net Revenues	$49,675	$45,687	$51,254	$52,119	$51,240	$82,291	$91,950	$106,301	$116,732
Plus: Rolling Coverage Account	0	0	0	0	105	8,887	14,120	18,194	22,244
Net Revenues & Rolling Coverage Account	$49,675	$45,687	$51,254	$52,119	$51,346	$91,179	$106,070	$124,495	$138,976
Debt service (a)	$0	$0	$0	$0	$422	$35,550	$56,480	$72,775	$88,977
Debt service coverage	**N/A**	**N/A**	**N/A**	**N/A**	**121.69**	**2.56**	**1.88**	**1.71**	**1.56**

Note: Amounts may not add because of rounding.
Source: Airport records (actual); Trillion Aviation (forecast)
Compiled by: Trillion Aviation
(a) Net of PFC revenues applied to debt service and capitalized interest.

APPENDIX C
FORM OF MASTER INDENTURE

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C-1

MASTER TRUST INDENTURE

by and between

SALT LAKE CITY, UTAH

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

Dated as of February 1, 2017

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MASTER TRUST INDENTURE

THIS MASTER TRUST INDENTURE (this "***Indenture***"), dated as of February 1, 2017, is by and between **SALT LAKE CITY, UTAH,** (the "***City***"), a municipal corporation and political subdivision of the State of Utah, and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the "**Trustee**").

RECITALS

WHEREAS, the City is a municipal corporation and political subdivision of the State of Utah (the "***State***"); and

WHEREAS, the City has exclusive use, ownership, custody, management, operation, regulation, policing and control of the Airport System (as hereinafter defined) and other related facilities; and

WHEREAS, the Act (as hereinafter defined) provides that the City may issue bonds from time to time for any of the purposes authorized under the Act, including paying the cost of the Airport System or any or all facilities and all additions and improvements that the Council (as hereinafter defined) authorizes to be acquired or constructed, and for any purpose, operation, facility, system, improvement or undertaking of the City from which revenues are derived or otherwise allocable, which revenues are, or may by resolution or ordinance be, required to be separately accounted for from other revenues of the City; and

WHEREAS, the City has determined that it is necessary and advisable to issue, from time to time, Bonds (as hereinafter defined) for the purposes set forth in the Act and this Indenture and that such Bonds be payable from and secured by Net Revenues (as hereinafter defined) and such other funds and accounts established pursuant to this Indenture and any Supplemental Indenture (as hereinafter defined); and

WHEREAS, the City wishes to provide in this Indenture for the issuance and payment of its Bonds and the pledge of the Net Revenues thereto, and the Trustee is willing to accept the trusts provided in this Indenture; and

NOW, THEREFORE, the City and the Trustee agree as follows, each for the benefit of the other and/or the benefit of holders of the Bonds secured by this Indenture:

GRANTING CLAUSE

To secure the payment of the principal and Accreted Value of, premium, if any, and interest on the Bonds and the performance and observance by the City of all the covenants, agreements and conditions expressed or implied herein or contained in the Bonds, the City hereby pledges and assigns to the Trustee and grants to the Trustee a lien on and security interest in all right, title and interest of the City in and to all of the following and provides that such lien and security interest shall be prior in right to any other pledge, lien or security interest created by the City in the following: (a) the Net Revenues, (b) except as otherwise provided in this

Indenture and any Supplemental Indenture, all moneys and securities (excluding moneys and securities on deposit in any Rebate Fund) held from time to time by the Trustee under this Indenture, and to the extent provided in any Supplemental Indenture moneys and securities held in any Construction Fund whether or not held by the Trustee, (c) earnings on amounts included in clauses (a) and (b) of this Granting Clause (except to the extent excluded from the definition of "Revenues"), and (d) any and all other funds, assets, rights, property or interests therein, of every kind or description which may from time to time hereafter, by delivery or by writing of any kind, be sold, transferred, conveyed, assigned, pledged, irrevocably committed, mortgaged, granted or delivered to or deposited with the Trustee as additional security hereunder, for the equal and proportionate benefit and security of all Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall, with respect to the security provided by this Granting Clause, be of equal rank without preference, priority or distinction as to any Bond over any other Bond or Bonds, except as to the timing of payment of the Bonds.

The Common Debt Service Reserve Fund, any Series Debt Service Reserve Fund and any Debt Service Reserve Fund Surety Policy, as hereinafter defined, provided at any time in satisfaction of all or a portion of the Reserve Requirement and any other security, Liquidity Facility or Credit Facility provided for specific Bonds, a specific Series of Bonds or one or more Series of Bonds may, as provided by a Supplemental Indenture, secure only such specific Bonds, Series of Bonds or one or more Series of Bonds and, therefore, shall not be included as security for all Bonds under this Indenture unless otherwise provided by a Supplemental Indenture and moneys and securities held in trust as provided in Section 4.13 hereof exclusively for Bonds which have become due and payable and moneys and securities which are held exclusively to pay Bonds which are deemed to have been paid under Article VII hereof shall be held solely for the payment of such specific Bonds.

ARTICLE I

DEFINITIONS; INTERPRETATION

The capitalized terms used in this Indenture and in any Supplemental Indenture shall, for all purposes of this Indenture, have the meanings specified in this Article I, unless a different definition is given such term in said Supplemental Indenture or unless the context clearly requires otherwise.

"*Account*" shall mean any account established pursuant to this Indenture or any Supplemental Indenture.

"*Accreted Value*" shall mean with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in a Supplemental Indenture as the amount representing the initial principal amount of such Capital Appreciation Bond plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date; provided the Accreted Value shall be determined in accordance with the provisions of the Supplemental Indenture authorizing the issuance of such Capital Appreciation Bond. All references herein to "principal" shall include Accreted Value, as applicable.

"*Act*" shall mean, collectively, the Local Government Bonding Act, Chapter 14 of Title 11, Utah Code Annotated 1953, as amended, and, to the extent applicable, the Registered Public Obligations Act, Chapter 7 of Title 15, Utah Code Annotated 1953, as amended, and the Utah Refunding Bond Act, Chapter 27 of Title 11, Utah Code Annotated 1953, as amended, and all laws amendatory thereof or supplemental thereto.

"*Aggregate Annual Debt Service*" shall mean, for any Fiscal Year or other applicable period, the aggregate amount of Annual Debt Service on all Outstanding Bonds calculated as described in Section 2.11(c) hereof.

"*Aggregate Annual Debt Service For Reserve Requirement*" shall mean the computation of Aggregate Annual Debt Service with respect to all Outstanding Bonds participating in the Common Debt Service Reserve Fund in the then current or any future Fiscal Year, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Aggregate Annual Debt Service For Reserve Requirement, the annual debt service with respect to any Series of Balloon Indebtedness, Tender Indebtedness or Variable Rate Indebtedness shall, upon the issuance of such Series, be calculated on the basis of the assumptions set forth in clauses (ii), (iii) or (iv) of Section 2.11(c) hereof, respectively, and the amount so determined shall not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series.

"*Airline Use Agreements*" shall mean, collectively, each Airline Use Agreement for Salt Lake City International Airport, between the City and each airline named therein, as from time to time amended and supplemented, and any substitute agreement or any other document, ordinance or resolution governing the use of the Airport System by the airlines.

"*Airport Facilities*" or "*Airport Facility*" shall mean a facility or group of facilities or category of facilities which constitute or are part of the Airport System.

"*Airport System*" shall mean all airports, airport sites, and all equipment, accommodations and facilities for aerial navigation, flight, instruction and commerce under the jurisdiction and control of the City, including Salt Lake City International Airport and the Auxiliary Airports, and any successor entities thereto, including all facilities and property related thereto, real or personal, under the jurisdiction or control of the City or in which the City has other rights or from which the City derives revenues at such location; and including or excluding, as the case may be, such property as the City may either acquire or which shall be placed under its control, or divest or have removed from its control.

"*Annual Debt Service*" shall mean, with respect to any Bond, the aggregate amount required to be on deposit in the respective Debt Service Fund or such other Fund or Account during the Fiscal Year to satisfy the funding requirements for the payment of principal and interest becoming due and payable during such Fiscal Year, plus any amount payable by the City (or the Trustee) under a Qualified Swap in accordance with the terms thereof, less any amount to be received by the City from a Qualified Swap Provider pursuant to a Qualified Swap; provided, however, for the purposes of this definition a payment made on July 1 shall be considered part of the prior Fiscal Year.

"*Authorized City Representative*" shall mean the Executive Director, the Director of Finance and Accounting, the Mayor, the City Treasurer, the City Recorder or such other officer or employee of the City or other person which other officer, employee or person has been designated by the Executive Director as an Authorized City Representative by written notice delivered by the Executive Director to the Trustee.

"*Auxiliary Airports*" shall mean the airports presently known as "South Valley Regional Airport" and "Tooele Valley Airport" and all other airports operated by the City in the future, except for the Salt Lake City International Airport.

"*Balloon Indebtedness*" shall mean, with respect to any Series of Bonds 25% or more of the principal of which matures on the same date or within a Fiscal Year, that portion of such Series which matures on such date or within such Fiscal Year; provided, however, that to constitute Balloon Indebtedness (a) the City must designate that portion of such Series of Bonds as Balloon Indebtedness, and (b) the amount of Bonds of a Series maturing on a single date or within a Fiscal Year must equal or exceed 150% of the amount of such Series which matures during any other Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such Bonds scheduled to be amortized by prepayment or redemption prior to their stated maturity date. Commercial Paper shall not be considered to be Balloon Indebtedness.

"*Bond*" or "*Bonds*" shall mean any debt obligation of the City issued under and in accordance with the provisions of Article II hereof, including, but not limited to, bonds, notes, bond anticipation notes, Commercial Paper, revolving lines of credit and other instruments creating an indebtedness of the City, obligations incurred pursuant to an any interest rate swap agreement entered into in connection with Bonds, obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein, and Repayment Obligations to the extent provided in Section 2.12 hereof. The term "Bond" or "Bonds" does not include any Subordinate Obligation; provided, however, the City may provide in a Supplemental Indenture that Subordinate Obligations may be thenceforth issued pursuant to this Indenture having the terms applicable to the Bonds, except that such Subordinate Obligations shall be secured by a pledge of and lien on and payable from Revenues remaining after the deposits to the Funds, Accounts and Subaccounts set forth in Section 4.03(b)(i) through (iii) hereof.

"*Bond Counsel*" shall mean a firm or firms of attorneys which are nationally recognized as experts in the area of municipal finance and which are familiar with the transactions contemplated under this Indenture and which are acceptable to the City.

"*Bondholder*," "*holder*," "*Owner*," "*owner*" or "*registered owner*" shall mean the person in whose name any Bond or Bonds are registered on the books maintained by the Registrar and shall include any Credit Provider or Liquidity Provider to which a Repayment Obligation is then owed, to the extent that such Repayment Obligation is deemed to be a Bond under the provisions of Section 2.12 hereof.

"*Book-Entry Bonds*" means those Bonds held by DTC (or its nominee) as the Bondholder thereof pursuant to the terms and provisions of Section 2.06 hereof.

"*Business Day*" shall mean a day on which banks located in New York, New York, in Salt Lake City, Utah, and in the city in which the principal corporate trust office of the Trustee is located are open, provided that such term may have a different meaning for any specified Series of Bonds if so provided by a Supplemental Indenture. For purposes of payments and other actions relating to security or liquidity enhanced Bonds, "*Business Day*" shall mean a day upon which any Credit Provider or Liquidity Provider at which demands for payment under the Credit Facility or Liquidity Facility are to be presented is authorized to be open.

"*Capital Appreciation Bonds*" shall mean Bonds all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Indenture and is payable only upon redemption or on the maturity date of such Bonds. Bonds which are issued as Capital Appreciation Bonds, but later convert to Bonds on which interest is paid periodically shall be Capital Appreciation Bonds until the conversion date and from and after such conversion date shall no longer be Capital Appreciation Bonds, but shall be treated as having a principal amount equal to their Accreted Value on the conversion date.

"*Capitalized Interest*" shall mean proceeds of Bonds or other monies not included in Revenues that are deposited with the Trustee in a Debt Service Fund as shall be described in a Supplemental Indenture upon issuance of such Bonds that are to be used to pay interest on Bonds. Proceeds of Bonds shall not be used to pay interest on Bonds beyond the period of time set forth in the Act.

"*Cede & Co.*" means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

"*CFC Bond Funding Supplemental Consideration*" shall mean an amount charged by the City to, and paid by, a tenant operating at the Airport System, if Customer Facility Charge revenues are insufficient to cover costs for debt service on bonds and/or other debt instruments and other funding shortfalls related to on-airport rental car facilities located at Salt Lake City International Airport.

"*City*" shall mean Salt Lake City, Utah, a municipal corporation and political subdivision of the State, and any successor to its function as operator of the Airport System. Any action required or authorized to be taken by the City in this Indenture may be taken by an Authorized City Representative with such formal approvals by the City as are required by the policies and practices of the City and applicable laws; provided, however, that any action taken by an Authorized City Representative in accordance with the provisions of this Indenture shall conclusively be deemed by the Trustee and the Owners, as applicable, to be the act of the City without further evidence of the authorization thereof by the City.

"*City Attorney*" shall mean the City Attorney of the City or designee, or in the event of his or her absence, a Deputy City Attorney or other person authorized to perform the duties of the City Attorney.

"*City Code*" shall mean the City Code of the City of Salt Lake, as amended from time to time.

"*City Recorder*" shall mean the City Recorder of the City or such other title as the City may from time to time assign for such position, or in the event of his or her disability or absence, a deputy city recorder or other person duly authorized to perform the duties of the City Recorder.

"*City Treasurer*" shall mean the City Treasurer of the City or such other title as the City may from time to time assign for such position or in the event of his or her disability or absence, the Deputy Treasurer or other person duly authorized to perform the duties of the City Treasurer.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations applicable with respect thereto.

"*Commercial Paper*" shall mean debt obligations of the City authorized by the City to be incurred through the issuance, from time to time, of taxable or tax-exempt notes of the City under and in accordance with the provisions of Article II hereof, with maturities of not to exceed 270 days. The term "Commercial Paper" does not include any notes issued as Subordinate Obligations.

"*Common Debt Service Reserve Fund*" shall mean the "Common Debt Service Reserve Fund" created by the City and held and maintained by the Trustee pursuant to Section 4.06 hereof.

"*Completion Bonds*" shall mean Bonds issued to pay costs of completing a Project for which Bonds have previously been issued and the principal amount of such Bonds being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Bonds originally issued for such Project and are reasonably allocable to the Project to be completed.

"*Construction Fund*" shall mean any Construction Fund created in accordance with Section 4.11 hereof.

"*Consultant*" shall mean any Independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, financial advisory or investment banking firm, or other expert recognized to be well-qualified for work of the character required and retained by the City to perform acts and carry out the duties provided for such consultant in this Indenture.

"*Costs*" or "*Costs of the Project*" shall mean all costs of planning, designing, developing, financing, constructing, installing, equipping, furnishing, improving, acquiring, enlarging and/or renovating a Project and placing the same in service and shall include, but not be limited to the following: (a) costs of real or personal property, rights, franchises, easements and other interests in property, real or personal, and the cost of demolishing or removing structures and site preparation, infrastructure development, and landscaping and acquisition of land to which structures may be removed; (b) the costs of materials and supplies, machinery, equipment, vehicles, rolling stock, furnishings, improvements and enhancements; (c) labor and related costs and the costs of services provided, including costs of consultants, advisors, architects, engineers, accountants, planners, attorneys, financial and feasibility consultants, in each case, whether an employee of the City or a Consultant; (d) costs of the City properly allocated to a Project and with respect to costs of its employees or other labor costs, including the cost of medical, pension,

retirement and other benefits as well as salary and wages and the allocable costs of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; (e) financing expenses, including costs related to issuance of and securing of Bonds, costs of Credit Facilities or Liquidity Facilities, payment of interest on Bonds, deposits to the Common Debt Service Reserve Fund and/or a Series Debt Service Reserve Fund, if any, Trustee's fees and expenses; (f) any Swap Termination Payments due in connection with a Series of Bonds or the failure to issue such Series of Bonds, (g) any other cost permitted under the Act, and (h) such other costs and expenses that can be capitalized under generally accepted accounting principles in effect at the time the cost is incurred by the City.

"*Council*" shall mean the City Council of the City, or any other governing body of the City hereafter provided for pursuant to law.

"*Credit Facility*" shall mean a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement, Debt Service Reserve Fund Surety Policy or other financial instrument which obligates a third party to make payment of or provide funds to the Trustee for the payment of the principal of and/or interest on Bonds whether such obligation is to pay in the first instance and seek reimbursement or to pay only if the City fails to do so.

"*Credit Provider*" shall mean the party obligated to make payment of principal of and/or interest on the Bonds under a Credit Facility.

"*Customer Facility Charge*" or "*CFC*" shall mean the customer facility charge approved by the City under Section 16.12.195 of the City Code, as amended and supplemented from time to time, or any successor provision approving such a charge or a similar charge or fee, and paid by customers of rental car companies, and any interest, profits or other income derived from the investment thereof.

"*Debt Service Fund*" or "*Debt Service Funds*" shall mean any Debt Service Fund or Debt Service Funds required to be created as provided by Section 4.05 hereof.

"*Debt Service Reserve Fund Surety Policy*" shall mean an insurance policy or surety bond, or a letter of credit, deposited with the Trustee for credit to the Common Debt Service Reserve Fund or a Series Debt Service Reserve Fund in lieu of or partial substitution for cash or securities on deposit therein. Except as otherwise provided in a Supplemental Indenture, the entity providing such Debt Service Reserve Fund Surety Policy shall be rated, at the time such instrument is provided, in one of the three highest long-term Rating Categories by one or more Rating Agencies.

"*Department of Airports*" shall mean the Department of Airports of the City.

"*Designated Debt*" shall mean a specific indebtedness, designated by the City, in which such debt shall be offset with a Swap, such specific indebtedness to include all or any part of a Series of Bonds.

"*Director of Finance and Accounting*" shall mean the Director of Finance and Accounting of the Department of Airports or such other title as the City may from time to time assign for such position or such other person duly authorized to perform the duties of the Director of Finance and Accounting.

"*DTC*" means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"*Event of Default*" shall mean any occurrence or event specified in Section 8.01 hereof.

"*Executive Director*" shall mean the Executive Director of the Department of Airports or such other title as the City may from time to time assign for such position, or in the event of his or her disability or absence, the Director of Finance and Accounting or such other person duly authorized to perform the duties of the Executive Director.

"*Federal Direct Payments*" shall mean amounts payable by the federal government to the City pursuant to Sections 54AA and 6431 of the Code, and any amendments thereto or any new or similar federal program providing payments or credits to the City, in connection with the City's issuance of Bonds or Subordinate Obligations, in lieu of any credit otherwise available to the bondholders of such Bonds or Subordinate Obligations.

"*Fiscal Year*" shall mean the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other similar period as the City designates as its fiscal year.

"*Fitch*" shall mean Fitch Ratings, Inc. and its successors and assigns, and, if Fitch Ratings Inc. shall for any reason no longer perform the functions of a nationally recognized statistical rating organization, "Fitch" shall be deemed to refer to any nationally recognized statistical rating organization designated by the City.

"*Force Majeure Event*" shall mean an occurrence that is beyond the control of the City or the Trustee and could not have been avoided by exercising due care and shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

"*Fund*" shall mean any fund established pursuant to this Indenture or any Supplemental Indenture.

"*Government Obligations*" shall mean (i) United States Obligations (including obligations issued or held in book-entry form), (ii) prerefunded municipal obligations meeting the following conditions: (A) the municipal obligations are not subject to redemption prior to maturity, or the trustee has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (B) the municipal obligations are secured by cash and/or United States Obligations, which United States Obligations may be applied only to interest, principal and premium payments of such municipal obligations; (C) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations; (D) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (E) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (F)

the municipal obligations are rated in their highest rating category by one or more of the Rating Agencies; and (iii) any other type of security or obligation which the Rating Agencies then maintaining ratings on the Bonds to be defeased have determined to be permitted defeasance securities.

"*Indenture*" shall mean this Master Trust Indenture, dated as of February 1, 2017, by and between the City and the Trustee, as amended from time to time.

"*Independent*" shall mean, when used with respect to any specified firm or individual, such a firm or individual who (a) does not have any direct financial interest or any material indirect financial interest in the operations of the City, other than the payment to be received under a contract for services to be performed, and (b) is not connected with the City as an official, officer or employee.

"*Initial Bonds*" shall mean, collectively, (a) the Salt Lake City, Utah Airport Revenue Bonds, Series 2017A, and (b) Salt Lake City, Utah Airport Revenue Bonds, Series 2017B.

"*Investment Agreement*" shall have the meaning set forth in Section 6.02 hereof.

"*Kroll*" shall mean Kroll Bond Rating Agency, Inc. and its successors and assigns, and, if Kroll Bond Rating Agency, Inc. shall for any reason no longer perform the functions of a nationally recognized statistical rating organization, "Kroll" shall be deemed to refer to any nationally recognized statistical rating organization designated by the City.

"*Liquidity Facility*" shall mean a letter of credit, line of credit, standby purchase agreement or other financial instrument, including a Credit Facility, which is available to provide funds with which to purchase Bonds.

"*Liquidity Provider*" shall mean the entity which is obligated to provide funds to purchase Bonds under the terms of a Liquidity Facility.

"*Mail*" shall mean by first-class United States mail, postage prepaid.

"*Maximum Aggregate Annual Debt Service*" shall mean the maximum amount of Aggregate Annual Debt Service on all Outstanding Bonds in the current or any future Fiscal Year.

"*Maximum Aggregate Annual Debt Service For Reserve Requirement*" shall mean the computation of Maximum Aggregate Annual Debt Service with respect to all Outstanding Bonds participating in the Common Debt Service Reserve Fund in the then current or any future Fiscal Year, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Maximum Aggregate Annual Debt Service For Reserve Requirement, the annual debt service with respect to any Series of Balloon Indebtedness, Tender Indebtedness or Variable Rate Indebtedness shall, upon the issuance of such Series, be calculated on the basis of the assumptions set forth in clauses (ii), (iii) or (iv) of Section 2.11(c) hereof, respectively, and the amount so determined shall not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series.

"*Mayor*" shall mean the Mayor of the City, or in the event of his or her disability or absence, such other person duly authorized to perform the duties of the Mayor.

"*Moody's*" shall mean Moody's Investors Service, Inc. and its successors and assigns, and, if Moody's Investors Service, Inc. shall for any reason no longer perform the functions of a nationally recognized statistical rating organization, "Moody's" shall be deemed to refer to any nationally recognized statistical rating organization designated by the City.

"*Net Revenues*" shall mean, for any given period, the Revenues for such period, less the Operation and Maintenance Expenses of the Airport System for such period.

"*Net Proceeds*" shall mean insurance proceeds received as a result of damage to or destruction of Airport Facilities or any condemnation award or amounts received by the City from the sale of Airport Facilities under the threat of condemnation less expenses (including attorneys' fees and expenses and any fees and expenses of the Trustee) incurred in the collection of such proceeds or award.

"*North Concourse Program*" shall mean the new midfield concourse and associated improvements to be constructed at Salt Lake City International Airport, that are more fully described in the Department of Airports' master plan study, as amended and updated from time to time.

"*Notes*" shall mean Bonds issued under the provisions of Article II hereof which have a maturity of one year or less from their date of original issuance and which are not Commercial Paper.

"*Operation and Maintenance Expenses of the Airport System*" shall mean, for any given period, the total operation and maintenance expenses of the Airport System as determined in accordance with generally accepted accounting principles as in effect from time to time; including any costs of Credit Facilities and Liquidity Facilities; but excluding depreciation expense and any operation and maintenance expenses of the Airport System payable from moneys other than Revenues (including, but not limited to, any non-cash items that are required to be treated as operation and maintenance expenses of the Airport System in accordance with generally accepted accounting principles).

"*Operation and Maintenance Reserve Subaccount*" shall mean the "Operation and Maintenance Reserve Subaccount" created, held and maintained by the City within the Revenue Account pursuant to Section 4.07 hereof.

"*Operation and Maintenance Reserve Subaccount Requirement*" shall mean, as of any date of calculation, an amount equal to at least one-sixth (1/6) of the current annual budget of the City for Operation and Maintenance Expenses of the Airport System or such other additional amount that the City determines, in its sole discretion, to be the requirement hereunder, provided that such amount does not violate the provisions of this Indenture, or the provisions of any other contracts or agreements of the City or any legal requirements otherwise applicable to this provision.

"*Operation and Maintenance Subaccount*" shall mean the "Operation and Maintenance Subaccount" created, held and maintained by the City within the Revenue Account pursuant to Section 4.04 hereof.

"*Other Pledged Revenues*" shall mean moneys, not previously constituting Revenues or previously designated as or included in "Other Pledged Revenues," that are designated as and included in, for any period, "Other Pledged Revenues" pursuant to a Supplemental Indenture or a certificate of an Authorized City Representative filed with the Trustee, which Supplemental Indenture or certificate also shall (a) include a representation by the City that such moneys may be validly designated as and included in "Other Pledged Revenues" under the Indenture and may be pledged to secure the payment of the principal of, premium, if any, and interest on all or a portion of the Bonds, and (b) specify the source and amount of such moneys and the time period during which such moneys will be designated as and included in "Other Pledged Revenues." Passenger Facility Charges Available for Debt Service and Pledged Passenger Facility Charges shall not be treated as or constitute "Other Pledged Revenues."

"*Outstanding*" when used with respect to Bonds shall mean all Bonds which have been authenticated and delivered under this Indenture, except:

(a) Bonds cancelled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(b) Bonds deemed to be paid in accordance with Article VII hereof;

(c) Bonds in lieu of which other Bonds have been authenticated under Section 2.05 or 2.07 hereof;

(d) Bonds that have become due (at maturity or on redemption or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Trustee, a Paying Agent or such other fiduciary or agent;

(e) Bonds which, under the terms of the Supplemental Indenture pursuant to which they were issued, are deemed to be no longer Outstanding;

(f) Repayment Obligations deemed to be Bonds under Section 2.12 hereof to the extent such Repayment Obligation arose under the terms of a Credit Facility or a Liquidity Facility and are secured by a pledge of Outstanding Bonds acquired by the Credit Provider or the Liquidity Provider; and

(g) for purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds under this Indenture, Bonds held by or for the account of the City or by any person controlling, controlled by or under common control with the City, unless such Bonds are pledged to secure a debt to an unrelated party.

"*Participants*" means the participants of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

"*Passenger Facility Charges*" or "*PFCs*" shall mean charges collected by the City pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 (49 U.S.C. Section 40117), and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport System and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

"*Passenger Facility Charges Available for Debt Service*" shall mean Passenger Facility Charges made available to pay debt service on one or more Series of Bonds during any period pursuant to Section 4.15 hereof.

"*Paying Agent*" or "*Paying Agents*" shall mean, with respect to the Bonds or any Series of Bonds, the banks, trust companies, other financial institutions or other entities designated in a Supplemental Indenture or a resolution of the City as the place where such Bonds shall be payable and which bank, trust company, other financial institution or other entity has accepted the position in accordance with Section 9.11 hereof.

"*Payment Date*" shall mean, with respect to any Bonds, each date on which interest is due and payable thereon and each date on which principal is due and payable thereon whether by maturity or redemption thereof.

"*Permitted Investments*" shall have the meaning set forth in Section 6.02 hereof.

"*Pledged Passenger Facility Charges*" shall mean such amount of Passenger Facility Charges that are designated as and included in, for any period, "Pledged Passenger Facility Charges" pursuant to a Supplemental Indenture, which Supplemental Indenture shall include (a) a representation by the City that such Passenger Facility Charges, when received by the City, may be validly designated as and included in "Pledged Passenger Facility Charges" under the Indenture and may be pledged to secure the payment of the principal of, premium, if any, and interest on all or a portion of the Bonds, (b) a specific statement that such Passenger Facilities Charges are being pledged and assigned to the Trustee and that the City is granting the Trustee a lien on and security interest in all right, title and interest of the City in and to such Passenger Facility Charges, (c) the Series of Bonds that are being granted a lien on and security interest in such Pledged Passenger Facility Charges, (d) the amount of Passenger Facility Charges that are being designated as and included in "Pledged Passenger Facility Charges," and (e) the time period during which such Passenger Facility Charges will be designated as and included in "Pledged Passenger Facility Charges." Any Pledged Passenger Facility Charges shall not be deposited to the Revenue Account, but shall be deposited by the City with the Trustee who shall in turn deposit such Pledged Passenger Facility Charges to the Debt Service Fund or Funds as directed pursuant to the applicable Supplemental Indenture.

"*Principal Amount*" or "*principal amount*" shall mean, as of any date of calculation, (a) with respect to any Capital Appreciation Bond, the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest, and (b) with respect to any other Bonds, the principal amount of such Bond payable at maturity.

"*Project*" shall mean any and all facilities, improvements and other expenditures related to the Airport System financed in whole or in part with proceeds of a Series of Bonds, including, but not limited to, all or a portion of the Terminal Redevelopment Program and/or the North Concourse Program.

"*Qualified Self-Insurance*" has the meaning set forth in Section 5.10 hereof.

"*Qualified Swap*" shall mean any Swap (a) whose Designated Debt is all or part of a particular Series of Bonds; (b) whose Swap Provider is a Qualified Swap Provider or has been a Qualified Swap Provider within the 60 day period preceding the date on which the calculation of Annual Debt Service or Aggregate Annual Debt Service is being made; (c) which has a term not greater than the term of the Designated Debt or to a specified mandatory tender or redemption of such Designated Debt; and (d) which has been designated in writing to the Trustee by the City as a Qualified Swap with respect to such Bonds.

"*Qualified Swap Provider*" shall mean a financial institution whose senior long-term debt obligations, or whose obligations under any Qualified Swap are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least "A1," in the case of Moody's, and "A+," in the case of S&P, or the equivalent thereto in the case of any successor thereto, or (b) fully secured by obligations described in clauses (ii) or (iii) of the definition of Permitted Investments which are (w) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (x) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (y) subject to a perfected first lien on behalf of the Trustee, and (z) free and clear from all third-party liens.

"*Rating Agency*" and "*Rating Agencies*" shall mean any of Fitch, Kroll, Moody's or S&P, or any other nationally recognized statistical rating organization.

"*Rating Category*" and "*Rating Categories*" shall mean (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"*Rebate Fund*" shall mean any Fund created by the City or the Trustee pursuant to a Supplemental Indenture in connection with the issuance of any Series of Bonds for the purpose of complying with the Code and providing for the collection and holding for and payment of amounts to the United States of America.

"*Record Date*" shall mean, with respect to any Series of Bonds, the record date as specified in the Supplemental Indenture which provides for the issuance of such Series.

"*Refunding Bonds*" shall mean any Bonds issued pursuant to Section 2.10 hereof to refund and/or defease all or a portion of any Series of Outstanding Bonds.

"*Registrar*" shall mean the bank, trust company, other financial institution or other entity designated in a Supplemental Indenture or a resolution of the City to perform the function of Registrar under this Indenture or any Supplemental Indenture, and which bank, trust company, other financial institution or other entity has accepted the position in accordance with Section 9.12 hereof.

"*Regularly Scheduled Swap Payments*" shall mean the regularly scheduled payments under the terms of a Swap which are due absent any termination, default or dispute in connection with such Swap.

"*Renewal and Replacement Subaccount*" shall mean the "Renewal and Replacement Subaccount" created, held and maintained by the City within the Revenue Account pursuant to Section 4.08 hereof.

"*Renewal and Replacement Subaccount Requirement*" shall mean, as of any date of calculation, an amount not less than $5 million, or such other amount as shall be established by the City from time to time in accordance with the Airline Use Agreements.

"*Repayment Obligations*" shall mean an obligation arising under a written agreement of the City and a Credit Provider pursuant to which the City agrees to reimburse the Credit Provider for amounts paid through a Credit Facility used to pay debt service on any Bonds, or an obligation arising under a written agreement of the City and a Liquidity Provider pursuant to which the City agrees to reimburse the Liquidity Provider for amounts paid through a Liquidity Facility used to purchase Bonds.

"*Representation Letter*" means the Blanket Issuer Letter of Representations dated May 30, 1995 from the City to DTC.

"*Reserve Requirement*" shall mean, except as otherwise set forth in a Supplemental Indenture, an amount equal to the lesser of (a) Maximum Aggregate Annual Debt Service For Reserve Requirement for all Outstanding Bonds participating in the Common Debt Service Reserve Fund, (b) 10% of the original principal amount of all Outstanding Bonds participating in the Common Debt Service Reserve Fund, less the amount of original issue discount with respect to such Bonds if such original issue discount exceeded 2% of such Bonds at the time of their original issuance, and (c) 125% of the average Aggregate Annual Debt Service For Reserve Requirement for all Outstanding Bonds participating in the Common Debt Service Reserve Fund. The Reserve Requirement with respect to any Series Debt Service Reserve Fund shall be set forth in the Supplemental Indenture establishing such Series Debt Service Reserve Fund.

"*Responsible Officer*" shall mean an officer or assistant officer of the Trustee assigned by the Trustee to administer this Indenture.

"*Revenue Account*" shall mean the "Revenue Account" created, held and maintained by the City within the Revenue Fund pursuant to Section 4.03(a) hereof.

"*Revenue Fund*" shall mean the "Revenue Fund" created, held and maintained by the City for the purpose of depositing all Revenues and other moneys and funds not included in Revenues.

"*Revenues*" shall mean, except to the extent specifically excluded herefrom, all income, receipts, earnings and revenues received by the City from the operation and ownership of the Airport System for a given period, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to, (a) rates, tolls, fees, rentals, charges and other payments made to or owed to the City for the use or availability of the Airport System, (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the City, including rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by the City or any successor thereto from the possession, management, charge, superintendence and control of the Airport System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the City receives payments which are attributable to the Airport System or activities or undertakings related thereto, and (c) Other Pledged Revenues. Additionally, "Revenues" shall also include amounts received from tenants representing the principal portion of payments received pursuant to certain self-liquidating lease agreements, all income, receipts and earnings from the investment of amounts held in the Revenue Account, any Debt Service Fund (except Capitalized Interest on deposit therein), the Common Debt Service Reserve Fund, any Series Debt Service Reserve Fund and such additional revenues, if any, as are designated as "Revenues" under the terms of any Supplemental Indenture.

The following, including any investment earnings thereon, are specifically excluded from Revenues: (i) any amounts received by the City from the imposition of ad valorem taxes, (ii) gifts, grants and other income (including any investment earnings thereon) otherwise included in this definition of "Revenues" which are restricted by their terms to purposes inconsistent with the payment of debt service on the Bonds or constitute fuel tax refunds made by the State to the City, (iii) Net Proceeds and other insurance proceeds, to the extent the use of such Net Proceeds or other proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Bonds (except to the extent Net Proceeds are utilized to pay Operation and Maintenance Expenses of the Airport System), (iv) Special Facilities Revenue (to the extent there is no excess Special Facilities Revenue as described in Section 5.07 hereof), (v) Passenger Facility Charges (including Pledged Passenger Facility Charges and Passenger Facility Charges Available for Debt Service), and (vi) the proceeds of the sale of Bonds or other obligations issued for Airport System purposes.

Additionally, the following, including any investment earnings thereon, are specifically excluded from "Revenues," unless designated as and included in Other Pledged Revenues: (A) any Swap Termination Payments paid to the City pursuant to a Qualified Swap, (B) subject to clause (ii) in the previous paragraph, grants and other charges authorized on or after the date of this Indenture by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, (C) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Bonds, (D) any arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Code, (E) Capitalized Interest, (F) Customer Facility Charges and CFC Bond Funding Supplemental Consideration, (G) Federal Direct Payments and (H) excess Revenues from a prior Fiscal Year deposited in the Surplus Fund.

Further, interest earnings or other investment earnings on any Construction Fund established by any Supplemental Indenture are specifically excluded from "Revenues," unless otherwise provided for in a Supplemental Indenture.

"*Rolling Coverage Account*" shall mean the "Rolling Coverage Account" created, held and maintained by the City within the Revenue Fund pursuant to Section 4.09 hereof.

"*Rolling Coverage Amount*" shall mean the amount which may, in the City's discretion, be deposited in the Rolling Coverage Account in order for the City to have on deposit therein with respect to any Annual Debt Service due and payable in the current Fiscal Year on Outstanding Bonds, an amount not to exceed twenty-five percent (25%) of such Annual Debt Service.

"*Series*" shall mean Bonds designated as a separate Series by a Supplemental Indenture.

"*Series Debt Service Reserve Fund*" shall mean a Fund or Funds (other than the Common Debt Service Reserve Fund) created by the City or the Trustee pursuant to a Supplemental Indenture in connection with the issuance of any Series of Bonds and that is required to be funded for the purpose of providing additional security for such Series of Bonds and under certain circumstances to provide additional security for such other designated Series of Bonds issued pursuant to the terms of this Indenture and as specified in any Supplemental Indenture.

"*Significant Portion*" shall mean any Airport Facilities or portions thereof which, if such facilities had been sold or disposed of by the City at the beginning of an annual period which includes the month of commencement of the 12-month period ending on the day of such disposition would have resulted in a reduction in Net Revenues for such annual period of more than 5% when the actual Net Revenues for such annual period are decreased by the Revenues directly attributable to such Airport Facilities and increased by the expenses of the City directly attributable to such Airport Facilities. The City shall notify each of the Rating Agencies that the City has requested ratings from and who are then maintaining a rating on any of the Bonds prior to the selling or disposing of a Significant Portion of any Airport Facilities or portions thereof.

"*S&P*" shall mean S&P Global Ratings, a Standard & Poor's Financial Services LLC business, and its successors and assigns, and if S&P Global Ratings shall for any reason no longer perform the functions of a nationally recognized statistical rating organization, "S&P" shall be deemed to refer to any nationally recognized statistical rating organization designated by the City.

"*Special Facilities*" or "*Special Facility*" shall mean a facility or group of facilities or category of facilities which are designated as a Special Facility pursuant to the provisions of Section 5.07 hereof.

"*Special Facilities Revenue*" shall mean the contractual payments and all other revenues (other than ground rentals relating to such Special Facility) derived by or available to the City from a Special Facility which are pledged to secure Special Facility Obligations.

"*Special Facility Obligations*" shall mean bonds or other debt instruments issued pursuant to an indenture other than this Indenture to finance Special Facilities and which are not

secured by nor payable from a lien on and pledge of the Net Revenues but which are secured by revenues derived from Special Facilities. Such Special Facility Obligations, however, may be secured by a pledge of Net Revenues expressly subordinate to the pledge of Net Revenues provided herein and may be payable from Net Revenues only after provision has been made for payments of debt service on the Bonds as provided herein.

"*Specified Project*" shall mean a Project or a group of alternative Projects which are described in a certificate of an Authorized City Representative, which is delivered to the Consultant preparing the certificate described in Section 2.11 hereof, if applicable, the revenues and expenses of which Project or of the alternative Projects are to be taken into account by such Consultant in preparing the certificate under Section 2.11(a)(ii).

"*State*" shall mean the State of Utah.

"*State Money Management Act*" shall mean the State Money Management Act, Title 51, Chapter 7, Utah Code Annotated 1953, as amended, and any applicable regulations and rules promulgated thereunder.

"*Subaccount*" shall mean any subaccount established pursuant to this Indenture or any Supplemental Indenture.

"*Subordinate Obligation*" shall mean any bond, note or other debt instrument issued or otherwise entered into by the City which is secured by a pledge of and lien on and payable from Revenues remaining after the deposits to the Funds, Accounts and Subaccounts set forth in Section 4.03(b)(i) through (iii) hereof. "Subordinate Obligations" are not Bonds for purposes of this Indenture; provided, however, the City may henceforth by Supplemental Indenture elect to have the provisions of this Indenture applicable to the Bonds apply to the Subordinate Obligations issued thereunder, except that such Subordinate Obligations shall be secured by a pledge of and lien on Revenues remaining after the deposits to the Funds, Accounts and Subaccounts set forth in Section 4.03(b)(i) through (iii) hereof. No bond, note or other instrument of indebtedness shall be deemed to be a "Subordinate Obligation" for purposes of this Indenture and payable from Revenues remaining after the deposits to the Funds, Accounts and Subaccounts set forth in Section 4.03(b)(i) through (iii) hereof unless specifically designated by the City as a "Subordinate Obligation" in a Supplemental Indenture or other written instrument. In connection with any Subordinate Obligation with respect to which a Swap is in effect or proposes to be in effect, the term "Subordinate Obligation" includes, collectively, both such Subordinate Obligation and either such Swap or the obligations of the City under each such Swap, as the context requires. The term "Subordinate Obligations" also includes a Swap or the obligations of the City under such Swap which has been entered into in connection with a Subordinate Obligation, as the context requires, although none of the Subordinate Obligations with respect to which such Swap was entered into remain outstanding. In connection with any Bonds with respect to which a Qualified Swap is in effect or proposed to be in effect, the term "Subordinate Obligation" includes any Swap Termination Payment if designated as a Subordinate Obligation in a Supplemental Indenture.

“*Subordinate Obligation Trustee*” shall mean the entity named and serving as the trustee under a Subordinate Obligation Trust Indenture, until a successor replaces it and, thereafter, shall mean such successor.

“*Subordinate Obligation Trust Indenture*” shall mean a separate trust indenture entered into by the City with a Subordinate Obligation Trustee which provides for the issuance of Subordinate Obligations.

“*Supplemental Indenture*” shall mean any document supplementing and/or amending this Indenture or providing for the issuance of Bonds and entered into as provided in Article X hereof.

“*Surplus Fund*” shall mean the “Surplus Fund” created, held and maintained by the City for the purpose described in Section 4.10 hereof.

“*Swap*” shall mean any financial arrangement between the City and a Swap Provider which provides that (a) each of the parties shall pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specified rate (whether fixed or a variable rate or measured against some other rate) on a Designated Debt, and payable from time to time or at a designated time or times (whether before, during or after the term of the arrangement); (b) if such amount is to be paid before it is deemed to have accrued, the amount paid shall reflect the present value of such future amount (i.e., an upfront premium), while an amount to be paid after it is deemed to have accrued shall reflect the time value of such funds; and (c) payment dates and calculated accrual rates need not be the same for each payor, but to the extent payment dates coincide, the arrangement may (but need not) provide that one shall pay to the other any net amount due under such arrangement.

“*Swap Provider*” shall mean a party to a Swap with the City.

“*Swap Termination Payment*” shall mean an amount payable by the City or a Qualified Swap Provider, in accordance with a Qualified Swap, to compensate the other party to the Qualified Swap for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Qualified Swap.

“*Synthetic Fixed Rate Debt*” shall mean indebtedness issued by the City which is combined, as Designated Debt, with a Qualified Swap and creates, in the opinion of a Consultant, a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities.

“*Tender Indebtedness*” shall mean any Bonds or portions of Bonds a feature of which is an obligation on the part of the Bondholders, under the terms of such Bonds, to tender all or a portion of such Bonds to the City, the Trustee, the Paying Agent or other fiduciary or agent or Credit Provider or Liquidity Provider for payment or purchase and requiring that such Bonds or portions of Bonds be purchased if properly presented.

“*Term Bonds*” shall mean Bonds of a Series which are payable on or before their specified maturity dates from sinking fund installment payments established pursuant to the

Supplemental Indenture for such Series for that purpose and calculated to retire the Bonds on or before their specified maturity dates.

“*Terminal Redevelopment Program*” shall mean the redevelopment, replacement and reconfiguration of the landside, terminal and airside facilities at Salt Lake City International Airport, including, but not limited to, new parking, rental car, terminal and roadway facilities, and new concourses, that are more fully described in the Department of Airports’ master plan study, as amended and updated from time to time.

“*Transfer*” shall mean (a) the amount on deposit, if any, on the last Business Day of the applicable Fiscal Year in the Rolling Coverage Account plus (b) any amounts withdrawn from the Rolling Coverage Account during such Fiscal Year for the purposes specified in Section 4.09(a) or (b) hereof less (c) any amounts deposited in the Rolling Coverage Account from Revenues during such Fiscal Year.

“*Treasurer’s Investment Fund*” shall mean the fund held by the Treasurer of the State and commonly known as the Utah State Public Treasurer’s Investment Fund.

“*Trustee*” shall mean the entity named as such in the introductory paragraph of this Indenture until a successor replaces it in accordance with Article IX hereof and, thereafter, shall mean such successor.

“*United States Bankruptcy Code*” shall mean Title 11 U.S.C., Section 101 et seq., as amended or supplemented from time to time, or any successor federal act.

“*United States Obligations*” shall have the meaning set forth in Section 6.02 hereof.

“*Variable Rate Indebtedness*” shall mean any Bond or Bonds the interest rate on which is not, at the time in question, fixed to maturity, excluding any Commercial Paper.

Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of this Indenture.

ARTICLE II

FORM, EXECUTION, DELIVERY AND REGISTRATION OF BONDS

Section 2.01. Issuance of Bonds; Form; Dating. Either taxable or tax-exempt Bonds may be issued by the City under the terms of this Indenture for any purpose for which the City, at the time of such issuance, may incur debt which may include issuing Bonds and loaning the proceeds to other entities (if it is determined to be legally permissible for the City to do so at such time), provided that if the proceeds of the Bonds are loaned to other entities, the loan repayments and interest thereon shall be included as Revenues. Bonds may be issued under this Indenture only if the provisions of Section 2.09 hereof are satisfied. The total principal amount of Bonds of each Series Outstanding may not exceed the amount specified in the Supplemental Indenture providing for the issuance of such Bonds, except as provided in Section 2.05 hereof with respect to replacement of mutilated, lost or stolen or destroyed Bonds. The Bonds may be in certificated or uncertificated form, and Bonds which are issued in certificated form may be freely transferable or may be immobilized and held by a custodian for the beneficial owners, all as shall be set forth or permitted in the Supplemental Indenture providing for the issuance of such Bonds. The Bonds may have notations, legends or endorsements required by law or usage.

Bonds will be numbered and dated as provided in the applicable Supplemental Indenture.

All Bonds shall contain a statement to the following effect:

The Bonds are limited obligations of the City, payable solely from and secured by a pledge of Net Revenues derived by the City from the operations of the Airport System and certain funds and accounts. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Bonds, and neither the full faith and credit nor the taxing power of the City, the State or any political subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

Section 2.02. Terms, Medium and Place of Payment. The Bonds shall be issued in the principal amount, shall bear interest at a rate or rates, including a rate of 0% and including variable or adjustable rates, or by such other methods as the City may from time to time determine, and such interest may be payable periodically, in whole or in part, or may be accumulated and paid at maturity or at such other time or times as the City shall determine. Bonds shall mature and shall be subject to redemption prior to their respective maturities, all as shall be set forth in a Supplemental Indenture and permitted under the Act. The Bonds of each Series shall state that they are issued under and are secured by this Indenture and the pledge of Net Revenues and state that regardless of the form thereof, they are "Bonds" issued hereunder and within the meaning of this Indenture.

Payments with respect to the Bonds shall be made as provided in the Supplemental Indenture providing for the issuance of such Bonds or as provided in the Bonds, which provisions shall include the designation of the currency in which such payments shall be made.

Section 2.03. Execution and Authentication. The Bonds, if in certificated form, will be signed for the City as provided in the Supplemental Indenture or in the resolution authorizing such Bonds. In case any officer whose signature or whose facsimile signature shall appear on any Bonds shall cease to be such officer before the authentication of such Bonds, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication. Also, if a person signing a Bond is the proper officer on the actual date of execution, the Bond will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this Indenture, such person was not such officer.

Except as otherwise provided in a Supplemental Indenture, a Bond in certificated form will not be valid until the Trustee or its agent or an authenticating agent designated by the City manually signs the certificate of authentication on the Bond. Such signature will be conclusive evidence that the Bond has been authenticated under this Indenture.

The City may appoint an authenticating agent or the Trustee may appoint an authenticating agent acceptable to the City to authenticate Bonds or different authenticating

agents may be appointed for different Series of Bonds. An authenticating agent may authenticate Bonds whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent.

Bonds issued under this Indenture may be issued in uncertificated form, in which case the procedures for issuance and delivery and evidence of validity, ownership, transfer and exchange shall be as provided in a Supplemental Indenture, and neither the provisions of this Section 2.03 nor any other provision of this Indenture shall be deemed to prohibit or restrict the issuance of uncertificated Bonds.

Section 2.04. Bond Register. Bonds of each Series may be presented at the principal corporate trust office of the Trustee or such other Registrar, unless a different office has been designated for such purpose, for registration, transfer and exchange. The Trustee or a Registrar will keep a register of each Series of Bonds and of their transfer and exchange.

Section 2.05. Mutilated, Lost, Stolen or Destroyed Bonds.

(a) In the event any Bond is mutilated or defaced but identifiable by number and description, the City shall execute and the Trustee shall authenticate and deliver a new Bond of like Series, date, maturity and denomination as such Bond, upon surrender thereof to the Trustee; provided that there shall first be furnished to the Trustee and the City clear and unequivocal proof satisfactory to the Trustee that the Bond is mutilated or defaced. The Bondholder shall accompany the above with a deposit of money required by the Trustee for the cost of preparing the substitute Bond and all other expenses connected with the issuance of such substitute. The Trustee shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any Bond is lost, stolen or destroyed, the City may execute and the Trustee may authenticate and deliver a new Bond of like Series, date, maturity and denomination as that Bond lost, stolen or destroyed, provided that there shall first be furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity satisfactory to it and the City.

(c) Except as limited by any Supplemental Indenture, the Trustee may charge the holder of any such Bond all governmental charges and transfer taxes, if any, and its reasonable fees and expenses in this connection. All substitute Bonds issued and authenticated pursuant to this Section 2.05 shall be issued as a substitute and numbered, if numbering is provided for by the Supplemental Indenture or the Trustee, as determined by the Trustee. In the event any such Bond has matured or been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same at its maturity or redemption without surrender thereof upon receipt of indemnity satisfactory to the Trustee.

Section 2.06. Book-Entry Bonds.

(a) Except as provided in subparagraph (c) of this Section or a Supplemental Indenture, the Bondholder of all of the Bonds shall be DTC and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal and redemption price of and interest on any Bond registered in the name of Cede & Co. shall be made by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of Cede & Co. at the address indicated on the record date or special record date for Cede & Co. in the registration books of the Registrar.

(b) The Bonds shall be initially issued in the form of separate single authenticated fully registered bonds for each separate stated maturity and interest rate for each Series of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the registration books of the Registrar in the name of Cede & Co., as nominee of DTC. The Trustee, the Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of paying the principal and redemption price of and interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Indenture or a Supplemental Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee, the Registrar nor the City shall be affected by any notice to the contrary. Neither the Trustee, the Registrar nor the City shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal and redemption price of or interest on the Bonds; any notice which is permitted or required to be given to Bondholders under this Indenture of a Supplemental Indenture; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; any consent given or other action taken by DTC as Bondholder; or any other purpose. Except as provided in subparagraph (c) of this Section or a Supplemental Indenture, the Trustee shall pay all principal and redemption price of and interest on the Bonds only to or "upon the order of" DTC (as that term is used in the Uniform Commercial Code as adopted in the State of Utah), and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal and redemption price of and interest on the Bonds to the extent of the sum or sums so paid. Except as provided in subparagraph (c) of this Section or a Supplemental Indenture, no person other than DTC shall receive an authenticated Bond evidencing the obligation of the City to make payments of principal, redemption price and interest pursuant to this Indenture or a Supplemental Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Indenture and any Supplemental Indenture shall refer to such new nominee of DTC.

(c) In the event the City determines that it is in the best interest of the beneficial owners that they be able to obtain bond certificates, and notifies DTC, the Trustee and the Registrar of such determination, then DTC will notify the Participants of the availability through DTC of bond certificates. In such event, the Trustee shall

authenticate and the Registrar shall transfer and exchange bond certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City and the Trustee shall be obligated to deliver bond certificates as described in this Indenture. In the event bond certificates are issued, the provisions of this Indenture or a Supplemental Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal and redemption price of and interest on such certificates. Whenever DTC requests the City and the Trustee to do so, the Trustee and the City will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Bonds to any Participant having Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

(d) Notwithstanding any other provision of this Indenture or a Supplemental Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and redemption price of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture or a Supplemental Indenture by the City or the Trustee with respect to any consent or other action to be taken by Bondholders, the City or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

NEITHER THE CITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO: THE PAYMENT BY DTC TO ANY PARTICIPANT OF THE PRINCIPAL AND REDEMPTION PRICE OF OR INTEREST ON THE BONDS; THE PROVIDING OF NOTICE TO PARTICIPANTS OR BENEFICIAL OWNERS; THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, OR ANY PARTICIPANT; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER OF THE BONDS.

Section 2.07. Registration and Transfer or Exchange of Bonds; Persons Treated as Owners. Unless otherwise provided by a Supplemental Indenture, all Bonds shall be issued in fully registered form.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Trustee or Registrar, the Trustee or Registrar shall deliver in the name of the transferee or transferees a new fully authenticated and registered Bond or Bonds of authorized denominations of the same Series and same maturity for the same aggregate principal amount.

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Bondholders may present Bonds at the principal corporate trust office of the Registrar, or such other place as designated by the Registrar, for exchange for Bonds of different authorized denominations and, upon such presentation, the Trustee or Registrar shall deliver to the Bondholder a new fully authenticated and registered Bond or Bonds of the same Series and same maturity for the same aggregate principal amount.

All Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee or Registrar, duly executed by the Bondholder or by his duly authorized attorney.

Except as limited by any Supplemental Indenture, the Trustee or Registrar also may require payment from the Bondholder of a sum sufficient to cover any tax, or other governmental fee or charge that may be imposed in relation thereto. Such taxes, fees and charges shall be paid before any such new Bond shall be delivered.

Supplemental Indentures may designate certain limited periods during which Bonds will not be exchanged or transferred.

Bonds delivered upon any exchange or transfer as provided herein, or as provided in Section 2.05 hereof, shall be valid limited obligations of the City, evidencing the same debt as the Bond or Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bond or Bonds surrendered.

The City, the Trustee, the Registrar and the Paying Agent shall treat the Bondholder of a Bond, as shown on the registration books kept by the Registrar, as the person exclusively entitled to payment of principal, premium, if any, and interest on such Bond and as the party entitled to the exercise of all other rights and powers of the Bondholder, except that all interest payments will be made to the party who, as of the Record Date, is the Bondholder.

Section 2.08. Destruction of Bonds. Whenever any Bonds shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 2.05 hereof or exchange or transfer pursuant to Section 2.07 hereof, such Bond shall be cancelled and destroyed by the Trustee or the Registrar and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the City.

Section 2.09. Issuance of Series of Bonds; Supplemental Indenture; Application of Bond Proceeds. Bonds may be issued, from time to time, subject to the conditions of this Section 2.09.

Bonds shall be dated, shall mature, shall bear interest, shall be subject to redemption and shall be amortized and shall be issued and reissued from time to time, all as authorized under the Act and provided for in the Supplemental Indenture relating to such Series of Bonds. In addition, each such Supplemental Indenture may provide for the appointment of a Registrar or Registrars and a Paying Agent or Paying Agents and such other agents as the City shall determine to be necessary in addition to or in place of the Trustee.

Each Series of the Bonds, upon execution by the City, shall be deposited with the Trustee or an agent for authentication and delivery, but prior to or simultaneously with the original delivery of such Series of Bonds, there shall be filed with the Trustee the following:

(a) an original executed copy, certified by the City Recorder of the City, of this Indenture, together with all Supplemental Indentures;

(b) an original executed copy, certified by the City Recorder of the City, of the Supplemental Indenture or Supplemental Indentures providing for the issuance of such Series of Bonds and setting forth the terms of such Series of Bonds;

(c) except with respect to the issuance of any Refunding Bonds, a certificate of an Authorized City Representative listing those Projects or undertakings which the City expects to finance with proceeds of the sale of such Series of Bonds or providing a list from which the City expects to select those Projects which will be financed with proceeds of the sale of such Series of Bonds and such certificate shall, with respect to each item on the list include an estimated cost of such Projects or undertaking;

(d) except with respect to the issuance of the Initial Bonds, the certificate of the Authorized City Representative or the Consultant or Consultants, as the case may be, required by Section 2.11(a) and/or (b) hereof;

(e) a certificate of an Authorized City Representative stating that (i)(A) none of the Events of Default set forth in Sections 8.01 hereof have occurred and remain uncured or (B) upon issuance of such Series of Bonds, all Events of Default set forth in Section 8.01 hereof that have occurred and are continuing, shall be cured, and (ii) that the City is in full compliance with the terms of Section 5.04 hereof;

(f) an opinion of Bond Counsel to the effect that the issuance of such Bonds has been duly authorized, that all legal conditions precedent to the delivery of such Bonds have been fulfilled, and that the Bonds are valid and binding obligations of the City in accordance with their terms;

(g) the opinion of Bond Counsel required by Section 10.02 hereof; and

(h) written instructions from the City to authenticate the Bonds and, upon receipt of the purchase price, to deliver the Bonds to or upon the order of the purchasers named in such instructions.

When the documents mentioned in clauses (a) through (h), inclusive, of the immediately preceding paragraph shall have been filed with the Trustee and when such Bonds shall have been executed and authenticated (if applicable), the Trustee or authenticating agent shall deliver such Bonds to or upon the order of the purchasers thereof, but only upon payment by the purchasers of the purchase price of such Bonds.

Section 2.10. Refunding Bonds. Refunding Bonds may be issued under and secured by this Indenture. Such Refunding Bonds shall be issued in accordance with the provisions of Sections 2.09 and 2.11(b)(i) hereof.

Section 2.11. Additional Bonds Test.

(a) Subject to the provisions of Section 2.11(b) hereof and excepting the Initial Bonds, as a condition to the issuance of any Series of Bonds, there shall be delivered to the Trustee either:

(i) a certificate, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds (both dates inclusive), prepared by an Authorized City Representative showing that the Net Revenues for the last audited Fiscal Year or any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, together with any Transfer for the most recently ended Fiscal Year, were at least equal to 125% of Maximum Aggregate Annual Debt Service with respect to all Outstanding Bonds and the proposed Series of Bonds, calculated as if the proposed Series of Bonds were then Outstanding; or

(ii) a certificate, dated as of a date between the date of pricing of the Bonds being issued and the date of delivery of such Bonds (both dates inclusive), prepared by a Consultant, nationally recognized as an expert in the area of air traffic and airport financial analysis, showing that:

(A) the Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds, together with any Transfer for the most recently ended Fiscal Year, were at least equal to 125% of the sum of the Annual Debt Service due and payable with respect to all Outstanding Bonds for such applicable period; and

(B) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Bonds during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof through and including the later of: (1) the fifth full Fiscal Year following the issuance of such Series of Bonds, or (2) the third full Fiscal Year during which no interest on such Series of Bonds is expected to be paid from the proceeds thereof, the estimated Net Revenues, together with any estimated Transfer, for each such Fiscal Year, will be at least equal to 125% of the Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Bonds and calculated as if (y) the proposed Series of Bonds were then Outstanding, and (z) any future Series of Bonds which the City estimates will be required to complete payment of the estimated costs of construction of such portion of the Specified Project and any other uncompleted portion of the Specified Project from which the Consultant projects additional Revenues will be generated were then Outstanding.

For purposes of subparagraphs (i) and (ii) above, the amount of any Transfer taken into account shall not exceed 25% of the Aggregate Annual Debt Service on the Outstanding Bonds, the proposed Series of Bonds and any future Series of Bonds included pursuant to subparagraph (ii)(B)(z) of the previous paragraph.

For purposes of subsections (ii)(B) above, in estimating Net Revenues, the Consultant may take into account (1) Revenues from Specified Projects or other Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Revenues which have been approved by the City and will be in effect during the period for which the estimates are provided, and (3) any other increases in Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Operation and Maintenance Expenses of the Airport System, the Consultant shall use such assumptions as the Consultant believes to be reasonable, taking into account: (x) historical Operation and Maintenance Expenses of the Airport System, (y) Operation and Maintenance Expenses of the Airport System associated with the Specified Projects and any other new Airport Facilities, and (z) such other factors, including inflation and changing operations or policies of the City, as the Consultant believes to be appropriate. The Consultant shall include in the certificate or in a separate accompanying report the calculations and assumptions made in determining the estimated Net Revenues and shall also set forth the calculations of Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

For purposes of preparing the certificate or certificates described above, the Consultant or the Authorized City Representative may rely upon financial information provided by the City.

(b) Neither of the certificates described above under subsection (a) shall be required if:

(i) the Bonds being issued are for the purpose of refunding then Outstanding Bonds and there is delivered to the Trustee, instead, a certificate of an Authorized City Representative or a Consultant showing that Maximum Aggregate Annual Debt Service after the issuance of such Refunding Bonds will not exceed Maximum Aggregate Annual Debt Service prior to the issuance of such Refunding Bonds; or

(ii) the Bonds being issued constitute Notes and there is delivered to the Trustee, instead, a certificate prepared by an Authorized City Representative or a Consultant showing that the principal amount of the proposed Notes being issued, together with the principal amount of any Notes then Outstanding, does not exceed 10% of the Net Revenues for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Notes; or

(iii) the Bonds being issued are Completion Bonds and the following written certificates are delivered to the Trustee: (A) a Consultant's certificate stating that the nature and purpose of such Project has not materially changed, and (B) a certificate of an Authorized City Representative to the effect that (1) all of the proceeds (including investment earnings on amounts in the Construction Fund established for the Project) of the original Bonds issued to finance such Project have been or will be used to pay Costs of the Project and (2) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the Construction Fund established for the Project (including unspent proceeds of Bonds previously issued for such purpose).

(c) For purposes of calculating Aggregate Annual Debt Service, the following components of debt service shall be computed as follows:

(i) in determining the amount of principal to be funded in each Fiscal Year, payment shall (unless a different clause of this subsection (c) applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Bonds in accordance with any amortization schedule established by the applicable Supplemental Indenture setting forth the terms of such Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Bonds maturing or scheduled for redemption in such Fiscal Year; in determining the amount of interest to be funded in each Fiscal Year, interest payable at a fixed rate shall (except to the extent clause (ii) or (iii) of this subsection (c) applies) be assumed to be made at such fixed rate and on the required funding dates as provided in the applicable Supplemental Indenture; provided, however, that interest payable on the Bonds shall be excluded to the extent such payments are to be paid from Capitalized Interest for such Fiscal Year;

(ii) if all or any portion or portions of an Outstanding Bonds or any Bonds which are then proposed to be issued constitute Balloon Indebtedness, then, for purposes of determining Aggregate Annual Debt Service, each maturity which constitutes Balloon Indebtedness will, unless clause (iii) of this subsection (c) then applies, be treated as if it were to be amortized over a term of not more than 30 years with substantially level annual debt service payments commencing not later than the year following the year in which such Balloon Indebtedness was, or is to be, issued; the interest rate used for such computation shall be that rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under this Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; and with respect to any Bonds only a portion of which constitutes Balloon Indebtedness, the remaining portion will be treated as described in clause (i) of this subsection (c) or such other provision of this subsection (c) as will be applicable and;

(iii) any maturity of Outstanding Bonds or any Bonds which are proposed to be issued that constitutes Balloon Indebtedness and for which the stated maturity date occurs within 72 months from the date such calculation of Aggregate Annual Debt Service is made, shall be assumed to become due and payable on the stated maturity date unless there is delivered to the entity making the calculation of Aggregate Annual Debt Service a certificate of an Authorized City Representative stating that the City intends to refinance such maturity and stating the probable terms of such refinancing, including the anticipated interest rate (which shall be a rate determined by a Consultant equal to the then current market rate assuming that such maturity were being refinanced on the date of such certificate) and the final maturity date of such refinancing (provided that such refinanced maturity shall be amortized over a term of not more than 30 years from the date of refinancing), and that the debt capacity of the Department of Airports is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Indebtedness shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating Aggregate Annual Debt Service;

(iv) if any Outstanding Bonds or any Bonds which are then proposed to be issued constitute Tender Indebtedness (but excluding Bonds as to which a Qualified Swap is in effect and to which clause (vi) of this subsection (c) applies), then, for purposes of determining Aggregate Annual Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Bonds were to be amortized over a term of not more than 30 years commencing in the year in which such Series is first subject to tender and with substantially level Annual Debt Service payments and extending not later than 30 years from the date such Tender Indebtedness was originally issued; the interest rate used for such computation shall be that rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under this Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; and with respect to all funding requirements of principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender, such payments shall be treated as described in clause (i) of this subsection (c) unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date shall be determined as provided in clause (iv) of this subsection (c);

(v) if any Outstanding Bonds or any Bonds which are then proposed to be issued constitute Variable Rate Indebtedness, including obligations described in clause (vi)(B) of this subsection (c) to the extent it applies (except to the extent clause (ii) of this subsection (c) relating to Balloon Indebtedness or clause (iii) of this subsection (c) relating to Tender Indebtedness or clause (vi)(A) of this subsection (c) relating to Synthetic Fixed Rate Debt applies), the interest rate on such Bonds shall be that rate determined by a Consultant to be a reasonable market rate for variable rate Bonds of a corresponding term and structure issued under this Indenture on the date of such calculation, with credit enhancement (taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes), plus the costs of the credit enhancement;

(vi) debt service on Repayment Obligations, to the extent such obligations constitute Bonds under Section 2.12 hereof, shall be calculated as provided in Section 2.12 hereof;

(vii) (A) for purposes of computing the Aggregate Annual Debt Service of Bonds which constitute Synthetic Fixed Rate Debt, the interest rate on such Bonds shall be that rate as provided for by the terms of the Swap;

(B) for purposes of computing the Aggregate Annual Debt Service of Bonds with respect to which a Swap has been entered into whereby the City has agreed to pay the floating variable rate thereunder, no fixed interest rate amounts payable on the Bonds to which such Swap pertains shall be included in the calculation of Aggregate Annual Debt Service, and the interest rate with respect to such Bonds shall be the sum of that rate as determined in accordance with clause (iv) of this subsection (c) relating to Variable Rate Indebtedness plus the difference between the interest rate on the Designated Debt and the rate received from the Swap Provider; and

(viii) with respect to Commercial Paper, the principal and interest thereon shall be calculated as if the entire maximum principal amount of such Commercial Paper authorized by a resolution or a Supplemental Indenture were to be amortized over a term of 30 years commencing in the year in which such program authorizing Commercial Paper is implemented and with substantially level Annual Debt Service payments; the interest rate used for such computation shall be that rate determined by a Consultant to be a reasonable market rate for fixed rate Bonds of a corresponding term issued under this Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes.

When calculating Aggregate Annual Debt Service for purposes of this subsection (c), Aggregate Annual Debt Service shall be reduced by the amount of principal and/or interest paid or to be paid with Capitalized Interest, Passenger Facility Charges Available for Debt Service and/or Pledged Passenger Facility Charges.

Section 2.12. Repayment Obligations Afforded Status of Bonds. If a Credit Provider or Liquidity Provider makes payment of principal of and interest on a Bond or advances funds to purchase or provide for the purchase of Bonds and is entitled to reimbursement thereof, pursuant to a separate written agreement with the City, but is not reimbursed, the City's Repayment Obligation, or portion thereof, under such written agreement may, if so provided in the written

agreement, be afforded the status of a Bond issued under this Article II, and, if afforded such status, the Credit Provider or Liquidity Provider shall be the Bondholder and such Bond shall be deemed to have been issued at the time of the original Bond for which the Credit Facility or Liquidity Facility was provided and will not be subject to the provisions of Sections 2.09 through 2.11 hereof; provided, however, for purposes of Section 2.11(c)(vi) hereof, notwithstanding the stated terms of the Repayment Obligation, the payment terms of the Bond held by the Credit Provider or Liquidity Provider hereunder shall be as follows (unless otherwise provided in the written agreement with the City or a Supplemental Indenture pursuant to which the Bonds are issued): (a) interest shall be due and payable semiannually and (b) principal shall be due and payable not less frequently than annually and in such annual amounts as to amortize the principal amount thereof in (i) 30 years or, if shorter, (ii)(A) a term extending to the maturity date of the enhanced Bonds or (B) if longer, the final maturity of the Repayment Obligation under the written agreement, and providing substantially level Annual Debt Service payments. The principal amortized as described in the prior sentence shall bear interest in accordance with the terms of the Repayment Obligation. The City may provide that any amount which comes due on the Repayment Obligation by its terms and which is in excess of the amount treated as principal of and interest on a Bond may be treated as a Subordinate Obligation of the City or payable from amounts on deposit in the Rolling Coverage Account. This provision shall not defeat or alter the rights of subrogation which any Credit Provider or Liquidity Provider may have under law or under the terms of any Supplemental Indenture. The Trustee may conclusively rely on a written certification by the Credit Provider or Liquidity Provider of the amount of such non-reimbursement and that such Repayment Obligation is to be afforded the status of a Bond under this Indenture.

Section 2.13. Obligations Under Qualified Swap.

(a) The obligation of the City to make Regularly Scheduled Swap Payments under a Qualified Swap with respect to a Series of Bonds may be on a parity with the obligation of the City to make payments with respect to such Series of Bonds and other Bonds under this Indenture, except as otherwise provided herein or in a Supplemental Indenture. The City may provide in any Supplemental Indenture that Regularly Scheduled Swap Payments under a Qualified Swap shall be secured by a pledge of or lien on Net Revenues on a parity with the Bonds of such Series and all other Bonds, regardless of the principal amount, if any, of the Bonds of such Series remaining Outstanding. The Trustee shall take all action consistent with the other provisions hereof as shall be requested in writing by the Qualified Swap Provider necessary to preserve and protect such pledge, lien and assignment and to enforce the obligations of the City with respect thereto. In the event the action requested to be taken pursuant to the preceding sentence shall require the Trustee either to exercise the remedies granted in this Indenture or to institute any action, suit or proceeding in its own name, the Qualified Swap Provider shall provide to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred in connection therewith.

(b) In the event that a Swap Termination Payment or any other amounts other than as described in clause (a) above are due and payable by the City under a Qualified Swap, such Swap Termination Payment and any such other amounts shall constitute a Subordinate Obligation hereunder.

ARTICLE III

REDEMPTION OF BONDS

Bonds may be subject to redemption either in whole or in part and at such times, prices and in such order and under such terms as may be provided by the Supplemental Indenture providing for the issuance of such Bonds. The City may provide for the redemption of Bonds from any funds available to the City and not obligated for other purposes.

In connection with the partial early redemption of any Term Bonds of a Series, the City may, in any Supplemental Indenture, provide that the principal amount of Bonds of such Series being redeemed shall be allocated against its scheduled sinking fund redemption and modify its scheduled sinking fund installments payable thereafter as to the Outstanding Term Bonds of such Series in any manner the City may determine. The City may provide in any Supplemental Indenture that, prior to notice of redemption for any Bonds of a Series, moneys in the Debt Service Fund, the Common Debt Service Reserve Fund, and any Series Debt Service Reserve Fund relating to such Series of Bonds may be applied at the direction of the City to the purchase of Bonds of such Series and, if any such purchased Bonds are Term Bonds, the City may allocate the principal amount of Bonds of such Series being redeemed against its scheduled sinking fund redemption for such Bonds and may modify its scheduled sinking fund installment payments thereafter payable with respect to Bonds of such Series in any manner the City may determine.

ARTICLE IV

REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Bonds Secured by a Pledge and Lien on Net Revenues. Bonds authorized and issued under the provisions of this Indenture shall be secured as provided in the Granting Clauses of this Indenture and the granting clause(s) set forth in any Supplemental Indenture. The City hereby represents and states that it has not previously created any charge or lien on or any security interest in the Revenues or the Net Revenues and the City covenants that, until all the Bonds authorized and issued under the provisions of this Indenture and the interest thereon shall have been paid or are deemed to have been paid, it will not, except as otherwise provided under this Indenture, grant any prior or parity pledge of or any security interest in the Net Revenues or any other security which is pledged pursuant to the Granting Clauses of this Indenture, or create or permit to be created any charge or lien thereon or any security interest therein ranking prior to or on a parity with the charge or lien of the Bonds from time to time Outstanding under this Indenture. The City may, as provided in and as limited by Section 5.06 hereof, grant a lien on or security interest in the Revenues remaining after the deposits to the Funds, Accounts and Subaccounts set forth in Section 4.03(b)(i) through (iii) hereof to secure Subordinate Obligations.

Section 4.02. Perfection of Security Interest.

(a) This Indenture creates a valid and binding pledge and assignment of and security interest in all of the Net Revenues pledged under this Indenture in favor of the

Trustee as security for payment of the Bonds, enforceable by the Trustee in accordance with the terms thereof.

(b) Under the laws of the State, such pledge and assignment and security interest is automatically perfected by Section 11-14-501, Utah Code Annotated 1953, as amended, on and as of the effective date of this Indenture, and is and shall have priority as against all parties having claims of any kind in tort, contract, or otherwise against the City with respect to the Net Revenues.

Section 4.03. Receipt, Deposit and Use of Revenues—Revenue Account.

(a) The City hereby covenants and agrees to hold and maintain the Revenue Fund. The City hereby covenants and agrees to establish, hold and maintain an Account designated as the “Revenue Account” within the Revenue Fund. The City hereby further covenants and agrees that, as long as there are any Bonds Outstanding, all Revenues, when and as received, shall be deposited by the City in the Revenue Account.

(b) All Revenues in the Revenue Account shall be set aside for the payment of the following amounts or deposited or transferred to the following Funds, Accounts and Subaccounts in the following order of priority:

(i) *First - Operation and Maintenance Subaccount*. On or prior to the third (3^{rd}) Business Day of each month, the City shall deposit Revenues to the Operation and Maintenance Subaccount in an amount equal to one-twelfth ($1/12^{th}$) of the estimated Operation and Maintenance Expenses of the Airport System for the then current Fiscal Year as set forth in the budget of the City for such Fiscal Year as finally approved by the City. In the event that the balance in the Operation and Maintenance Subaccount at any time is insufficient to make any required payments therefrom due and payable between the third (3^{rd}) Business Day of the then current month and the second (2^{nd}) Business Day of the immediately succeeding month, additional Revenues at least sufficient to make such payments shall immediately be deposited in the Operation and Maintenance Subaccount from the Revenue Account.

(ii) *Second - Debt Service Funds*. A sufficient amount of Revenues shall be transferred by the City, without priority and on an equal basis, except as to timing of payment, to the Trustee for deposit to the Debt Service Funds in the amounts, at the times and in the manner provided in Section 4.05 hereof to provide for the payment of principal and interest to become due on the Outstanding Bonds.

In addition to the deposit of Revenues to the Debt Service Funds, the City shall deposit any applicable Pledged Passenger Facility Charges and/or Passenger Facility Charges Available for Debt Service with the Trustee for deposit to the applicable Debt Service Fund(s) in accordance with the provisions of the applicable Supplemental Indenture and/or the applicable certificate described in Section 4.15 hereof.

(iii) *Third - Common Debt Service Reserve Fund and Series Debt Service Reserve Funds*. On or prior to the third (3^{rd}) Business Day of each month, a sufficient amount of Revenues shall be transferred by the City, without priority and on an equal basis, to the Trustee for deposit to the Common Debt Service Reserve Fund at the times and in the amounts provided in Sections 4.06 hereof, and to any Series Debt Service Reserve Fund at the times and in the amounts set forth in the Supplemental Indenture pursuant to which such Series Debt Service Reserve Fund is created.

(iv) *Fourth - Subordinate Obligation Debt Service*. On or prior to the third (3^{rd}) Business Day of each month, a sufficient amount of Revenues shall be transferred by the City to the Subordinate Obligation Trustee, in such amounts and at such times (as specified by the City), as shall be necessary to make all payments and deposits required to be made during the following month on all Subordinate Obligations.

(v) *Fifth - Subordinate Obligation Debt Service Reserve Funds*. On or prior to the third (3^{rd}) Business Day of each month, a sufficient amount of Revenues shall be transferred or caused to be transferred by the City to the Subordinate Obligation Trustee (in such amounts and at such times as specified in the Subordinate Obligation Trust Indenture) to fund any deficiency in any debt service reserve fund established by or for the benefit of the City in connection with any Subordinate Obligations issued pursuant to the terms of a Subordinate Obligation Trust Indenture, provided, however, no Revenues shall be transferred by the City to the Subordinate Obligation Trustee for deposit to any debt service reserve fund established by or for the benefit of the City in connection with any Subordinate Obligations if amounts (including any Debt Service Reserve Fund Surety Policy) in the Common Debt Service Reserve Fund are not sufficient to meet the Reserve Requirement or amounts (including any Debt Service Reserve Fund Surety Policy) in any Series Debt Service Reserve Fund are not sufficient to meet the applicable Reserve Requirement for such Series Debt Service Reserve Fund.

(vi) *Sixth - Operation and Maintenance Reserve Subaccount*. On or prior to the third (3^{rd}) Business Day of each month, sufficient Revenues shall be deposited to the Operation and Maintenance Reserve Subaccount to fund any deficiency in the Operation and Maintenance Reserve Subaccount in accordance with Section 4.07 hereof.

(vii) *Seventh - Renewal and Replacement Subaccount*. On or prior to the third (3^{rd}) Business Day of each month, sufficient Revenues shall be deposited to the Renewal and Replacement Subaccount to fund any deficiency in the Renewal and Replacement Subaccount in accordance with Section 4.08 hereof.

(viii) *Eighth - Rolling Coverage Account*. On or prior to the third (3^{rd}) Business Day of each month, at the discretion of the City, Revenues may be deposited to the Rolling Coverage Account in an amount determined by the City to fund the Rolling Coverage Account in accordance with Section 4.09 hereof.

(ix) *Ninth - Surplus Fund*. After all deposits and payments have been made as described in clauses (i) through (viii) above, the City, may from time to time, at its discretion, deposit all or a portion of the remaining Revenues in the Revenue Account to the Surplus Fund and apply such Revenues to the purposes set forth in Section 4.10 hereof.

(c) The City reserves the right to make modifications to the application of the funds as provided in subsections (b)(vi) through (b)(viii) above and to create additional funds and accounts to be inserted below subsection (b)(v) above. The City covenants that no such modifications will violate the provisions and order of payment set forth in subsections (b)(i) through (b)(v) above or the provisions of any other contracts or agreements of the City or any legal requirements otherwise applicable to the use of such moneys.

Section 4.04. Operation and Maintenance Subaccount. The City shall create and maintain, within the Revenue Account, a special Subaccount to be designated as the "Operation and Maintenance Subaccount." All amounts in the Operation and Maintenance Subaccount shall be used and applied by the City to pay Operation and Maintenance Expenses of the Airport System as the same may become due. Moneys in the Operation and Maintenance Subaccount do not constitute Net Revenues and are not pledged to the payment of, nor shall they be applied to pay, the principal of and/or interest on the Bonds. Amounts on deposit in the Operation and Maintenance Subaccount may be invested in Permitted Investments and earnings on such amounts shall be retained in the Operation and Maintenance Subaccount and used to pay Operation and Maintenance Expenses of the Airport System.

Section 4.05. Debt Service Funds. At the time of issuance of each Series of Bonds, the City shall create or shall cause to be created a Debt Service Fund for such Series, which Debt Service Fund shall be held and maintained by the Trustee or any agent of the Trustee, and amounts to be used to pay the principal and redemption price, if any, of and interest on such Series, as received by the Trustee or its agent, shall be deposited therein and used for such purpose. Accounts and Subaccounts shall be created in the various Debt Service Funds and shall be held and maintained by the Trustee or such agents as shall be provided in a Supplemental Indenture.

The moneys in the Debt Service Funds shall be held in trust and applied as provided in the Supplemental Indenture with regard to each such Fund, and pending such application on the applicable Payment Date, such amounts shall be subject to a lien on and security interest in favor of the holders of the Bonds issued and Outstanding under this Indenture.

The Trustee shall, at least fifteen (15) Business Days prior to each Payment Date on any Bond, give the City notice by telephone, promptly confirmed in writing, of the amount, if any, (after taking into account any Capitalized Interest, Pledged Passenger Facility Charges, Passenger Facility Charges Available for Debt Service and other amounts on deposit in the Debt Service Fund) required to be deposited with the Trustee to make each required payment of principal and interest due on such Payment Date. With respect to any Series of Bonds, the Supplemental Indenture under which such Bonds are issued may provide for different times and methods of notifying the City of Payment Dates and amounts to accommodate the specific provisions of such Series and, in such event, the terms of such Supplemental Indenture shall control.

Except as otherwise provided in a Supplemental Indenture, so long as any Bonds are Outstanding, not later than the third (3rd) Business Day of each month, the City shall pay to the Trustee (a) Revenues to be withdrawn from the Revenue Account, (b) Pledged Passenger Facility Charges, if any, and/or (c) Passenger Facility Charges Available for Debt Service, if any, in an aggregate amount equal to: (i) one-sixth (1/6) of the full amount required to pay the interest on each Series of Outstanding Bonds, as it becomes due, so that at least the full amount of interest on each such Series of Outstanding Bonds shall be set aside in the applicable Debt Service Fund by not later than the fifteenth (15th) day of the month prior to the date each installment of interest becomes due; (ii) one-twelfth (1/12) of the full amount required to pay, as it becomes due at maturity, the Principal Amount of each Series of Outstanding Bonds, so that at least the full amount of the Principal Amount of each such Series of Outstanding Bonds shall be set aside in the applicable Debt Service Fund by not later than the fifteenth (15th) day of the month prior to the date such Principal Amount becomes due; and (iii) one-twelfth (1/12) of the full amount required to pay, as it becomes due, the sinking fund installment payment, if any, due with respect each Series of Outstanding Term Bonds, so that at least the full amount of the sinking fund installment payment of each such Series of Outstanding Term Bonds shall be set aside in the applicable Debt Service Fund by not later than the fifteenth (15th) day of the month prior to the date such sinking fund installment payment becomes due.

No such transfer need be made in respect of any Series of Outstanding Bonds prior to the actual delivery of that Series of Outstanding Bonds to the purchasers thereof; provided, however, that notwithstanding the previous paragraph, if the first interest payment date for a Series of Bonds occurs less than six months after the issuance of such Series of Bonds, the City shall pay to the Trustee (a) Revenues to be withdrawn from the Revenue Account, (b) Pledged Passenger Facility Charges, if any, and/or (c) Passenger Facility Charges Available for Debt Service, if any, for deposit in the Debt Service Fund established for that Series of Bonds, equal monthly sums at least sufficient together with other transfers required to be made, commencing not later than the third (3rd) Business Day of the month immediately succeeding the issuance of such Series of Bonds, so that interest due on such Series of Bonds on the first interest payment date to occur after the issuance of such Series Bonds shall be fully funded when the first installment of interest is due on such Series of Bonds, and, if the first principal payment or sinking fund installment of such Series of Bonds is due less than twelve months after the issuance of such Series of Bonds, the City shall pay to the Trustee (a) Revenues to be withdrawn from the Revenue Account, (b) Pledged Passenger Facility Charges, if any, and/or (c) Passenger Facility Charges Available for Debt Service, if any, for deposit in the Debt Service Fund established for that Series of Bonds, equal monthly sums at least sufficient together with other transfers required to be made, commencing not later than the third (3rd) Business Day of the month immediately succeeding the issuance of such Series of Bonds, so that principal or sinking fund installments of such Series of Bonds due on the first principal payment date to occur after the issuance of such Series of Bonds shall be fully funded when the first principal payment or sinking fund installment is due on such Series of Bonds.

Notwithstanding any of the foregoing provisions of the previous two paragraphs, the City shall not be required to pay to the Trustee, for deposit to the Debt Service Fund(s) for each Series of Outstanding Bonds (a) Revenues from the Revenue Account, (b) Pledged Passenger Facility Charges, if any, and/or (c) Passenger Facility Charges Available for Debt Service, if any, for the payment of principal or sinking fund installments or interest, respectively, if the amount already on deposit in such Debt Service Fund(s) and available for such purpose is sufficient to pay in full the amount of principal or sinking fund installment and/or interest, respectively, coming due on such Bonds on the next succeeding Payment Date.

On any day on which the Trustee receives funds from the City to be used to pay principal of or interest on Bonds, the Trustee shall, if the amount received is fully sufficient to pay all amounts of principal and interest then due or becoming due on the next Payment Date, deposit such amounts into the respective Debt Service Funds for the Series of Bonds for which such payments were made and any excess shall be applied to pay all amounts of principal and interest becoming due on any subsequent Payment Dates. If, on any Payment Date, the Trustee does not have sufficient amounts in the Debt Service Funds (without regard to any amounts which may be available from the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund, as applicable) to pay in full all amounts of principal and/or interest due on such date, the Trustee shall allocate the total amount which is available to make payment on such day (without regard to any amounts in the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund, as applicable) as follows: first to the payment of interest then due on the Bonds and, if the amount available shall not be sufficient to pay in full all interest on the Bonds then due, then pro rata among the Series according to the amount of interest then due, and second to the payment of principal then due on the Bonds and, if the amount available shall not be sufficient to pay in full all principal on the Bonds then due, then pro rata among the Series according to the Principal Amount then due on the Bonds.

Notwithstanding the foregoing, the City may, in the Supplemental Indenture authorizing such Series of Bonds, provide for different provisions and timing of deposits with the Trustee and different methods of paying principal of or interest on such Bonds depending upon the terms of such Bonds and may provide for payment through a Credit Facility with reimbursement to the Credit Provider from the respective Debt Service Fund created for the Series of Bonds for which such Credit Facility is provided. The City may provide in any Supplemental Indenture that, as to any Series of Bonds Outstanding, any amounts required to be transferred to and paid into a Debt Service Fund may be prepaid, in whole or in part, by being earlier transferred to and paid into that Debt Service Fund, and in that event any subsequently scheduled monthly transfer, or any part thereof, which has been so prepaid need not be made at the time appointed therefor.

On each Payment Date for any Outstanding Bonds, the Trustee shall pay to the Owners of the Bonds of a given Series from the appropriate Debt Service Fund or Debt Service Funds, an amount equal to the principal and/or interest becoming due on such Series of Bonds.

The payments made by the Trustee in this Section shall be made solely to the extent that moneys are on deposit in the appropriate Debt Service Fund.

If Revenues, Pledged Passenger Facility Charges, if any, and/or Passenger Facility Charges Available for Debt Service, if any, are at any time insufficient to make the required deposits to the Debt Service Funds to make payments on the Bonds, the City may, at its election, pay to the Trustee funds from any available sources with the direction that such funds be deposited into the Debt Service Funds or into a specified Account or Accounts or Subaccount or Subaccounts therein.

Section 4.06. Common Debt Service Reserve Fund and Series Debt Service Reserve Funds.

(a) The City shall create or shall cause to be created the Common Debt Service Reserve Fund, which Common Debt Service Reserve Fund shall be held and maintained by the Trustee or any agent of the Trustee. The Common Debt Service Reserve Fund shall secure each Series of Bonds that the City elects, pursuant to a Supplemental Indenture, to have participate in the Common Debt Service Reserve Fund. The City reserves the right, in its discretion, (i) to allow any Series of Bonds to participate in the Common Debt Service Reserve Fund, or (ii) to create, pursuant to Supplemental Indentures, separate Series Debt Service Reserve Funds and allow one or more Series of Bonds to participate in such Series Debt Service Reserve Funds, or (iii) to provide that a Series of Bonds not participate in the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund. Any Series Debt Service Reserve Fund established under a Supplemental Indenture shall be funded in an amount equal to the applicable Reserve Requirement set forth in such Supplemental Indenture. Additionally, such Supplemental Indenture shall provide for the manner of funding and replenishing of such Series Debt Service Reserve Fund and establish such other terms with respect to such Series Debt Service Reserve Fund as the City may deem to be appropriate, including providing a Debt Service Reserve Fund Surety Policy in lieu thereof.

(b) (i) Except as otherwise provided herein, with respect to Bonds participating in the Common Debt Service Reserve Fund, each Supplemental Indenture providing for the issuance such Bonds shall require as a condition of issuance that at the time of issuance of such Bonds an amount be deposited in the Common Debt Service Reserve Fund so that, together with any Debt Service Reserve Fund Surety Policy provided pursuant to clause (c) below, the amount on deposit in the Common Debt Service Reserve Fund will be equal to the Reserve Requirement for the Common Debt Service Reserve Fund. Any cash to be deposited in the Common Debt Service Reserve Fund may be derived from proceeds of Bonds or any other legally available source of funds. In the event that federal tax law in the opinion of Bond Counsel would prohibit the Reserve Requirement with respect to the Common Debt Service Reserve Fund or any portion thereof from being satisfied with proceeds of any issue of tax-exempt Bonds, the City shall be permitted to satisfy the portion of the Reserve Requirement for the Common Debt Service Reserve Fund not permitted to be funded with tax-exempt Bond proceeds with Revenues as described in Section 4.03(b)(iii) hereof, to the extent permissible under federal tax laws, in equal monthly installments within sixty (60) months from the date of issuance of said Series of Bonds.

(ii) Moneys held in the Common Debt Service Reserve Fund shall be used for the purpose of paying principal of and interest on the Bonds participating in the Common Debt Service Reserve Fund on a basis *pari passu* with all Bonds then participating in the Common Debt Service Reserve Fund. If, on any Payment Date for Bonds participating in the Common Debt Service Reserve Fund, the amounts in the Debt Service Funds for such Bonds are insufficient to pay in full the amount then due on such Bonds, moneys held in the Common Debt Service Reserve Fund shall be used for the payment of the principal of and/or interest thereon as provided in Section 4.05 hereof. If amounts in the Common Debt Service Reserve Fund consist of both cash and one or more Debt Service Reserve Fund Surety Policies, the Trustee shall make any required payments of amounts in the Common Debt Service Reserve Fund first from any cash on deposit in the Common Debt Service Reserve Fund, prior to making a draw upon any of such Debt Service Reserve Fund Surety Policy. Moneys held in the Common Debt Service Reserve Fund also may be used to make any deposit required to be made to the Rebate Fund created for the Bonds participating in the Common Debt Service Reserve Fund at the written direction of the City if the City does not have other funds available from which such deposit can be made.

(iii) Subject to the provisions of subsection (b)(i) above, the Trustee shall annually, prior to March 1 of each year and at such other times as the City shall request, value the Common Debt Service Reserve Fund on the basis of the cost thereof, plus accrued interest, adjusted for any amortization of premium or discount on the investment thereof. For purposes of determining the amount on deposit in the Common Debt Service Reserve Fund, any Debt Service Reserve Fund Surety Policy held by, or the benefit of which is available to, the Trustee as security for the Bonds participating in the Common Debt Service Reserve Fund shall be deemed to be a deposit in the face amount of such Debt Service Reserve Fund Surety Policy or the stated amount of such Debt Service Reserve Fund Surety Policy provided, except that, if the amount available under a Debt Service Reserve Fund Surety Policy has been reduced as a result of a payment having been made thereunder or as a result of the termination, cancellation or failure of such Debt Service Reserve Fund Surety Policy and not reinstated or another Debt Service Reserve Fund Surety Policy provided, then, in valuing the Common Debt Service Reserve Fund, the value of such Debt Service Reserve Fund Surety Policy shall be reduced accordingly. Upon each such valuation, the Trustee shall prepare a written certificate setting forth the Reserve Requirement with respect to the Common Debt Service Reserve Fund as of such valuation date and the value of the Common Debt Service Reserve Fund and deliver a copy thereof to the Director of Finance and Accounting. If, upon any valuation of the Common Debt Service Reserve Fund, the value of the Common Debt Service Reserve Fund exceeds the Reserve Requirement with respect to the Common Debt Service Reserve Fund, the excess amount may be withdrawn and paid to the City to be used for any lawful purpose; provided that, if such amounts are used for a purpose other than payment of the principal of Bonds participating in the Common Debt Service Reserve Fund, there shall be delivered to the Trustee with the request for such funds an Opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used by the City and that such use shall not result in the inclusion of interest on any tax-exempt Bonds in gross income of the recipient thereof for federal income tax purposes. If, upon any valuation of the Common Debt Service Reserve Fund, the value is less than the Reserve Requirement with respect to the Common Debt Service Reserve Fund, the City shall replenish such amounts within thirty-six (36) months after the date of such valuation, in accordance with subsection (f) below.

(c) A Debt Service Reserve Fund Surety Policy shall be acceptable in lieu of a deposit of cash or securities into the Common Debt Service Reserve Fund, or may be substituted for amounts on deposit in the Common Debt Service Reserve Fund, only if at the time of such deposit (i) such Debt Service Reserve Fund Surety Policy extends to the maturity of the Series of Bonds of the longest maturity then Outstanding and participating in the Common Debt Service Reserve Fund, or the City has agreed, pursuant to a Supplemental Indenture, that the City will replace such Debt Service Reserve Fund Surety Policy prior to its expiration with another Debt Service Reserve Fund Surety Policy which shall have no adverse effect on the ratings, if any, then in effect on the Bonds participating in the Common Debt Service Reserve Fund, or with cash, and (ii) the face amount of the Debt Service Reserve Fund Surety Policy, together with amounts on deposit in the Common Debt Service Reserve Fund, including the face amount of any other Debt Service Reserve Fund Surety Policy, is at least equal to the Reserve Requirement with respect to the Common Debt Service Reserve Fund.

(d) Moneys in the Common Debt Service Reserve Fund shall be invested and reinvested by the Trustee at the written direction of the Authorized City Representative in Permitted Investments. Investments in the Common Debt Service Reserve Fund shall not have maturities which extend beyond five years. Earnings on the Common Debt Service Reserve Fund shall be paid pro rata to the Debt Service Funds for the Bonds participating in the Common Debt Service Reserve Fund to be applied as a credit against the City's obligation to make its next interest payments unless an amount has been withdrawn from the Common Debt Service Reserve Fund as a result of a deficiency in the Debt Service Funds and such withdrawal has not been repaid or, as of the most recent valuation of the Common Debt Service Reserve Fund, the amount therein was valued at less than the Reserve Requirement with respect to the Common Debt Service Reserve Fund and the deficiency has not yet been restored, in either of which events the earnings shall be retained in the Common Debt Service Reserve Fund until the deficiency therein has been eliminated.

(e) All money remaining in the Common Debt Service Reserve Fund on the final Payment Date of the Bonds participating in the Common Debt Service Reserve Fund in excess of the amount required to make provisions for the payment in full of the interest and/or the principal of the Bonds of all Outstanding Series participating in the Common Debt Service Reserve Fund shall be transferred to the City for deposit in the Revenue Account.

(f) If the Common Debt Service Reserve Fund or a separately created Series Debt Service Reserve Fund (or Debt Service Reserve Fund Surety Policy provided in lieu

thereof) have been used to make payments on Bonds secured thereby, then the City may be required to replenish the Common Debt Service Reserve Fund and such Series Debt Service Reserve Fund or reimburse the Credit Provider from Net Revenues as provided in Section 4.03(b)(iii) hereof, the full amount so withdrawn, together with interest, if any, required under the terms of the Debt Service Reserve Fund Surety Policy, or so much as shall be required to restore the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund to the Reserve Requirement with respect to the Common Debt Service Reserve Fund or such Series Debt Service Reserve Fund and to pay such interest, if any provided that (i) no amount from Revenues may be used for such purpose until all payments of principal of and/or interest on all Bonds which have become due and payable shall have been paid in full, (ii) the required payments to replenish the Common Debt Service Reserve Fund or any such Series Debt Service Reserve Fund or reimburse the Credit Provider shall be due in no more than thirty-six (36) substantially equal monthly installments commencing in the month following any such withdrawal, and (iii) if the aggregate amount of payments due on any date to replenish the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund exceeds the amount available for such purpose, the payments made to the Trustee for such purpose shall be allocated among the Common Debt Service Reserve Fund and any Series Debt Service Reserve Funds pro rata on the basis of the Outstanding Principal Amount of Bond secured thereby. If such repayment is with respect to a draw under a Debt Service Reserve Fund Surety Policy, the Trustee shall pay to the provider of such Debt Service Reserve Fund Surety Policy the amount received by the Trustee from the City which is designated to be used to reimburse the provider of such Debt Service Reserve Fund Surety Policy. The Trustee shall immediately notify the paying agent for the Debt Service Reserve Fund Surety Policy, if any, of such reimbursement, and the amount available to be drawn under the Debt Service Reserve Fund Surety Policy shall increase by the amount of such reimbursement.

Section 4.07. Operation and Maintenance Reserve Subaccount. The City shall create, hold and maintain, within the Revenue Account, a special Subaccount to be designated as the "Operation and Maintenance Reserve Subaccount." Upon adoption of the annual budget of the City for Operation and Maintenance Expenses of the Airport System, the City shall calculate the Operation and Maintenance Reserve Subaccount Requirement. To the extent amounts on deposit in the Operation and Maintenance Reserve Subaccount exceed the Operation and Maintenance Reserve Subaccount Requirement on the date of any such calculation, the City may transfer such excess to the Revenue Account. Except in the case of a Force Majeure Event, to the extent amounts on deposit in the Operation and Maintenance Reserve Subaccount on the date of any such calculation are less than the Operation and Maintenance Reserve Subaccount Requirement, the City shall deposit monthly in the Operation and Maintenance Reserve Subaccount an amount equal to one-twelfth ($1/12^{th}$) of the difference between the amount on deposit in the Operation and Maintenance Reserve Subaccount and the Operation and Maintenance Reserve Subaccount Requirement. The City shall deposit such additional amount monthly into the Operation and Maintenance Reserve Subaccount until the balance in the Subaccount is at least equal to the Operation and Maintenance Reserve Subaccount Requirement.

In the event of any withdrawal from the Operation and Maintenance Reserve Subaccount, other than a withdrawal of excess deposits as permitted pursuant to the immediately preceding paragraph and except in the case of a Force Majeure Event, the City shall deposit monthly in the Operation and Maintenance Reserve Subaccount an amount equal to one-twelfth ($1/12^{th}$) of the aggregate amount of such withdrawal until the balance in the Operation and Maintenance Reserve Subaccount is at least equal to the Operation and Maintenance Reserve Subaccount Requirement.

All amounts in the Operation and Maintenance Reserve Subaccount shall be used and applied by the City (a) to pay Operation and Maintenance Expenses of the Airport System, (b) to make any required payments or deposits to pay or secure the payment of the principal of and/or interest on the Bonds, and (c) to pay the costs of any additions, improvements, repairs, renewals or replacements to the Airport System, in each case only if and to the extent that moneys otherwise available to make such payments or deposits are insufficient.

Section 4.08. Renewal and Replacement Subaccount. The City shall create, hold and maintain, within the Revenue Account, a special Subaccount to be designated as the "Renewal and Replacement Subaccount." The City shall fund the Renewal and Replacement Subaccount in an amount equal to the Renewal and Replacement Subaccount Requirement. To the extent amounts on deposit in the Renewal and Replacement Subaccount on the date of any calculation are less than the Renewal and Replacement Subaccount Requirement, the City shall deposit monthly in the Renewal and Replacement Subaccount an amount equal to one-twelfth ($1/12^{th}$) of the aggregate amount of any such deficiency until the balance in the Renewal and Replacement Subaccount is at least equal to the Renewal and Replacement Subaccount Requirement.

All amounts in the Renewal and Replacement Subaccount shall be used and applied by the City (a) to pay the costs of any extraordinary repairs, renewals or replacements to the Airport System, and (b) to make any required payments or deposits to pay or secure the payment of the principal of and/or interest on the Bonds, in each case only if and to the extent that moneys otherwise available to make such payments or deposits are insufficient.

Section 4.09. Rolling Coverage Account. The City may create, hold and maintain, within the Revenue Fund, a special Account to be designated as the "Rolling Coverage Account." If such Account is created, the City may fund the Rolling Coverage Account in an amount to be determined by the City but not in excess of the limitations set forth in the definition of Rolling Coverage Amount. Moneys deposited in the Rolling Coverage Account shall be applied upon the direction of an Authorized City Representative to (a) pay Operation and Maintenance Expenses of the Airport System, (b) make any required payments or deposits to pay or secure the payment of the principal and/or interest on the Bonds and Subordinate Obligations, and (c) pay the cost of any additions, improvements, repairs, renewals or replacements to the Airport System, in each case only if and to the extent that moneys otherwise available to make such payments or deposits are insufficient therefor.

Section 4.10. Surplus Fund. The City hereby covenants and agrees to, create, hold and maintain the Surplus Fund. Moneys deposited to the Surplus Fund shall be used for any lawful purpose of the Department of Airports, but only to the extent any such purposes relate to the Airport System.

Section 4.11. Construction Funds. Proceeds of each Series of Bonds which are to be used to pay the Costs of a Project shall be deposited into a Fund (each, respectively, a "***Construction Fund***") to be created by the City for such Series of Bonds and held and maintained either by the City or the Trustee or part by the City and part by the Trustee, all as provided by this Indenture or a Supplemental Indenture. All moneys in each Construction Fund shall be held and disbursed as provided in the Supplemental Indenture under which such Fund was created. Notwithstanding this provision, no Construction Fund shall be required for a given Series of Bonds if all of the proceeds thereof (except those deposited into the Common Debt Service Reserve Fund or a Series Debt Service Reserve Fund or a Debt Service Fund) are spent at the time of issuance of such Series or are used to refund and/or defease Bonds or otherwise the City determines that there is no need to create a Construction Fund for such Series.

Section 4.12. Additional Funds, Accounts and Subaccounts. In addition to the Funds, Accounts and Subaccounts described in this Article, the City may, pursuant to a Supplemental Indenture, create additional Funds, Accounts and Subaccounts for such purposes as the City deems appropriate, including separate Funds, Accounts and Subaccounts available only for specified Bonds or Series of Bonds. Specifically, the City agrees to create within the Revenue Fund, separate Funds, Accounts or Subaccounts for the deposit of Customer Facility Charges and Passenger Facility Charges.

Section 4.13. Moneys Held in Trust for Matured Bonds; Unclaimed Moneys. All moneys which shall have been withdrawn from a Debt Service Fund and set aside or deposited with a Paying Agent for the purpose of paying any of the Bonds, either at the maturity thereof or upon call for redemption, or which are set aside by the Trustee for such purposes and for which Bonds the maturity date or redemption date shall have occurred, shall be held in trust for the respective holders of such Bonds. But any moneys which shall be so set aside or deposited and which shall remain unclaimed by the holders of such Bonds for a period of one (1) year after the date on which such Bonds shall have become due and payable (or such longer period as shall be required by State law) shall be paid to the City, and thereafter the holders of such Bonds shall look only to the City for payment and the City shall be obligated to make such payment, but only to the extent of the amounts so received without any interest thereon, and neither the Trustee nor any Paying Agent shall have any responsibility with respect to any of such moneys. The City hereby recognizes that while any Bonds are Outstanding in book-entry only form there should be no unclaimed moneys.

Section 4.14. Additional Security. The pledge of Net Revenues and the other security provided in the Granting Clauses hereof, secures all Bonds issued under the terms of this Indenture on an equal and ratable basis, except as to the timing of such payments. The City may, however, in its discretion, provide additional security or credit enhancement for specified Bonds or Series of Bonds with no obligation to provide such additional security or credit enhancement to other Bonds.

Section 4.15. Passenger Facility Charges Available for Debt Service. The City may for any period elect to designate any available Passenger Facility Charges as "Passenger Facility Charges Available for Debt Service" by filing with the Trustee a certificate signed by an Authorized City Representative that includes (a) a representation by the City that such Passenger Facility Charges, when received by the City, may be validly designated as and included in

"Passenger Facility Charges Available for Debt Service" under the Indenture and are legally available to pay the principal of, premium, if any, and interest on all or a portion of the Bonds, (b) the amount of Passenger Facility Charges that are being designated as and included in "Passenger Facility Charges Available for Debt Service," (c) the Debt Service Fund(s) such Passenger Facility Charges Available for Debt Service are to be deposited to, and (d) the time period during which such Passenger Facility Charges will be designated as and included in "Passenger Facility Charges Available for Debt Service." After the filing of such certificate with the Trustee, the City shall cause the Passenger Facility Charges Available for Debt Service designated therein to be deposited to the applicable Debt Service Fund(s) and used to pay debt service on the applicable Series of Bonds. Notwithstanding any other provision hereof, if such Passenger Facility Charges Available for Debt Service are subject to any prior pledge or lien or irrevocable commitment, the application thereof to the payment of debt service on the Bonds shall be subordinate to the terms of such pledge or lien or irrevocable commitment and the certificate of the Authorized City Representative designating the Passenger Facility Charges Available for Debt Service shall indicate the amount of the obligation payable in such Fiscal Year from the Passenger Facility Charges Available for Debt Service pursuant to such pledge or lien or irrevocable commitment.

ARTICLE V

COVENANTS OF THE CITY

Section 5.01. Payment of Principal and Interest. The City hereby covenants and agrees that it will duly and punctually pay or cause to be paid from the Net Revenues and to the extent thereof the principal of, premium, if any, and interest on every Bond at the place and on the dates and in the manner herein, in the Supplemental Indentures and in the Bonds specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements herein and in the Bonds contained, provided that the City's obligation to make payment of the principal of, premium, if any, and interest on the Bonds shall be limited to payment from the Net Revenues, the funds and accounts pledged therefor in the Granting Clauses of this Indenture and any other source which the City may specifically provide for such purpose and no Bondholder shall have any right to enforce payment from any other funds of the City.

Section 5.02. Performance of Covenants by City; Due Execution. The City hereby covenants that it will faithfully perform at all times any and all covenants and agreements contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The City hereby represents that it is duly authorized under the Constitution and laws of the State, the City Code and the Act to issue Bonds and pledge and grant a security interest in the Net Revenues and other security pledged thereto or in which a security interest is granted and that the City has not previously pledged Net Revenues or other assets to secure other obligations.

Section 5.03. Senior Lien Obligations Prohibited. The City hereby covenants and agrees that so long as any Bonds are Outstanding under this Indenture, it will not issue any bonds or other obligations with a lien on or security interest in nor grant any lien or security interest in Net Revenues which is senior to the Bonds.

Section 5.04. Rate Covenant.

(a) The City hereby covenants and agrees that, while any of the Bonds remain Outstanding (but subject to all existing contracts and legal obligations of the City as of the date of execution of this Indenture setting forth restrictions relating thereto), it shall establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that Revenues in each Fiscal Year will be at least equal to the following amounts:

(i) Operation and Maintenance Expenses of the Airport System due and payable during such Fiscal Year;

(ii) the Annual Debt Service on any Outstanding Bonds required to be funded by the City in such Fiscal Year as required by this Indenture or any Supplemental Indenture with respect to the Outstanding Bonds;

(iii) the required deposits to the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund which may be established by a Supplemental Indenture;

(iv) the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Indenture;

(v) the interest on and principal of any indebtedness of the City with respect to the Department of Airports required to be funded during such Fiscal Year, other than for Outstanding Bonds, but including Subordinate Obligations; and

(vi) funding of any debt service reserve funds created in connection with any indebtedness of the City with respect to the Department of Airports, other than Outstanding Bonds, but including Subordinate Obligations.

(b) The City hereby further covenants and agrees that it shall establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the Net Revenues, together with any Transfer, will be equal to at least 125% of Annual Debt Service on the Outstanding Bonds for such Fiscal Year. For purposes of this subsection (b), the amount of any Transfer taken into account shall not exceed 25% of Annual Debt Service on the Outstanding Bonds in such Fiscal Year.

(c) When calculating Annual Debt Service on the Outstanding Bonds for purposes of the rate covenants set forth in subsections (a) and (b) above, Annual Debt Service on the Outstanding Bonds shall be reduced by the amount of principal and/or interest paid with Capitalized Interest, Passenger Facility Charges Available for Debt Service and/or Pledged Passenger Facility Charges.

(d) The City hereby further covenants and agrees that if Revenues and Net Revenues, together with any Transfer (only as applied in subsection (b) above) in any

Fiscal Year are less than the amounts specified in subsections (a) and (b) above, the City will retain and direct a Consultant to make recommendations as to the revision of the City's business operations and its schedule of rates, tolls, fees, rentals and charges for the use of the Airport System and for services rendered by the City in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the City shall take all lawful measures to revise the schedule of rates, tolls, fees, rentals and charges as may be necessary to produce Revenues and Net Revenues, together with any Transfer (only as applied in subsection (b) above) in the amounts specified in subsections (a) and (b) above in the next succeeding Fiscal Year.

(e) In the event that Revenues or Net Revenues for any Fiscal Year are less than the amounts specified in subsections (a) or (b) above, but the City has, prior to or during the next succeeding Fiscal Year, promptly taken all lawful measures to revise the schedule of rates, tolls, fees, rentals and charges as required by subsection (d) above, such deficiency in Revenues or Net Revenues shall not constitute an Event of Default under the provisions of Section 8.01(d) hereof. Nevertheless, if after taking the measures required by subsection (d) above to revise the schedule of rates, tolls, fees, rentals and charges, Revenues or Net Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the City for such Fiscal Year) are less than the amounts specified in subsections (a) or (b) above, such deficiency in Revenues or Net Revenues shall constitute an Event of Default under the provisions of Section 8.01(d) hereof.

Section 5.05. No Inconsistent Contract Provisions. The City hereby covenants that no contract or contracts will be entered into or any action taken by the City which shall be inconsistent with the provisions of this Indenture. The City hereby further covenants that it will not take any action which, in the City's judgment at the time of such action, will substantially impair or materially adversely affect the Net Revenues, or will substantially impair or materially adversely affect in any manner the pledge of, lien on or security interest granted in the Net Revenues herein or the rights of the holders of the Bonds. The City shall be unconditionally and irrevocably obligated, so long as any of the Bonds are Outstanding and unpaid, to take all lawful action necessary or required to pay from the Net Revenues the principal of and interest on the Bonds and to make the other payments provided for herein.

Section 5.06. Subordinate Obligations. The City may, from time to time, incur indebtedness which is subordinate to the Bonds and which indebtedness is, in this Indenture, referred to as Subordinate Obligations. Such indebtedness shall be incurred at such times and upon such terms as the City shall determine, provided that:

(a) any Supplemental Indenture authorizing the issuance of any Subordinate Obligations shall specifically state that such lien on or security interest granted in the Revenues and the Net Revenues is junior and subordinate to the lien on and security interest in such Revenues and Net Revenues and other assets granted to secure the Bonds; and

(b) payment of principal of and interest on such Subordinate Obligations shall be permitted, provided that all deposits required to be made pursuant to Sections 4.03(b)(i) through (iii) hereof, if any, are then current in accordance with Section 4.03(b) hereof.

Section 5.07. Special Facilities and Special Facility Obligations.

(a) The City shall be permitted to designate new or existing Airport Facilities as Special Facilities as permitted in this Section 5.07. The City may, from time to time, and subject to the terms and conditions of this Section 5.07, (i) designate a separately identifiable existing facility or planned facility as a "Special Facility," (ii) pursuant to an indenture other than this Indenture and without a pledge of any Net Revenues (except on a subordinate basis), incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing or refinancing to third parties to acquire, construct, renovate or improve, such facility, (iii) provide that certain of the contractual payments derived from or related to such Special Facility, together with other income and revenues available to the City from such Special Facility to the extent necessary to make the payments required by clause (i) of Subsection (c) below, be "Special Facilities Revenue" and not included as Revenues and unless on terms provided in any supplemental indenture, and (iv) provide that the debt so incurred shall be a "Special Facility Obligation" and the principal of and interest thereon shall be payable solely from the Special Facilities Revenue and the proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligation (except the City may, in its sole discretion, determine to make Revenues or such other moneys not included in Revenues available (through a specific pledge or otherwise and subject to any covenants or other provisions of this Indenture (including, but not limited to Sections 2.09 and 5.04 hereof) or such other resolution, indentures or agreements of the City). The City may from time to time refinance any such Special Facility Obligations with other Special Facility Obligations. Additionally, Special Facility Obligations may be secured by a pledge of Revenues remaining after the deposits to the Funds, Accounts and Subaccounts set forth in Section 4.03(b)(i) through (iii) hereof.

(b) Special Facility Obligations shall be payable as to principal, redemption premium, if any, and interest solely from (i) Special Facilities Revenue, which shall include contractual payments derived by the City under and pursuant to a contract (which may be in the form of a lease) relating to a Special Facility by and between the City and one or more additional persons, firms or corporations, either public or private, as shall undertake the operation of a Special Facility, (ii) proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligations, if any, and (iii) such Revenues or other moneys not included in Revenues made available by the City as provided in clause (iv) of subsection (a) above, if any.

(c) No Special Facility Obligations shall be issued by the City unless there shall have been filed with the Trustee a certificate of an Authorized City Representative stating that:

(i) the estimated Special Facilities Revenue pledged to the payment of the Special Facility Obligations, the proceeds of such Special Facility Obligations set aside exclusively to pay debt service on such Special Facility Obligation, if any, and such Revenues or other moneys made available by the City pursuant to clause (iv) of subsection (a) above, if any, will be at least sufficient to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the City and all sinking fund installment, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due; and

(ii) no Event of Default then exists under Article VIII hereof.

(d) To the extent Special Facilities Revenue received by the City during any Fiscal Year shall exceed the amounts required to be paid pursuant to clause (i) of subsection (c) above for such Fiscal Year, such excess Special Facilities Revenue, to the extent not otherwise encumbered or restricted in connection with such Special Facilities Revenue financing, shall constitute Revenues.

Section 5.08. Maintenance of Powers. The City hereby covenants that it will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to the City Code, the Constitution of the State and all other laws and that it will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to delay either the payment of the indebtedness evidenced by any of the Bonds or the performance or observance of any of the covenants herein contained.

Section 5.09. Operation and Maintenance of Airport System. Subject to the transfer of any Airport Facilities pursuant to Section 5.12 hereof, the City hereby covenants that the Airport System shall at all times be operated and maintained in good working order and condition and that all lawful orders of any governmental agency or authority having jurisdiction in the premises shall be complied with (provided the City shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith), and that all licenses and permits necessary to construct or operate any part of the Airport System shall be obtained and maintained and that all necessary repairs, improvements and replacements of the Airport System shall be made, subject to sound business judgment. Subject to the transfer of any Airport Facilities pursuant to Section 5.12 hereof, the City shall, from time to time, duly pay and discharge, or cause to be paid and discharged, except to the extent the imposition or payment thereof is being contested in good faith by the City, all taxes (if any), assessments or other governmental charges lawfully imposed upon the Airport System or upon any part thereof, or upon the Revenues or Net Revenues, when the same shall become due, as well as any lawful claim for labor, materials or supplies or other charges which, if unpaid, might by law become a lien or charge upon the Revenues or Net Revenues or the Airport System or any part thereof constituting part of the Airport System.

Section 5.10. Insurance; Application of Insurance Proceeds.

(a) Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions:

(i) the City shall procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self Insurance with respect to the facilities constituting the Airport System and public liability insurance in the form of commercial insurance or Qualified Self Insurance and, in each case, in such amounts and against such risks as are, in the judgment of the City, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar airports; and

(ii) the City shall place on file with the Trustee, annually within 120 days after the close of each Fiscal Year a certificate of an Authorized City Representative containing a summary of all insurance policies and self-insured programs then in effect with respect to the Airport System and the operations of the City related to the Airport System. The Trustee may conclusively rely upon such certificate and shall not be responsible for the sufficiency or adequacy of any insurance required herein or obtained by the City.

(b) "***Qualified Self Insurance***" shall mean insurance maintained through a program of self insurance or insurance maintained with a fund, company or association in which the City may have a material interest and of which the City may have control, either singly or with others. Each plan of Qualified Self Insurance shall be established in accordance with law, shall provide that reserves be established or insurance acquired in amounts adequate to provide coverage which the City determines to be reasonable to protect against risks assumed under the Qualified Self Insurance plan, including any potential retained liability in the event of the termination of such plan of Qualified Self Insurance, and such self-insurance program shall be reviewed at least once every 12 months by a Consultant who shall deliver to the City a report on the adequacy of the reserves established thereunder. If the Consultant determines that such reserves are inadequate, they shall make a recommendation as to the amount of reserves that should be established and maintained, and the City shall comply with such recommendation unless it can establish to the satisfaction of and receive a certification from a Consultant that a lower amount is reasonable to provide adequate protection to the City.

(c) If, as a result of any event, any part of the Airport System is destroyed or severely damaged, the City shall create within the Revenue Account a special Subaccount and shall credit the Net Proceeds received as a result of such event of damage or destruction to such Subaccount and such Net Proceeds shall, within a reasonable period of time taking into account any terms under which insurance proceeds are paid and any insurance restrictions upon the use or timing of the use of insurance proceeds, be used to: (i) repair or replace the Airport System, or portion thereof, which were damaged or destroyed, (ii) provide additional revenue-producing Airport Facilities, (iii) redeem

Bonds, or (iv) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in Article VII hereof.

Section 5.11. Accounts. The City hereby covenants that it will keep and provide accurate books and records of account showing all Revenues received and all expenditures of the City relating to the Airport System and that it will keep or cause to be kept accurate books and records of account showing all moneys, Revenues, accounts and funds (including the Revenue Account and all Funds, Accounts and Subaccounts provided for in this Indenture) which are or shall be in the control or custody of the City; and that all such books and records pertaining to the Airport System shall be open upon reasonable notice during business hours to the Trustee and to the Owners of not less than 10% of the Principal Amount of Bonds then Outstanding, or their representatives duly authorized in writing.

Section 5.12. Transfer of Airport Facility or Airport Facilities. The City shall not, except as permitted below, transfer, sell or otherwise dispose of an Airport Facility or Airport Facilities. For purposes of this Section 5.12, any transfer of an asset over which the City retains substantial control in accordance with the terms of such transfer, shall not, for so long as the City has such control, be deemed a disposition of an Airport Facility or Airport Facilities.

The City may transfer, sell or otherwise dispose of Airport Facilities only if such transfer, sale or disposition complies with one or more of the following provisions:

(a) the property being disposed of is inadequate, obsolete or worn out; or

(b) the property proposed to be disposed of and all other Airport Facilities disposed of during the 12-month period ending on the day of such transfer (but excluding property disposed of under (a) above), will not, in the aggregate, constitute a Significant Portion, the proceeds are deposited into the Revenue Account to be used as described below and the City believes that such disposal will not prevent it from fulfilling its obligations under this Indenture; or

(c) if the property being transferred, sold or disposed of does not constitute all of the Airport Facilities that comprise the Salt Lake City International Airport, the City receives fair market value for the property, the proceeds are deposited in the Revenue Account to be used as described below, and prior to the disposition of such property, there is delivered to the Trustee a certificate of a Consultant to the effect that notwithstanding such disposition, but taking into account the use of such proceeds in accordance with the expectations of the City as evidenced by a certificate of an Authorized City Representative, the Consultant estimates that the City will be in compliance with Section 5.04(a) and (b) hereof during each of the first five (5) Fiscal Years immediately following such disposition; or

(d) if the property being transferred, sold or disposed of constitutes all of the Airport Facilities that comprise the Salt Lake City International Airport, the proceeds received by the City from such transfer, sale or disposition shall be sufficient (along with any other available moneys of the City) to cause all Bonds then Outstanding to be deemed to be paid as provided in Article VII hereof and the proceeds (along with any

other available moneys of the City) shall be deposited to an escrow fund pledged to the payment of all Bonds then Outstanding.

Proceeds of the transfer, sale or disposition of assets under clauses (b) or (c) above shall be deposited into the Revenue Account and used, subject to any applicable provisions of the Code, within a reasonable period of time, not to exceed three (3) years, to (i) provide additional revenue-producing Airport Facilities, (ii) redeem Bonds or (iii) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in Article VII hereof.

Airport Facilities which were financed with the proceeds of obligations the interest on which is then excluded from gross income for federal income tax purposes shall not be disposed of, except under the terms of clause (a) above, unless the City has first received a written opinion of Bond Counsel to the effect that such disposition will not cause the interest on such obligations to become includable in gross income for federal income tax purposes.

No such disposition shall be made which would cause the City to be in default of any other covenant contained in this Indenture.

Section 5.13. Eminent Domain. If a Significant Portion of any Airport Facility or Airport Facilities are taken by eminent domain proceedings or conveyance in lieu thereof, the City shall create within the Revenue Account a special Subaccount and credit the Net Proceeds received as a result of such taking or conveyance to such Subaccount and shall within a reasonable period of time, after the receipt of such amounts, use such proceeds, subject to any applicable provisions of the Code, to (a) replace the Airport Facility or Airport Facilities which were taken or conveyed, (b) provide an additional revenue-producing Airport Facility or Airport Facilities, (c) redeem Bonds, or (d) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in Article VII hereof.

Section 5.14. Completion of Specified Project; Substitution of Specified Project. The City will, upon the issuance of a Series of Bonds the proceeds of which are to be used for a Specified Project, proceed with due diligence to construct or acquire such Specified Project; provided, however, that the City may, if the conditions set forth in this Section 5.14 are met, substitute another Project therefor and shall proceed with due diligence to construct or acquire such substituted Project. The City may determine not to proceed with any of the Specified Projects or may determine to substitute another Project or Projects for a Specified Project if, as a condition to discontinuing the acquisition or construction of a Specified Project or to the substitution of another Project or Projects therefor, the City (a) first, delivers to the Trustee a certificate of a Consultant showing that after taking into account the discontinuation of such Specified Project or the substitution of another Project or Projects therefor, the provisions of Section 5.04(a) and (b) hereof will, nevertheless, be complied with by the City, and (b) second, if the original Project was financed with the proceeds of obligations the interest on which is then excluded from gross income for federal income tax purposes, causes there to be delivered an opinion of Bond Counsel to the effect that the substitution of one Project for another Project will not cause interest on the Series of Bonds with respect to which the original Project was to be financed to be included in gross income of the recipients thereof for federal income tax purposes. If the City determines not to proceed with a Specified Project and fails to deliver the

Consultant's certificate and to undertake a substitute Project or Projects, then Bond proceeds which would have been used to acquire or construct such Specified Project shall be used, subject to an applicable provisions of the Code, to redeem Bonds, or as otherwise provided in the Supplemental Indenture pursuant to which they were issued.

Section 5.15. Covenants of City Binding on City and Successors. All covenants, stipulations, obligations and agreements of the City contained in this Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the City to the full extent authorized or permitted by law. If the powers or duties of the City shall hereafter be transferred by amendment of the City Code or a new City Code or any provision of the Constitution of the State or any other law of the State or in any other manner there shall be a successor to the City, and if such transfer shall relate to any matter or thing permitted or required to be done under this Indenture by the City, then the entity that shall succeed to such powers or duties of the City shall act and be obligated in the place and stead of the City as in this Indenture provided, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time and upon any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreement shall be transferred by or in accordance with law.

Except as otherwise provided in this Indenture, all rights, powers and privileges conferred and duties and liabilities imposed upon the City by the provision of this Indenture shall be exercised or performed by the City or by such officers, board, body or commission as may be permitted by law to exercise such powers or to perform such duties.

Section 5.16. Instruments of Further Assurance. The City covenants that it shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures, and such further acts, instruments and transfers as the Trustee may reasonably request for the better assuring and confirming to the Trustee all and singular the rights and obligations of the City under and pursuant to this Indenture and the security intended to be conferred hereby to secure the Bonds.

Section 5.17. Indenture To Constitute a Contract. This Indenture, including all Supplemental Indentures, is executed by the City for the benefit of the Bondholders and constitutes a contract with the Trustee for the benefit of the Bondholders.

Section 5.18. Obligations Secured by Other Revenues. The City may, from time to time, incur indebtedness payable solely from certain revenues of the Airport System which do not constitute Revenues at such times and upon such terms and conditions as the City shall determine, provided that such indebtedness shall specifically include a provision that payment of such indebtedness is neither secured by nor payable from Revenues or Net Revenues. The City also may, from time to time, incur indebtedness payable from and secured by both Net Revenues and certain revenues of the Airport System which do not constitute Revenues at such times and upon such terms and conditions as the City shall determine, provided that the conditions set forth in this Indenture for the issuance of indebtedness payable from and secured by Net Revenues, including, without limitation, Sections 2.09 and 2.11, hereof are met.

Section 5.19. Annual Reporting of Audited Financial Statements. Within 210 days after the close of each Fiscal Year, so long as any Bonds are Outstanding, the City shall prepare audited financial statements including a statement of the income and expenses for such Fiscal Year and a balance sheet prepared as of the close of such Fiscal Year for the City with respect to the Airport System all accompanied by a certificate or opinion in writing of an independent certified public accountant of recognized standing, selected by the City, which opinion shall include a statement that said financial statements present fairly in all material respects the financial position of the City with respect to the Airport System and are prepared in accordance with generally accepted accounting principles.

ARTICLE VI

INVESTMENT OF MONEYS; PERMITTED INVESTMENTS

Section 6.01. Investment of Moneys in Funds, Accounts and Subaccounts. Moneys held by the City and/or the Trustee in the Funds, Accounts and Subaccounts created herein and under any Supplemental Indenture shall be invested and reinvested as directed by the City, in Permitted Investments subject to the restrictions set forth in this Indenture and any Supplemental Indenture and subject to the investment restrictions imposed upon the City by the laws of the State and the City's investment policy. The City shall direct such investments by written certificate (which certificate shall include a certification that such directions comply with the City's investment policy and upon which the Trustee may conclusively rely) of an Authorized City Representative or by telephone instruction followed by prompt written confirmation by an Authorized City Representative. In the absence of any such instructions, the Trustee shall hold such moneys uninvested.

Investments in any and all Funds, Accounts and Subaccounts established and held by the Trustee pursuant to this Indenture or any Supplemental Indenture may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in a particular Fund, Account or Subaccount amounts received or held by the Trustee hereunder or under a Supplemental Indenture, provided that the Trustee shall at all times account for such investments strictly in accordance with the particular Fund, Account or Subaccount to which they are credited and otherwise as provided in this Indenture or a Supplemental Indenture. The Trustee may act as principal or agent in the making or disposing of any investment. To the extent Permitted Investments are registerable, such investments shall be registered in the name of the Trustee. The Trustee may sell or present for redemption any securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the Fund, Account or Subaccount to which such securities are credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment. The Trustee shall have no investment discretion.

The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee shall furnish to the City periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder or under any Supplemental Indenture. Upon the City's election, such statements shall be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request.

The Trustee shall not be liable for any loss resulting from following the written directions of the City or as a result of liquidating investments to provide funds for any required payment, transfer, withdrawal or disbursement from any Fund, Account or Subaccount in which such Permitted Investment is held.

In the absence of direction from the City, the Trustee may buy or sell any Permitted Investment through its own (or any of its affiliates) investment department in compliance with federal tax law pertaining to arbitrage.

Section 6.02. Definition of Permitted Investments and Other Related Definitions.

(a) "*Permitted Investments*" shall mean any of the following, but only to the extent permitted by the laws of the State and the City's investment policy:

(i) any investment authorized from time to time by the provisions of the State Money Management Act, including, without limitation, the Treasurer's Investment Fund;

(ii) United States Obligations;

(iii) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following instrumentalities or agencies of the United States of America: Federal Home Loan Bank System; Government National Mortgage Association; Federal National Mortgage Association; Federal Farm Credit Bureau; Farmers Home Administration; Federal Home Loan Mortgage Corporation; and Federal Housing Administration;

(iv) Direct and general long-term obligations of any state, which obligations are rated at all times in one of the two highest Rating Categories by one or more of the Rating Agencies;

(v) Direct and general short-term obligations of any state which obligations are rated at all times in the highest Rating Category by one or more of the Rating Agencies;

(vi) Interest-bearing demand or time deposits (including certificates of deposit) or interests in money market portfolios issued by state banks or trust

companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("***FDIC***") or by savings and loan associations that are members of the FDIC, which deposits or interests must either be (A) continuously and fully insured by FDIC and with banks that are rated at all times at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated at all times in one of the two highest long-term Rating Categories by one or more of the Rating Agencies; or (B) fully secured by obligations described in clause (ii) or (iii) of this definition of Permitted Investments (1) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (2) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (3) subject to a perfected first lien in favor of the Trustee, and (4) free and clear from all third-party liens;

(vii) Long-term or medium-term corporate debt guaranteed by any corporation that is rated at all times in one of the two highest Rating Categories by one or more of the Rating Agencies;

(viii) Repurchase agreements which are (A) entered into with banks or trust companies organized under state law, national banking associations, insurance companies or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and which either are members of the Security Investors Protection Corporation or with a dealer or parent holding company that has at all times an investment grade rating from one or more of the Rating Agencies and (B) fully secured by obligations specified in clauses (ii) or (iii) of this definition of Permitted Investments (1) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements, (2) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (3) subject to a perfected first lien in favor of the Trustee and (4) free and clear from all third-party liens;

(ix) Prime commercial paper of a United States corporation, finance company or banking institution rated at all times in the highest short-term Rating Category of one or more of the Rating Agencies;

(x) Shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940, as amended) or shares in a regulated investment company (as defined in Section 851(a) of the Code) that is (A) a money market fund that is rated at all times in one of the two highest Rating Categories by one or more of the Rating Agencies or (B) a money market fund or account of the Trustee or its affiliates or any state or federal bank that is rated at all times at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated at all times in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or whose own bank holding company parent is rated at all times at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated at all times in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or that has a combined capital and surplus of not less than $50,000,000 (all investments included in this clause (x) may include funds which the Trustee or its affiliates provide investment advisory or other management services);

(xi) Interest bearing notes issued by a banking institution having a combined capital and surplus of at least $500,000,000 and whose senior debt is rated at all times in the highest Rating Category by one or more of the Rating Agencies;

(xii) Public housing bonds issued by public agencies which are either unconditionally guaranteed as to principal and interest by the United States of America, or rated at all times in the highest Rating Category by one or more of the Rating Agencies;

(xiii) Obligations issued or guaranteed by the Private Export Funding Corporation, the Resolution Funding Corporation and any other instrumentality or agency of the United States of America; and

(xiv) Investment Agreements.

(b) "*Investment Agreement*" shall mean an investment agreement or guaranteed investment contract (i) with or guaranteed by a national or state chartered bank or savings and loan, an insurance company or other financial institution whose unsecured debt is rated in the highest short-term rating category (if the term of the Investment Agreement is less than three years) or in either of the two highest long-term Rating Categories (if the term of the Investment Agreement is three years or longer) by one or more of the Rating Agencies, or (ii) which investment agreement or guaranteed investment contract is fully secured by obligations described in clause (ii) or (iii) of the definition of Permitted Investments which are (A) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (B) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (C) subject to a perfected first lien on behalf of the Trustee, and (D) free and clear from all third-party liens.

(c) "*United States Obligations*" shall mean direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including, with respect only to direct and general obligations and not to guaranteed obligations, evidences of ownership of proportionate interests in future interest and/or principal payments of such obligations, provided that investments in such proportionate interests must be limited to circumstances wherein: (i) a bank or trust company acts as custodian and holds the underlying United States Obligations; (ii) the owner of the investment is the real party in

interest and has the right to proceed directly and individually against the obligor of the underlying United States Obligations; and (iii) the underlying United States Obligations are held in a special account separate from the custodian's general assets and are not available to satisfy any claim of the custodian, any person claiming through the custodian or any person to whom the custodian may be obligated. "United States Obligations" shall include any stripped interest or principal portion of United States Treasury securities and any stripped interest portion of Resolution Funding Corporation securities.

ARTICLE VII

DEFEASANCE

Bonds or portions thereof (such portions to be in integral multiples of the authorized denominations set forth in the applicable Supplemental Indenture) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of this Indenture except for the purposes of payment from moneys and/or Government Obligations held by the Trustee or a Paying Agent for such purpose. When all Bonds which have been issued under this Indenture have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the City, including all necessary and proper fees, compensation and expenses of the Trustee, the Registrar and the Paying Agent, have been paid or are duly provided for, then the right, title and interest of the Trustee in and to the pledge of Net Revenues and the other assets pledged to secure the Bonds hereunder shall thereupon cease, terminate and become void, and thereupon the Trustee shall cancel, discharge and release this Indenture, shall execute, acknowledge and deliver to the City such instruments as shall be required to evidence such cancellation, discharge and release and shall assign and deliver to the City any property and revenues at the time subject to this Indenture which may then be in the Trustee's possession, except funds or securities in which such funds are invested and are held by the Trustee or the Paying Agent for the payment of the principal of, premium, if any, and interest on the Bonds.

A Bond shall be deemed to be paid within the meaning of this Article VII and for all purposes of this Indenture when payment of the principal, interest and premium, if any, either (a) shall have been made or caused to be made in accordance with the terms of the Bonds and this Indenture or (b) shall have been provided for, as certified to the Trustee by a nationally recognized accounting firm, by irrevocably depositing with the Trustee in trust and setting aside exclusively for such payment, (i) moneys sufficient to make such payment and/or (ii) noncallable Government 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. At such times as Bonds shall be deemed to be paid hereunder, such Bonds shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of payment from such moneys and/or Government Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (b) of the immediately preceding paragraph shall be deemed a payment of such Bonds until (x) proper notice of redemption of such Bonds shall have been given in accordance with the terms of the Supplemental Indenture under which such Bonds were issued or, in the event, under the terms of such Supplemental Indenture, the date for giving such notice of redemption has not yet arrived, until the City shall have given the Trustee irrevocable instructions to give such notice of redemption when appropriate and to notify all holders of the affected Bonds that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Article VII and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal, interest and premium, if any, on such Bonds; or (y) the maturity of such Bonds.

In connection with the redemption or defeasance, or partial redemption or defeasance of Bonds, the City may permit, or cause to be assigned to Bonds of a single maturity, multiple CUSIP numbers.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute and is referred to in this Indenture as an "Event of Default":

(a) a failure to pay the principal of or premium, if any, on any of the Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Bonds when such interest shall become due and payable;

(c) a failure to pay the purchase price of any Bond when such purchase price shall be due and payable upon an optional or mandatory tender date as provided in a Supplemental Indenture;

(d) a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in clauses (a), (b) and (c) of this Section 8.01) that are to be observed or performed by the City and which are contained in this Indenture or a Supplemental Indenture, which failure, except for a violation under Section 5.04 hereof which shall be controlled by the provisions set forth therein, shall continue for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City by the Trustee, which notice may be given at the discretion of the Trustee and shall be given at the written request of holders of 25% or more of the Principal Amount of the Bonds then Outstanding, unless the Trustee, or the Trustee and the holders of Bonds in a Principal Amount not less than the Principal Amount of Bonds the holders of which requested such notice, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee or the Trustee and the holders of such principal amount of Bonds shall be deemed to have agreed to an extension of such period if corrective action is initiated by the City within such period and is being diligently pursued until such failure is corrected;

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of the United States Bankruptcy Code, or other proceedings for relief under any federal or state

bankruptcy law or similar law for the relief of debtors are instituted by or against the City and, if instituted against the City, said proceedings are consented to or are not dismissed within 60 days after such institution; or

(f) the occurrence of any other Event of Default as is provided in a Supplemental Indenture.

Except as otherwise provided in a Supplemental Indenture, if on the third (3^{rd}) Business Day preceding a Payment Date sufficient moneys are not on deposit with the Trustee or Paying Agent in the Debt Service Fund to make such payment, the Trustee shall immediately give telephone notice of such insufficiency to the City.

Section 8.02. Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Trustee in its discretion may, and upon the written direction of the holders of 25% or more of the Principal Amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction, shall, in its own name and as the Trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the City to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act, the City Code, the Constitution of the State or any other law to which it is subject and this Indenture;

(ii) bring suit upon the Bonds;

(iii) commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Bondholders;

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders; or

(v) take such other action as are provided for in the Supplemental Indenture.

(b) The Trustee shall be under no obligation to take any action with respect to any Event of Default unless the Trustee has actual knowledge of the occurrence of such Event of Default.

(c) In no event, upon the occurrence and continuation of an Event of Default, shall the Trustee, Bondholders, a Credit Provider, a Liquidity Provider or any other party have the right to accelerate the payment of principal of or interest on the Bonds Outstanding.

Section 8.03. Restoration to Former Position. In the event that any proceeding taken by the Trustee to enforce any right under this Indenture shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the City, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 8.04. Bondholders' Right To Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, holders of 51% or more in aggregate Principal Amount of the Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under this Indenture to be taken in connection with the enforcement of the terms of this Indenture or exercising any trust or power conferred on the Trustee by this Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of the law and this Indenture and that there shall have been provided to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Trustee.

Section 8.05. Limitation on Right To Institute Proceedings. No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy hereunder or on such Bonds, unless such Bondholder or Bondholders previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless also holders of 25% or more of the Principal Amount of the Bonds then Outstanding shall have made written request of the Trustee to do so, after the right to institute such suit, action or proceeding under Section 8.02 hereof shall have accrued, and shall have afforded the Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Bondholders shall have any right in any manner whatever by their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Bondholders.

Section 8.06. No Impairment of Right To Enforce Payment. Notwithstanding any other provision in this Indenture, the right of any Bondholder to receive payment of the principal of and interest on such Bond or the purchase price thereof, on or after the respective due dates expressed therein and to the extent of the pledge of Net Revenues and other security provided for the Bonds, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Section 8.07. Proceedings by Trustee Without Possession of Bonds. All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Bondholders, subject to the provisions of this Indenture.

Section 8.08. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or to Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth herein to the taking of any remedy to enforce the provisions of this Indenture or the Bonds shall also be conditions to seeking any remedies under any of the foregoing pursuant to this Section 8.08.

Section 8.09. No Waiver of Remedies. No delay or omission of the Trustee or of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article VIII to the Trustee and to the Bondholders, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 8.10. Application of Moneys. If an Event of Default shall occur and be continuing, all amounts then held or any moneys received by the Trustee, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of this Article VIII (which shall not include moneys provided through a Liquidity Facility or a Credit Facility, which moneys shall be restricted to the specific use for which such moneys were provided), after payment of the costs and expenses of the proceedings resulting in the collection of such moneys by the Trustee or by any receiver and of the expenses, liabilities and advances incurred or made by the Trustee in connection with its performance of its powers and duties under this Indenture and any Supplemental Indenture (including attorneys' fees and disbursements), shall be applied as follows: (a) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at the rate per annum as provided in any Supplemental Indenture, as the case may be, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (b) second, to the payment to the persons entitled thereto of the unpaid principal amount of any of the Bonds which shall have become due with interest on such Bonds at such rate as provided in a Supplemental Indenture from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full Bonds on any particular date determined to be the payment date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section 8.10, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail (or such other approved delivery method) to all Bondholders and shall not be required to make payment to any Bondholder until such Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 8.11. Severability of Remedies. It is the purpose and intention of this Article VIII to provide rights and remedies to the Trustee and the Bondholders, which may be lawfully granted under the provisions of the Act and other applicable law, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in this Indenture or by applicable law.

Section 8.12. Additional Events of Default and Remedies. So long as any particular Series of Bonds is Outstanding, the remedies as set forth in this Article VIII may be supplemented with additional remedies as set forth in a Supplemental Indenture under which such Series of Bonds is issued.

ARTICLE IX

TRUSTEE, PAYING AGENT AND CO-PAYING AGENTS; REGISTRAR

Section 9.01. Acceptance of Trusts. The Trustee hereby accepts and agrees to execute the trusts specifically imposed upon it by this Indenture, but only upon the additional terms set forth in this Article IX, to all of which the City agrees and the respective Bondholders agree by their acceptance of delivery of any of the Bonds.

Section 9.02. Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The Trustee shall perform the duties set forth in this Indenture and no implied duties or obligations shall be read into this Indenture against the Trustee.

(c) Except during the continuance of an Event of Default, in the absence of any negligence on its part or any knowledge to the contrary, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether they conform to the requirements of this Indenture.

(d) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless the Trustee was negligent in ascertaining the pertinent facts; and

(ii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Bondholders or the City in the manner provided in this Indenture.

(e) The Trustee shall not, by any provision of this Indenture, be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the holders of the Bonds or any Credit Provider or Liquidity Provider, unless such holders, Credit Providers and Liquidity Providers, as applicable, shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(f) Every provision of this Indenture that in any way relates to the Trustee is subject to the provisions of this Section 9.02.

Section 9.03. Rights of Trustee. Subject to the Section 9.02 hereof, the Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, facsimile, request, consent, waiver, certificate, direction, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper City or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, and the Trustee shall be under no duty to make investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may rely upon the calculations provided by the entity preparing the calculation of Aggregate Annual Debt Service in connection with its responsibility to ensure there exists in the Common Debt Service Reserve Fund or any Series Debt Service Reserve Fund, the required amounts.

The Trustee may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in good faith in accordance therewith.

Whenever in the administration of the trusts or duties imposed upon it by this Indenture the Trustee shall deem it necessary that a matter be proved or established prior to taking or not taking any action hereunder, such matter may be deemed to be conclusively proved and established by a certificate of the City, and such certificate shall be full warrant to the Trustee for any action taken or not taken by it in good faith under the provisions of this Indenture in reliance on such certificate.

The Trustee makes no representation as to the sufficiency or validity of this Indenture or of any Bonds, or in respect of the security afforded by this Indenture.

The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it under this Indenture, except for its own negligence or willful misconduct. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

In the performance of its duties hereunder, the Trustee may employ attorneys, agents and receivers and shall not be liable for any actions of such attorneys, agents and receivers to the extent selected by it with reasonable care.

The Trustee shall have no responsibility with respect to any information, statement or recital whatsoever in any official statement, offering memorandum or other disclosure material prepared or distributed with respect to the Bonds.

The Trustee shall not be considered in breach of or in default in its obligations hereunder in the event of enforced delay or unavoidable delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Force Majeure Events.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any Bondholder pursuant to the provisions of this Indenture unless such Bondholder shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers.

The Trustee shall not be bound to ascertain or inquire as to the validity or genuineness of any collateral given to or held by it. The Trustee shall not be responsible for the recording or filing of any document relating to this Indenture or of financing statements (or continuation statements in connection therewith) or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests in any collateral given to or held by it.

The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a

subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation, the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 9.04. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the City with the same rights it would have if it were not Trustee. Any Paying Agent or other agent may do the same with like rights.

Section 9.05. Trustee's Disclaimer. The Trustee shall not be accountable for the City's use of the proceeds from the Bonds paid to the City and it shall not be responsible for any statement in the Bonds other than its certificate of authentication.

Section 9.06. Notice of Defaults. If (a) an Event of Default has occurred or (b) an event has occurred which with the giving of notice and/or the lapse of time would be an Event of Default and, with respect to such events for which notice to the City is required before such events will become Events of Default, such notice has been given, then the Trustee shall promptly, after obtaining actual notice of such Event of Default or event described in (b) of the first sentence of this Section 9.06, give notice thereof to each Bondholder. Except in the case of a default in payment or purchase of any Bonds, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Bondholders.

Section 9.07. Compensation of Trustee. For acting under this Indenture, the Trustee shall be entitled to payment of fees for its services and reimbursement of advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with its services under this Indenture, in accordance with a separate fee schedule, setting forth such terms and conditions, which has been approved by the City. To the extent permitted by law, the City agrees to indemnify and hold the Trustee and its officers, agents and directors harmless against any liabilities, costs, claims or expenses not arising from the Trustee's own negligence, misconduct or breach of duty, which the Trustee may incur in the exercise and performance of its rights and obligations hereunder including the enforcement of any remedies and the defense of any suit. Such obligation shall survive the discharge of this Indenture or the resignation or removal of the Trustee.

Section 9.08. Eligibility of Trustee. This Indenture shall always have a Trustee that is a trust company, banking association or a bank having the powers of a trust company and is organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized to conduct trust business under the laws of the State, is subject to supervision or examination by United States, state or District of Columbia authority and has (together with its corporate parent) a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition.

Section 9.09. Replacement of Trustee. The Trustee may resign by notifying the City in writing prior to the proposed effective date of the resignation. The holders of 51% or more of the aggregate Principal Amount of the Bonds may remove the Trustee by notifying the removed

Trustee and may appoint a successor Trustee with the City's consent. The City may remove the Trustee, by notice in writing delivered to the Trustee at least sixty (60) days prior to the proposed removal date; provided, however, that the City shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists which with the giving of notice or the passage of time or both would be an Event of Default.

No resignation or removal of the Trustee under this Section 9.09 shall be effective until a new Trustee has taken office and delivered a written acceptance of its appointment to the retiring Trustee and to the City. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture.

If the Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under this Indenture, the City shall promptly appoint a successor Trustee.

If a Trustee is not performing its duties hereunder and a successor Trustee does not take office within sixty (60) days after the retiring Trustee delivers notice of resignation or the City delivers notice of removal, the retiring Trustee, the City or the holders of 51% or more of the aggregate Principal Amount of the Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Section 9.10. Successor Trustee or Agent by Merger. If the Trustee, any Paying Agent or Registrar consolidates with, merges or converts into, or sells to or transfers all or substantially all its assets (or, in the case of a bank, national banking association or trust company, its corporate trust assets) to, another corporation and meets the qualifications set forth in this Indenture, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee, Paying Agent or Registrar.

Section 9.11. Paying Agent. The City may upon notice to the Trustee at any time or from time to time appoint a Paying Agent or Paying Agents for the Bonds or for any Series of Bonds, and each Paying Agent, if other than the Trustee, shall designate to the City and the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder or under a Supplemental Indenture by a written instrument of acceptance delivered to the City and the Trustee under which each such Paying Agent will agree, particularly:

(a) to hold all sums held by it for the payment of the principal of, premium or interest on Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or otherwise disposed of as herein provided;

(b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the City and the Trustee on each Business Day during reasonable business hours; and

(c) upon the request of the Trustee, to forthwith deliver to the Trustee all sums so held in trust by such Paying Agent.

Section 9.12. Registrar. The City shall appoint the Registrar for the Bonds or a Registrar or Registrars for any Series of Bonds and may from time to time remove a Registrar and name a replacement. Each Registrar, if other than the Trustee, shall designate to the Trustee, the Paying Agent, and the City its principal office and signify its acceptance of the duties imposed upon it hereunder or under a Supplemental Indenture by a written instrument of acceptance delivered to the City and the Trustee under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent corporate trust industry practice and to make such books and records available for inspection by the City, the Trustee, and the Paying Agent on each Business Day during reasonable business hours.

Section 9.13. Other Agents. The City, or the Trustee with the consent of the City, may from time to time appoint other agents as may be appropriate at the time to perform duties and obligations under this Indenture or under a Supplemental Indenture all as provided by a Supplemental Indenture or resolution of the City.

Section 9.14. Several Capacities. Anything in this Indenture to the contrary notwithstanding, with the consent of the City, the same entity may serve hereunder as the Trustee, Paying Agent, Registrar and any other agent as appointed to perform duties or obligations under this Indenture, under a Supplemental Indenture or an escrow agreement, or in any combination of such capacities, to the extent permitted by law. The Paying Agent and the Registrar shall be entitled to the same protections, limitations from liability and indemnities afforded to the Trustee under this Indenture.

Section 9.15. Accounting Records and Reports of the Trustee.

(a) The Trustee shall at all times keep, or cause to be kept, proper records in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts established by it pursuant to this Indenture. Such records shall be available for inspection with reasonable prior notice by the City on each Business Day during reasonable business hours and by any Bondholder, or his agent or representative duly authorized in writing, at reasonable hours, with reasonable notice and under reasonable circumstances.

(b) The Trustee shall provide to the City each month a report of any Bond proceeds received during that month, if any, and the amounts deposited into each Fund, Account and Subaccount held by it under this Indenture and the amount disbursed from such Funds, Accounts and Subaccounts, the earnings thereon, the ending balance in each of such Funds, Accounts and Subaccounts and the investments of each such Fund, Account and Subaccount.

ARTICLE X

MODIFICATION OF THIS INDENTURE

Section 10.01. Limitations. This Indenture shall not be modified or amended in any respect subsequent to the first delivery of fully executed and authenticated Bonds except as provided in and in accordance with and subject to the provisions of this Article X.

Section 10.02. Supplemental Indentures Not Requiring Consent of Bondholders. The City may, from time to time and at any time, without the consent of or notice to the Bondholders, execute and deliver Supplemental Indentures supplementing and/or amending this Indenture or any Supplemental Indenture as follows:

(a) to provide for the issuance of a Series or multiple Series of Bonds under the provisions of Section 2.09 hereof and to set forth the terms of such Bonds and the special provisions which shall apply to such Bonds;

(b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, this Indenture or any Supplemental Indenture, provided such supplement or amendment is not materially adverse to the Bondholders;

(c) to add to the covenants and agreements of the City in this Indenture or any Supplemental Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the City, provided such supplement or amendment shall not adversely affect the interests of the Bondholders;

(d) to confirm, as further assurance, any interest of the Trustee in and to the pledge of Net Revenues or in and to the Funds, Accounts and Subaccounts held by the Trustee or in and to any other moneys, securities or funds of the City provided pursuant to this Indenture or to otherwise add additional security for the Bondholders;

(e) to evidence any change made in the terms of any Series of Bonds if such changes are authorized by the Supplemental Indenture at the time the Series of Bonds is issued and such change is made in accordance with the terms of such Supplemental Indenture;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as amended from time to time;

(g) to modify, alter, amend or supplement this Indenture or any Supplemental Indenture in any other respect which is not materially adverse to the Bondholders;

(h) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal;

(i) to qualify the Bonds or a Series of Bonds for a rating or ratings from a Rating Agency;

(j) to accommodate the technical, operational and structural features of Bonds which are issued or are proposed to be issued, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, swaps, variable rate or adjustable rate bonds, discounted or compound interest bonds or other forms of indebtedness which the City from time to time deems appropriate to incur;

(k) to make modifications or adjustments necessary, appropriate or desirable to accommodate the use of a Credit Facility or Liquidity Facility for specific Bonds or a specific Series of Bonds;

(l) to provide for the issuance of the Bonds pursuant to a book-entry system or as uncertified registered public obligations pursuant to the provisions of the Registered Public Obligations Act, Chapter 7 of Title 15 of the Utah Code Annotated 1953, as amended, or any successor provision of the law;

(m) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on the Bonds, including, without limitation, the segregation of Revenues into different funds; and

(n) for any other purpose that does not materially and adversely affect the interests of the Owners of the Bonds.

Before the City shall, pursuant to this Section 10.02, execute any Supplemental Indenture, there shall have been delivered to the City and Trustee an opinion of Bond Counsel to the effect that such Supplemental Indenture: (y) is authorized or permitted by this Indenture and other applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the City in accordance with its terms and (z) will not cause interest on any of the Bonds which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes. The opinion of Bond Counsel required pursuant to clause (z) in the preceding sentence shall not be required for a Supplemental Indenture executed and delivered in accordance with Section 10.02(a) hereof.

Section 10.03. Supplemental Indenture Requiring Consent of Bondholders.

(a) Except for any Supplemental Indenture entered into pursuant to Section 10.02 hereof and any Supplemental Indenture entered into pursuant to Section 10.03(b) below, subject to the terms and provisions contained in this Section 10.03 and Article XI hereof and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Bonds then Outstanding shall have the right from time to time to consent to and approve the execution by the City of any Supplemental Indenture deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding any of the terms or provisions contained in this Indenture or in a Supplemental Indenture; provided, however, that, unless approved in writing except as otherwise provided herein, by the holders of all the Bonds then Outstanding or unless such change affects less than all Series of Bonds and the following subsection (b) is applicable, nothing herein contained shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds, or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon, or (iii) provided that nothing herein contained, including the provisions of subsection (b) below, shall, unless approved in writing by the holders of all the Bonds then Outstanding, permit or be construed as permitting the creation of a lien (except as expressly permitted by this Indenture) upon or pledge of the Net Revenues created by this Indenture, ranking prior to or on a parity with the claim created by this Indenture, or (iv) except with respect to additional security which may be provided for a particular Series of Bonds, a preference or priority of any Bond or Bonds over any other Bond or Bonds with respect to the security granted therefor under the Granting Clauses hereof, or (v) a reduction in the aggregate Principal Amount of Bonds the consent of the Bondholders of which is required for any such Supplemental Indenture. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the execution of any Supplemental Indenture as authorized in Section 10.02 hereof, including the granting, for the benefit of particular Series of Bonds, security in addition to the pledge of the Net Revenues.

(b) The City may, from time to time and at any time, execute a Supplemental Indenture which amends the provisions of an earlier Supplemental Indenture under which a Series or multiple Series of Bonds were issued. If such Supplemental Indenture is executed for one of the purposes set forth in Section 10.02 hereof, no notice to or consent of the Bondholders shall be required. If such Supplemental Indenture contains provisions which affect the rights and interests of less than all Series of Bonds Outstanding and Section 10.02 hereof is not applicable, then this subsection (b) rather than subsection (a) above shall control and, subject to the terms and provisions contained in this subsection (b) and Article XI hereof and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Bonds of all Series which are affected by such changes shall have the right from time to time to consent to any Supplemental Indenture deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding any of the terms or provisions contained in such Supplemental Indenture and affecting only the Bonds of such Series; provided, however, that, unless approved in writing except as otherwise provided herein, by the holders of all the Bonds of all the affected Series then Outstanding, nothing herein contained shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds of such Series or the rate of interest thereon. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Indenture as authorized in Section 10.02 hereof, including the granting, for the benefit of particular Series of Bonds, security in addition to the pledge of the Net Revenues.

(c) If at any time the City shall desire to enter into any Supplemental Indenture for any of the purposes of this Section 10.03, the City shall cause notice of the proposed execution of the Supplemental Indenture to be given by Mail (or such other approved delivery method) to all Bondholders or, under subsection (b), all Bondholders of the affected Series. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the City for inspection by all Bondholders and it shall not be required that the Bondholders approve the final form of such Supplemental Indenture but it shall be sufficient if such Bondholders approve the substance thereof.

(d) The City may execute and deliver such Supplemental Indenture in substantially the form described in such notice, but only if there shall have first been delivered to the City (i) the required consents, in writing, of Bondholders and (ii) the opinion of Bond Counsel required by the last paragraph of Section 10.02 hereof.

(e) If Bondholders of not less than the percentage of Bonds required by this Section 10.03 shall have consented to and approved the execution and delivery thereof as herein provided, no Bondholders shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the City from executing the same or from taking any action pursuant to the provisions thereof.

(f) Notwithstanding subsections (c) through (e) above, the City may, at its discretion, execute and deliver such Supplemental Indenture which contains such modifications, alterations, amendments or supplements prior to receipt of the required consents in writing, of the Bondholders; provided, that such Supplemental Indenture or the applicable provisions of such Supplemental Indenture subject to the consents of the Holders shall not become effective until such time as there has been delivered to the City (i) the required consents, in writing, of Bondholders and (ii) the opinion of Bond Counsel required by the last paragraph of Section 10.02 hereof. In the event the City decides to execute and deliver a Supplemental Indenture in accordance with this subsection (f), the notice required in subsection (c) shall make reference to a final and executed Supplemental Indenture as opposed to a proposed Supplemental Indenture.

(g) For the purposes of this Section 10.03 the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the City, may consent to a modification or amendment permitted by this Section 10.03 in the manner provided herein and with the same effect as a consent given by the Owner of such Bonds, except that no proof of ownership shall be required; provided, that this provision of Section 10.03 shall be disclosed prominently in the offering document, if any, for each Series of Bonds issued pursuant to this Indenture, provided that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the offering document prepared in connection with the primary offering of the Bonds of such Series by the City.

Section 10.04. Effect of Supplemental Indenture. Upon execution and delivery of any Supplemental Indenture pursuant to the provisions of this Article X, this Indenture or the Supplemental Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture and the Supplemental Indenture of the City, the Trustee, the Paying Agent, the Registrar and all Bondholders and beneficial owners shall thereafter be determined, exercised and enforced under this Indenture and the Supplemental Indenture, if applicable, subject in all respects to such modifications and amendments.

No Supplemental Indenture shall modify the duties, rights or obligations of the Trustee, Paying Agent or Registrar without the consent of such party thereto.

Section 10.05. Supplemental Indentures to be Part of this Indenture. Any Supplemental Indenture entered into accordance with the provisions of this Article X shall thereafter form a part of this Indenture or the Supplemental Indenture which they supplement or amend, and all of the terms and conditions contained in any such Supplemental Indenture as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Indenture or the Supplemental Indenture which they supplement or amend for any and all purposes.

ARTICLE XI

CREDIT PROVIDERS

If a Credit Facility is provided for a Series of Bonds or for specific Bonds, the City may in the Supplemental Indenture under which such Bonds are issued, provide any or all of the following rights to the Credit Provider as the City shall deem to be appropriate:

(a) the right to make requests of, direct or consent to the actions of the Trustee or to otherwise direct proceedings all as provided in Article VIII hereof to the same extent and in place of the Owners of the Bonds which are secured by the Credit Facility and for such purposes the Credit Provider shall be deemed to be the Holder of such Bonds;

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(b) the right to act in place of the Owners of the Bonds which are secured by the Credit Facility for purposes of removing a Trustee or appointing a Trustee under Article IX hereof; and

(c) the right to consent to Supplemental Indentures to the same extent and in place of the Holders of the Bonds, which require the consent of the Holders of not less than 51% of the aggregate Principal Amount of the Bonds, entered into pursuant to Section 10.03 hereof, except with respect to any amendments described in Sections 10.03(a)(i) through (v) and 10.03(b)(i) or (ii) hereof which consent of the actual Holders shall still be required, of this Indenture to the same extent and in place of the Holders of the Bonds which are secured by the Credit Facility and for such purposes the Credit Provider shall be deemed to be the Holder of such Bonds.

The rights granted to any such Credit Provider, with respect to the provisions of Articles VIII and XI hereof shall be disregarded and be of no effect if the Credit Provider is in default of its payment obligations under its Credit Facility or fails to maintain its rating at a level higher than the underlying rating on the Bonds.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 12.01. Parties in Interest. Except as otherwise specifically provided herein, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the City, the Trustee, the Paying Agent, other agents from time to time hereunder, the Bondholders and, to the limited extent provided by Supplemental Indenture, the Credit Providers any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the City, the Trustee, the Paying Agent, such other agents, the Bondholders and, to the limited extent provided in the applicable Supplemental Indenture, the Credit Providers.

Section 12.02. Severability. In case any one or more of the provisions of this Indenture, or of any Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Indenture or of Bonds, and this Indenture and any Bonds issued hereunder shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 12.03. No Personal Liability of City Members and Officials; Limited Liability of City to Bondholders. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any present or future Council member, official, officer, agent or employee of the City, the Department of Airports or the Airport System, in their individual capacity, and neither the members of the Council, the officers and employees of the City, nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.04. Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Bonds. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 2.04 hereof.

Nothing contained in this Section 12.04 shall be construed as limiting the Trustee to such proof. The Trustee may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of, or assignment by any Bondholder shall bind every future Bondholder of the same Bonds or any Bonds issued in lieu thereof in respect of anything done by the Trustee or the City in pursuance of such request or consent.

Section 12.05. System of Registration. This Indenture shall constitute a system of registration within the meaning and for all purposes of the Registered Public Obligations Act, Chapter 7 of Title 15, Utah Code Annotated 1953, as amended.

Section 12.06. Plan of Financing. This Indenture shall constitute a plan of financing within the meaning and for all purposes of the Act.

Section 12.07. Governing Law. The laws of the State shall govern the construction and enforcement of this Indenture and of all Bonds issued hereunder.

Section 12.08. Notices. Except as otherwise provided in this Indenture, all notices, certificates, requests, requisitions or other communications by the City, the Trustee, the Paying Agent, the Registrar, other agents or a Credit Provider, pursuant to this Indenture shall be in writing and shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows: if to the City, to the Salt Lake City Department of Airports, Attention: Executive Director of Airports, by delivery or by mail, P.O. Box 145550, Salt Lake City, Utah, 84114-5550, with a copy to the City Attorney at the same address; if to the Trustee, to Wilmington Trust, National Association, 650 Town Center Drive, Suite 600, Costa, Mesa, California 92626, Attention: Corporate Trust Department, if to a Paying Agent, or another agent, to such address as is designated in writing by it to the Trustee and the City. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder.

Section 12.09. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, shall not be a Business Day, such payment may, unless otherwise provided in this Indenture or, with respect to any Series of Bonds or portion of Series of Bonds, provided in the Supplemental Indenture under which such Bonds are issued, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture; provided that no interest shall accrue between the scheduled date of payment and the actual date of payment.

Section 12.10. Counterparts. This Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

Section 12.11. Representation Regarding Ethical Standards for City Officers and Employees and Former City Officers and Employees. The Trustee represents that it has not: (a) provided an illegal gift or payoff to a City officer or employee or former City officer or employee, or his or her relative or business entity; (b) retained any person to solicit or secure the Trustee's appointment under this Indenture upon an agreement or understanding for a

commission, percentage, brokerage or contingent fee, other than bona fide employees or bona fide commercial selling agencies for the purpose of securing business; (c) knowingly breached any of the ethical standards set forth in the City's conflict of interest ordinance, Chapter 2.44 of the City Code; or (d) knowingly influenced, and hereby promises that it will not knowingly influence, a City officer or employee or former City officer or employee to breach any of the ethical standards set forth in the City's conflict of interest ordinance, Chapter 2.44 of the City Code.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Master Trust Indenture to be duly executed, all as of the date first above written.

SALT LAKE CITY, UTAH

By ______________________________________
Mayor

Attest:

By __________________________
City Recorder

[SEAL]

Approved as to form:

By __________________________
Senior City Attorney

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee

By ______________________________________
Authorized Representative

[Signature page to Master Trust Indenture]

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APPENDIX D
FORM OF AIRLINE USE AGREEMENT

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AIRLINE USE AGREEMENT

for

SALT LAKE CITY INTERNATIONAL AIRPORT

BY AND BETWEEN

SALT LAKE CITY CORPORATION

AND

[AIRLINE]

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AIRLINE USE AGREEMENT

THIS AIRLINE USE AGREEMENT (as amended, modified or altered from time to time, the "Agreement") is made and entered into this 1st day of July, 2014 by and between Salt Lake City Corporation, a municipal corporation of the State of Utah, and [Airline], a corporation organized and existing under the laws of __________ and authorized to do business in the State of Utah ("Airline").

W I T N E S S E T H:

WHEREAS, City has the ownership, custody, control and management of the Salt Lake City International Airport (as it now exists or hereafter may be extended, the "Airport," the approximate boundaries of which are shown on Exhibit A, including all real property easements or any other interests therein as well as all improvements and appurtenances thereto, structures, buildings, fixtures, and all tangible personal property or interest in any of the foregoing, now or hereafter owned, leased, or operated by City) located in Salt Lake County, State of Utah, as well as the ownership, custody, control and management of South Valley Regional Airport in West Jordan, Salt Lake County, Utah, and Tooele Valley Airport in Tooele, Tooele County, Utah (the "Reliever Airports"); and

WHEREAS, the Salt Lake City Department of Airports ("SLCDA") operates, maintains, improves and promotes the Airport and the Reliever Airports on behalf of the City; and

WHEREAS, City has the right to lease, license, or otherwise provide for the use of the land, property and facilities of the Airport and has full power and authority to enter into this Agreement in respect thereof; and

WHEREAS, Airline is duly certificated by the United States Department of Transportation, Federal Aviation Administration, and is engaged in the business of transportation by air of persons, property, mail, parcels and/or cargo; and

WHEREAS, Airline desires to lease certain premises and obtain certain rights, services and privileges in connection with the use of the Airport and its facilities, and City is willing to grant and lease the same to Airline upon the terms and conditions hereinafter stated; and

WHEREAS, City, Airline and all Air Carriers (as defined below) currently operating at the Airport that are represented by the Airport-Airline Affairs Committee have negotiated the terms of this Agreement and intend to terminate all currently effective Airline Use Agreements and Airline Operating Agreements effective as of June 30, 2014 and as more specifically provided in this Agreement; and

WHEREAS, Airline and City agree to enter into this Agreement specifying the rights and obligations of the parties with respect to the use and occupancy of the Airport by Airline;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, City and Airline do hereby mutually undertake, promise and agree, each for itself and its successors and assigns, as follows:

Article 1 Definitions

The following words, terms and phrases wherever used in this Agreement shall for the purposes of this Agreement have the following meanings:

1.01 *Adjustment-to-Actual* shall mean the annual adjustments made in accordance with Section 8.06.

1.02 *Affiliate* shall mean any Non-Signatory Airline that provides passenger service and that:

1.02.1 Is designated by Airline to the City as its Affiliate in accordance with Section 5.03, and

1.02.2 Has executed an Operating Agreement containing insurance, indemnification and other standard provisions as required by the City; and either:

(a) is operating at the Airport for the benefit of Airline, under the same or substantially similar livery as Airline, and (i) is owned by Airline, or (ii) is a subsidiary of the same corporate parent as Airline, or (iii) is under contract to Airline in respect of such operation; or

(b) is operating under its own livery at the Airport, is not selling any seats on an aircraft in its own name and all seats on such aircraft are being sold in the name of Airline; or

(c) is operating at the Airport under Airline's two-letter designator code and its own two-letter designator code, but is not headquartered in the United States.

1.03 *Air Carrier* shall mean a carrier certificated by the Secretary of Transportation as a Passenger Carrier under 49 U.S.C. § 41102 or a Cargo Carrier under 49 U.S.C. § 41103.

1.04 *Air Transportation Business* shall mean that business operated by Airline at the Airport for the commercial transportation by air of persons, property, mail, parcels and/or cargo.

1.05 *Airfield* shall mean those portions of the Airport provided for the landing, taking off, and taxiing of aircraft, including without limitation approach and turning zones, clear zones, avigation or other easements, runways, a fully integrated taxiway system, runway and taxiway lights, GSE Storage Areas, and other appurtenances related to the aeronautical use of the Airport, including any airfield property purchased for noise or other environmental mitigation purposes.

1.06 *Airfield Cost and Revenue Center* shall include the allocated share of Debt Service; direct, indirect and general administrative Operating Expenses; Renewal and Replacement Costs; the Coverage Amount Requirement; required reserve deposits; and all Revenues attributable to the Airfield as identified in Exhibit B.

1.07 *Airfield Revenue Requirement* shall mean the amount that includes all direct and indirect costs less certain revenues as defined in and in accordance with Section 8.02.1.

1.08 *Airline* shall mean the Passenger Carrier signing this Agreement.

1.09 *Airline Premises* shall mean those areas at the Airport assigned to Airline or any other Passenger Carrier as Exclusive Use Premises, Preferential Use Premises, Joint Use Premises and Common Use Premises, as shown on Exhibit A. When required, these exhibits will be revised in accordance with changes in the assignment of areas as provided by this Agreement.

1.10 *Airline Revenue Requirement* shall mean the sum of the Airfield Revenue Requirement and the Terminal Revenue Requirement.

1.11 *Airline Technical Representative* shall mean the person designated by the Chair of the AAAC to represent the AAAC in matters pertaining to the Project as specified in Section 10.06.3.

1.12 *Airport-Airline Affairs Committee* ("*AAAC*") shall mean collectively the authorized representatives of each Signatory Airline that shall meet from time to time with representatives of City to receive information and provide input from the Signatory Airlines with regard to selected operational and development matters at the Airport.

1.13 *Annual Adjusted Gross Revenue* shall mean rent, concession fees or similar charges actually received during any Fiscal Year by the City from Selected Concessions. Annual Adjusted Gross Revenue shall not include sales taxes, utility fees, consortium fees, key money, Customer Facilities Charges or other similar "pass through" charges.

1.14 *Auto Rental Concessions* shall mean all auto rental companies or other business organizations operating pursuant to concession agreements with the City.

1.15 *Balanced Facility Requirement* shall mean the following minimum space that a Passenger Carrier must lease to qualify as a Signatory Airline hereunder: (a) one (1) gate (b) two (2) Ticket Counter positions, and (c) airline ticket office, bag make up, bag office or other space deemed part of the Balanced Facility Requirement by the Executive Director.

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1.16 *Bonds* shall have the meaning provided for in the Master Trust Indenture.

1.17 *Capital Investment* shall mean an expenditure made to acquire, purchase or construct a single capital item or project for the purpose of improving, maintaining or developing the Airport and shall include expenses incurred for acquisition, development, study, analysis, review, design, or capital planning efforts.

1.18 *Capital Outlay* shall mean an expenditure of no more than one hundred thousand dollars ($100,000) for fixtures, furnishings or equipment net of grants-in-aid and PFCs.

1.19 *Cargo Aircraft Aprons* shall mean those areas of the Airport that are primarily designated for the parking of cargo aircraft and support vehicles and the loading and unloading of cargo aircraft.

1.20 *Cargo Carrier* shall mean a carrier certificated by the Secretary of Transportation as a Cargo Carrier under 49 U.S.C. § 41103.

1.21 *Chargeable Landing* shall mean all Revenue Landings and Non-Revenue Landings.

1.22 *City* shall mean the Salt Lake City Corporation, a municipal corporation of the State of Utah, and the person, division, department, bureau, or agency as may from time to time be expressly designated by the City to exercise functions equivalent or similar to those now exercised by the City with respect to rights and obligations of City under this Agreement.

1.23 *City Council* shall mean the City Council of City.

1.24 *Common Use* shall mean shared use of areas by Airline and one or more other Passenger Carriers.

1.25 *Common Use Premises* shall mean those areas of the Terminal, including without limitation Common Use Gates, Common Use Ticket Counters, Common Use Skycap Positions and baggage areas, not assigned on an Exclusive Use, Joint Use or Preferential Use basis (excluding Public Space) but rather used in common by Airline and one or more other Passenger Carriers.

1.26 *Cost and Revenue Centers* shall mean those areas or functional activities of the Airport used for the purposes of accounting for Revenues, Operating Expenses, Renewal and Replacement Costs, Capital Investments and Debt Service as identified in Exhibit B.

1.27 *Coverage Amount Requirement* shall mean: the amount which is necessary to be deposited in the Rolling Coverage Account in order for the City to have on deposit therein (i) with respect to any Debt Service due and payable in the current Fiscal Year on Bonds, an amount equal to twenty-five percent (25%) of such Debt Service, and (ii) with respect to Debt Service due and payable in the current Fiscal Year on Subordinated Indebtedness, an amount equal to the amount by which the Revenues available to pay such Subordinated Indebtedness are required to exceed the Debt Service due and payable in the current Fiscal Year on such Subordinated Indebtedness pursuant to the applicable Subordinated Financing Agreement.

1.28 *Customer Facility Charges* ("CFCs") shall mean fees imposed for non-aeronautical use of the Airport for the purpose of funding non-aeronautical facilities at the Airport, such as a consolidated rental car facility, as such fees may be altered from time to time during the Term of this Agreement.

1.29 *Date of Beneficial Occupancy ("DBO")* shall mean the date when a project or phased component of a project has been completed and the Executive Director determines that it is available for use by Air Carriers.

1.30 *Debt Service* shall have the meaning described in the Master Trust Indenture, Subordinated Financing Agreement and Other Indebtedness agreements.

1.31 *Debt Service Reserve Funds* shall mean such funds established and maintained pursuant to the Master Trust Indenture, Subordinated Financing Agreement and Other Indebtedness agreements.

1.32 *Deplaned Passenger* shall mean any passenger disembarking an aircraft, including any such passenger that shall subsequently board another aircraft of the same or a different Passenger Carrier or the same aircraft previously operating under a different flight number.

1.33 *DOT* shall mean the United States Department of Transportation.

1.34 *EGSE* shall mean GSE powered by electricity or any other alternative fuel eligible for AIP funding under the FAA's Voluntary Airport Low Emission Program, 1.35 *Enplaned Passenger* shall mean any passenger boarding an aircraft, including any such passenger that previously disembarked from another aircraft of the same or a different Passenger Carrier or from the same aircraft previously operating under a different flight number.

1.36 *Environmental Laws* shall mean and include all applicable federal, state, and local laws, statutes, ordinances, regulations, decrees, and/or rules currently in effect or which may come into effect during the Term of this Agreement, as may be amended from time to time, and all implementing regulations, orders, and applicable federal or applicable state court decisions interpreting, relating to, regulating or imposing liability (including, but not limited to, response, removal, remediation and damage costs) or standards of conduct or performance relating to industrial hygiene, occupational health and/or safety conditions, environmental conditions, or exposure to, contamination by, or clean-up of, any and all Hazardous Materials, including without limitation, all applicable federal or state superlien or environmental clean-up statutes.

1.37 *Exclusive Use Premises* shall mean any office space, storage area, VIP lounge, employee break room or other area of the Terminal designated by City for exclusive use by Airline as shown on Exhibit A.

1.38 *Executive Director* shall be the Executive Director of SLCDA and shall include such person or persons as may from time to time be authorized in writing by City or by the Executive Director or applicable law to act for the Executive Director with respect to any or all matters pertaining to this Agreement.

1.39 *FAA* shall mean the Federal Aviation Administration or its authorized successor(s).

1.40 *Fiscal Year* shall mean the annual accounting period of City for its general accounting purposes, which, at the time of entering into this Agreement, is the period of 12 consecutive months ending with the last day of June of any year.

1.41 *Gate* shall mean those portions of the Terminal individually comprised of a passenger loading bridge, if any, a passenger holdroom and a Gate Apron.

1.42 *Gate Apron* shall mean the ramp area associated with a Gate.

1.43 *GSE* shall mean ground support equipment to include belt loaders, baggage tugs, and push back tractors that are used primarily to facilitate airline operations at the gate or to transport baggage within or from the bag room and among arriving and departing aircraft.

1.44 *GSE Storage Areas* shall mean those areas of the Airport that are primarily designated for the storage of ground support equipment and are shown on Exhibit A.

1.45 *Hazardous Materials* shall mean any and all substances, products, by-products, waste, or other materials of any nature or kind whatsoever which (a) are or become listed or regulated under any Environmental Laws; (b) give rise to liability under any Environmental Laws or any statutory or common law theory based on negligence, trespass, intentional tort, nuisance, strict or absolute liability or under applicable reported decisions of state or federal court; or (c) which may be hazardous or harmful to the air, water, soil or environment or affect industrial hygiene, occupational health or safety, including without limitation, petroleum and/or asbestos materials, products, by-products, or waste.

1.46 *In-Terminal Concessions* shall include, but not be limited to, companies or other business organizations that (i) sell consumable food or beverage items, excluding automated vending operations, (ii) sell retail or news products, excluding automated vending items, or services, or (iii) advertise to the traveling public at the Terminal, pursuant to concession agreements with the City.

1.47 *Investment Service* shall mean those annual charges for payments of Debt Service and associated Debt Service coverage plus annual charges for amortization of Capital Investments funded by Net Remaining Revenues.

1.48 *Joint Use Premises* shall mean those areas of the Terminal that are used jointly by Airline and one or more other Passenger Carriers and are shown on Exhibit A.

1.49 *Landing Fee* shall mean a fee expressed in dollars and cents per thousand pounds of the Maximum Gross Landed Weight of each type of Airline's aircraft and shall be multiplied by the total of all Maximum Gross Landed Weight for all Chargeable Landings of each type of aircraft landed at the Airport by Airline.

1.50 *Master Trust Indenture* shall mean the trust agreement by and between City and the Trustee that provides for the issuance of senior lien Airport revenue Bonds, as supplemented by additional or supplemental resolutions and supplemental trust agreements.

1.51 *Maximum Gross Landed Weight* shall mean the maximum gross certificated landing weight in one thousand pound units for each aircraft operated at the Airport by Airline as certificated by the FAA or its successor.

1.52 *Net Bond Proceeds* shall mean the amount of the proceeds of any Bonds, Subordinated Indebtedness or Other Indebtedness that is available for construction or acquisition of projects, net of costs of issuance, reserve amounts, capitalized interest, discount or other amounts paid from Bond, Subordinated Indebtedness or Other Indebtedness proceeds.

1.53 *Net Remaining Revenues* shall mean, for a given Fiscal Year, the amount equal to Revenues less Operating Expenses less Debt Service less the Coverage Amount Requirement (for the current Fiscal Year), if any, less required reserve deposits and other required fund deposits or other payments described in the Master Trust Indenture, Subordinate Financing Agreements and Other Indebtedness agreements.

1.54 *Non-Revenue Landing* shall mean any aircraft landed by Airline at the Airport for a flight for which Airline receives no revenue.

1.55 *Non-Signatory Airline* shall mean any Air Carrier that has not entered into an Airline Use Agreement with City substantially similar to this Agreement.

1.56 *Open Storage Space* shall mean unimproved, not fully-enclosed space.

1.57 *Operating Agreement* shall mean the agreement executed by City and any Non-Signatory Airline pertaining to such Non-Signatory Airline's operations and use of certain facilities at the Airport.

1.58 *Operating Expenses* shall mean the current expenses, paid or accrued, of operation, maintenance, and ordinary current repairs of the Airport (calculated in accordance with sound accounting principles) and shall include, but not be limited to, insurance premiums, reserves and estimated costs; salaries and wages; benefits; fees for services; costs of materials, supplies and fuel; overhead; letter of credit fees; broker-dealer fees; auction agent fees; trustee fees; bond administration expenses; arbitrage rebate calculation and payment requirements and other similar costs; administrative expenses of City relating solely to the Airport, including engineering, architectural, legal, consultants, and accounting fees and expenses; and other reasonable current expenses calculated in accordance with sound accounting principles as provided above. Operating Expenses shall not include depreciation, costs of capital additions, replacements, betterments, extensions or improvements to the Airport, which under generally accepted accounting principles are chargeable to a capital account or to a reserve for depreciation, charges for the payment of principal and interest on any indebtedness heretofore or hereafter issued for Airport purposes, or any operating expenses of special purpose facilities buildings where the lessees thereof are obligated to pay such operating expenses.

1.59 *Operation and Maintenance Reserve Fund* shall mean the fund as described in the Master Trust Indenture and Section 8.10.2.

1.60 *Operation and Maintenance Reserve Requirement* means for any Fiscal Year, an amount equal to one sixth of the amount budgeted for Operating Expenses by SLCDA in its annual budget for such Fiscal Year.

1.61 *Other Available Funds* shall mean Other Moneys Available for Debt Service and Other Pledged Revenues.

1.62 *Other Indebtedness* shall mean any debt incurred by City for Airport purposes that is outstanding and not authenticated and delivered under and pursuant to the Master Trust Indenture or any Subordinated Financing Agreement and ranks junior and subordinate to the Bonds and Subordinated Indebtedness.

1.63 *Other Moneys Available for Debt Service* shall have the meaning described in the Master Trust Indenture.

1.64 *Other Pledged Revenues* shall have the meaning described in the Master Trust Indenture.

1.65 *Passenger Carrier* shall mean an air carrier certificated by the Secretary of Transportation as a Passenger Carrier under 49 U.S.C. § 41102.

1.66 *Passenger Facility Charges ("PFCs")* shall mean the fees authorized by 49 U.S.C. § 40117 and regulated by 14 C.F.R. Part 158 as such statute and regulations currently exist or as they may be amended during the Term of this Agreement.

1.67 *Period of Use* for a Scheduled Operation shall mean the period of time that an Airline is authorized to use a Gate or a Ticket Counter for a scheduled arrival and/or departure pursuant to the Rules and Regulations.

1.68 *Preferential Use* of a Gate or Ticket Counter shall mean scheduling preference, over similar operations by another Scheduled Airline, given to a Signatory Airline for the use of a Gate or Ticket Counter during applicable Periods of Use for its Scheduled Operations.

1.69 *Preferential Use Premises* shall mean those portions of the Terminal and Terminal Aircraft Aprons, as shown in Exhibit A, to which Airline shall have priority of use over other Passenger Carriers, subject to the provisions of Article 7.

1.70 *Program Director* shall mean Michael P. Williams of Making Projects Work, Inc., a Georgia corporation, or a successor third-party project manager designated by the Executive Director from time to time.

1.71 *The Project* shall mean the Terminal Redevelopment Project described in Section 10.06 and Exhibit H-1.

1.72 *Public Space* shall mean all utility rooms, ductways, janitorial rooms and closets, stairways, hallways, elevators, escalators, entrance-ways, public lobbies and areas, public toilet areas and other areas used for the operation, maintenance or security of the Terminal, even if used solely by City, as shown on Exhibit A.

1.73 *Relocation Costs* shall mean all moving costs funded by City under Section 4.05.1 that result from City-initiated moves of any Signatory Airline to facilitate construction of The Project or from moves of any Signatory Airline upon completion of The Project.

1.74 *Rentable Airline Space* shall mean the number of square feet of space in the Terminal that is rentable to Air Carriers, but excluding Open Storage Space.

1.75 *Rentable Terminal Space* shall mean the number of square feet of space in the Terminal that is rentable to tenants, including office and administrative space used by the City, but excluding Open Storage Space.

1.76 *Renewal and Replacement Reserve Fund* shall mean the fund established and maintained pursuant to the Master Trust Indenture and Section 8.10.1.

1.77 *Renewal and Replacement Fund Requirement* shall mean for any Fiscal Year, the amount, if any, as may be required from time to time to be on deposit in the Renewal and Replacement Reserve Fund in accordance with Section 8.10.1.

1.78 *Requesting Airline* shall mean a Scheduled Airline without adequate Gate or Ticket Counter access desirous of operating from the Airport.

1.79 *Revenue Landing* shall mean a landing of any aircraft by Airline at the Airport for which Airline receives Revenue.

1.80 *Revenues* shall mean, for any given period of time, income, revenues, receipts and moneys accrued by City in accordance with generally accepted accounting principles, including investment earnings, from or in connection with the ownership or operation of the Airport or any part thereof or the leasing or use thereof, including any fuel tax refunds received by the City from the State and the proceeds of any insurance covering business interruption loss and Other Available Funds, but excluding:

(a) any money received by or for the account of City from the levy or collection of taxes;

(b) moneys received from the State of Utah or the United States of America to the extent required to be deposited in restricted funds and used for purposes inconsistent with the payment of Debt Service on the Bonds, Subordinated Indebtedness or Other Indebtedness;

(c) lease deposits and security deposits;

(d) moneys required to be paid to the State of Utah or the United States of America pursuant to agreements with City;

(e) moneys received from insurance proceeds or settlements or the sale of or upon the taking by or under the threat of eminent domain of all or any part of the Airport, including easement interests;

(f) proceeds from Bonds, Subordinated Indebtedness or Other Indebtedness issued by City or proceeds from loans, indebtedness or other obligations entered into by City;

(g) moneys or securities received by City as gifts or grants, to the extent the use of such moneys or securities is restricted by the donor or grantor to purposes inconsistent with their use as Revenues under the terms of the Master Trust Indenture;

(h) CFC revenues;

(i) PFC revenues;

(j) any revenues from special purpose facilities that are pledged for the payment of debt service on special facility bonds;

(k) any swap termination or penalty payments paid to the City pursuant to a qualified swap;

(l) any interest subsidy with respect to Bonds, Subordinated Indebtedness and Other Indebtedness paid or payable to or for the account of the City by any governmental body or agency; and

(m) investment earnings on the moneys described in (a) through (l) above.

1.81 *Rolling Coverage Account* shall mean such account established and maintained pursuant to the terms of the Master Trust Indenture.

1.82 *Rules and Regulations* shall mean Airport's Rules and Regulations governing the conduct of operations at the Airport as such Rules and Regulations currently exist or as they may be amended or supplemented during the Term of this Agreement as provided in Section 18.07.

1.83 *Scheduled Airline* shall mean a Passenger Carrier performing Scheduled Operations at the Airport.

1.84 *Scheduled Operation* shall mean a Scheduled Airline's operation (arrival or departure) that occurs pursuant to a schedule that is published in the Official Airline Guide ("OAG") or any successor publication so long as such schedule is made available to City at least forty-five (45) days prior to the commencement or rescheduling of the operation.

1.85 *Selected Concessions* shall mean In-Terminal Concessions and Auto Rental Concessions.

1.86 *Shared Use Equipment* shall mean equipment that is utilized on a shared basis for passenger processing.

1.87 *Signatory Airline* shall mean a Passenger Carrier that (a) signs an agreement with City substantially similar to this Agreement, (b) provides passenger service, and (c) satisfies the Balanced Facility Requirement. If, subsequent to the qualification of a Passenger Carrier as a Signatory Airline, the Passenger Carrier fails to satisfy the criteria set forth above for a period of sixty (60) days after notification from the City of such failure, this Agreement shall automatically terminate and City and Airline shall promptly execute an Operating Agreement.

1.88 *Skycap Positions* shall mean areas designated by the Airport on the Terminal departure curb or as otherwise located for the passenger and baggage check-in process.

1.89 *Space Change Summary Notice* means a notice in the form of Exhibit C. Each Space Change Summary Notice shall be deemed to form a part of this Agreement when executed by the parties and shall not require a formal amendment to this Agreement.

1.90 *Subordinated Financing Agreement* shall mean a bond resolution, trust agreement, indenture or other financing agreement providing for or authorizing the issuance by City of Subordinated Indebtedness, including an agreement related to the security or credit enhancement for the Subordinated Indebtedness, as each may be supplemented or amended from time to time.

1.91 *Subordinated Indebtedness* shall mean any bonds issued pursuant to any Subordinated Financing Agreement and which rank junior and subordinate to the Bonds.

1.92 *Term* shall mean the period of time during which Airline's activities at the Airport shall be governed by this Agreement. Said Term shall begin on the Effective Date as set forth in Article 2 and, except as otherwise set forth in this Agreement, terminate on the termination date set forth in Article 3.

1.93 *Terminal Aircraft Aprons* shall mean those areas of the Airport that are primarily designated for the parking of passenger aircraft and support vehicles and the loading and unloading of passenger aircraft and are shown on Exhibit A.

1.94 *Terminal* shall mean the passenger terminal buildings and the Terminal Aircraft Aprons as displayed in Exhibit A.

1.95 *Terminal Cost and Revenue Center* shall include the allocated share of Debt Service; direct, indirect and general administrative Operating Expenses; Renewal and Replacement Costs; the Coverage Amount Requirement; required reserve deposits; and all Revenues attributable to the Terminal as identified in Exhibit B.

1.96 *Terminal Rents* shall mean the rents effective July 1st of each Fiscal Year as determined according to the methods set forth in Section 8.03.

1.97 *Terminal Revenue Requirement* shall mean the amount that includes all direct and indirect costs less certain Revenues as defined in and in accordance with Section 8.03.1.

1.98 *Ticket Counter* shall mean those areas made available by the Airport for ticketing passengers and receiving baggage. Each Ticket Counter shall include the area fifteen (15) feet in front of each counter for the counter's entire width to accommodate passenger queues.

1.99 *Trustee* shall mean the banking association or corporation, its successors and assigns, administering the trusts created under the Master Trust Indenture.

1.100 *TSA* shall mean the Transportation Security Administration.

1.101 *Turn* shall mean the arrival and subsequent departure of an aircraft at a Gate at the Airport for any reason, including any tow to or from a Gate.

Additional capitalized words and phrases used in this Agreement but not defined herein shall have the meanings set forth in the Master Trust Indenture or, if not so set forth, shall have their usual and customary meanings.

Article 2 Effective Date

2.01 *Effective Date*. This Agreement, along with the determinations of rentals, fees, and charges set forth herein, shall be effective on the later of July 1, 2014 or such date as Airline delivers a duly executed copy of this Agreement to SLCDA (the "Effective Date").

2.02 *Cancellation of Prior Agreements*. At the Effective Date, the Airline Use Agreement between Airline and City dated July 1, 2010, as amended, shall terminate.

Article 3 Term

3.01 *Termination Date*. This Agreement shall commence on the Effective Date and shall terminate at midnight on June 30, 2024 unless canceled sooner as provided herein.

Article 4 Premises

4.01 *Airline Premises*. City does hereby lease and demise to Airline and Airline does hereby lease and accept from City the Exclusive Use Premises, Preferential Use Premises, Joint Use Premises and Common Use Premises designated in Exhibit A on an "as is" basis with all faults. Except as specifically provided otherwise herein, the City does not warrant or represent that the Airline Premises are suitable for the uses contemplated in this Agreement. Airline acknowledges and agrees that the Airline Premises may be revised from time to time during the Term to reflect new assignments and reallocations of space as provided by this Agreement. Any such revisions of Airline Premises shall be reflected in a Space Change Summary Notice.

4.02 *Terminal Equipment*. Terminal equipment owned or acquired by City for use by Airline shall remain the property and under the control of City.

4.03 *Employee Parking*. City will make reasonable efforts to make available area(s) at the Airport for vehicular parking for Airline's personnel employed at the Airport; provided, however, such area(s) shall not be used for: (a) vehicle parking or storage for any period other than such personnel's performance of employment for Airline at the Airport, or (b) parking or storage of trailers, recreational vehicles (RVs) or other oversized vehicles at any time. Usage of any parking area(s) made available by City at the Airport is subject to Article 5 and Article 8 of this Agreement and to the Rules and Regulations.

4.04 *Federal Inspection Services ("FIS") Facilities*. City shall designate areas in the Terminal, or elsewhere on the Airport, to be used by agencies of the United States for the inspection of international passengers and their baggage and for the exercise of the responsibilities of said agencies with respect to the movement of persons, property, and cargo to and from the United States.

4.05 *Reallocation of Space*.

4.05.1 *City Initiated Reallocations*. From time to time during the term of this Agreement, part or all of the Airline Premises may be required (1) for implementation of improvements at the Airport; (2) for accommodation of the traveling public; or (3) in order to maximize the use of the Terminal and related facilities by Passenger Carriers (including Airline) and other tenants, lessees, permittees, and users thereof. In said event, City shall provide thirty (30) days advance written notice of the Executive Director's decision regarding such reallocation and of the schedule for implementation of such reallocation. Executive Director and Airline may agree to reasonable extensions of time necessary to accommodate said reallocation. Airline hereby agrees to comply with any reallocation requirements. In any such reallocation, the actual, reasonable requirements of Airline for terminal space to accommodate its operations at the Airport shall be given consideration, and City shall use reasonable efforts to satisfy those requirements. All moving costs resulting from relocation of Airline in a City-imposed reallocation of space shall be funded by City, subject to rate recovery under Article 8; provided, however, that Airline shall not be entitled to reimbursement for reallocation of or within Common Use Premises. With respect to any Airline trade fixture and other movable property, if removal from the existing premises and reinstallation at Airline's new premises is possible and not unreasonable, Airline shall not be entitled to a new fixture or to new property; Airline shall, however, remove all trade fixtures and other movable property of Airline from the existing premises whether or not reinstallation is possible. If the Airline Premises is reduced as a result of a reallocation by City, Airline's rent shall be decreased on a per square foot basis, and Airline shall remain a Signatory Airline even if, as a result of a City initiated reallocation, Airline no longer satisfies the Balanced Facility Requirement. If the Airline Premises is enlarged as a result of a reallocation by City under this Section 4.05.1, Airline shall not be required to pay rent for any additional square footage in the Airline Premises.

4.05.2 *Airline Initiated Reallocations*. If during the term of this Agreement Airline requires a reallocation of part or all of the Airline Premises to facilitate its operations at the Airport, Airline may request such a reallocation by submitting a written request to the Executive Director, and the Executive Director may approve or deny any such request in the Executive Director's sole discretion. Except as otherwise provided in Section 10.06.10(c), any such request for reallocation may not include a request for a reduction in the size of the Airline Premises. All costs associated with any reallocation requested by an Airline, including without limitation the costs of the City, shall be funded by Airline, and Airline shall pay Common Use Gate charges for any additional (rather than replacement) Common Use Gates and Preferential Use Gate charges for any additional Preferential Use Gates, if any, that it receives as a result of any such reallocation.

4.05.3 Changes to the Airline Premises as provided in this Section 4.05 may be memorialized by the Executive Director's issuance of a Space Change Summary Notice and shall not require or constitute a formal amendment to this Agreement.

4.05.4 If the number of Preferential Use Gates that are part of the Airline Premises is reduced during the Term of this Agreement as provided in this Article 4, City may terminate, upon thirty (30) days written notice to Airline, Airline's right to use those portions of the Exclusive Use Premises that are no longer proximate to Airline's Preferential Use Gates or that are no longer necessary, in the Executive Director's reasonable discretion, to support Airline's operations at Airline's remaining Preferential Use Gates. In such a situation, the Space Change Summary Notice that is issued by the Executive Director shall document the termination of any portion of Airline's Exclusive Use Premises under this section. Airline's surrender of any such Exclusive Use Premises shall be subject to the terms of Article 15 of this Agreement.

4.05.5 Reallocations of space that occur in conjunction with The Project described in Section 10.06 are subject to the provisions of Section 10.06 to the extent they differ from this Section 4.05.

4.06 *Condemnation*.

4.06.1 In the event that all or a substantial part of the Airline Premises shall be taken by governmental authority through the exercise of the power of eminent domain or other authority justifying such taking, this Agreement shall terminate, the rents, fees and charges in respect to the Airline Premises shall cease as of the date possession is taken by the taking authority, and City shall be entitled to all damages payable by reason of the taking, subject to the claims of Airline for the value of its leasehold, which claims as to validity and amount shall be a matter for determination between Airline and City. If Airline and City cannot reach a determination, then the court having jurisdiction over such proceeding shall be entitled to make the determination, provided that nothing herein contained shall preclude Airline from asserting any claims or rights it may have against such governmental authority as to its separate property, leasehold improvements and trade fixtures.

4.06.2 In the event that a portion of the Airline Premises, but not a substantial part of the Airline Premises, shall be taken by governmental authority through the exercise of the power of eminent domain or other authority justifying such taking, there shall be an equitable and proportional abatement or reduction in the rents payable by Airline hereunder based on the degree to which the portion of the Airline Premises that is taken is related to the total Airline Premises. The City shall promptly expend so much as may be necessary to repair or restore the Airline Premises to a condition that is reasonably suitable to the uses of Airline permitted hereunder, with such changes, alterations, and modifications (including the substitution and addition of other property) as may be agreed upon by City and Airline, and there shall be applied for such purpose so much as may be necessary of any net proceeds received by City because of any such taking, after payment of any expenses of obtaining or recovering such net proceeds, as well as any moneys which City determines to make available from the sale of Bonds, Subordinated Indebtedness or Other Indebtedness. In the event that such net proceeds are insufficient to pay in full the costs of such repair or restoration, City will endeavor to arrange financing through the issuance of Bonds, Subordinated Indebtedness, Other Indebtedness or other means and complete such repair or restoration. In no event shall City have any obligations to make any repairs or restorations under this Section 4.06.2 if prevented from doing so by reason of any cause beyond its reasonable control, including requirements of any applicable laws, codes, ordinances, permit conditions, rules or regulations. Further, City shall not be obligated to

make any repairs or restorations to any portions of the Airline Premises that are constructed or installed by or for some party other than City or are not the property of City.

Article 5 Grant of Rights to Use Airport

5.01 *Airline Rights and Privileges*. In addition to all rights granted elsewhere in this Agreement, Airline shall have the right to use, in common with others so authorized by City, areas (other than areas leased preferentially or exclusively to others), facilities, equipment, and improvements at the Airport for the operation of Airline's Air Transportation Business and all activities reasonably necessary for such operations, including but not limited to:

5.01.1 The landing, taking off, flying over, taxiing, towing, and conditioning of Airline's aircraft and, in areas designated by City, the extended parking, servicing, deicing, loading or unloading, storage, or maintenance of Airline's aircraft and support equipment subject to the availability of space and subject to such reasonable charges and regulations as City may establish; provided, however, Airline shall not permit the use of the Airfield by any aircraft operated or controlled by Airline which exceeds the design strength or capability of the Airfield as described in the then-current FAA-approved Airport Layout Plan ("ALP") or other engineering evaluations performed subsequent to the then-current ALP, including the then-current Airport Certification Manual.

5.01.2 The sale of air transportation tickets and services, the processing of passengers and their baggage for air travel, the sale, handling, and providing of mail, cargo, and express services, and reasonable and customary airline activities.

5.01.3 The training of personnel in the employ of or to be employed by Airline and the testing of aircraft and other equipment being utilized at the Airport in the operation of Airline's Air Transportation Business; provided, however, said training and testing shall be incidental to the use of the Airport in the operation by Airline of its Air Transportation Business and shall not hamper or interfere with the use of the Airport and its facilities by others entitled to the use of same. City reserves the right to restrict or prohibit such training and testing operations which it deems to interfere with the use of the Airport, including excessive noise as reasonably determined by City.

5.01.4 The sale, disposition, or exchange of Airline's aircraft, engines, accessories, gasoline, oil, grease, lubricants, fuel, or other similar equipment or supplies; provided, however, Airline shall not sell or permit to be sold aviation fuels or propellants except (i) to such Air Carrier which is a successor company to Airline or a company that has merged with Airline, (ii) for use in aircraft of others which are being used solely in the operation of Airline's Air Transportation Business, including, but not limited to, Airline's Affiliate(s), or (iii) when a comparable grade and type of fuel desired by others is not available at the Airport except from Airline.

5.01.5 The purchase at the Airport or elsewhere of fuels, lubricants, and any other supplies and services from any person or company, subject to City's right to require that each provider of services and/or supplies to Airline secures a permit from City to conduct such activity at the Airport, pays required fees, and abides by all reasonable rules and regulations established by City. No discriminatory limitations or restrictions shall be imposed by City that interfere with such purchases; provided, however, that nothing in this Agreement shall be construed to permit Airline to store aviation fuels at the Airport. This Agreement grants no right to store aviation fuels; the granting of any right to store aviation fuels shall be subject to the execution of a separate agreement between Airline and City.

5.01.6 The servicing by either Airline or its suppliers of aircraft and other equipment being utilized at the Airport by Airline or its Affiliates on the Terminal Aircraft Aprons or such other locations as may be designated by the Executive Director.

5.01.7 The loading and unloading of persons, property, cargo, parcels and mail by motor vehicles or other means of conveyance reasonably approved by City at Terminal Aircraft Aprons or such other locations as may be designated by the Executive Director; provided Airline shall not use Terminal Aircraft Aprons immediately adjacent to the passenger Terminal to load or unload all-cargo aircraft unless otherwise authorized in writing by the Executive Director and provided further that Air Carriers and third parties will be entitled to ingress and egress over the Terminal Aircraft Aprons from time to time, as provided in the Rules and Regulations, for access to adjacent space, including without limitation office space, in the Terminal.

5.01.8 The storage of ground support equipment in designated GSE Storage Areas; provided that Airline shall promptly dispose of or remove damaged and inoperative ground support equipment from the Airport. If Airline fails to remove damaged and inoperative ground support equipment within thirty (30) days after receiving written notice requesting removal from City and City exercises its right to remove such equipment as provided in Section 13.03.4, any equipment that is so removed shall, at City's option, be stored by City at Airline's expense. Airline shall pay to City, upon receipt of an invoice, the costs incurred for such storage plus fifteen percent (15%).

5.01.9 The provision, either alone or in conjunction with other Passenger Carriers or through a nominee, of porter/skycap service for the convenience of the public, at no cost to City. Notwithstanding anything set forth herein, Airline and Airline's agents, contractors, employees and service providers shall not be entitled to use electric carts to transport passengers in the Terminal.

5.01.10 The installation, maintenance, and operation, at no cost to City, of such radio communication, company telephone system, computer, meteorological and aerial navigation equipment and facilities on Airline's Exclusive Use or Preferential Use Premises as may be necessary or convenient for the operation of its Air Transportation Business; provided, however, that except for equipment and facilities already in place with the prior written approval of the Executive Director, installations shall be subject to such prior written approval. Prior to any written approval, Airline shall provide the Executive Director with all necessary supporting documentation related to such installations. Notwithstanding anything set forth herein to the contrary, the Executive Director may at any time during the Term of this Agreement require Airline to utilize the City's data communications system at the Airport to link Airline's separate operating locations within the Airport.

5.01.11 Such rights of way as may reasonably be required by Airline for communications, computer equipment, teletype, telephone, interphone, conveyor systems and power, and other transmission lines in areas preferentially-leased by Airline, subject to the prior written approval of the Executive Director and the availability of space and/or ground areas as determined by the Executive Director. City reserves the right to require the execution of a separate agreement between City and Airline for the lease and use of such space and/or ground area outside Terminal areas or to provide such service directly to Airline.

5.01.12 The installation of personal property, including furniture, furnishings, supplies, machinery, and equipment, in Airline's Exclusive Use Premises as Airline may deem necessary, useful or prudent for the operation of its Air Transportation Business; provided, however, that the installation of such personal property in Airline's Preferential Use Premises shall be permitted only as provided in the Rules and Regulations and the Airport's Tenant Improvement Standards as in effect at the time. Title to any such personal property (including removable trade fixtures but excluding other fixtures and improvements to the Terminal) shall remain with Airline, subject to the provisions of this Agreement.

5.01.13 The construction of modifications, finishes, and improvements in Airline's Exclusive Use and Preferential Use Premises as Airline may deem necessary or prudent for the operation of its Air Transportation Business, subject to the provisions of Section 10.05 and the Airport's Tenant Improvement Standards.

5.01.14 Airline shall have the right to ingress to and egress from the Airport and Airline Premises for Airline's officers, employees, agents, and invitees, including passengers, suppliers of materials, furnishers of services, aircraft, equipment, vehicles, machinery and other property. Such right shall be subject to 49 C.F.R. Part 1542, applicable laws, and City's right in accordance with its applicable law to establish reasonable and nondiscriminatory Rules and Regulations governing (i) access by the general public, including Airline's passengers, and (ii) access to non-public areas at the Airport by Airline's employees, suppliers of materials, and furnishers of services; provided, however, any such Rules and Regulations of City shall not unreasonably interfere with the operation of Airline's Air Transportation Business. City may at any time temporarily or permanently close, re-route, or consent to or request the closing or re-routing of any roadway or access to the Airport, so long as a means of ingress and egress reasonably equivalent is concurrently made available to Airline. Notwithstanding the foregoing, as part of the obligations of Airline set forth in Article 12, Airline hereby releases and discharges City from any and all claims, demands, or causes of action which Airline may now or at any time hereafter have arising or alleged to arise out of such a closing or re-routing.

5.01.15 Subject to any applicable Rules and Regulations, nothing in this paragraph shall prohibit Airline from (i) providing food and beverages, at Airline's sole cost and expense, in its non-public Exclusive Use Premises solely for Airline's employees, (ii) installing or maintaining vending machines or ATMs in Airline's non-public Exclusive Use Premises solely for Airline's employees, the type, kind, and locations of which shall be subject to the approval of the Executive Director, (iii) providing under a separate agreement with City for its own flight kitchen for catering services to its passengers and crews for consumption aboard aircraft, (iv) installing or maintaining ATMs in a "VIP room" or similar private club at the Airport, the type, kind, and locations of which shall be subject to the approval of the Executive Director, or (v) providing food and beverages in a "VIP room" or similar private club at the Airport, provided, however, that if Airline sells food or beverages at the Airport, Airline shall (a) purchase all alcoholic beverages or other beverages and any related food service items from an Airport concessionaire or (b) pay a concession fee related to the sale of all alcoholic beverages or other beverages and any related food service items so sold (such concession fee shall be equal to the concession fee(s) for related items sold by vendors in the other areas of the Terminal). Airline shall not sell food and beverages or engage in revenue-generating concession activities of any kind in Airline's public premises, including but not limited to any Gates; provided, however, that in the event of a flight delay or cancellation, Airline may at no cost provide food and beverages that would have been available on the flight to inconvenienced passengers.

5.01.16 Subject to the prior written approval of the Executive Director as to compliance with the décor and signing scheme for the Terminal, Airline shall have the right to install such identifying signs in Preferential or Exclusive Use Premises as it may deem necessary for the operation of Airline's Air Transportation Business. No advertising or promotional signs or posters that are visible to persons in any Public Space in the Terminal or at the Airport shall be installed or placed by Airline except with the prior written approval of the City.

5.01.17 The rights and privileges granted to Airline pursuant to this Article 5 may be exercised on behalf of Airline by other Signatory Airlines or contractors authorized by City to provide such services at the Airport, subject to the prior written approval of City and further subject to all laws, rules, regulations, fees and charges and the terms of this Agreement as may be applicable to the activities undertaken.

5.01.18 Airline may exercise on behalf of any other Passenger Carrier having an operating agreement or permit with City any of the rights granted to Airline herein, so long as Airline is concurrently exercising those same rights in the operation of Airline's own Air Transportation Business at the Airport, subject to the provisions of this Agreement.

5.01.19 Airline may only enter into agreements providing for pay telephones or Internet or wireless access for the public in its airline clubs and VIP rooms. The provision of any wireless access shall be preapproved by the Executive Director in accordance with the Rules and Regulations and shall not have any adverse impact on the operation of wireless access provided by the City or any systems for communications or the transmission of intelligence at the Airport. Airline shall not enter into any agreements providing for pay telephones or wireless or internet access for the public anywhere else within the Airport; provided, however, that nothing in this Agreement shall prevent Airline from providing wireless or internet access aboard Airline's aircraft.

5.02 *Exclusions and Reservations*.

5.02.1 Nothing in this Article 5 shall be construed as authorizing Airline to conduct any business separate and apart from the conduct of its Air Transportation Business.

5.02.2 Airline shall not, by action or failure to act, knowingly interfere or permit interference with the use, operation, or maintenance of the Airport, including but not limited to, the effectiveness or accessibility of the drainage, sewerage, water, communications, fire protection, utility, electrical or other systems installed or located from time to time at the Airport.

5.02.3 Airline shall not engage in any activity prohibited by City's approved FAR Part 150 Noise Compatibility Study and Preferential Runway Use Program as amended or supplemented from time to time in accordance with applicable law.

5.02.4 As soon as possible after release from proper authorities, Airline shall remove any of its disabled aircraft from the Airfield or Terminal Aircraft Aprons, shall place any such disabled aircraft only in such storage areas as may be reasonably designated by the Executive Director, and shall store such disabled aircraft only upon such terms and conditions as may be reasonably established by City. In the event Airline shall fail to remove any of its disabled aircraft as expeditiously as possible, City may, but shall not be obligated to, cause the removal of such disabled aircraft. Airline shall pay to City, upon receipt of an invoice, the costs incurred for such removal

plus fifteen percent (15%). Nonpayment of such invoice shall be deemed a default of this Agreement pursuant to Article 13.

5.02.5 Airline shall not do or permit to be done anything, either by act or failure to act, that shall cause the cancellation or violation of the provisions, or any part thereof, of any policy of insurance for the Airport or that shall cause a hazardous condition so as to increase the risks normally attendant upon operations permitted by this Agreement. If Airline shall do or permit to be done any act not permitted under this Agreement, or fail to do any act required under this Agreement, regardless of whether such act shall constitute a breach of this Agreement, which act or failure, in and of itself, causes an increase in City's insurance premiums, Airline shall immediately remedy such actions and/or pay the increase in premiums, upon notice from City to do so.

5.02.6 Airline shall not maintain or operate in the Terminal or elsewhere at the Airport for the purpose of selling retail items, food and beverages to the public or to Airline's employees and passengers a retail establishment or a cafeteria, restaurant, bar or cocktail lounge, except as may be permitted under Section 5.01.15 above.

5.02.7 City may, at its sole option, install or cause to be installed advertising and revenue generating devices, including vending machines, in Common Use and Preferential Use Premises; provided, however, that to the extent permitted by law City shall not install or cause to be installed advertising for Airline's direct competitors in Airline's Preferential Use Premises. Airline shall purchase all advertising for any product or service other than air service arriving at or departing from the Airport from the Airport's advertising concessionaire. City may, at its sole option, install pay telephones or Internet access in any part of the Terminal excluding airline clubs and VIP rooms. City shall be entitled to reasonable access upon Airline Premises to install or service such telephones, Internet access and devices. Income generated by such telephones, Internet access and devices shall be accounted for in the same manner as other non-airline Revenues of the Airport.

5.02.8 Airline shall not dispose of nor permit any other person to dispose of any waste material into the sanitary or storm sewers at the Airport or elsewhere, whether liquid or solid, unless such waste materials or products are first properly treated or otherwise disposed of in compliance with applicable Environmental Laws. Nothing herein shall prohibit Airline from disposing of human waste taken from its aircraft in proper designated sanitary sewer facilities.

5.02.9 Except as otherwise provided in Section 5.01.15 above, Airline shall not install or operate amusement machines or vending machines.

5.02.10 Airline shall not disturb any asbestos at the Airport without first obtaining all permits and approvals as required by applicable Environmental Laws or by the City. City shall make available to Airline upon request any surveys, reports, plans, or other documentation regarding the presence or management of asbestos in areas of Airline's operations.

5.02.11 Airline shall not stack aircraft beyond the bounds of any leased Terminal Aircraft Apron without the written consent of SLCDA.

5.02.12 The rights and privileges granted Airline pursuant to this Article 5 shall be subject to any and all reasonable and nondiscriminatory Rules and Regulations established by City, as such Rules and Regulations may be amended from time to time in accordance with Section 18.07 and to the provisions of this Agreement. Airline covenants and agrees that it will not violate or permit its agents, contractors or employees to violate any such Rules and Regulations. City may prescribe civil penalties and injunctive remedies for violations of any Rules and Regulations, and the same may be applied to Airline for violations of Airline's agents, contractors or employees.

5.02.13 Notwithstanding anything set forth herein to the contrary, City shall be entitled to reasonable access upon Airline Premises to enforce the terms of this Agreement and to review Airline's operations upon reasonable notice during the Term.

5.02.14 Airline acknowledges and agrees that Shared Use Equipment may be used in all Common Use Premises, except as otherwise provided herein.

5.02.15 Any and all rights and privileges not specifically granted to Airline for its use of and operations at the Airport pursuant to this Agreement are hereby reserved for and to City.

5.03 *Affiliates*.

5.03.1 For purposes of this Agreement, a Signatory Airline may designate one or more Affiliates.

5.03.2 Airline may designate another Passenger Carrier as an Affiliate by submitting to the City the designation form attached as Exhibit D-1 with sufficient documentation to demonstrate to the satisfaction of the Executive Director that the conditions for designating the Affiliate have been met. The designation of an Affiliate shall become effective upon receipt by City of the designation in the form of Exhibit D-1 and the Operating Agreement signed by the Affiliate. The designation shall remain in effect for so long as the conditions for designating the Affiliate continue to be met and until Airline withdraws its designation of the Affiliate by submitting to City the withdrawal of designation form attached as Exhibit D-2. A withdrawal of designation of an Affiliate shall become effective on the last day of the calendar month following at least 15 (fifteen) days from receipt by City of the withdrawal of designation in the form of Exhibit D-2.

5.03.3 If Airline designates one or more other Passenger Carriers as its Affiliate, Airline shall either pay directly to City or be the financial guarantor of all rentals and charges due from Airline's Affiliates at the Airport while they are operating as Airline's Affiliates, including without limitation Landing Fees and Terminal Rents, and Airline shall either provide directly to City or ensure that its Affiliates promptly provide to City all information required hereunder with respect to each Affiliate's operations at the Airport on behalf of Airline.

5.03.4 For so long as Airline is a Signatory Airline and the conditions of this Section 5.03 are satisfied, each of Airline's Affiliates shall be treated as if it were Airline for purposes of Article 7, Article 8 and Article 10 of this Agreement, including without limitation such Affiliate (a) shall be charged at the same Landing Fee rates as Airline without payment of any Non-Signatory Airline premiums; (b) shall participate in any year-end or other reconciliation process whereby Signatory Airlines share in excess revenues or true-up of projected against actual costs (the amounts owing to or from such Affiliate in accordance with such reconciliations shall be payable by or to Airline rather than Affiliate if so directed by Airline); and (c) shall not be counted as a separate Passenger Carrier from Airline for purposes of allocating the per capita portion of any "20/80" type cost allocation formula. The passengers of each Affiliate shall be counted as Enplaned Passengers of each related Signatory Airline for purposes of any enplanement-based portion of any "20/80" type

cost allocation formula, but only when the Affiliate is acting as an Affiliate of a particular Signatory Airline.

5.03.5 If Airline properly designates another Passenger Carrier as its Affiliate and delivers the Operating Agreement signed by such Affiliate by July 1, 2014, and the conditions of Section 5.03.4 are otherwise satisfied, such Affiliate shall be treated as if it were the Airline, as provided in Section 5.03.4, as of the Effective Date of this Agreement. If, however, the designation of such Affiliate or the delivery of its signed Operating Agreement occurs on or after July 1, 2014, such Affiliate shall only be treated as if it were the Airline, as provided in Section 5.03.4, only from and after the designation of the Affiliate and delivery of the Affiliate's signed Operating Agreement.

5.04 *Airline Termination Rights*. Airline shall have the option to terminate this Agreement upon occurrence of any of the following events, such option to be exercised by notice in writing mailed to City while such event continues and not thereafter:

5.04.1 The issuance of any order, rule or regulation by the DOT, the TSA, the FAA, its or their successor federal agencies, or other competent governmental authority, state or federal, or the issuance by any court of competent jurisdiction of an injunction, materially and substantially restricting for a period of at least ninety (90) days the use of the Airport for scheduled air transportation; provided that none of the foregoing has been initiated, caused or contributed to by Airline.

5.04.2 The suspension or revocation of the operating certificate for the Airport that continues for a period of at least ninety (90) days.

5.04.3 The material and substantial restriction of City's operation of the Airport by action of the United States Government or any authorized agency thereof under its wartime or emergency powers and the continuance thereof for a period of not less than ninety (90) days.

Article 6 Operation And Maintenance Of The Airport

6.01 *Designation of Operation and Maintenance Responsibilities*. In addition to the obligations of Airline and City set forth in this Article 6, responsibilities for maintenance, cleaning, and operation of the Airport shall be as set forth in Exhibit E.

6.02 *City Obligations*.

6.02.1 City shall, with reasonable diligence, prudently develop, improve, and at all times maintain and operate the Airport in a manner consistent with airports of similar size with qualified personnel and keep the Airport in an orderly, clean, neat and sanitary condition and good repair, unless such maintenance, operation, or repair shall be Airline's obligation pursuant to Section 6.03 and the Maintenance Matrix attached as Exhibit E.

6.02.2 City shall, to the extent it is legally able so to do, use reasonable efforts to keep the Airport and its aerial approaches free from ground obstruction for the safe and proper use thereof by Airline.

6.02.3 City shall provide facilities for and the delivery of heating and air conditioning to those areas of the Terminal presently having facilities for the same and to such additional areas as may be agreed upon by the parties from time to time and permitted by appropriate authority. City shall also provide electricity for illumination and shall replace lamps where appropriate in the Airport other than in the Exclusive Use Premises, which shall be the responsibility of Airline. Finally, City shall provide water and sanitary sewer connections to those areas of the Terminal presently having facilities for the same and to such additional areas as may be agreed upon by the parties from time to time. Water and sanitary sewer connections are for normal domestic usage. In the event Airline requires water for commercial or maintenance purposes, the same may be furnished to and paid for by Airline as mutually agreed upon by Airline and City. Responsibility for specific maintenance and operating expenses will be managed in accordance with specifications detailed at Exhibit E.

6.02.4 Notwithstanding the foregoing, as part of the obligations of Airline set forth in Article 12, Airline hereby releases and discharges City from any and all claims, demands, or causes of action which Airline may now or at any time hereafter have arising or alleged to arise out of City's failure to furnish all or any of such services to be provided in accordance with this Section 6.02 and Exhibit E.

6.02.5 City shall maintain (i) loading bridges owned by City; (ii) preconditioned air systems owned by City; (iii) associated 400 Hertz units owned by City; (iv) baggage conveyors and baggage handling systems owned by City; (v) potable water units associated with all loading bridges; and (v) other systems that may be acquired by City in the future.

6.02.6 City shall, in the operation of the Airport, comply with all applicable local, state and federal laws, rules and regulations.

6.02.7 City shall use reasonable efforts to manage and control the growth of Operating Expenses for the Airport; Airline acknowledges, however, that City cannot control all of its Operating Expenses; City's Operating Expenses for the Airport may rise in conjunction with the construction of The Project and after The Project's DBO; and from time to time City may incur substantial unexpected short-term Operating Expenses.

6.03 *Airline Obligations*.

6.03.1 Notwithstanding anything set forth herein to the contrary, Airline shall keep its Exclusive Use Premises in an orderly, clean, neat and sanitary condition and shall be responsible for the repair and maintenance thereof.

6.03.2 In addition, Airline shall keep all of its Airline Premises free of debris and in an orderly condition; provided, however, this requirement shall not be construed to mean Airline shall have those janitorial or other responsibilities designated to be those of City pursuant to Section 6.02 above and Exhibit E.

6.03.3 Airline shall keep, at its own expense, the Terminal Aircraft Aprons and Cargo Aircraft Aprons free of fuel, oil, debris and other foreign objects during Airline's use thereof.

6.03.4 Notwithstanding anything set forth herein to the contrary, Airline shall operate and maintain, at its own expense, any improvements and/or equipment installed by Airline or City for the exclusive use of Airline, except as the City otherwise agrees.

6.03.5 If Airline fails to perform its material obligations hereunder, City shall have the right to perform such activities and to enter the Airline Premises as required to do so; provided, however, other than in a case of emergency, City shall give Airline reasonable advance written notice of non-compliance, not to exceed ten (10) days, prior to the exercise of this right. If such right is exercised, Airline shall pay City, upon receipt of invoice, the cost of such services plus fifteen percent (15%). Nonpayment of such invoice shall be deemed a default of this Agreement, pursuant to Article 13.

6.03.6 Airline shall keep current its flight information on the multi-user flight information display system ("MUFIDS"), the gate information display system ("GIDS") and other information display systems at the Airport in the manner that best suits Airline's operations. At the request of Airline, City shall provide a computer connection to Airline so that Airline can access and update this system.

6.03.7 Airline shall provide written notice to SLCDA of any service providers, agents or contractors who will be providing services to Airline at the Airport. All such service providers, agents or contractors must comply with the Rules and Regulations, and Airline shall ensure that its service providers, agents or contractors obtain a permit from SLCDA before providing any services to Airline at the Airport.

Article 7 Assignment And Use Of Gates, Ticket Counters And Other Areas

7.01 *No Exclusive Use Gates or Ticket Counters*. All Gates and Ticket Counters within the Terminal will be for either Common Use or Preferential Use in accordance with the terms of this Article. The allocation of Common Use Gates, Preferential Use Gates, Common Use Ticket Counters and Preferential Use Ticket Counters for the Term of this Agreement is shown on Exhibit A. Airline's use of all Gates and Ticket Counters shall at all times be subject to the Rules and Regulations, which may be amended from time to time in accordance with Section 18.07 after consultation with the Signatory Airlines.

7.02 *City Scheduling Rights at Preferential Use Gates and Ticket Counters*. City shall have the right, upon reasonable notice to Airline, to schedule at a Preferential Use Gate or Ticket Counter arrivals and departures by a Requesting Airline at all periods of time other than Airline's Periods of Use of that Preferential Use Gate or Ticket Counter. In accommodating City in its right to schedule such operations, Airline shall allow and provide for use of its facilities or equipment, not including ground service equipment or other proprietary equipment, at the Preferential Use Gate or Ticket Counter or permit use of City equipment and podiums as may be required for the efficient use of the Preferential Use Gate or Ticket Counter by a Requesting Airline. City shall consider the availability of Common Use Gates and Ticket Counters before scheduling Requesting Airline arrivals and departures at any Preferential Use Gates and Ticket Counters. If City determines that a Requesting Airline's arrivals or departures need to be accommodated at any Preferential Use Gates and Ticket Counters, City may consider the need for hub connectivity and operational efficiency in selecting the specific Preferential Use Gates and Ticket Counters where accommodation will be required. Notwithstanding the foregoing and any other provision of this Article 7, City shall have the right, upon reasonable notice to Airline, to accommodate at a Preferential Use Gate or Ticket Counter arrivals and departures by a Requesting Airline if Airline is not utilizing the Preferential Use Gate or Ticket Counter during the Period of Use for a Scheduled Operation. If an arrival or departure of Airline that would have utilized one of Airline's Preferential Use Gates or Ticket Counters is early or late and Airline is prevented from utilizing any of its Preferential Use Gates or Ticket Counters because they are already being utilized by Requesting Airlines, City shall, whenever possible, accommodate Airline's arrival or departure on a Common Use Gate or Ticket Counter at no additional charge to Airline.

7.03 *Accommodation Charges for Preferential Use Gates and Ticket Counters*. Any Requesting Airline that is accommodated at any of Airline's Preferential Use Gates or Ticket Counters shall be required to pay City the same charges for use of the Gate or Ticket Counter that it would have been required to pay for use of a Common Use Gate or Ticket Counter as provided in Sections 8.03.5 and 8.03.6. City shall provide a credit to Airline for the full amount of any such Gate-use or Ticket Counter-use payments the City receives from Requesting Airlines that are accommodated at any of Airline's Preferential Use Gates or Ticket Counters. As a condition of accommodation on any of Airline's Preferential Use Gates or Ticket Counters, the Requesting Airline shall pay all reasonable towing, Remain Overnight (RON) fees and other charges related to the accommodations that are assessed by Airline.

7.04 *Gate and Ticket Counter Accommodation Conditions*. As a condition of accommodation on any of Airline's Preferential Use Gates and Ticket Counters, the Requesting Airline shall have executed an agreement that is substantially in the form of this Agreement or an Operating Agreement, as applicable, through which the Requesting Airline is bound by insurance and indemnification obligations that are substantially similar to the obligations set forth herein. These insurance and indemnification obligations shall inure to the benefit of the Airline as a third-party beneficiary for any period of accommodation, and Airline shall not be required to accommodate a Requesting Airline at its Preferential Use Gates or Ticket Counters if the Requesting Airline's insurance and indemnification obligations are not satisfied.

7.05 *City's Control of Common Use Gates and Ticket Counters*. City shall retain exclusive control of the use of all Common Use Gates and Ticket Counters.

7.06 *Charges for Common Use Gates and Ticket Counters*. A Requesting Airline that is accommodated at a Common Use Gate or Ticket Counter will be charged on a per-use basis in accordance with Sections 8.03.5 and 8.03.6.

7.07 *Shared Use Equipment*. City reserves the right to install Shared Use Equipment at all Gates and Ticket Counters; provided, however, that other than on Concourse A, City will not install such Equipment at any of Airline's Preferential Use Gates or Preferential Use Ticket Counters unless City reasonably expects Passenger Carriers other than Airline to have Scheduled Operations at Airline's Preferential Use Gates; and further provided that City may install the information technology backbone required for Shared Use Equipment at all Gates and Ticket Counters within the new terminal premises to be constructed in The Project.

7.08 *GSE Storage Areas.* Each Fiscal Year during the Term hereof the Executive Director shall assign GSE Storage Areas to each Signatory Airline as provided in the Rules and Regulations.

7.09 *Skycap Positions*. Each Fiscal Year during the Term hereof the Executive Director shall assign Skycap Positions to each Signatory Airline in the Executive Director's discretion.

7.10 *Self-Service Devices*. Airline may only install proprietary Self-Service Devices for passenger processing at the Airport with the Executive Director's approval.

Article 8 Rates And Charges

8.01 *Rate-Setting Methods*. The Landing Fees and Terminal Rents to be charged by City and paid by Airline and by all other Signatory Airlines for use of the Airport from the Effective Date until the expiration or earlier termination of this Agreement shall be calculated using the rate-setting methods set forth in this article. Exhibit B displays for illustrative purposes an actual calculation of rates and charges for Fiscal Year 2015 showing the methods set forth in this article based upon currently available budget and forecast levels of Airport activity for the year. In calculating rates and charges under this Agreement, City shall not include any costs for the construction, equipping, maintaining or operating any portion of a fixed guideway (or "light rail" system).

8.02 *Landing Fee*. The Landing Fee effective July 1st of each Fiscal Year shall be determined according to the method set forth in this article.

8.02.1 *Airfield Revenue Requirement*. The City will calculate the Airfield Revenue Requirement by computing the sum of the following budgetary items for each Fiscal Year:

(a) Debt Service allocable to Airfield capital projects funded from Bonds, Subordinated Indebtedness or Other Indebtedness; *plus*

(b) the Coverage Amount Requirement, if any, applicable to the Debt Service amount calculated pursuant to subsection (a) above; *plus*

(c) Amortization allocable to Airfield capital projects funded from Net Remaining Revenues (excluding any amortization allocable to The Project and funded from Net Remaining Revenues), based on the economic life of each such capital project using the half year convention and including a return on the unamortized portion of each such project calculated using an interest rate set to equal comparable average borrowing costs published in the Bond Buyer Revenue Bond Index on June 30th of the year in which such project is put in service; *plus*

(d) the annual Operating Expenses and Capital Outlays allocable to the Airfield, excluding costs billed directly to and paid by Air Carriers; *plus*

(e) an amount equal to (i) the total deposits needed to replenish the Debt Service Reserve Funds to required levels times (ii) a fraction, the numerator of which is the total amount of Net Bond Proceeds allocable to the Airfield and the denominator of which is the total amount of Net Bond Proceeds; *plus*

(f) any other required reserve amounts allocable to the Airfield ; *minus*

(g) Revenues allocable to the Airfield other than Landing Fees charged to Air Carriers; (*plus or minus*)

(h) the Adjustment-to-Actual allocable to the Airfield as calculated under Section 8.06.

8.02.2 *Estimated Landed Weight*. By January 1st of each Fiscal Year, Airline will provide estimates of the forecast aggregate Maximum Gross Landed Weight for all aircraft greater than 12,500 pounds carrying passengers or cargo in commercial service that are expected to land at the Airport during the next Fiscal Year. SLCDA will provide prior notice to Airline each year during the Term requesting such estimates; provided, however, that SLCDA's failure to provide such notice shall not relieve Airline of its obligations under this Section 8.02.2**.**

8.02.3 *Calculation of Landing Fee*. The City will calculate the Landing Fee by dividing the Airfield Revenue Requirement by the estimated landed weight, yielding a Landing Fee to be expressed in dollars and cents per one thousand pounds in landed weight. Landing Fees will be levied upon Airline based upon the aggregate Maximum Gross Landed Weight of all Chargeable Landings for aircraft operated by Airline that land at the Airport during the year.

8.03 *Terminal Rents*. The Terminal Rents effective July 1st of each Fiscal Year shall be determined according to the method set forth in this article.

8.03.1 *Net Terminal Revenue Requirement*. The City will calculate the aggregate Terminal Revenue Requirement by computing the sum of the following budgetary items for each Fiscal Year:

(a) Debt Service allocable to Terminal capital projects funded from Bonds, Subordinated Indebtedness, or Other Indebtedness; *plus*

(b) the Coverage Amount Requirement, if any, applicable to the Debt Service amount calculated pursuant to subsection (a) above; *plus*

(c) Amortization allocable to Terminal capital projects funded from Net Remaining Revenues (excluding any amortization allocable to The Project and funded from Net Remaining Revenues), based on the economic life of each such capital project using the half year convention and including a return on the unamortized portion of each such project calculated using an interest rate set to equal comparable average borrowing costs published in the Bond Buyer Revenue Bond Index on June 30th of the year in which such project is put in service ; *plus*

(d) the annual Operating Expenses and Capital Outlays allocable to the Terminal, excluding costs billed directly to and paid by Air Carriers; *plus*

(e) an amount equal to (i) the total deposits needed to replenish the Debt Service Reserve Funds to required levels times (ii) a fraction, the numerator of which is the total amount of Net Bond Proceeds allocable to the Terminal and the denominator of which is the total amount of Net Bond Proceeds; *plus*

(f) any other required reserve amounts allocable to the Terminal ; *minus*

(g) Revenues from Air Carriers allocable to the Terminal, including without limitation revenues from the other fees and charges described in Section 8.04, other than Terminal Rents charged to Air Carriers under this Section 8.03; *plus or minus*

(h) the Adjustment-to-Actual allocable to the Terminal as calculated under Section 8.06.

The City will then multiply that sum by the ratio of total Rentable Airline Space to total Rentable Terminal Space at the Airport, yielding the revenue requirement (the Net Terminal Revenue Requirement) to be met by all Passenger Carriers.

8.03.2 *Distribution of the Net Terminal Revenue Requirement.* The City will distribute the aggregate Net Terminal Revenue Requirement calculated in accordance with Section 8.03.1 into two cost assignment groups: conditioned space and unconditioned space. The costs assigned to the rentable space within each of these groups shall bear the following relativities to each other on a square foot basis:

Conditioned Space (identified in Exhibit B-9)	1.00
Unconditioned Space (identified in Exhibit B-9)	0.50

For rate-setting purposes, the costs per square foot of rentable space in each of these two groups will be normalized so that the aggregate costs assigned to both groups will equal the Net Terminal Revenue Requirement.

8.03.3 *Charges for Exclusive Use and Preferential Use Premises.* Charges for Exclusive Use Premises and Preferential Use Premises will be levied upon Airline on a cost per square foot basis.

8.03.4 *Domestic Baggage Claim Joint Use Charges*. The City will calculate the Revenue requirement applicable to baggage claim areas serving domestic Scheduled Operations by multiplying the square footage of all such baggage claim areas by the rate for conditioned space or unconditioned space, whichever is applicable. The City will then calculate charges for the use of domestic baggage claim areas by allocating twenty percent (20%) of that Revenue requirement equally among all Airlines with scheduled domestic service and by dividing eighty percent (80%) of that Revenue requirement by the total number of enplaning passengers on domestic flights departing during the Fiscal Year to determine the domestic baggage claim charge per Deplaned Passenger. Charges for the use of domestic baggage claim areas will be levied upon Airline on the basis of the sum of its equal share of twenty percent (20%) of the Revenue requirement plus the product of the total number of enplaning passengers on domestic Scheduled Operations departing during the Fiscal Year times the per-passenger domestic baggage claim charge.

8.03.5 *Charges for Common Use Gates*. Airline shall pay a fee for use of a Common Use Gate based on the highest cost per Turn for all Passenger Carriers. This per-Turn charge will be calculated by multiplying the total leased Gate space throughout the Airport by the conditioned space rate and then dividing by 365. The resulting daily rate shall be divided by the lowest scheduled number of Turns on any leased Gate, and the result shall be the Turn fee for use of a Common Use Gate. Airline shall also pay a fee for use of the jet bridge associated with the Common Use Gate based on the highest cost per Turn for all Passenger Carriers. This per-Turn charge will be calculated by dividing the average monthly loading bridge maintenance cost by the lowest scheduled number of Turns on any leased Gate and adding the two-year average cost of providing power and 400Hz service to each loading bridge.

8.03.6 *Common Use Ticket Counter Charges and Bag Make-Up Charges*. Airline shall pay a fee for use of a Common Use Ticket Counter based on the sum of (a) the rentable square feet of the Ticket Counter and associated office space multiplied by the conditioned space rate, plus (b) the rentable square feet of the related bag make-up space multiplied by the conditioned space or unconditioned space rate, whichever is applicable, divided by 365 days to arrive at a daily rate for use of a Common Use Ticket Counter.

8.03.7 *Common Use Bag Claim Charges*. Airline shall pay a fee for use of a Common Use bag claim device based on the sum of (a) the square feet of bag claim area in the Terminal multiplied by the conditioned space rate, plus (b) the square feet of canopy in TU1 multiplied by one-half the conditioned space rate, divided by fifty percent (50%) of annual Enplaned Passengers for the previous Fiscal Year, to arrive at a rate per Enplaned Passenger.

8.03.8 *Charges for Use of the FIS Facility and International Baggage Claim Area.* Airline shall pay a fee for use of the FIS Facility and international bag claim area based on the sum of annual costs for (a) IAB utility costs, including allocated electrical expenses plus separately metered gas and water expenses, (b) triturator costs, (c) janitorial expenses using a per square foot cost basis, and (d) cost recovery of cart fees, divided by the total number of Deplaned Passengers from international flights arriving during the previous Fiscal Year, excluding pre-cleared international Deplaned Passengers, to arrive at a rate per deplaned international passenger.

8.04 *Other Fees and Charges.*

8.04.1 The City shall publish annually as part of the budget process the following fees, calculated on a reasonable and non-discriminatory basis, in accordance with Exhibit B-20.

(a) *RON Charges.* Airline shall pay a fee for aircraft remaining overnight and parked beyond the bounds of the Terminal Aircraft Apron area within Airline's Premises. The Airport Operations Duty Manager shall be responsible for performing a nightly inventory of aircraft remaining overnight.

(b) *GSE Storage Area Charges.* Airline shall pay a fee for leasing GSE Storage Areas.

(c) *Open Storage Area Charges*. Airline shall pay a fee for leasing Open Storage Areas.

(d) *Kiosk Charges*. Airline shall pay a fee for placing ticketing kiosks at any locations outside of Airline's Premises approved in writing by City, based on eight (8) square feet for each such kiosk multiplied by the conditioned space rate or, for grouped kiosks, a reasonable lower rate determined at the discretion of the Executive Director after consultation with Airline.

8.04.2 *Employee Parking and Badging Charges.* Airline shall pay a fee for parking and badging for employees who are domiciled at the Airport, based on recovery of associated capital and operating costs, which shall be calculated annually as a part of the budget process.

8.04.3 *Stacking Charges*. When Airline stacks aircraft beyond the bounds of the Terminal Aircraft Apron areas within Airline's Premises, which Airline may do only with the written consent of SLCDA, Airline shall pay a stacking fee.

8.05 *Mid-year Adjustments*.

8.05.1 If it appears to City, on the basis of information it is able to accumulate during the course of a Fiscal Year during the Term, including information pursuant to Section 8.06 of the Agreement, that the budgeted Airfield or Terminal costs or forecast landed aircraft weight or rented Terminal space it used in calculating the Landing Fees or Terminal Rents then in effect are

likely to vary by more than ten percent (10%) from actual results at the Airport, or if changes in Landing Fees or Terminal Rents are required by the terms and conditions of the Master Trust Indenture, any Subordinated Financing Agreement or Other Indebtedness agreement, City may make adjustments to the Landing Fees or Terminal Rents (or both) at mid-year or at such other time during the Fiscal Year as the need for such an adjustment becomes apparent to City.

8.05.2 The City shall provide Airline with a minimum of thirty (30) days advance written notice of any adjustments under Section 8.05.1.

8.06 *Adjustments-to-Actual*. At the end of each Fiscal Year, after all required deposits have been made into the Airport Revenue Fund, the City shall use reasonable efforts to recalculate within one hundred twenty (120) days the Landing Fees and Terminal Rents and other charges established at the inception of each Fiscal Year in accordance with the methods set forth in Sections 8.02 and 8.03.1 through 8.03.4 and on the basis of year-end audited financial statements. Any resulting Adjustment-to-Actual shall be included in the City's budget for the second subsequent Fiscal Year and shall be included in the calculation of rates and charges for that year, and the City shall give the Air Carriers notice thereof. Notwithstanding the foregoing, the City may make adjustments to Landing Fees and Terminal Rents or both at mid-year or at such other time during the Fiscal Year as the need for such an adjustment becomes apparent to the City in accordance with Section 8.05. Exhibit B-11 displays an illustrative calculation of an Adjustment-to-Actual.

8.07 *Revenue Sharing*.

8.07.1 (a) Only Signatory Airlines shall be eligible to participate in revenue sharing under this Agreement and only from and after each such Signatory Airline has executed and delivered a fully executed Agreement to the City. Subject to the limitations set forth in Section 8.07.1(b), the City shall provide to the Signatory Airlines revenue sharing of one dollar ($1) per Enplaned Passenger as determined after the calculation of any Adjustment-to-Actual for up to 10,000,000 Enplaned Passengers carried by all Signatory Airlines during each Fiscal Year. If during any Fiscal Year after 2015, the Signatory Airlines collectively carry more than 10,000,000 Enplaned Passengers, the City will increase the amount of revenue sharing per Enplaned Passenger based upon the increase, if any, in the total number of Enplaned Passengers compared to the number of Enplaned Passengers carried by the Signatory Airlines during Fiscal Year 2015; provided, however, that the increased amount of revenue sharing per Enplaned Passenger shall apply only to the number of Enplaned Passengers that exceed 10,000,000. The annual revenue sharing amount calculated in accordance with this Section 8.07.1(a) shall be referred to as the "Calculated Revenue Sharing Amount."

(b) The City's obligation to pay a revenue sharing amount to Signatory Airlines in a given Fiscal Year shall be payable solely from the Annual Adjusted Gross Revenues for Selected Concessions for such Fiscal Year. The total revenue sharing amount rebated to Signatory Airlines for a particular Fiscal Year shall not exceed the least of (i) 30% of Net Remaining Revenue in such Fiscal Year; (ii) the total amount of Annual Adjusted Gross Revenues for Selected Concessions in such Fiscal Year; and (iii) the Calculated Revenue Sharing Amount. If such revenue sharing amount in any Fiscal Year is less than the total amount of Calculated Revenue Sharing Amount determined in accordance with Section 8.07.1(a), the amount of revenue sharing per Enplaned Passenger shall be adjusted accordingly so that the total amount of revenue sharing payable from Annual Gross Revenues for Selected Concessions for a particular Fiscal Year does not exceed the least of (i) 30% of Net Remaining Revenue in such Fiscal Year and (ii) the total amount of

Annual Adjusted Gross Revenues for Selected Concessions in such Fiscal Year. For each applicable Fiscal Year, revenue sharing shall be applied as a credit to invoices for Terminal Rents and shall be distributed uniformly on a monthly basis. By January 1st of each Fiscal Year, the Signatory Airlines, including Airline, shall provide estimates of their forecast Enplaned Passenger activity at the Airport during the next Fiscal Year. The number of Enplaned Passengers used for purposes of calculating revenue sharing hereunder shall be based on ninety-five percent (95%) of the forecast Enplaned Passenger activity provided by the Signatory Airlines, and the City shall reconcile the forecast figures with actual Enplaned Passengers for each Fiscal Year. SLCDA will provide prior notice to Airline each year during the Term requesting estimates of forecast Enplaned Passenger activity; provided, however, that SLCDA's failure to provide such notice shall not relieve Airline of its obligations under this Section 8.07.1.

8.07.2 City and Airline acknowledge that it will take some time to develop sound forecasts of Enplaned Passengers for the purposes of calculating revenue sharing hereunder for any new Signatory Airline at the Airport. Notwithstanding anything set forth herein to the contrary, the number of Enplaned Passengers for any Signatory Airline that has not been a Non-Signatory Airline or Signatory Airline for a full Fiscal Year at the Airport shall be based on an estimate that is derived by SLCDA from schedules published in the OAG or any successor publication, with fifty percent (50%) of the estimated Enplaned Passengers used to calculate the revenue sharing credit mentioned above for the new Signatory Airline. At the end of the first full Fiscal Year, revenue sharing for that year shall be recalculated based on the actual number of Enplaned Passengers for the new Signatory Airline, and any revenue sharing that is due to the new Signatory Airline based on the formula set forth above shall be applied as a credit to invoices for Terminal Rents in the new Fiscal Year and shall be distributed uniformly on a monthly basis.

8.07.3 Exhibit B-13 displays illustrative revenue sharing calculations.

8.08 *Activity Reports*.

8.08.1 *Information to be supplied by Airline.*

(a) Not later than the 10th day of each month, Airline and its Affiliates shall file with City separate written reports ("Activity Reports") on forms provided by City and included as samples in Exhibit F (or forms substantially similar thereto) for activity conducted by Airline during said month and for activity handled by Airline for each Air Carrier not having an agreement with City providing for its own submission of activity data to City. Such Activity Reports shall include, but not be limited to, operations data; Enplaned Passengers; Deplaned Passengers; connecting passengers; non-revenue enplaned passengers, and pounds of cargo, mail, and express shipments. City shall have the right to rely on said Activity Reports in determining rentals and charges due hereunder. Airline shall have full responsibility for the accuracy of said reports. Payment deficiencies due to incomplete or inaccurate Activity Reports shall be subject to interest charges as set forth in Section 9.04. City's assessment of such interest charges shall be in addition to any other remedies that City may have in law or in equity, including termination and revocation of this Agreement and all rights and privileges granted herein.

(b) Airline shall at all times maintain and keep records reflecting the activity statistics of Airline's activities at the Airport to be reported pursuant to Section 8.08.1(a). Such records shall be retained by Airline for a period of four (4) years subsequent to the activities reported therein, or such other retention period as set forth in applicable Federal Aviation

Regulations, and upon prior written notice to Airline shall be made available, at no cost to City, at Salt Lake City, Utah for audit and/or examination by City or its duly authorized representative during all normal business hours. Airline shall produce such books and records within thirty (30) calendar days of City's notice to do so or pay all reasonable expenses, including but not limited to transportation, food, and lodging, necessary for an auditor selected by City to audit said books and records.

(c) The cost of an audit, with the exception of the aforementioned expenses, shall be borne by City; provided, however, the total cost of said audit shall be borne by Airline if either or both of the following conditions exist:

(i) The audit reveals an underpayment of more than one percent (1%) of rentals, fees, and charges due on an annual basis hereunder, as determined by said audit; or

(ii) Airline has failed to maintain true and complete records in accordance with Section 8.08.1(b).

(d) City may elect to collect Airport activity information using an electronic reporting system rather than the system that is described above. If City elects to utilize such a system during the Term of this Agreement, Airline shall make every reasonable effort to comply with the reporting requirements applicable thereto. Airline shall continue to provide Activity Reports as described above until such time as Airline commences use of any such electronic reporting system as implemented by City.

8.09 *Budget Consultation*.

8.09.1 *Landing Fees and Terminal Rents*. No later than March 15th of each year during the Term, City shall consult with the Signatory Airlines to discuss the proposed revised Landing Fees and Terminal Rents. In connection with this consultation, City shall provide to Airline the calculations City has made in determining the revised charges with reasonable supporting documentation. The City's obligation to consult with Airline shall not limit in any way City's rate-setting powers under this Agreement or otherwise cause any delay in the effectiveness of revised charges. No later than June 10th of each year during the Term, City shall notify Airline of the actual Landing Fees and Terminal Rents it will charge for the next Fiscal Year, effective July 1.

8.09.2 *Renewal and Replacement Costs*. As part of its budgeting and rate-setting process, City shall determine the annual Renewal and Replacement Costs (including the Renewal and Replacement Costs that are the subject of Sections 8.02.1(f) and 8.03.1(f) above). City shall include descriptions of renewal and replacement projects with the revised Landing Fee and Terminal Rent disclosure described in Section 8.09.1. As part of the consultation process described in that section, City agrees to fully consider the comments and recommendations of the Signatory Airlines prior to finalizing the allowance for renewal and replacement for the ensuing Fiscal Year.

8.10 *Renewal and Replacement Reserve Fund, Operation and Maintenance Reserve Fund and Debt Service Reserve Funds*.

8.10.1 The "Renewal and Replacement Reserve Fund" shall be funded in an amount equal to or greater than $5 million (or such other amount as mutually agreed by the City and the Signatory Airlines) that is maintained by the City. The Renewal and Replacement Reserve Fund shall be used to pay for unanticipated or emergency replacements and repairs to the Airport, and any interest earned on the Renewal and Replacement Reserve Fund will be deposited into the Airport Revenue Fund.

8.10.2 The "Operation and Maintenance Reserve Fund" shall be funded in an amount equal to one-sixth of the annual Operation and Maintenance Budget for the Airport. The Operation and Maintenance Reserve Fund shall be used to pay for Operating Expenses at the Airport, as described in the Master Trust Indenture, and any interest earned on the Operation and Maintenance Reserve Fund will be deposited into the Airport Revenue Fund.

8.10.3 The "Debt Service Reserve Funds" shall be funded in amounts sufficient to meet the debt service reserve requirements established at the time of issuance of a particular series of Bonds, Subordinated Indebtedness or Other Indebtedness.

8.10.4 As part of its budgeting and annual rate-setting process, City shall determine the amounts necessary to ensure that the Renewal and Replacement Reserve Fund, the Operation and Maintenance Reserve Fund and the Debt Service Reserve Funds all remain fully funded, and the City shall raise both the Terminal Revenue Requirement and the Airfield Revenue Requirement as necessary to ensure such funding.

8.11 *Extraordinary Coverage Protection*. Airline acknowledges that in order to satisfy the Coverage Amount Requirement for Debt Service on Bonds and Subordinated Indebtedness, Airline shall be required to make extraordinary coverage protection payments in addition to the Landing Fees and Terminal Rents otherwise established by this Article 8 in any Fiscal Year in which the amount of Revenues less Operating Expenses is forecasted to be less than the sum of the Debt Service plus the Coverage Amount Requirement applicable thereto. Any amounts that must be collected for such extraordinary coverage protection payments shall be allocated in a fair and not unjustly discriminatory manner to the Airfield Revenue Requirement or the Terminal Revenue Requirement or both in the reasonable discretion of the Executive Director.

Article 9 Payments

9.01 *Terminal Rent*. Payments of one-twelfth (1/12) of the total annual Terminal Rent for Airline's Preferential Use and Exclusive Use Premises shall be due in advance, without demand or invoice, on the twentieth (20th) day of the preceding month. Said Terminal Rent shall be deemed delinquent if payment is not received by the first (1st) day of the month for which rent is owed. With the written approval of the Executive Director, in the Executive Director's sole discretion, Airline may submit payments of Terminal Rent in accordance with a written payment plan to be proposed by Airline.

9.02 *Landing Fees*. Payment of Airline's Landing Fees shall be due in arrears on the twentieth (20th) day of each month and shall be deemed delinquent if not received by the first (1st) day of the following month.

9.03 *Other Fees and Charges*. Payment for all other fees and charges due hereunder shall be due as of the due date stated on City's invoice. Said fees and charges shall be deemed delinquent if payment is not received within thirty (30) days of the stated date of such invoice.

9.04 *Payment Delinquencies*. City shall provide notice of any and all payment delinquencies, including payments of any deficiencies which may be due as a result of City's estimates of activity pursuant to Section 9.05 below or due to an audit performed pursuant to Section 8.08.1(b); provided, however, interest at the rate of eighteen percent (18%) per annum shall accrue against any and all delinquent payment(s) from the due date until the date payments are received by City. This provision shall not preclude City from canceling this Agreement for default in the payment of rentals, fees, or charges, as provided for in Article 13, or from exercising any other rights contained herein or provided by law.

9.05 *Estimates*. In the event Airline fails to submit its monthly Activity Reports as required in Section 8.08.1, City shall estimate the rentals, fees, and charges due from Airline based upon the highest month of the previous twelve (12) month's activity reported by Airline and issue an invoice to Airline for same. If no activity data is available, City shall reasonably estimate such activity and invoice Airline for same. Airline shall be liable for any deficiencies in payments based on estimates made under this provision; payment for said deficiencies shall be deemed due as of the date such renal fee or charge was due and payable. If such estimate results in an overpayment by Airline, City shall apply such overpayment as a credit against subsequent amounts due for such rentals, fees, and charges from Airline; provided, however, Airline shall not be entitled to any credit for interest on payments of such estimated amounts.

9.06 *Proration*. In the event Airline's obligations with respect to Airline Premises or any rights, licenses, or privileges granted hereunder shall commence or terminate on any date other than the first or last day of the month, Airline's rentals, fees, and charges shall be prorated on the basis of the number of days such premises, facilities, rights, licenses, services, or privileges were enjoyed during that month.

9.07 *Payment Process*. All payments due and payable hereunder shall be paid in lawful money of the United States of America, without deduction or set off, by wire transfer or if there is good cause for not making a wire transfer, by check made payable to City and delivered to the addresses shown on Exhibit I. Upon ninety (90) days written notice to Airline, City may change the addresses to which payments due and payable hereunder must be sent by Airline.

9.08 *Payment Acceptance*. The acceptance by City of any payments hereunder shall not preclude City from verifying the accuracy of any reports submitted by Airline to City or recovering from Airline any additional payments to City that are actually due.

Article 10 Capital Investments

10.01 *Need for Capital Investments*. Airline acknowledges that substantial Capital Investments to preserve, protect, enhance, expand and otherwise improve the Airport will be required during the Term of this Agreement. The current 10-year capital improvement plan ("CIP") for Capital Investments that are planned for the Airport is attached as Exhibit G. The Project is included in the CIP and shall be deemed to be pre-approved and exempt from the requirements of Section 10.02 except as provided in Section 10.06 with respect to The Project. This CIP has been prepared in good faith, but it shall not be binding on SLCDA or the City except as provided in Section 10.06 with respect to The Project. The City may make changes to the CIP in its discretion and, subject to the terms of this Article 10, the City reserves the right to make the Capital Investments listed on the CIP during the term of this Agreement. The City shall submit to the Signatory Airlines a proposed budget for Capital Investment each Fiscal Year, and the City shall consider all comments and suggestions that are timely made by the Signatory Airlines prior to the adoption of the final budget.

10.02 *Capital Investment Subject to Signatory Airline Consideration.* No costs or amortization of costs of Capital Investments shall be charged to Airline in its Landing Fees or Terminal Rents for any new Capital Investments made by City after June 30, 2014 in the Airfield Cost and Revenue Center or in the Terminal Cost and Revenue Center unless at least one of the Signatory Airlines has approved such new Capital Investments. Further, notwithstanding the definition of Rentable Terminal Space in Article 1 of this Agreement, no space created by any such new Capital Investments in the Terminal on which Investment Service is not charged shall be counted as Rentable Terminal Space. In the event City decides to make a new Capital Investment in one of such centers (Airfield or Terminal), City and representatives of the Signatory Airlines shall meet to discuss to what extent, if any, the methods of amortizing and allocating Investment Service and determining Rentable Terminal Space provided for in this Agreement shall be changed for the purpose of calculating the charge to Airline for Investment Service resulting from such new Capital Investment.

10.03 *Capital Investment Not Subject to Signatory Airline Consideration*. Notwithstanding anything set forth in this Agreement to the contrary, the following Capital Investment may be undertaken by City at any time and shall not be subject to consideration by the Signatory Airlines:

10.03.1 Projects mandated by the FAA, DOT, TSA, or similar governmental authority, other than City, having jurisdiction over the Airport.

10.03.2 Projects to repair casualty damage to Airport property that must be rebuilt or replaced in order for City to meet its obligations pursuant to this Agreement, the Master Trust Indenture, or agreements with other lessees at the Airport.

10.03.3 Projects undertaken in Cost and Revenue Centers other than the Airfield Cost and Revenue Center and the Terminal Cost and Revenue Center.

10.03.4 Reasonable repairs, rebuilding, improvements or additions, including the associated costs therefor, necessary to comply with this Agreement or applicable law or to settle lawful claims, satisfy judgments, or comply with judicial orders against City by reason of its ownership, operation, maintenance or use of the Airport.

10.03.5 Expenditures of an emergency nature which, if not made within forty-eight (48) hours, would result in the closing of any portion of the Airport.

10.03.6 Projects funded directly or indirectly by PFCs, CFCs or grants; provided, however, that this provision shall not be interpreted as a waiver of Airline's consultation rights under 49 U.S.C. § 40117 or 14 C.F.R. Part 158 as such statute and regulation currently exist or may be amended.

10.03.7 Projects that are undertaken to satisfy the specific requirements of any Signatory Airline so long as such Signatory Airline agrees to pay all increased rentals, fees, charges and operating and maintenance costs that are sufficient to cover the annual debt service and operating and maintenance costs associated with the project.

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10.03.8 Projects related to special purpose facilities for which the user agrees to pay or reimburse the Airport.

10.04 *Financing*. City may issue Bonds, Subordinated Indebtedness or Other Indebtedness to finance any Capital Investment permitted by this Article 10**.**

10.05 *Alterations and Improvements by Airline*.

10.05.1 Except as expressly provided herein and in accordance with the Airport's Tenant Improvement Standards, Airline shall make no alterations, additions, improvements to, or installations in the Airline Premises, including without limitation the installation of any cabling, without the prior written approval of the Executive Director.

10.05.2 Should Airline from time to time require alterations, additions, improvements to, or installations in the Airline's Exclusive Use or Preferential Use Premises, it may make alterations, additions, improvements to or installation in the Airline's Exclusive Use or Preferential Use Premises if Airline complies with the following conditions:

(a) Before the commencement of any such work, plans and specifications shall be approved by and filed with the Executive Director and all governmental departments or authorities having jurisdiction. The contractors performing the work shall be specified to the Executive Director before the commencement of any such work, and all work shall be subject to and in accordance with (i) Airport's Tenant Improvement Standards, (ii) requirements of law, and (iii) applicable regulations of all applicable governmental departments or authorities and, where required, each affected public utility company.

(b) Such work shall be performed in a professional manner and in accordance with the plans and specifications approved for the same. Airline shall redo or replace, at its sole cost and expense, any work that is not performed in this manner and in accordance with such plans and specifications as approved by the Executive Director. Airline shall notify the Executive Director within ten (10) days of final cessation of any work, and the Executive Director will make a final inspection and will issue a letter of approval or disapproval. Any request to redo or replace any such work shall be made by the Executive Director within twenty-one (21) days after receipt of notice of completion from Airline.

10.05.3 Subject to Section 15.03, all alterations, additions, or improvements placed at any time upon the Airport by Airline shall be deemed to be and become a part of the realty and the sole and absolute property of City upon termination or cancellation of Airline's lease of the premises where the same is located; provided, however, movable furniture, movable personal property, and other removable trade fixtures, including but not limited to passenger loading bridges or baggage conveyor systems put in at the expense of Airline or at the expense of third parties leasing such property to Airline, shall not be deemed to become the property of City at the termination or cancellation of this Agreement, and Airline shall have the right to remove said property from the Exclusive Use Premises and Preferential Use Premises on or about the time of termination of this Agreement, subject to any valid lien which City may have thereon. Any damage to the Airport, including the Exclusive Use Premises and the Preferential Use Premises, caused by such removal shall be repaired at Airline's expense.

10.05.4 Airline shall promptly pay all lawful claims and discharge all liens made against it or against City by Airline's contractors, subcontractors, materialmen, and workers and all such claims and liens made against Airline or City by other third parties arising out of or in connection with, whether directly or indirectly, any work done by or for Airline, its contractors, subcontractors, or materialmen; provided, however, that Airline shall have the right to contest the amount or validity of any such claim or lien without being in default of this Agreement upon furnishing security satisfactory to the Executive Director guaranteeing that such claim or lien will be properly and fully discharged forthwith in the event that such contest is finally determined against Airline or City.

10.05.5 Airline shall procure and maintain during construction of any and all improvements by Airline comprehensive public liability insurance, or if the work is to be done by an independent contractor, Airline shall require such contractor to procure and maintain such insurance in Airline's name. In either case, insurance shall be procured and maintained in limits and meeting requirements reasonably satisfactory to the City, and Airline shall defend, indemnify and hold harmless City and its officers, agents, and employees for all loss, cost damage, or expense arising out of or relating in any way to such construction, except such loss, cost, damage, or expense arising from or caused by the negligence or willful misconduct of City. Airline, on work in excess of $100,000, shall require prime contractors to procure and maintain a payment bond in the face amount of the cost of improvements and in a form satisfactory to the City's attorney.

10.05.6 If, in the construction of any improvements to or upon the Airline's Exclusive Use Premises or Preferential Use Premises, Airline causes disturbance to or damage of any asbestos and/or asbestos-containing materials, Airline shall be solely responsible for the costs of remedying the disturbance or damage, including, without limitation, the removal of any asbestos and asbestos-containing materials.

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10.06 *Special Provisions for The Project*.

10.06.1 *Support For The Project*. Airline has approved and shall support the Terminal Redevelopment Project ("The Project") described in Exhibit H-1. The Project will involve the design and construction of landside facilities including a parking garage with allocated space for rental car operations and ready return, a rental car quick turnaround facility, and rental car remote maintenance facilities; a passenger terminal facility and associated concourses; a central plant facility; associated temporary and permanent roadways; and other related components. City shall construct The Project substantially in accordance with contract documents developed by City-approved architects and engineers. Airline has approved the preliminary conceptual drawings of the Project dated February 2014 and acknowledges that the cost estimates referenced in this Agreement are based on these preliminary conceptual drawings. City acknowledges that Airline and all other Signatory Airlines have legitimate concerns about the potential cost impact of The Project on their business at the Airport and commits to use reasonable efforts to complete The Project and otherwise manage the Airport to achieve the shared goal of a cost per enplaned passenger ("CPE") of no more than $5.00 (in 2013 dollars) in Fiscal Year 2024, the final year of the Term of this Agreement.

10.06.2 *Renovation of Existing Concourses*. Approval of The Project does not constitute approval for the design or construction of renovations of existing concourses A, B, C and D contemplated in connection with The Project or of any financing plan for such renovations. Signatory Airline approval is required under Section 10.02 before City may proceed with such concourse renovations or redevelopment.

10.06.3 *Airline Technical Representative*. The Chair of the Airline/Airport Affairs Committee ("AAAC") shall designate an Airline Technical Representative, subject to approval by the City, to represent the AAAC in matters pertaining to The Project. Airline Technical Representative shall participate in the design review process and provide comments and suggestions for those components of The Project containing Rentable Airline Space. Airline Technical Representative may attend meetings of the Airport's Financial Oversight Committee and meetings of the Airport's Construction Committee concerning the Project. Airline Technical Representative shall provide periodic updates of The Project to the AAAC members as appropriate and is expected to faithfully represent the collective interests of all of the members of the AAAC as a group. Airline Technical Representative may be present prior to and during construction of The Project to inspect, review and recommend to the City action with regard to plans, specifications, bids, change orders and other construction matters related to The Project.

10.06.4 *Development of Contract Documents for The Project*. City represents that its architects and engineers are required under contract to develop as expeditiously as possible cost estimates, a schedule of contracts and construction schedules for The Project. In the development of these contract documents and construction schedules, City and its architects and engineers will consult with Airline Technical Representative and give due consideration to the reasonable requests, suggestions and recommendations of the AAAC. All proposed contract documents shall be made available in Salt Lake City for review by Airline Technical Representative before such documents are put out for bid, so that Airline Technical Representative shall have the opportunity, prior to and during the bid period, to review the proposed contract documents and to submit suggestions or recommendations for change. Airline Technical Representative shall be notified in advance of solicitations for bids and proposals related to The Project.

10.06.5 *Estimated Costs of The Project*. The total cost of The Project is currently estimated to be $1.782 Billion, as detailed in Exhibit H-2**.** Project costs include Relocation Costs associated with and occasioned by The Project, including costs associated with interim moves required to facilitate construction and with moves resulting from the completion of The Project. The total costs of The Project shall not exceed $1.782 Billion, except as follows:

(i) The total costs of The Project may be increased with the approval of Signatory Airlines that collectively account for more than fifty-five percent (55%) in number of all Signatory Carriers or collectively accounted for more than fifty-five percent (55%) of all Terminal Rents paid to the City in the preceding Fiscal Year.

(ii) The total costs of The Project may be increased without Signatory Airline approval to reflect additional costs that result from delays caused by labor disputes, fire or other acts of God, legal acts, delays in delivery of materials or equipment beyond City's control or any other acts beyond City's control; provided, however, that no change orders or claims resulting from any such cause shall be agreed to or approved by City until a written copy of the proposed change order or of the claim, and any supporting documentation, has been provided to Airline Technical Representative so that Airline Technical Representative shall have 10 (ten) business days, whenever practicable without impairing City's rights, to submit recommendations, which shall be considered in good faith by City.

(iii) Increases in the total costs of The Project that are attributable to elements of The Project undertaken to satisfy the specific requirements of any Signatory Airline shall be permitted so long as such Signatory Airline agrees to pay all costs attributable to such Project elements.

10.06.6 *Budget Overruns on The Project*. It is contemplated that a number of contracts will be necessary in order to construct The Project, and these contracts are described in Exhibit H-3. The current Project construction schedule is provided in Exhibit H-4. The actual bids for each contract will be compared to the estimated costs for such contract and if the actual bid exceeds the estimate for any such contract by more than ten percent 10%, or if contracts at any time previously executed, including change orders plus estimated costs of all work necessary to complete the portion of The Project subject to the contract, exceed the total estimated cost of the portion of The Project subject to the contract by more than ten percent (10%), City shall meet promptly with Airline Technical Representative prior to the award of any further contracts to determine how The Project can be revised so that the cost of The Project will not exceed the total estimated cost of The Project unless an increase in total costs of The Project is approved under Section 10.06.5(i). If City and Airline Technical Representative cannot agree on so revising the Project or accepting increased costs within 30 days from the date of the receipt of bids, then a majority of a committee composed of the Airline Technical Representative, the Program Director, and the Airport's Director of Finance shall make recommendations to the Executive Director to revise such contract to bring costs within the total allowable limit in accordance with Section 10.06.5.

10.06.7 *Funding Plan for The Project*. City will finance The Project from any available federal grants, state grants, PFCs, CFCs, Airport funds and the proceeds of Bonds, Subordinated Indebtedness or Other Indebtedness issued by the City, or from any other lawful funding source. City's current Funding Plan for The Project is summarized in Exhibit H-5. Airline acknowledges that the actual funding sources drawn upon by City to finance The Project may differ from the current Funding Plan based upon changing financial market conditions; the availability of federal and state grants; City's ability to use PFCs and CFCs; and other factors.

(a) City will use its best efforts to receive federal and state grants for grant-eligible components of The Project, to obtain authority to collect and use PFCs and CFCs for eligible components of The Project and otherwise to reduce the costs of The Project to be recovered from Signatory Airlines through rates and charges.

(b) City may borrow monies or use other available funds of City to finance the ongoing effort to design and construct the Project, in accordance with the Funding Plan summarized in Exhibit H-5.

(c) City agrees to use its best efforts to authorize and issue Bonds, Subordinated Indebtedness or Other Indebtedness to finance the design and construction of The Project, to provide for capitalized interest and required reserves for the payment of Bonds, Subordinated Indebtedness or Other Indebtedness to reimburse City for funds expended in connection with The Project and financing costs thereof, and any preliminary expenses of The Project from January 1, 2013 to the sale of such Bonds, Subordinated Indebtedness or Other Indebtedness and to pay for the expenses related to the issuance of such Bonds, Subordinated Indebtedness or Other Indebtedness.

(d) If for any reason Bonds, Subordinated Indebtedness or Other Indebtedness cannot be sold to repay borrowed monies, to replace Airport funds, or to otherwise pay

for costs of The Project, such amounts may be included in the Airfield Revenue Requirement or the Terminal Revenue Requirement, as appropriate, and recovered by City over a reasonable time.

(e) Airline acknowledges that it may be necessary to issue additional Bonds, Subordinated Indebtedness or Other Indebtedness to complete The Project in the event that, notwithstanding City's best efforts to avoid increased Projects costs, the total cost of The Project exceeds the estimate and such excess is approved in the manner set forth in Sections 10.06.5 and 10.06.6. City agrees to evaluate alternate funding sources before issuing additional Bonds, Subordinated Indebtedness or Other Indebtedness and to report such alternate funding sources to the Airline Technical Representative.

(f) Airline acknowledges that in the event that the grants-in-aid are less than the estimated amounts, it may be necessary for City to impose and use additional PFCs or issue additional General Airport Revenue Bonds to complete The Project.

10.06.8 *Change Orders*. Any change order or other amendment to any contract entered into by City for the Project, which would increase the amount of the contract by the greater of $250,000 or more than 10% of the original contract, or which would extend the time to complete a contract by more than 25%, shall not be agreed to or approved by City until the proposed change order or other amendment and any supporting documentation has been furnished to Airline Technical Representative so that Airline Technical Representative shall have 10 (ten) business days, whenever practicable without impairing City's rights, to submit recommendations as to how such change order shall be handled, which recommendations shall be considered in good faith by City.

10.06.9 *Notice of Claims*. City shall promptly inform Airline Technical Representative of any and all claims on The Project by contractors or consultants for additional time to complete the contract or additional compensation which would increase the amount of the contract by the greater of $250,000 or more than 10% of the amount of a contract. Copies of all such written claims, and any supporting documentation, shall be provided to Airline Technical Representative within 10 days after receipt of such claim. Airline Representative shall have 10 business days, whenever practicable without impairing City's rights, to submit recommendations as to how such claim should be handled, which recommendations shall be considered in good faith by City. Airline may submit legal analyses and opinions for consideration by City's legal counsel in connection with any such claim.

10.06.10 *Airline Relocations, Accommodations and Right-Sizing.*

(a) *Reallocations of Space During Construction of The Project*. Airline acknowledges that during construction of The Project, in order to facilitate the continued operations of all Passenger Carriers at the Airport and to serve the traveling public, it will be necessary for City, from time to time, to reallocate space under Section 4.05.1 on an interim, transitional basis pending completion of The Project.

(b) *Accommodations*. Airline acknowledges that during construction of The Project, in order to accommodate the needs of all Passenger Carriers for reasonable access to required Terminal facilities, it is likely that Airline will be required to accommodate other Passenger Carriers at its Exclusive Use and Preferential Use Premises in accordance with and subject to Sections 7.02 and 7.03.

(c) *Right-Sizing Upon DBO.* In anticipation of the completion of new Terminal facilities to be constructed in The Project that City makes available to Airline, Airline may request and City shall grant, effective as of the DBO of such new facilities, a reduction in the size of the Airline Premises or, to the extent there is available space, an increase in the size of the Airline Premises. Airline shall be obligated to pay for all Airline Premises assigned to Airline after any such reductions or increases have been made. City and Airline acknowledge that The Project may be completed in phases and that not all Air Carriers will be given this right-sizing opportunity at the same time.

10.06.11 *Cost Recovery.* City may continue, after the DBO of The Project, to include in the Terminal Revenue Requirement calculated in accordance with Section 8.03.1 any Debt Service, Coverage Amounts, Amortization, Operating Expenses and Reserve Fund requirements allocable to Rentable Airline Space that existed before the DBO of The Project, but which City expects will be demolished some time after the DBO of The Project, for so long as such costs are incurred by City even if (a) such space is vacant after the DBO of The Project and (b) City has no reasonable expectation that such space will be leased to any Air Carrier or otherwise put to revenue-producing use. Any such vacant space shall continue to be included in the amount of Rentable Airline Space used in the calculation of the Net Terminal Revenue Requirement to be met by all Passenger Carriers; provided, however, that the Net Terminal Revenue Requirement shall be increased by the costs of operating and maintaining such vacant space in an amount not to exceed $1.50 per square foot.

10.07 *Finishes and Installations in New Facilities Constructed in The Project.*

10.07.1 *Modifications to Finishes in New Premises*. City will provide Airline with the baseline specifications and design standards for finishes in new Airline Premises to be constructed in The Project. Airline may request, subject to City approval, waivers or enhancements to these baseline specifications and design standards. If any such requests for changes are approved, Airline shall pay to City the net increase in cost, if any, for such changes.

10.07.2 *Financing Costs of Enhanced Tenant Finishes in New Premises*. City will finance enhanced Signatory Airline tenant finishes approved under Section 10.07.1 if requested by Airline prior to the issuance of Bonds, Subordinated Indebtedness or Other Indebtedness. Such amount shall be in addition to the Estimated Project Cost set forth in Exhibit H-2 and the cost of any resulting increase in borrowing by City shall be repaid by Airline. Airline shall provide City with a list of property and equipment financed with tenant finish funds, and Airline and City mutually shall agree on an annual repayment schedule based upon the useful lives of the assets financed. If Airline terminates this Agreement for any reason before the full repayment of debt associated with its own tenant finishes, any unpaid principal balance shall be immediately due and payable. Airline, with City approval, may assign its space and related tenant improvements to a successor Airline, as long as the successor Airline agrees to repay any unpaid debt associated with tenant finishes.

Article 11 Damage Or Destruction

11.01 *Partial Damage and Repair*. If the Airline Premises shall be partially damaged by fire, flood, windstorm, earthquake, or other casualty but said damage shall not render the Airline Premises untenantable as reasonably determined by City, there shall be no abatement or reduction in the rates and charges payable by Airline hereunder so long as Debt Service payments are required; and (1) the portion of the Airline Premises so damaged shall be promptly repaired, rebuilt, or restored

by City with such changes, alterations, and modifications (including the substitution and addition of other property) as may be agreed upon by City and Airline as shall not impair the character of the Airline Premises; and (2) there shall be applied for such purpose so much as may be necessary of any net proceeds received by City under insurance policies covering such losses, after payment of any expenses of obtaining or recovering such net proceeds, as well as any moneys which City determines to make available from the sale of Bonds, Subordinated Indebtedness or Other Indebtedness. In the event that such net proceeds are insufficient to pay in full the costs of such repair, rebuilding, or restoration, City will endeavor to use available funds or arrange financing through the issuance of Bonds, Subordinated Indebtedness or Other Indebtedness or other means and complete such repair, rebuilding, or restoration.

11.02 *Substantial or Complete Damage and Repair*. If the Airline Premises shall be substantially or completely damaged or destroyed by fire, flood, windstorm, earthquake, or other casualty and said damage or destruction renders the Airline Premises untenantable as reasonably determined by City, there shall be an equitable and proportional abatement or reduction in the rates and charges payable by Airline hereunder based on the portion of the Airline Premises rendered untenantable as it relates to the total Airline Premises until such time as such affected Airline Premises shall be restored for Airline's use; and (1) the portion of the Airline Premises so damaged or destroyed shall be promptly repaired, rebuilt, or restored by City with such changes, alterations, and modifications (including the substitution and addition of other property) as may be agreed upon by City and Airline as shall not impair the character of the Airline Premises; and (2) there shall be applied for such purpose so much as may be necessary of any net proceeds received by City under insurance policies covering such losses, after payment of any expenses of obtaining or recovering such net proceeds, as well as any moneys which City determines to make available from the sale of Bonds, Subordinated Indebtedness or Other Indebtedness. In the event that such net proceeds are insufficient to pay in full the costs of such repair, rebuilding, or restoration, City will endeavor to arrange financing through the issuance of Bonds, Subordinated Indebtedness, Other Indebtedness or other means and complete such repair, rebuilding, or restoration. In addition, City will endeavor to locate suitable, comparable space for Airline to continue to operate while its Airline Premises are being restored. Airline will pay the applicable rates and charges due under this Agreement for any such space.

11.03 *Damage Caused by Airline*. Notwithstanding the provisions of this Article 11, in the event that due to the negligence or willful act or omission of Airline, its employees, its agents, or licensees, Airline Premises shall be damaged or destroyed by fire, other casualty or otherwise, there shall be no abatement of rent during the repair or replacement of said Airline Premises. To the extent that the costs of repairs shall exceed the amount of any insurance proceeds payable to City by reason of such damage or destruction, Airline shall pay the amount of such additional costs to City.

Article 12 Indemnification, Waiver Of Claims and Insurance

12.01 *Indemnification*.

12.01.1 Airline agrees to protect, defend, reimburse, indemnify and hold City, its agents, employees, board members and elected officers and each of them, free and harmless at all times from and against any and all claims, liability, expenses, losses, costs, fines and damages (including actually incurred reasonable attorney's fees) and causes of action of every kind and character, whether or not meritorious, against or from City by reason of any damage to property or bodily injury (including death) incurred or sustained by any party hereto, any agent or employee of any party hereto, and any third or other party whomsoever or any governmental agency, arising out of or incident to or in connection with Airline's performance under this Agreement, Airline's use or occupancy of the Airline Premises, Airline's negligent acts, omissions or operations hereunder or the performance, non-performance or purported performance of Airline or any breach of the terms of this Agreement by Airline; provided, however, that Airline shall not be so obligated to protect, defend, reimburse, indemnify and hold City free and harmless when the applicable claim, liability, expense, loss, cost, fine, damage or cause of action is caused by the negligence or willful misconduct of the agents, employees, contractors, officers or boards of City (but only to the extent of the portion of the claim, liability, expense, loss, cost, fine, damage or cause of action caused by such negligence or willful misconduct). Upon the filing by anyone of a claim with City for damages arising out of incidents for which Airline herein agrees to indemnify and hold City harmless, City shall promptly notify Airline of such claim and, in the event that Airline does not settle or compromise such claim, then Airline shall undertake the legal defense of such claim both on behalf of Airline and on behalf of City. It is specifically agreed, however, that City, at its option and at its own expense, may participate in the legal defense of such claim. Any final judgment against City from which no appeals remain for any cause for which Airline is liable hereunder shall be conclusive against Airline as to liability and amount upon the expiration of the time for appeal therefrom. Airline recognizes the broad nature of this indemnification and hold harmless clause and voluntarily makes this covenant and expressly acknowledges that the terms and conditions of this Agreement constitute good and valuable consideration provided by City in support of this indemnification in accordance with laws of the State of Utah.

12.01.2 If City and Airline are jointly, concurrently or successively liable for an actionable wrong to an injured person, each party shall have a right to contribution from the other party. The right of contribution shall be limited to the amounts paid by a party in excess of that party’s share of liability, based upon principles of equity (including the principle of comparative fault). If either party receives any claim, demand, suit or judgment for which the other party is or may be jointly, concurrently or successively liable, that other party shall be given prompt notice thereof. If City and Airline become co-defendants, either may file a cross-complaint against the other for a declaration of rights respecting the relative responsibility of each for contribution. If either City or Airline becomes a defendant in an action or proceeding in which the other is a non-party, the defendant therein may either file a cross-complaint against the non-party for a declaration of rights of contribution or may bring a separate and independent action against the non-party for contribution.

12.01.3 This Section 12.01 shall survive the termination of this Agreement as to claims arising during the Term hereof. Compliance with the insurance requirements of this Article 12 shall not relieve Airline of its liability or obligation to indemnify the City as set forth in this Article 12.

12.02 *Waiver of Claims*. Airline, as a material part of the consideration to be rendered to City under this Agreement, hereby waives all claims or causes of action against City, its officers, or employees which it may now or hereafter have for damages to any property on, about, or related to the Airport, and for injuries or death to persons on, about, or related to the Airport, from any cause or causes arising at any time, except from the negligent or willful act or omission of City, its officers, or employees. By way of example and not limitation, save and except as arises out of the negligent or willful act of City, its officers, or employees, Airline hereby waives any and all claims or causes of action which it may now or hereafter have against City, its officers, or employees (a) for loss, injury, or damage sustained by reason of any deficiency, impairment, and interruption of any water,

electrical, gas, plumbing, air conditioning, or sewer service or system serving any portion of the Airport; (b) for any loss, injury, or damage arising or resulting from any act or neglect or omission of any other tenant, subtenant, permittee, concessionaire, or occupant of the Airport, or any person who uses the Airport with authorization or permission of the City (City agrees to use its best efforts to control tenants, subtenants, permittees, concessionaires, occupants, or Airport users to prevent loss, injury, or damage); and (c) for any loss or damage to the property of, or injury or damage to Airline, its officers, employees, agents, contractors, or any other person whomsoever, from any cause or causes arising at any time because of Airline's use or occupancy of the Airline Premises or of the Airport, or its operations thereon (City will use its best efforts to control the activities of other users).

12.03 *Insurance*.

12.03.1 Airline, at its sole cost and expense, and for the full Term of this Agreement or any renewal thereof, shall obtain and maintain all of the following minimum insurance:

(a) An Aircraft Liability policy, with coverage of Two Hundred Million Dollars ($200,000,000) combined single limit for bodily injury and property damage, which shall include but not necessarily be limited to all of the following coverages: Aircraft Liability, including General Liability, Aircraft Products and Completed Operations, Liquor Liability, Premises Liability, Products & Completed Operations, Contractual Liability, Hangarkeepers Liability, Motor Vehicle Liability within the confines of the Airport, Cargo Legal Liability and Fueling and Refueling (if such operations are conducted by Airline).

(b) Fifty Million Dollars ($50,000,000) War and Named Perils coverage for bodily injury and property damage, each occurrence and annual aggregate, or the U.S. Government equivalent.

(c) A Workers’ Compensation and Employers’ Liability policy written in accordance with the laws of the State of Utah providing coverage for any and all employees of Airline and providing coverage as follows:

(i) Workers' Compensation (Coverage A);

(ii) One Million Dollars ($1,000,000) in Employers' Liability (Coverage B);

(iii) Broad Form All States Endorsement;

(iv) Voluntary Compensation Endorsement; and

(v) Waiver of Subrogation in favor of City.

(d) A Commercial Business Auto policy with a minimum limit of not less than Five Million Dollars ($5,000,000) combined single limit for bodily injury and property damage providing that coverages shall be applicable to any and all leased, owned, hired or non-owned vehicles used in pursuit of any of the activities associated with this Agreement. Any and all mobile equipment, including cranes, which is not covered under the Comprehensive Business Auto policy shall have said coverage provided for under the Comprehensive General Liability policy required above.

(e) Property Insurance in an amount equal to "Value of Airline Improvements and Betterments" during the course of construction and after completion. Coverage shall include Replacement Value, covering Airline improvements and betterments, for Fire & Extended Coverage, including Sprinkler Leakage, Vandalism & Malicious Mischief, and Debris Removal.

12.03.2 Any deductibles or self-insured retentions must be declared by Airline and accepted by City.

12.03.3 Except for U.S. Government equivalent War and Named Perils coverage, Workers Compensation/Employer's Liability Insurance and Property Coverage, the insurance policies are to contain, or be endorsed to contain, the following provisions:

(a) City and its officials, employees, agents and contractors are to be covered as an additional insured with respect to liability arising out of or with respect to (i) activities performed by, or on behalf of, Airline, (ii) the products and completed operations of Airline, (iii) premises owned, leased or used by Airline, or (iv) automobiles owned, leased, hired or borrowed by Airline. The coverage shall contain no special limitations on the scope of protection afforded to City, its officials, employees, agents and contractors.

(b) Airline's insurance coverage shall be primary insurance with respect to City, its officials, employees, agents and contractors. Any insurance or self-insurance maintained by City, its officials, employees, agents or contractors, shall be excess of Airline's insurance and shall not contribute with it.

12.03.4 Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its officials, employees, agents or contractors.

12.03.5 Coverage shall state that Airline's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

12.03.6 City shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If, in the opinion of City, the insurance provisions in this Agreement do not provide adequate protection for City and/or for members of the public, City may require Airline to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. City's requirements shall be commercially reasonable but shall be designed to assure protection from and against the kind and extent of risk which exists at the time a change in insurance is required (provided such protection is available on commercially reasonable terms), and Airline agrees to provide same within thirty (30) days of receiving notice from City.

12.03.7 Provisions of this paragraph as to maintenance of insurance shall not be construed as limiting in any way the extent to which Airline may be held responsible for the payment of damages to persons or property resulting from its activities or of any person or persons for which it is otherwise responsible.

12.03.8 Coverage under each insurance policy required by this section shall not be canceled, non-renewed or changed except after thirty (30) days' prior written notice has been given to

City (notwithstanding the foregoing, the notice period for War Risks and Named Allied Perils insurance may be seven (7) days or such lesser period as may be customarily available).

12.03.9 Insurance is to be placed with insurers reasonably acceptable to City's Risk Manager.

12.03.10 Airline shall furnish City with certificates of insurance, and "Additional Insured" endorsements where appropriate, as required by this clause. The certificates for each insurance policy are to be signed by a person authorized by that insurer to verify coverage on its behalf.

12.03.11 Proof of insurance shall be mailed to the following address or any subsequent address as may be directed in writing by City:

Salt Lake City Department of Airports
Contracts Manager
P.O. Box 145550
Salt Lake City, UT 84114

12.03.12 City shall, during the term of this Agreement, procure and maintain liability and fire and extended coverage insurance for the Airport, Terminal, and other facilities at the Airport in such amounts and for such insured coverages as City may determine as being reasonably required and in the prudent operation of the Airport.

12.03.13 Airline shall self-insure (by establishing reserves in accordance with accepted accounting practices) or procure and keep in force fire and extended coverage insurance upon its leasehold improvements located within its Exclusive Use Premises or Preferential Use Premises, to the full replacement-cost, insurable value thereof and shall furnish City, upon execution of this Agreement, with evidence that such self-insurance reserves have been established or such coverage has been procured and is being maintained in full force and effect. Said evidence of insurance shall be endorsed to require (30) days written notice to City of cancellation or material change and to provide that any insurance carried by City be excess insurance only.

12.03.14 City and Airline agree to have all property insurance carried with respect to the Airport, the Airline Premises or any property therein endorsed with a clause that waives all rights of subrogation that the insurer of one party may have against the other party hereto. To that effect, City and Airline will respectively employ diligent efforts to cause their insurance companies to endorse the affected property insurance policies with a waiver of subrogation clause as required herein.

Article 13 City Remedies

13.01 *Events of Default*. The events described below shall be deemed events of default by Airline hereunder. Upon the occurrence of any one of the following events of default, City may immediately issue written notice of default.

13.01.1 The conduct of any business or performance by Airline of any acts at the Airport not specifically authorized herein or by other agreements between City and Airline, and said business or acts do not cease within thirty (30) days of receipt of City's written notice to cease said business or acts.

13.01.2 The failure to cure a default in the performance of any of the terms, covenants, and conditions required herein (except insurance requirements as set forth in Section 12.03, and payment of rentals, fees, and charges, as provided for in Article 9) within thirty (30) days of receipt of written notice by City to do so; or if by reason of the nature of such default, the same cannot be remedied within thirty (30) days following receipt by Airline of written demand from City to do so, Airline fails to commence the remedying of such default within said thirty (30) days following such written notice, or having so commenced, shall fail thereafter to continue with diligence the curing thereof. Airline shall have the burden of proof to demonstrate (i) that the default cannot be cured within thirty (30) days, and (ii) that it is proceeding with diligence to cure said default and that such default will be cured within a reasonable period of time.

13.01.3 The failure by Airline to pay any part of the rentals, fees, and charges due hereunder and the continued failure to pay said amounts in full within thirty (30) days of City's written notice of payments past due; provided, however, if a dispute arises between City and Airline with respect to any obligation or alleged obligation of Airline to make payments to City, payments under protest by Airline of the amount due shall not waive any of Airline's rights to contest the validity or amount of such payment.

13.01.4 The failure by Airline to provide and keep in force insurance coverage in accordance with Article 12.

13.01.5 The appointment of a trustee, custodian, or receiver of all or a substantial portion of Airline's assets.

13.01.6 The divestiture of Airline's estate herein by operation of law, by dissolution, or by liquidation (not including a merger or sale of assets).

13.01.7 The abandonment by Airline of the Airline Premises, or its conduct of business at the Airport; and, in this connection, suspension of operations for a period of sixty (60) days will be considered abandonment in the absence of a labor dispute or other governmental action in which Airline is directly involved.

13.01.8 The failure by Airline to remit PFCs in accordance with Section 18.03.

13.02 *Continuing Responsibilities of Airline*. Notwithstanding the occurrence of any event of default, Airline shall remain liable to City for all rentals, fees, and charges payable hereunder and for all preceding breaches of any covenant of this Agreement. Furthermore, unless City elects to cancel this Agreement, Airline shall remain liable for and promptly pay all rentals, fees, and charges accruing hereunder for the Term of this Agreement.

13.03 *Remedies*. Upon the occurrence of any event enumerated in Section 13.01 and after any applicable notice and cure periods, the following remedies shall be available to City:

13.03.1 City may exercise any remedy provided by law or in equity, including but not limited to the remedies hereinafter specified. The various rights and remedies herein contained shall not be considered as exclusive of any other right or remedy but shall be construed as cumulative

and shall be in addition to every other remedy now or hereafter existing at law, in equity or by statute. In addition to any damages or payments specified herein, City shall be entitled to reimbursement from Airline for any costs of City related to any default by Airline under this Agreement.

13.03.2 City may cancel this Agreement, effective upon the date specified in the notice of cancellation. Upon such date, Airline shall be deemed to have no further rights hereunder and City shall have the right to take immediate possession of the Airline Premises.

13.03.3 City may cure or cause any violation to be cured for the account and at the expense of Airline, and all sums so expended by City related to such cure, together with ten percent (10%) thereof for cost of administration, shall be paid by Airline on demand.

13.03.4 City may reenter the Airline Premises and may remove all Airline persons and property. Upon any removal of Airline property by City hereunder, Airline property may be stored at a public warehouse or elsewhere at Airline's sole cost and expense.

13.03.5 City may relet Airline Premises and any improvements thereon or any part thereof, at such rentals, fees, and charges and upon such other terms and conditions as City, in its sole discretion, may deem advisable, with the right to make alterations, repairs of improvements on said Airline Premises.

13.03.6 In the event that City relets Airline Premises, rentals, fees, and charges received by City from such reletting shall be applied: (i) to the payment of any indebtedness, other than rentals, fees, and charges due hereunder, from Airline to City; (ii) to the payment of any cost of such reletting; and (iii) to the payment of rentals, fees, and charges due and unpaid hereunder. The residue, if any, shall be held by City and applied in payment of future rentals, fees, and charges as the same may become due and payable hereunder. If that portion of such rentals, fees, and charges received from such reletting and applied to the payment of rentals, fees, and charges hereunder is less than the rentals, fees, and charges as would have been payable during applicable periods by Airline hereunder, then Airline shall pay such deficiency to City whenever rentals, fees or charges are due to City hereunder. Airline shall also pay to City, as soon as ascertained, any reasonable costs and expenses incurred by City in such reletting not covered by the rentals, fees, and charges received from such reletting.

13.03.7 No reentry or reletting of Airline Premises by City shall be construed as an election on City's part to cancel this Agreement unless a written notice of cancellation is given to Airline.

13.04 *Remedies under Federal Bankruptcy Laws*. Notwithstanding the foregoing, upon the filing by or against Airline of any proceeding under Federal bankruptcy laws, this Agreement shall automatically terminate (unless such termination is affirmatively waived at the time of the filing or subsequently by City) in addition to other remedies provided under provisions of the Federal Bankruptcy Rules and Regulations and Federal Judgeship Act of 1984, as such may be subsequently amended, supplemented, or replaced. Notwithstanding the foregoing, City shall be entitled to waive the automatic termination provision mentioned above in writing. In the event that City waives the automatic termination requirement, City shall not be obligated to perform under the terms of this Agreement so long as any proceeding under Federal bankruptcy laws remains outstanding. As provided in Section 18.02, any waiver by City of the automatic termination provision in this Section

13.04 shall not be construed to be a waiver of any subsequent automatic termination hereof. City's rights under this Section 13.04 shall be in addition to all other rights and remedies provided to City under this Agreement.

Article 14 Environmental

14.01 *Hazardous Materials*.

14.01.1 *Standards of Operation – Disposal, Use and Storage of Hazardous Materials*. The voluntary or involuntary release or discharge of Hazardous Materials on the Airport is strictly prohibited (except to the extent, if any, that disposal of Hazardous Materials through the City's sewerage system complies with all applicable Environmental Laws). Storage and use of Hazardous Materials on the Airport is prohibited, except:

(a) Airline may store and use Hazardous Materials on the Airline Premises in a safe and prudent manner and in accordance with the requirements of all applicable Environmental Laws but only for those kinds and quantities of Hazardous Materials that are normally used in conducting the activities permitted under this Agreement. Airline shall provide Executive Director with a copy of any application for a permit, if required, for use or storage of Hazardous Materials on the Airline Premises from any regulatory agency responsible for enforcement of Environmental Laws and shall also provide a copy of any permit received from such agency; and

(b) This Agreement does not authorize the Airline to store and use Hazardous Materials on the Airport other than the Airline Premises.

14.01.2 *Liability.* Airline shall be solely and fully responsible and liable for:

(a) Storage, use or disposal of Hazardous Materials on the Airline Premises or the Airport by Airline, Airline's officers, agents, employees, contractors, permittees or invitees; or

(b) Any Hazardous Material release or discharge which is caused by or results from the activities of Airline, Airline's officers, agents, employees, contractors, permittees or invitees on the Airline Premises or the Airport.

14.01.3 *Prevention of Release or Discharge*. Airline shall take reasonable precautions to prevent its activities from causing any Hazardous Material release or discharge to occur on the Airline Premises or the Airport and shall take all reasonable precautions to prevent any release or discharge into soil or groundwater or any unlawful release into City's sanitary or storm drains and sewers at the Airport.

14.01.4 *Obligation to Investigate and Remediate*. Airline, at Airline's sole cost and expense, shall promptly investigate and remediate, in accordance with requirements of all applicable Environmental Laws, any release or discharge or threat of release or discharge of Hazardous Materials on the Airline Premises unless Airline demonstrates that it was caused by a condition that existed prior to Airline entering the Airline Premises or caused by the City's negligence or non-compliance with Environmental Laws (including negligence or non-compliance of its officers, agents, employees or contractors) or on the Airport (outside of Airline Premises) caused or resulting from activities of Airline, Airline's officers, agents, employees, contractors, permittees or invitees,

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including but not limited to any release or discharge or threat of release or discharge into soil or groundwater which was caused or results in whole or in part from the activities of Airline, Airline's officers, agents, employees, contractors, permittees or invitees but excluding the disposal of Hazardous Materials through the City's sewerage system so long as such disposal complies with all applicable Environmental Laws.

In addition to all other rights and remedies of City hereunder, if Airline does not promptly commence investigation of any such release or discharge or threat of release or discharge or does not diligently pursue appropriate remedial activities as required by applicable Environmental Laws for which Airline is responsible under this Agreement, City, in its discretion, may pay to have same investigated and remediated as required by applicable Environmental Laws, and Airline shall reimburse City for its share of the reasonable and documented costs within thirty (30) days of City's demand for payment. Notwithstanding the foregoing, City shall be entitled to reimbursement only if it first gives written notice to Airline of its intention to commence investigation and/or remediation prior to such commencement and Airline either does not commence diligent pursuit or remedial activities within thirty (30) business days of the notification or does not maintain such diligent pursuit; except prior notice by City is not required if City determines that investigation or remediation is urgent.

14.01.5 *Indemnification*. Airline shall defend (with counsel acceptable to City in City's reasonable discretion), indemnify and hold City harmless from and against all loss, damage, liability (including all consequential damages) and expense (including, without limitation, the reasonable and necessary costs of any cleanup and remediation of Hazardous Materials as required by applicable Environmental Laws or which may be necessary to redevelop the contaminated Airport property) which City may sustain as a result of the following associated with operations under this Agreement and not to the extent that the Airlines can demonstrate that the loss, damage, liability and expense is caused by a condition existing prior to Airline entering the property or to the extent caused by the City's negligence or non-compliance with Environmental Laws (including negligence or non-compliance of its officers, agents, employees or contractors):

(a) Storage, use or disposal of Hazardous Materials on the Airline Premises or the Airport by Airline, Airline's officers, agents, employees, contractors, permittees or invitees; or

(b) Any Hazardous Material release or discharge on the Airline Premises or the Airport other than the Exclusive Use Premises, including but not limited to any release or discharge into soil or groundwater or City's sanitary or storm drains and sewers at the Airport or elsewhere, which is caused by or results from the activities of Airline, Airline's officers, agents, employees, contractors, permittees or invitees.

By way of clarification, this indemnity covers any losses relating to Hazardous Materials or Environmental Laws as opposed to the indemnity in Section 12.01.

14.01.6 *Release of Hazardous Materials Claims Against City*. Airline releases, acquits and forever discharges City from any and all claims, actions, causes of action, demands, rights, damages, costs, including but not limited to loss of use, lost profits, or expenses, which Airline may now have, or which may hereafter accrue on account of or in any way growing out of all known and unknown, foreseen and unforeseen bodily and personal injuries and property damage, and the consequences thereof resulting or arising out of the presence or cleanup of any Hazardous Material on the Airline Premises or the Airport, but only to the extent the presence of such

Hazardous Materials was not caused by or did not result from the negligence, willful misconduct, acts or omissions of City, City's officers, agents, employees contractors, permittees or invitees. This release shall not apply to any claims for contribution that Airline may have against City in the event that Airline incurs any cost in undertaking any cleanup of Hazardous Material from the Airline Premises or the Airport ordered by a governmental agency, to the extent that the cleanup order and costs result from a release or discharge of Hazardous Material for which Airline is not responsible and liable under this Agreement**.**

14.01.7 *Cessation of Activities*. Airline shall cease its activities on the Airline Premises and the Airport, to the extent requested by City and upon thirty (30) days' notice from City, if City determines, in its sole discretion, that such cessation is necessary to investigate, cure or remediate any release or discharge of Hazardous Materials or any threat of a release or discharge thereof; provided, however, that no notice from City for the cessation of activities shall be required in the event of an emergency. City shall use reasonable efforts to attempt to temporarily accommodate Airline at suitable substitute space in the Airport during the required cessation of Airline activities. Airline shall not recommence its activities on the Airline Premises or the Airport, as appropriate, until notified by City that such release or discharge or threat of release or discharge of Hazardous Material has been investigated, cured and remediated in a manner satisfactory to City.

14.01.8 *Abatement of Fees and Charges on Airport.* Airline shall not be charged fees or charges for use of the Airline Premises or the Airport to the extent that Airline is required to cease activities on that portion of the Airline Premises or the Airport due to City's efforts to investigate, cure or remediate contamination, unless the release or discharge is one for which Airline is responsible under this Agreement.

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14.01.9 *Records and Inspections*

(a) If Airline makes any written disclosure, or provides any report, to any governmental agency concerning a release of Hazardous Materials at the Airport, Airline shall concurrently also provide a copy of such disclosure or report to City.

(b) Airline shall promptly deliver a copy to City of all notices that Airline receives from any governmental agency or third party concerning a claim or a notice of violation regarding Hazardous Materials at the Airport.

(c) Airline shall maintain, during the term of this Agreement and for a period of not less than three (3) years after the expiration or termination of this Agreement, or for any longer period of time required by any applicable law, regulation, policy, order or decree, separate and accurate records, as required by applicable Environmental Laws, pertaining to the use, handling and disposal of any Hazardous Material(s) by Airline, Airline's officers, agents, employees, contractors, permittees or invitees on or from the Airport.

(d) Upon request by City, Airline shall furnish City with copies of such records, and such other documentation or reports as the Executive Director, from time to time, and at any time during the term of this Agreement, may reasonably require pertaining to the use, handling, disposal, release or discharge of any Hazardous Materials by Airline, Airline's officers, agents, employees, contractors, permittees or invitees on or from the Airport. Notwithstanding the foregoing, Airline shall not be required to furnish City with copies of records that would be protected

from disclosure under the Utah Evidence Code (except to the extent that portions of documents, including but not limited to testing and sampling data, are not so protected).

(e) After the expiration of three (3) years following the termination of this Agreement, Airline may destroy the records pertaining to the use, handling, disposal, release or discharge of any Hazardous Materials by Airline, Airline's officers, agents, employees, contractors, permittees or invitees on or from the Airport unless Airline is otherwise reasonably directed by City or otherwise required by applicable laws.

(f) City shall have the right, under the terms hereof (and at City's sole expense, except when any release or discharge of Hazardous Materials or threat of release or discharge of Hazardous Materials is caused by Airline or Airline's officers, agents, employees, contractors, permittees or invitees), to enter the Airline Premises during the Term hereof to conduct periodic environmental inspections. Prior to conducting environmental testing, City shall provide seven (7) day's written notice to Airline concerning the planned testing procedures and locations. However, in the event of an emergency, no written notice shall be required prior to access to the Airline Premises for any necessary environmental response activities, including environmental testing needed in response to the emergency. City shall endeavor to conduct each inspection or test in the presence of Airline's representative and in a manner that does not unreasonably interfere with Airline's operations.

14.01.10 *No Third Party Beneficiaries*. Nothing contained in this Article 14 shall be construed as conferring any benefit on any person not a party to this Agreement, nor as creating any right in any person not a party to this Agreement to enforcement of any obligation created under this Agreement.

14.01.11 *Airline Obligations Upon Termination*. Prior to vacating the Airline Premises, and in addition to all other requirements under this Agreement and without limiting Airline's indemnification obligations under Section 14.01.5, Airline shall:

(a) Remove any Hazardous Materials placed or stored on the Airline Premises during the Term by Airline or as a result of Airline's use or occupancy of the Airline Premises during the Term and shall demonstrate to City's reasonable satisfaction that such removal is in compliance with all applicable Environmental Laws, including without limitation conducting any environmental audits as may be required by City to demonstrate such removal has been completed according to the terms of this Agreement.

(b) With respect to any release of Hazardous Materials on the Premises not removed pursuant to prior paragraph (a) and not subject to the exceptions therein, Airline shall promptly investigate and remediate any such release in accordance with the requirements of all applicable Environmental Laws and permits ("Airline's Remediation"). If Airline's remediation will leave Hazardous Materials in the soil or groundwater at the Airport prior to completion of the remediation, the Airline shall obtain the City's written determination that such Hazardous Materials will not interfere with any reuse of the Airline Premises reasonably contemplated or anticipated by the City. If the City does not make such a determination, Airline will perform the remedial activities necessary to avoid interference with future reuse of the Airline Premises ("Remediation for Reuse"). In the event Airline fails to perform Airlines' Remediation or Remediation for Reuse, the City may conduct such reasonable investigation and/or remediation after providing Airline with a written notice thirty (30) days in advance and Airline does not diligently commence and pursue such actions. If the City incurs such costs, City may invoice reasonable and documented costs to Airline.

14.01.12 *Survival of Obligations*. Airline's obligations under this Section 14.01 shall survive the expiration or earlier revocation or suspension of this Agreement.

14.02 *Stormwater.*

14.02.1 Notwithstanding any other provisions or terms of this Agreement, Airline acknowledges that certain properties within the Airport, or on City-owned land, are subject to federal and state stormwater rules and regulations. Airline agrees to observe and abide by such stormwater rules and regulations as may be applicable to City's property and Airline's uses thereof.

14.02.2 Airline acknowledges that any stormwater discharge permit issued to City may name Airline as a co-permittee, but only if (a) Airline has been provided a meaningful opportunity to engage in the development of the permit terms, including an opportunity to be involved in discussions between the City and the permitting agency including those that may occur prior to the draft permit being issued, and (b) City cooperates with Airline in developing cost effective measures and/or permit conditions that take into account operational impacts. City and Airline both acknowledge that cooperation is necessary to insure compliance with any stormwater discharge permit terms and conditions, as well as to insure safety and to minimize cost of compliance. Airline acknowledges further that it may be necessary to undertake such actions to minimize the exposure of stormwater to "significant materials" generated, stored, handled or otherwise used by Airline, as such term may be defined by applicable stormwater rules and regulations, by implementing and maintaining "best management practices" as that term may be defined in applicable stormwater rules and regulations.

14.03 *Stormwater Discharge Permit Requirements*. City will provide Airline with written notice of any stormwater discharge permit requirements applicable to Airline and with which Airline may be obligated to comply from time-to-time, including but not limited to: certification of non-stormwater discharges; collection of stormwater samples specific to that Airline's operations; preparation of stormwater pollution prevention or similar plans; implementation of best management practices; and maintenance of necessary records. Such written notice shall include applicable deadlines. Airline agrees that within thirty (30) days of receipt of such written notice it shall notify City in writing if it disputes any of the stormwater permit requirements it is being directed to undertake. If Airline does not provide such timely notice, Airline will be deemed to assent to undertake such stormwater permit requirements applicable to Airline's operations. In that event, Airline agrees to undertake, at its sole expense, unless otherwise agreed to in writing between City and Airline, those stormwater permit requirements that specifically apply to Airline's operations and can reasonably be complied with by a single tenant (as opposed to requiring broader cooperation and expense among several parties) for which it has received written notice from City, and Airline agrees that it will hold harmless and indemnify City for any violations or non-compliance with any such permit requirements.

Article 15 Surrender Of Airline Premises

15.01 *Surrender and Delivery*. Upon termination or cancellation of this Agreement, Airline shall promptly and peaceably surrender to City its Airline Premises and all alterations, additions or improvements thereon to which City elects to retain as provided in Section 15.03 below in good and

fit condition, reasonable wear and tear, conditions that existed at the time Airline first occupied the Airline Premises as well as damage or repair which is the responsibility of City excepted. In the event the Airline Premises are not so yielded or delivered to City, City shall remedy said Airline Premises and the cost thereof will be invoiced to Airline as other fees and charges under Section 9.03. The Executive Director shall determine the condition of the Airline Premises at the termination of this Agreement by expiration or otherwise. However, this provision does not cover Hazardous Materials upon surrender, which is provided for in Section 14.01.11 (b).

15.02 *Removal of Property*. Provided Airline is not in default for payment of rentals, fees and charges hereunder, Airline shall have the right at any time during the Term of this Agreement to remove from the Airport its aircraft, tools, equipment, removable trade fixtures and other personal property, title to which shall remain in Airline, unless otherwise set forth in Sections 5.01.12 and 10.05.3 of this Agreement. Airline shall remove such aircraft, tools, equipment, removable trade fixtures and other personal property within fifteen (15) business days following termination of this Agreement, whether by expiration of time or otherwise, as provided herein, subject to any valid lien which City may have thereon for unpaid rentals, fees and charges. Airline shall not abandon any portion of its property at the Airport without the written consent of City. Any and all property not removed by Airline within fifteen (15) business days following the date of termination of this Agreement shall, at the option of City, (i) become the property of City at no cost to City; (ii) be stored by City at no cost to City or (iii) be sold at public or private sale at no cost to City. Except as may be agreed to otherwise by City and Airline, all City property damaged by or as a result of the removal of Airline's property shall be restored by Airline to the condition existing before such damage at Airline's expense.

15.03 *Removal of Alterations, Additions or Improvements*.

15.03.1 Upon termination or expiration of this Agreement or prior to the time Airline vacates the Airline Premises, City shall have the right, in the Executive Director's sole discretion, to require Airline to remove any or all alterations, additions or improvements installed at the Airline Premises pursuant to Section 10.05, including without limitation any cabling installed by Airline or at Airline's direction. Airline shall remove any such alterations, additions or improvements from the Airport unless Airline obtains Executive Director's written consent to leave Airline's alternations, additions or improvements at the Airport. Airline shall ascertain from the Executive Director, at least eight (8) months prior to the Termination Date (or as soon as possible if this Agreement is terminated earlier than the Termination Date), whether City will require Airline to remove any alterations, additions or improvements or, if Airline desires to leave the alterations, additions or improvements, whether the City will accept such alterations, additions or improvements. If the Executive Director determines that all or any portion of the alterations, additions or improvements shall be removed, Airline shall, by no later than six (6) months prior to the Termination Date, provide a demolition plan to the Executive Director, which shall include a timeline for completion.

15.03.2 In the event Airline fails to remove, or expresses an intention not to remove, any alterations, additions or improvements installed at the Airline Premises pursuant to Section 10.05 required by the Executive Director to be removed pursuant to this Section 15.03, City may enter upon the Airline Premises and remove such alterations, additions or improvements at the sole cost and expense of Airline. Airline agrees to promptly reimburse City for all costs and expenses of removal, plus ten percent (10%) thereof for administrative overhead, or such percentage as approved and established from time to time by the City Council. The obligation to reimburse City for such expenditures shall survive the termination of this Agreement. Any receipt showing payment by City of expenditures associated with the removal of Airline's alterations, additions or improvements shall be *prima facie* evidence that the amount of such payment was necessary and reasonable and made by City on Airline's behalf.

15.03.3 This Section 15.03 does not apply in cases where Airline vacates Airline Premises as a result of a City-initiated space reallocation pursuant to Section 4.05.1. In such cases, Airline may, but shall not be required to, remove any alterations, additions or improvements installed at the Airline Premises pursuant to Section 10.05.

15.04 *Holding Over*. In the event Airline uses its Airline Premises without the written consent of City after this Agreement has been canceled or expires, Airline shall be deemed a month-to-month tenant at will, and Airline shall pay the charges required hereunder. Notwithstanding anything set forth herein to the contrary, Airline shall not be entitled to the revenue sharing detailed in Section 8.07 of this Agreement during any holdover period, and if Airline holds over for more than ninety (90) days after this Agreement has been canceled or expires, Airline shall be deemed to be a Non-Signatory Airline and shall thereafter be subject to common use charges for its use of any Gates and Ticket Counters that were leased to Airline as Preferential Use Premises under this Agreement.

Article 16 Assignment, Subletting, And Handling Agreements

16.01 *Assignment and Subletting by Airline*.

16.01.1 Airline shall not assign or transfer this Agreement or any interest therein nor sublet the whole or any portion of the Airline Premises without first obtaining City's written consent, nor shall this Agreement or any interest hereunder be assignable or transferable by operation of law or by any process or proceeding of any court or otherwise without the consent of City first had and obtained, which consent shall not be unreasonably withheld. Airline shall not charge rent under any sublease that exceeds one hundred fifteen percent (115%) of the rent paid by Airline to City under this Agreement. Airline agrees that if at any time during the Term more than one-half (1/2) of the outstanding shares of any class of stock of Airline's corporation shall belong to any stockholders other than those who own more than one-half (1/2) of the outstanding shares of that class of stock at the time of the execution of this Agreement or to members of their immediate families, such change in ownership of the stock of Airline shall be deemed an assignment of this Agreement within the meaning of this Article (unless Airline is a corporation whose stock is listed on the New York Stock Exchange or other major stock exchange, in which case such an event will not be considered an assignment of this Agreement). Airline's entering into any operating agreement, license or other agreement where a third party, other than an Affiliate of Airline, is given rights or privileges to utilize portions of the Airline Premises shall be considered an attempted assignment or subletting within the meaning of this section.

16.01.2 Notwithstanding anything set forth herein to the contrary, Airline shall have the right, without first obtaining City's written consent, to assign or transfer this Agreement to (a) an entity controlling, controlled by or under common control with Airline or (b) a successor by merger, consolidation or acquisition to all or substantially all of the assets of Airline.

16.01.3 In the event that Airline shall, directly or indirectly, assign, sell, hypothecate, or otherwise transfer this Agreement, or any portion of Airline Premises, in

contravention hereof without the prior written consent of City, City in its sole discretion may terminate this Agreement upon thirty (30) days written notice.

16.01.4 Airline shall include with any request for consent to assign or sublease a copy of the proposed assignment or sublease agreement. The assignment or sublease agreement submitted with Airline's request shall include the following information: (a) the term; (b) the area or space to be assigned or subleased; (c) the sublease rental to be charged; and (d) the provision that assignee or sublessee must execute a separate agreement with City for operating at the Airport. Any other information reasonably requested by City pertaining to said sublease or assignment shall be promptly provided by Airline. A fully executed copy of such sublease or assignment shall be submitted to City for final approval within sixty (60) days of the occupancy of Airline Premises, or any portion thereof, by the assignee or sublessee. Such sublease or assignment shall be substantially similar to the sublease or assignment that was submitted by Airline to City prior to such sublease or assignment for approval.

16.01.5 Airline shall include Sections 17.03 and 18.28 of this Agreement in all subleases and cause sublessees to similarly include clauses in further subleases.

16.01.6 Nothing in this Article 16 shall be construed to release Airline from its obligations under this Agreement, including but not limited to, the payment of rentals, fees, and charges provided herein.

16.02 *Handling Agreements*. In the event Airline agrees to ground handle any portion of the operations of another Passenger Carrier, Airline shall provide City advance written notice of such proposed activities, including a description of the type and extent of services to be provided and a ground handling agreement between Airline and the Passenger Carrier. Notwithstanding the foregoing, Airline shall not ground handle any Passenger Carrier which does not have consent of City for the operation of its Air Transportation Business at the Airport.

Article 17 Government Inclusion

17.01 *Government Agreements*. This Agreement shall be subordinate to the provisions of any existing or future agreements between City and the United States Government or other governmental authority relative to the operation or maintenance of the Airport or the execution of which has been or will be required as a condition precedent to the granting of Federal or other governmental funds for the development of the Airport to the extent that the provisions of any such existing or future agreements are generally required by the United States or other governmental authority. City agrees to provide Airline with written advance notice of any provisions that would adversely modify the material terms of this Agreement.

17.02 *Federal Government's Emergency Clause*. All provisions of this Agreement shall be subordinate to the rights of the United States of America to operate the Airport or any part thereof during time of war or national emergency. Such rights shall supersede any provisions of this Agreement inconsistent with the operations of the Airport by the United States of America.

17.03 *Nondiscrimination*.

17.03.1 Airline for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby agree as a covenant running with the land that (a) no person on the grounds of race, sex, color, age, religion, sexual orientation, actual or perceived gender identity disability, ethnicity or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of Airline Premises, and (b) in the construction of any improvements on, over, or under Airline Premises and the furnishing of services thereon, no person on the grounds of race, sex, color, age, religion, sexual orientation, actual or perceived gender identity disability, ethnicity or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination.

17.03.2 In the event of a breach of any of the above nondiscrimination covenants that is not cured, City shall have the right to cancel this Agreement.

17.04 *Security*.

17.04.1 Airline acknowledges that security is of primary importance at the Airport and that security requirements are likely to change during the Term. Airline, its officers, employees, representatives, agents, servants, subtenants, consultants, contractors, successors, assigns and suppliers and those under its control, shall comply with security measures (a) required of Airline by the FAA or the TSA or by the City in accordance with applicable requirements of the FAA or the TSA or their authorized successor(s) or (b) contained in any Airport master security plan approved by the FAA or the TSA or their authorized successor(s).

17.04.2 Airline understands and agrees that security requirements may affect Airline's Air Transportation Business operations and costs. Airline further agrees that, in addition to the provisions of Section 13.01, it shall be strictly liable for the payment of any civil penalties assessed against City or Airline relating to security and resulting from the negligence or intentional acts of omission or commission of Airline's officers, employees, representatives, agents, servants, subtenants, consultants, contractors, successors, assigns and suppliers and those under its control, and Airline shall be solely and fully responsible for any and all breaches of security and the consequences thereof resulting from the negligence or intentional acts of omission or commission of its officers, employees, representatives, agents, servants, subtenants, consultants, contractors, successors, assigns and suppliers and those under its control.

Article 18 General Provisions

18.01 *Subordination to Master Trust Indenture and Subordinated Financing Agreements.*

18.01.1 This Agreement and all rights granted to Airline hereunder are expressly subordinated and subject to the lien, covenants (including the rate covenants), and provisions of the pledges, transfer, hypothecation, or assignment made by City in the Master Trust Indenture, any Subordinated Financing Agreements or Other Indebtedness agreements.

18.01.2 City shall notify Airline in advance of, and offer to comment upon, any amendments or supplements to the Master Trust Indenture, any Subordinated Financing Agreements or Other Indebtedness agreements that would materially alter the terms and provisions of this Agreement or materially impact the levels of rentals, fees, and charges paid by Airline. City shall give consideration to any such comments timely submitted by Airline.

18.01.3 With respect to property leased by City to Airline hereunder which was or is to be acquired by City with proceeds of Bonds, Subordinated Indebtedness or Other Indebtedness,

the interest on which is, or is intended to be, excludable from the gross income of the holders of such Bonds, Subordinated Indebtedness or Other Indebtedness for federal income tax purposes, the parties hereby covenant not to take or fail to take any action that would impair the tax-exempt status of such Bonds, Subordinated Indebtedness or Other Indebtedness. In particular, Airline makes an irrevocable election not to claim depreciation or an investment credit with respect to any property leased to Airline hereunder.

18.01.4 Airline agrees to execute all instruments, certificates, or other documents that are consistent with this Agreement, contain factually correct information and are reasonably requested by City to assist City and bond counsel in determining and assuring that Bonds, Subordinated Indebtedness or Other Indebtedness are issued in compliance with applicable rules and regulations of the Internal Revenue Service and the Securities and Exchange Commission, and Airline shall provide whatever additional relevant information is reasonably requested by City initially or on an ongoing basis in connection with complying with any of those rules and regulations.

18.02 *Nonwaiver.* No waiver of default by either party of any of the terms, covenants, or conditions of this Agreement to be performed, kept, and observed by the other party shall be construed to be or act as a waiver of any subsequent default of any of the terms, covenants, and conditions to be performed, kept, and observed by the other party and shall not be deemed a waiver of any right on the part of the other party to cancel this Agreement as provided herein.

18.03 *Passenger Facility Charge*. City reserves the right to assess and collect PFCs subject to the terms and conditions set forth in the Aviation Safety and Capacity Expansion Act of 1990, 49 U.S.C. § 40117 (the "PFC Act"), and implementing regulations as each of these may be supplemented or amended from time to time. Airline shall collect and pay all PFCs for which it is responsible under the provisions of 14 C.F.R. Part 158. Failure by Airline to remit PFCs within the time frame required by 14 C.F.R. Part 158 shall be grounds for immediate cancellation of this Agreement pursuant to Section 13.03.

18.04 *Quiet Enjoyment*.

18.04.1 City agrees that, so long as Airline's payment of rentals, fees, and charges is timely and Airline keeps all covenants and agreements contained herein, Airline shall peaceably have and enjoy its Airline Premises and all rights, privileges, and licenses of the Airport, its appurtenances and facilities granted herein, subject to the terms and conditions herein contained.

18.04.2 Consistent with the nature of Airline's business, Airline agrees that occupancy of its Airline Premises will be lawful and quiet and that it will not knowingly use or permit the use of Airline Premises in any way that would violate the terms of this Agreement, create a nuisance, or disturb other tenants or the general public. Airline shall be responsible for the activity of its officers, employees, agents, and others under its control with respect to this provision.

18.05 *Performance*. The parties expressly agree that time is of the essence in this Agreement. Failure by a party to complete performance within the time specified, or within a reasonable time if no time is specified herein, shall relieve the other party, without liability, of any obligation to accept such performance.

18.06 *Avigation Rights*. City reserves unto itself and its successors and assigns for the use and benefit of the public a right of flight for the passage of aircraft in the airspace above the surface of the Airport, including the Airline Premises, for navigation or flight in the said airspace for landing on, taking off from, or operating at the Airport, and such right of flight shall include the right to cause in such airspace such noises as may be inherent to the operation of aircraft now known or hereafter used for navigation of or flight in the air.

18.07 *Rules and Regulations*.

18.07.1 Airline and its officers, employees, agents, and others under its control shall observe and obey all laws, regulations, and orders of the federal, state, county and municipal governments and City (acting in its governmental capacity) which may be applicable to Airline's operations at the Airport.

18.07.2 City, acting in its governmental capacity, may from time to time adopt, amend, or revise the Rules and Regulations for reasons of safety, health, preservation of property, or for the maintenance of the good and orderly appearance or operation of the Airport (in adopting, amending or revising the Rules and Regulations, City shall consult with the Signatory Airlines and shall give the Signatory Airlines thirty (30) days' notice of any proposed change, except with respect to emergency changes to the Rules and Regulations). Airline and its officers, employees, agents, and others under its control shall faithfully comply with and observe such reasonable and non-discriminatory Rules and Regulations, except as they may conflict with the terms and provisions of this Agreement, or the regulations of another governmental entity having appropriate jurisdiction.

18.07.3 Airline shall be strictly liable and responsible for obtaining, maintaining current, and fully complying with, any and all permits, licenses, and other governmental authorizations, however designated, as may be required at any time throughout the entire Term of this Agreement by any federal, state, or local governmental entity or any court of law having jurisdiction over Airline or Airline's operations and activities.

18.08 *Inspection*. Airline shall allow City's authorized representatives access to the Airline Premises for the purpose of examining and inspecting said premises; for purposes necessary, incidental to, or connected with the performance of City's obligations under this Agreement; or, in the exercise of City's governmental functions. Except in the case of an emergency, City shall conduct such inspections during reasonable business hours, after reasonable prior notice to Airline and in the presence of Airline's representative.

18.09 *Airline Operations Information and Planning*.

18.09.1 For planning purposes, Airline shall upon request cooperate to the greatest extent possible to furnish to City any and all pertinent information regarding Airline's current and future operations (including forecasts) at Airport. City shall be entitled, from time to time, to release consolidated statistics for all Passenger Carriers providing Scheduled Operations at the Airport.

18.09.2 Airline shall discuss with City at the earliest date possible its consideration of changes to its operations or the type and series of aircraft used at the Airport (other than equipment substitution necessitated by occurrences beyond the control of Airline). City shall be entitled, from time to time, to release consolidated statistics for all Passenger Carriers providing Scheduled Operations at the Airport.

18.10 *EGSE.* Airline shall convert its GSE to EGSE within eighteen (18) months of the DBO of new Terminal facilities to be constructed as part of the Project described in Section 10.06 that are assigned to Airline; provided, however, after DBO of such new Terminal facilities, if Airline occupies facilities in both the new Terminal facilities and in old Terminal facilities that cannot accommodate EGSE, such obligation will be limited to that portion of Airline's GSE required to operate at the new Terminal facilities. City shall use reasonable efforts to complete any improvements to old Terminal facilities that are required to enable Airline to use EGSE at such facilities, and within eighteen (18) months after completion of such improvements, Airline shall convert that portion of Airline's GSE to EGSE as required to operate at such improved Terminal facilities.

18.11 *No Individual Liability*. No member, officer, agent, director, or employee of City or Airline shall be charged personally or held contractually liable by or to the other party under the terms or provisions of this Agreement or because of any breach thereof or because of its or their execution or attempted execution.

18.12 *Hazard Communication Standard.* Airline agrees at all times hereunder to be subject to regulations imposed by 29 C.F.R. Part 1910, "Hazard Communication." Airline agrees that it shall be solely responsible for any and all violations thereof resulting from the negligence or intentional acts of omission or commission of its officers, employees, representatives, agents, servants, contractors, subcontractors, successors, assigns and suppliers.

18.13 *Relationship of Parties*. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship between the parties hereto. It is understood and agreed that neither the method of computation of rentals, fees, and charges, nor any other provisions contained herein, nor any acts of the parties hereto, creates a relationship other than the relationship of landlord and tenant.

18.14 *Capacity to Execute*. Airline shall submit a copy of any corporate resolution or secretary certificate, if requested by City, which authorizes any director or officer to act on behalf of Airline and which authorizes Airline to enter into this Agreement.

18.15 *Savings*. The parties hereto acknowledge that they have thoroughly read this Agreement, including any exhibits or attachments hereto, and have sought and received whatever competent advice and counsel was necessary for them to form a full and complete understanding of all rights and obligations herein. The parties further acknowledge that this Agreement is the result of extensive negotiations between the parties and shall not be construed against City by reason of the preparation of this Agreement by City.

18.16 *Successors and Assigns Bound*. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

18.17 *References to and Incorporation of Exhibits*. Unless otherwise indicated, references to exhibits in this Agreement refer to exhibits attached to this Agreement, which are intended to be and are hereby specifically made a part of this Agreement.

18.18 *References to Articles and Sections*. Unless otherwise indicated, references to articles or sections in this Agreement refer to articles or sections of this Agreement.

18.19 *Titles*. Paragraph titles are inserted only as a matter of convenience and for reference. They in no way define, limit, or describe the scope or extent of any provision of this Agreement.

18.20 *Severability*. In the event that any covenant, condition, or provision of this Agreement is held to be invalid by any court of competent jurisdiction, the invalidity of such covenant, condition, or provision shall not materially prejudice either City or Airline in their respective rights and obligations contained in the valid covenants, conditions, or provisions of this Agreement.

18.21 *Amendments*. Except as otherwise provided herein, no amendment, modification or alteration of the terms of this Agreement shall be binding unless the same shall be in writing, dated subsequent to the date hereof, and duly executed by the parties hereto.

18.22 *Other Agreements*. Other than as set forth herein, nothing contained in this Agreement shall be deemed or construed to nullify, restrict, or modify in any manner the provisions of any other lease or contract between City and Airline authorizing the use of the Airport, its facilities, and appurtenances.

18.23 *Approvals*.

18.23.1 Unless otherwise stated, whenever this Agreement calls for approval by City, such approval shall be evidenced by the written approval of the Executive Director.

18.23.2 Except as otherwise provided herein, any approval required by either party to this Agreement shall not be unreasonably withheld, conditioned or delayed.

18.24 *Notice*. All notices, requests, consents, and approvals served or given under this Agreement shall be served or given in writing with proof of delivery.

18.24.1 If intended for City,

Notices by overnight courier or hand delivery shall be delivered to:

Salt Lake City Department of Airports
Executive Director
776 N. Terminal Drive, TU1, Suite 250
Salt Lake City, Utah 84122

Notice to City by first class mail shall be addressed to:

Salt Lake City Department of Airports
Executive Director
P.O. Box 145550
Salt Lake City, Utah 84114-5550

or to such other address as may be designated by City by written notice to Airline.

18.24.2 Notices to Airline shall be delivered to:

Delta Air Lines, Inc.
Properties Department
Hartsfield-Jackson International Airport
1030 Delta Boulevard
Department 877
Atlanta, Georgia 30354

or to such other address as may be designated by Airline by written notice to City.

18.25 *Agent for Service*. It is expressly understood and agreed that if Airline is not a resident of the State of Utah, or is an association or partnership without a member or partner resident of said state, Airline shall appoint an agent for the purpose of service of process in any court action between it and City arising out of or based upon this Agreement. Airline shall immediately, within ten (10) days of execution of this Agreement, notify City, in writing, of the name and address of said agent. Such service shall be made as provided by the laws of the State of Utah for service upon a non-resident engaging in business in the state. It is further expressly agreed, covenanted, and stipulated that, if for any reason, such service of process is not possible, as an alternative method of service of process, Airline may be personally served out of the State of Utah by the registered mailing of such service at the address set forth in Section 18.24.

18.26 *Governing Law and Legal Forum*. This Agreement is to be read and construed in accordance with the laws of the State of Utah. In the event that suit shall be brought by either party, the parties agree that venue shall be exclusively vested in the state courts of the County of Salt Lake, or if federal jurisdiction is appropriate, exclusively in the United States District Court, District of Utah, Salt Lake City, Utah.

18.27 *Force Majeure.* Except as herein provided, neither City nor Airline shall be deemed to be in default if either party is prevented from performing any of the obligations, other than the payment of rentals, fees, and charges, by reason of strikes, boycotts, labor disputes, epidemics, embargoes, shortages of energy or materials, acts of God, acts of the public enemy, weather conditions, riots, rebellion, or sabotage, or any other circumstances for which it is not responsible or which are not within its control.

18.28 *Americans with Disabilities Act and Air Carrier Access Act*. Airline shall be solely and fully responsible for ensuring that Airline's operations, wherever they may occur at the Airport, and any improvements made by Airline pursuant to Section 10.05, shall comply with the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq., as amended from time to time ("ADA"), and the Air Carrier Access Act, 49 U.S.C. § 41705, as amended from time to time ("ACAA"). Airline shall develop a work plan to correct or avoid any violations or non-compliance with the ADA or the ACAA. Airline shall deliver to the City, upon City's request, a copy of each such report and work plan. City's approval of or acceptance of any aspect of Airline's activities under this Agreement shall not be deemed or construed in any way as a representation that such item, activity or practice complies with the ADA or the ACAA. Airline agrees to indemnify, defend, and hold the City harmless from any and all costs incurred by City with respect to Airline's failure to comply with the ADA or the ACAA for Airline's operations or any improvements made by Airline at the Airport.

City shall comply with the ADA and the ACAA as applicable to any facilities constructed by City and any improvements made by City at the Airport.

18.29 *Federal Grant Agreement Covenants*. Airline acknowledges that City is subject to Federal Grant Agreement obligations as a condition precedent to granting of funds for improvement of the Airport, and, accordingly, agrees to be bound by the following covenants provided by the FAA, as they may apply to Airline.

18.29.1 Airline for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated at the Airport for a purpose for which a DOT program or activity is extended, or for another purpose involving the provision of similar services or benefits, Airline shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Sub-title A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the DOT-Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

18.29.2 Airline for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree that (a) no person on the grounds of race, color, or national origin shall be excluded from participation, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (b) that in the construction of any improvements on, over, or under the Airport and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation or denied the benefits of, or otherwise be subjected to discrimination, (c) that Airline shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, DOT, Sub-title A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the DOT-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

18.29.3 That in the event of breach of any of the above nondiscrimination covenants, City shall have the right to terminate this Agreement, to re-enter and repossess any of said Airport premises and the facilities thereon, and to hold the same as if this Agreement had never been made or issued. This provision shall not become effective until the procedures of 49 C.F.R. Part 21 are followed and completed including expiration of appeal rights.

18.29.4 Airline shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that Airline may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

18.29.5 Non-compliance with Section 18.29.4 shall constitute a material breach of this Agreement and in the event of such non-compliance City shall have the right to terminate this Agreement and any estate hereby created without liability therefore or, at the election of City or the United States, either or both said governments shall have the right to judicially enforce this Section 18.29.

18.29.6 Airline agrees that it shall insert or incorporate the above five provisions in any agreement by which Airline grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public at the Airport.

18.29.7 Airline assures that it will comply with pertinent statutes, executive orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap, be excluded from participating in any activity conducted with or benefiting from Federal assistance. This paragraph obligates Airline or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of, personal property or real property or interests therein or structures or improvements thereon. In these cases, this paragraph obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property. In the case of contractors, this paragraph binds the contractors from the bid solicitation period through the completion of the contract.

18.29.8 Notwithstanding anything set forth herein to the contrary, to the extent required: (a) under the Master Trust Indenture; (b) under any Subordinated Financing Agreement; or (c) by the FAA, the DOT, the TSA or a similar governmental authority, other than City, having jurisdiction over the Airport, City reserves the right to further develop or improve the landing area of the Airport as required, regardless of the desires or views of Airline and without interference or hindrance.

18.29.9 This Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between City and the United States relative to the development, operation or maintenance of the Airport.

18.29.10 Airline agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event any future structure or building is planned for the Airport premises or in the event of any planned modification or alteration of any present or future building or structure situated on the permitted premises.

18.29.11 Airline, by accepting this Agreement, agrees for itself and its successors and assigns that it will not make use of the Airport premises in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, City reserves the right to enter upon the Airport premises and cause the abatement of such interference at the expense of Airline.

18.29.12 Airline, by accepting this Agreement, expressly agrees for itself and its successors and assigns that it will not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the Airport premises, above the main sea level elevation that would exceed FAR Part 77 standards or elevations affecting the Airport navigable airspace. In the event the aforesaid covenants are breached, City reserves the right to enter upon the permitted premises and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Airline.

18.30 *FAA Modifications for Grants of Funds*. In the event that the FAA requires, as a condition precedent to granting of funds for the improvement of the Airport, modifications or changes to this Agreement, City shall give notice of any such requirement to Airline and Airline agrees to consent to such amendments, modifications, revisions, supplements or deletions of any of the terms, conditions, or requirements of this Agreement as may be reasonably required to enable City to obtain said FAA funds.

18.31 *Prohibition of Gifts*. Airline is familiar with City's prohibition against the acceptance of any gift by a City officer or employee or former City officer or employee, which prohibition is found in Chapter 2.44 of the Salt Lake City Code, as such chapter may be amended. Airline represents that it has not (a) provided an illegal gift or payoff to a City officer or employee or former City officer or employee, or his or her relative or business entity; (b) retained any person to solicit or secure this contract upon an agreement or understanding for a commission, percentage, or brokerage or contingent fee, other than bona fide employees or bona fide commercial selling agencies for the purpose of securing business; (c) knowingly breached any of the ethical standards set forth in City's conflict of interest ordinance, Chapter 2.44 of the Salt Lake City Code; or (d) knowingly influenced, and hereby promises that it will not knowingly influence, a City officer or employee or former City officer or employee to breach any of the ethical standards set forth in City's conflict of interest ordinance. Airline agrees not to offer any City officer or employee or former City officer or employee any gift prohibited by Chapter 2.44 of the Salt Lake City Code and agrees to abide by all laws applicable to it with respect to the making or offering of gifts or things of value to City officers or employees or former City officers or employees.

18.32 *Taxes*.

18.32.1 Airline shall pay, but such payment shall not be considered part of Airport Revenue, all taxes, assessments and charges of a like nature, if any (including any possessory interest tax), which at any time during the term of this Agreement may be levied against Airline or become a lien by virtue of any levy, assessment or charge against Airline by the United States Government, the State of Utah, Salt Lake County or any governmental successor in authority to the foregoing, or any other tax- or assessment-levying bodies, in whole or in part, upon or in respect to (a) the Airline Premises or such facilities of the Airport as are made available for use by Airline hereunder or (b) any personal property belonging to Airline situated on or in the Airline Premises. The property interest of Airline, if any, created by this Agreement may be subject to property taxation, and Airline may be subject to the payment of property tax levied on such interest. Payment of such additional charges for all such taxes, assessments and charges, when and if levied or assessed, shall be made by Airline directly to the taxing or assessing authority charged with collection thereof, in which event Airline shall be responsible for obtaining bills for all of said taxes, assessments and charges and promptly providing City with evidence of payment therefore.

18.32.2 Airline may, at its expense, contest the amount or validity of any tax or assessment or the inclusion of the Airline Premises as taxable or assessable property directly against the taxing or assessing authority. Airline shall indemnify City from all taxes, penalties, costs, expenses, and attorneys' fees incurred by City resulting directly or indirectly from all such tax contests other than contests of City-imposed taxes.

18.32.3 Upon any termination of this Agreement, all lawful taxes then levied or a lien upon any of such property or taxable interest therein shall be paid in full by Airline forthwith or

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as soon as a statement thereof has been issued by the tax collector if termination occurs during the interval between the attachment of the lien and the issuance of the statement.

18.33 *Waiver of Visual Artists Rights*. Airline shall not install any object in the Airline Premises that constitutes a work of visual art under the Visual Artists Rights Act of 1990 ("VARA") unless and until Airline has (a) obtained the prior written approval of the Executive Director and (b) provided City with a written waiver from the author of such work of visual art, in form and substance reasonably satisfactory to City, which waiver shall identify specifically the work of visual art and the uses of that work to which the waiver applies in accordance with 17 U.S.C. § 106A(e)(1).

18.34 *Exclusiveness of Airline's Rights*. Nothing contained in this Agreement shall be deemed to grant to Airline any exclusive right or privilege within the meaning of 49 U.S.C. § 40103(e) or 49 U.S.C. § 47107(a)(4) with respect to activity on the Airport, except that, subject to the terms and provisions of this Agreement, Airline shall have the right to exclusive possession of any Exclusive Use Premises made available to Airline under the provisions of this Agreement.

18.35 *No Third-Party Beneficiaries*. There are no third-party beneficiaries to this Agreement other than as specifically provided in Sections 7.02 and 7.03.

18.36 *Liens and Encumbrances*. Airline shall keep the Airline Premises free and clear of any liens and encumbrances arising or growing out of Airline's use and occupancy of the Airline Premises or activities at the Airport. Airline agrees to fully indemnify and defend City in connection with any such liens filed against the Airline Premises. At City's request, Airline shall furnish City with written proof of payment of any item that would or might constitute the basis for such a lien on the Airline Premises if not paid.

18.37 *Labor Disputes*. Airline agrees to use reasonable efforts to avoid disruption to City, its tenants or members of the public arising from labor disputes involving Airline, and in the event of a strike, picketing, demonstration or other labor difficulty involving Airline, to use its good offices, including the utilization of available legal remedies, to minimize or eliminate any disruption to City, its tenants or members of the public, arising from such strike, picketing, demonstration or other labor difficulty.

18.38 *SEC Rule 15c2-12*. Airline, upon request by City, shall provide City with such information as City may reasonably request in writing to comply with City's continuing disclosure requirements under SEC Rule 15c2-12 as it may be amended from time to time; provided, however, that Airline may in lieu of providing the requested information direct City to an Airline or SEC website where the requested information is then currently available. Airline covenants that any information so provided, either directly or by reference to any website, shall not misstate any material fact and shall not fail to state any fact necessary, in light of the circumstances under which the information is provided, in order to make the information provided not misleading.

18.39 *Government Records Access and Management Act*. City is subject to the requirements of the Government Records Access and Management Act, Chapter 2, Title 63, Utah Code Annotated or its successor ("GRAMA"). All materials submitted by Airline pursuant to this Agreement are subject to disclosure unless such materials are exempt from disclosure pursuant to GRAMA. The burden of claiming an exemption from disclosure shall rest solely with Airline. Any materials for which Airline claims a privilege from disclosure shall be submitted marked as "Confidential" and accompanied by a statement from Airline explaining Airline's claim of exemption from disclosure. City will make reasonable efforts to notify Airline of any requests made for disclosure of documents submitted under a claim of confidentiality. Airline may, at Airline's sole expense, take any appropriate actions to prevent disclosure of such material. Airline specifically waives any claims against City related to disclosure of any materials required by GRAMA.

18.40 *Contracting on More Favorable Terms*.

18.40.1 City covenants and agrees that in the event it enters into any lease, contract or any other agreement with any other Air Carrier containing more favorable terms than this Agreement, or grants to any Air Carrier rights, privileges, or concessions at the Airport which are not accorded Airline hereunder, it shall advise Airline of such action and this Agreement shall, at Airline's option, be amended to incorporate such rights, terms, privileges and concessions, or any of them, as part of this Agreement.

18.40.2 In the event that any Air Carrier shall undertake any operations at the Airport for the carriage of passengers, cargo or mail by air, City shall require, to the extent legally permissible, such Air Carrier to execute and deliver an agreement, lease, permit or contract with City providing for the payment of Landing Fees and Terminal Rents and Other Fees and Charges that are not less than those rates then in effect for the Signatory Airlines.

18.41 *Memorandum of Lease*. In the event that City so requests, Airline shall execute, attest, acknowledge, and deliver for recording a short form Memorandum of Lease of this Agreement.

18.42 *Entire Agreement*. It is understood and agreed that this instrument contains the entire agreement between the parties hereto with respect to the subject matter hereof and it may not be modified or amended except by a written instrument that is signed by both parties. It is further understood and agreed by Airline that City and City's agents have made no representations or promises with respect to this Agreement or the making or entry into this Agreement, except such as are in this Agreement expressly set forth, and no claim or liability or cause for termination shall be asserted by Airline against City for, and City shall not be liable by reason of, the breach of any representations or promises not expressly stated in this Agreement.

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IN WITNESS WHEREOF, the parties hereto have set their hands and corporate seals on this 1st day of July, 2014.

SALT LAKE CITY CORPORATION

____
MAUREEN RILEY
EXECUTIVE DIRECTOR
SALT LAKE CITY DEPARTMENT OF AIRPORTS

ATTEST:

____
CITY RECORDER

[AIRLINE]

By____________________________

Its____________________________

STATE OF ____________________)
: ss.
COUNTY OF __________________)

On ______________________________, personally appeared before me
(Date)

____, who being by me duly sworn,
(Name of person signing Agreement)

did say that s/he is the ____
(Title of person signing Agreement)

[AIRLINE], a corporation validly existing under the laws of the state of Delaware; and that said instrument was signed on behalf of said corporation by authority of a resolution or bylaws of its Board of Directors; and said person acknowledged to me that said corporation executed the same.

____
NOTARY PUBLIC
Residing at __________________________
My commission expires _______________

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APPENDIX E
BOOK-ENTRY ONLY SYSTEM

Book-Entry Only System

The information in this Appendix concerning DTC and DTC's book-entry only system has been obtained from sources the City and the Underwriter believe to be reliable, but neither the City nor the Underwriter take any responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Series 2017 Bonds. The Series 2017 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2017 Bonds of each Series or, if applicable, each Subseries of each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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, as amended. 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 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 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 Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written 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 Series 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 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 Series 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notice 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 Bonds of a Series within a maturity 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 the Series 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 Series 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments (including redemption proceeds) on the Series 2017 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 Trustee or the City, 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 Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest (including redemption proceeds) to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2017 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the affected Series 2017 Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the affected Series 2017 Bonds will be printed and delivered.

THE TRUSTEE, ANY PAYING AGENT AND THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANT, ANY PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN ANY SERIES 2017 BONDS UNDER OR THROUGH DTC OR ANY PARTICIPANT, OR ANY OTHER PERSON THAT IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A BONDOWNER, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT IN RESPECT OF PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON ANY SERIES 2017 BOND, ANY NOTICE THAT IS REQUIRED TO BE GIVEN TO BONDOWNERS UNDER THE INDENTURE (EXCEPT IN CONNECTION WITH CERTAIN NOTICES OF DEFAULT AND REDEMPTION), THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2017 BONDS, OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE SERIES 2017 BONDS.

APPENDIX F
FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT
For the Purpose of Providing
Continuing Disclosure Information
Under Section (b)(5) of Rule 15c2-12

This Continuing Disclosure Agreement (this "Agreement") is executed and delivered by Salt Lake City, Utah (the "City") in connection with the issuance of its $826,210,000 Airport Revenue Bonds, Series 2017A (AMT) (the "Series 2017A Bonds"), and its $173,790,000 Airport Revenue Bonds, Series 2017B (Non-AMT) (the "Series 2017B Bonds" and, collectively with the Series 2017A Bonds, the "Bonds").

In consideration of the issuance of the Bonds by the City and the purchase of such Bonds by the beneficial owners thereof, the City covenants and agrees as follows:

SECTION 1. Purpose of this Agreement. This Agreement is being executed and delivered by the City for the benefit of the Bondholders and the Beneficial Owners (hereinafter defined) and in order to assist the Participating Underwriters (hereinafter defined) in complying with subsection (b)(5) of the Rule (hereinafter defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Master Indenture (hereinafter defined), which apply to any capitalized term used in this Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings.

"Annual Report" shall mean any financial statements of the Department provided by the City pursuant to, and as described in, Sections 3 and 4 of this Agreement.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

"Department" shall mean the City's Department of Airports.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access System, or such other system, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Master Indenture" means the Master Indenture as such term is defined in the Official Statement.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"Obligated Person" shall mean the City (acting through the Department) and each airline or other entity using the Airport under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least twenty percent (20%) of the Revenues of the Department for each of the prior two (2) fiscal years of the Department.

"Official Statement" shall mean the final Official Statement for the Bonds dated February 8, 2017.

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

"Rule" shall mean Rule 15c2-12 promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the Securities and Exchange Commission.

"SEC Reports" means reports and other information required to be filed pursuant to Sections 13(a), 14 or 15(d) of the 1934 Act.

"Securities Counsel" shall mean legal counsel expert in federal securities law, and may include, but is not limited to Bond Counsel or Disclosure Counsel with respect to the Bonds.

"State" shall mean the State of Utah.

SECTION 3. Provision of Annual Reports.

(a) Each year, the City shall provide by January 2, commencing with January 2, 2018 for the Annual Report for the Department's fiscal year ended June 30, 2017, to the MSRB through EMMA an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Agreement; provided, however, that if the audited financial statements of the Department are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Department shall be included in the Annual Report.

(b) If the City is unable to provide to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB, an Annual Report by the date required in subsection (a), the City shall send a notice, in a timely manner, to the MSRB, through EMMA, in substantially the form attached as Exhibit A.

(c) If the City's fiscal year changes, the City shall send written notice of such change to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C, or such other form as may be prescribed by the SEC from time to time.

SECTION 4. Content of Annual Reports. The Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Department for its fiscal year immediately preceding the due date of the Annual Report, of substantially the same nature as that included in the Official Statement as Appendix A;

(b) Operating information for the fiscal year immediately preceding the due date of the Annual Report otherwise presented in the Official Statement as follows:

(1) in the table under the heading "SALT LAKE CITY INTERNATIONAL AIRPORT O&D AND CONNECTING ENPLANED PASSENGERS";
(2) in the table under the heading "AIRLINES OPERATING AT SALT LAKE CITY INTERNATIONAL AIRPORT";
(3) in the table under the heading "SALT LAKE CITY INTERNATIONAL AIRPORT MARKET SHARE OF ENPLANED PASSENGERS";
(4) in the table under the heading "SALT LAKE CITY INTERNATIONAL AIRPORT HISTORICAL AIRCRAFT OPERATIONS";
(5) in the table under the heading "SALT LAKE CITY INTERNATIONAL AIRPORT HISTORICAL LANDED WEIGHTS";
(6) in the table under the heading "SALT LAKE CITY INTERNATIONAL AIRPORT HISTORICAL AIR CARGO AND MAIL";
(7) in the table under the heading "SALT LAKE CITY DEPARTMENT OF AIRPORTS TOTAL ANNUAL REVENUES AND EXPENSES";
(8) in the table under the heading "SALT LAKE CITY DEPARTMENT OF AIRPORTS SUMMARY OF OPERATING REVENUES";
(9) in the table under the heading "SALT LAKE CITY DEPARTMENT OF AIRPORTS SOURCES OF AIRLINE REVENUES"; and

(10) in the table under the heading "SALT LAKE CITY DEPARTMENT OF AIRPORTS SUMMARY OF OPERATING EXPENSES."

If any information described in this paragraph (b) is published or provided by a third party and is no longer publicly available, the City shall include a statement to that effect as part of the Annual Report for the year in which such lack of availability arises; and

(c) Commencing with Fiscal Year 2021 (which is the Fiscal Year following the Fiscal Year in which the City no longer pays 100% of the interest on the Bonds from capitalized interest and the City pays at least a portion of such interest from Net Revenues), an annual debt service coverage calculation table for the prior Fiscal Year in accordance with Section 5.04(b) of the Master Indenture, substantially in the following format:

Annual Debt Service Coverage (FY_____)

Revenues	$
Less Operating and Maintenance Expenses of the Airport System	$
Net Revenues	$
Plus Transfers	$
Total Available for Debt Service:	$
Annual Debt Service on Outstanding Bonds*	$
Annual Debt Service Coverage	______x

*In accordance with Section 5.04 of the Master Indenture, Annual Debt Service on Outstanding Bonds for this purpose shall not include principal and/or interest paid with Other Moneys Available for Debt Service or Passenger Facility Charges.

The Department's financial statements shall be audited and prepared in accordance with GAAP; provided, however, that the City may from time to time, in accordance with GAAP and subject to applicable federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB.

Any or all of the items listed above may be included by specific reference to other documents that previously have been provided to the MSRB, through EMMA. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Listed Events.

(a) The City covenants to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) 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;
(7) modifications to rights of holders of the Bonds, if material;
(8) bond calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution, or sale of property securing repayment of the Bonds, if material;
(11) rating changes;
(12) bankruptcy, insolvency, receivership or similar event of the City, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City or the Department in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Department or the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Department or the City;
(13) the consummation of a merger, consolidation, or acquisition involving the Department or the City or the sale of all or substantially all of the assets of the Department or the City, 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; or
(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The City covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) Upon the occurrence of a Listed Event, the City shall promptly cause a notice of such occurrence to be filed with the MSRB, through EMMA, in an electronic format as prescribed by the MSRB, together with a cover sheet in substantially the form attached as Exhibit C. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the City shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) The City acknowledges that the "rating changes" referred to above in Section (5)(a)(11) of this Agreement may include, without limitation, any change in any rating on the Bonds, including changes in the ratings of bond insurers of banks that may be providing credit enhancement on a portion of the Bonds.

(e) The City acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the City does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

SECTION 6. Termination of Reporting Obligation.

(a) The City's obligations under this Agreement shall terminate upon the legal defeasance of the Bonds under the Master Indenture or the prior redemption or payment in full of all of the Bonds. If the City's obligation to pay the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Agreement in the same manner as if it were the City, and the City shall have no further responsibility hereunder.

(b) This Agreement, or any provision hereof, shall be null and void in the event that the City (i) receives an opinion of Securities Counsel, addressed to the City, to the effect that those portions of the Rule, which require such provisions of this Agreement, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB.

SECTION 7. Amendment; Waiver.

(a) Notwithstanding any other provision of this Agreement, this Agreement may be amended, and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

(1) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the City or the Department or type of business conducted by the City or the Department;

(2) this Agreement, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) the amendment or waiver either (A) is approved by the Bondholders in the same manner as provided in the Master Indenture for amendments to the Master Indenture with the consent of the Bondholders, or (B) does not, in the opinion of Securities Counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Agreement, the City shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Agreement, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Agreement, the Annual Report for the year in which the change is made shall include 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. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be sent by the City to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB.

SECTION 8. Additional Information. Nothing in this Agreement shall be deemed to prevent the City 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 Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Failure to Comply. In the event of a failure of the City to comply with any provision of this Agreement, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the City under this Agreement, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Agreement shall not constitute a default with respect to the Bonds or under the Master Indenture.

SECTION 10. Beneficiaries. This Agreement shall inure solely to the benefit of the City, the Participating Underwriters, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 11. Transmission of Information and Notices; Dissemination Agent. Unless otherwise required by law or this Agreement, and, in the sole determination of the City, subject to technical and economic feasibility, the City shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices. Any filing with the MSRB under this Agreement may be made by transmitting such filing to a dissemination agent.

SECTION 12. Other Obligated Persons. Currently, Delta Air Lines, Inc. ("Delta") is the only Obligated Person other than the City, and Delta is required by the 1934 Act to file annual financial information in the form of its SEC Reports with the SEC as described in the Official Statement. The City assumes no responsibility for the accuracy or completeness of the SEC Reports or other annual financial information disseminated by Delta or any future Obligated Person. The City shall report as part of its Annual Report any change in Obligated Persons and that an Obligated Person's SEC Reports constitute its annual financial information under this Agreement, if such is the case. Unless no longer required by the Rule, the City shall use diligent efforts to cause each Obligated Person other than the City (to the extent that such party is not required to file SEC Reports) to disseminate annual financial information substantially equivalent to that contained in SEC Reports to the MSRB, through EMMA, in an electronic format as prescribed by the MSRB, not later than nine months after the last day of the Obligated Person's fiscal year. The City has no obligation to file or disseminate any SEC Reports relating to another Obligated Person.

SALT LAKE CITY, UTAH

By: ____

Name:

Its:

Dated: ___________, 2017

EXHIBIT A TO CONTINUING DISCLOSURE AGREEMENT

NOTICE TO THE MSRB
OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: Salt Lake City, Utah

Name of Bond Issue: Airport Revenue Bonds, Series 2017[A/B] ([NON-]AMT)

Date of Bonds: February 23, 2017

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Agreement with respect to the Bonds. The City anticipates that the Annual Report will be filed by ______________________.

SALT LAKE CITY, UTAH

By: ________________________________
Name: ______________________________
Its: ______________________________

Dated: ________________________

EXHIBIT B TO CONTINUING DISCLOSURE AGREEMENT

NOTICE TO THE MSRB
OF CHANGE IN AUTHORITY'S FISCAL YEAR

Name of Obligated Person: Salt Lake City, Utah

Name of Bond Issue: Airport Revenue Bonds, Series 2017[A/B] ([Non-]AMT)

Date of Bonds: February 23, 2017

NOTICE IS HEREBY GIVEN that the fiscal year of the [City/Department] changed. Previously, the [City/Department]'s fiscal year ended on __________________. It now ends on __________________.

SALT LAKE CITY, UTAH

By: ____________________________________
Name: ____________________________________
Its:

Dated: __________________________

EXHIBIT C TO CONTINUING DISCLOSURE AGREEMENT

MUNICIPAL SECONDARY MARKET DISCLOSURE INFORMATION COVER SHEET

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, pursuant to Securities and Exchange Commission Rule 15c2-12 or any analogous state statute.

***

Issuer's and/or Other Obligated Person's name: Salt Lake City, Utah

CUSIP Numbers (attach additional sheet if necessary):

Nine-Digit CUSIP Number(s) to which the information relates:

Information relates to all securities issued by the City having the following six-digit number(s):

***

Number of pages of attached information: ___________________________________

Description of Material Events Notice/Financial Information (Check One):

1. _______ Principal and interest payment delinquencies
2. _______ Material non-payment related defaults
3. _______ Unscheduled draws on debt service reserves reflecting financial difficulties
4. _______ Unscheduled draws on credit enhancements reflecting financial difficulties
5. _______ Substitution of credit or liquidity providers or their failure to perform
6. _______ 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
7. _______ Material modifications to rights of securities holders
8. _______ Bond calls, if material, or tender offers
9. _______ Defeasances
10. _______ Material release, substitution, or sale of property securing repayment of the bonds
11. _______ Rating changes
12. _______ Bankruptcy, insolvency, receivership or similar event of the Department or the City
13. _______ The consummation of a merger, consolidation, or acquisition involving the Department or the City or the sale of all or substantially all of the assets of the Department or the City, 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

14. ______ Appointment of a successor or additional trustee or the material change of name of a trustee
15. ______ Failure to provide annual financial information as required
16. ______ Other material event notice (specify)
17. ______ Financial Information: Please check all appropriate boxes:

CAFR (a)__ includes __does not include Annual Financial Information
(b)Audited? Yes ___ No ___
Annual Financial Information: Audited? Yes ___ No ___
Operating Data
Fiscal Period Covered: ________________________________

I hereby represent that I am authorized by the City or its agent to distribute this information publicly:

Signature: ______________________________
Name: ______________________________ Title: ______________________________
Employer: ______________________________
Address: ______________________________
City, State, Zip Code: ______________________________
Voice Telephone Number: (   ) ______________

APPENDIX G
FORM OF OPINION OF BOND COUNSEL

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[Closing Date]

Salt Lake City
Salt Lake City, Utah

$826,210,000 Salt Lake City, Utah Airport Revenue Bonds Series 2017A (AMT)	$173,790,000 Salt Lake City, Utah Airport Revenue Bonds Series 2017B (Non-AMT)

Ladies and Gentlemen:

We have acted as Bond Counsel to Salt Lake City, Utah (the "City") in connection with the issuance by the City of its $826,210,000 Salt Lake City, Utah Airport Revenue Bonds, Series 2017A (AMT) (the "Series 2017A Bonds"), and $173,790,000 Salt Lake City, Utah Airport Revenue Bonds, Series 2017B (Non-AMT) (the "Series 2017B Bonds," and together with the Series 2017A Bonds, the "Series 2017 Bonds"). The Series 2017 Bonds are being issued pursuant to the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the "Act"), the Master Trust Indenture, dated as of February 1, 2017 (the "Master Indenture"), by and between the City and Wilmington Trust, National Association, as trustee (the "Trustee"), and a First Supplemental Trust Indenture, dated as of February 1, 2017 (the "First Supplemental Indenture," and together with the Master Indenture, the "Indenture"), by and between the City and the Trustee. Issuance of the Series 2017 Bonds has been authorized by Resolution No. 40 of 2016, adopted by the City Council of the City on December 13, 2016 (the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In connection with the issuance of the Series 2017 Bonds, we have examined: (a) a copy of the Act; (b) a certified copy of the Resolution; (c) executed copies of the Master Indenture and the First Supplemental Indenture; (d) certifications of the City, the Trustee, Citigroup Global Markets Inc., as representative of the underwriters of the Series 2017 Bonds (the "Underwriters"), and others; (e) an executed copy of the Tax Compliance Certificate, dated the date hereof, relating to the Series 2017 Bonds and other matters (the "Tax Certificate"); (f) opinions of the City Attorney, counsel to the Trustee and counsel to the Underwriters; and

(g) such other documents as we deemed relevant and necessary in rendering the opinions set forth herein. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and the validity against, any parties, other than the City, thereto. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in this paragraph.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or whether any other matters come to our attention after the date hereof. We call attention to the fact that the obligations of the City, the security provided therefor, as contained in the Series 2017 Bonds and the Indenture, may be subject to general principles of equity which permit the exercise of judicial discretion, and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, and to the limitations on legal remedies against cities in the State of Utah. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the Series 2017 Bonds or the Indenture. We have not undertaken any responsibility for the accuracy, completeness or fairness of the Official Statement dated February 8, 2017, or any other offering material relating to the Series 2017 Bonds and express no opinion relating thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Series 2017 Bonds constitute the valid and binding limited obligations of the City secured by a pledge of and lien upon and are a charge upon and are payable from the Net Revenues, certain funds and accounts held by the Trustee under the Indenture, and other amounts payable under the Indenture.

2. The Master Indenture and the First Supplemental Indenture have been duly authorized, executed and delivered by the City and, assuming the due authorization, execution and delivery by the Trustee, constitute the valid and binding obligations of the City, enforceable against the City in accordance with their terms. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Series 2017 Bonds, of the Net Revenues, certain funds and accounts held by the Trustee under the Indenture, and other amounts payable under the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

3. The Series 2017 Bonds are not general obligations of the City. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Series 2017 Bonds, and neither the full faith and credit nor

the taxing power of the City, the State of Utah or any political subdivision or agency of the State of Utah is pledged to the payment of the principal of or interest on the Series 2017 Bonds.

4. Under existing laws, regulations, rulings and judicial decisions, interest on the Series 2017A Bonds is excluded from gross income for federal income tax purposes, except that such exclusion does not apply with respect to interest on any Series 2017A Bond for any period during which such Series 2017A Bond is held by a person who is a "substantial user" of the facilities financed or refinanced by the Series 2017A Bonds or a "related person" to such substantial user within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series 2017A Bonds constitutes an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations by the Code.

5. Under existing laws, regulations, rulings and judicial decisions, interest on the Series 2017B Bonds is excluded from gross income for federal income tax purposes. Interest on the Series 2017B Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, such interest is included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

6. Under existing laws of the State of Utah, as presently enacted and construed, interest on the Series 2017 Bonds is exempt from State of Utah individual income taxes.

The opinions set forth in numbered paragraphs 4 and 5 above regarding the exclusion of interest from gross income of the recipient is subject to continuing compliance by the City with covenants regarding federal tax law contained in the Indenture and the Tax Certificate. Failure to comply with such covenants could cause interest on the Series 2017 Bonds to be included in gross income retroactive to the date of issue of the Series 2017 Bonds. Although we are of the opinion that interest on the Series 2017 Bonds is excluded from gross income for federal tax purposes, the accrual or receipt of interest on the Series 2017 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

Our engagement with respect to the Series 2017 Bonds has concluded with their issuance, and we disclaim any obligation to update, revise or supplement this opinion letter.

Very truly yours,

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SALT LAKE CITY, UTAH • Salt Lake City International Airport, Airport Revenue Bonds, Series 2017A and Series 2017B

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