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 2021 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2021A Bond for any period during which such Series 2021A Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2021A 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 2021A Bonds constitutes an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (b) interest on the Series 2021B Bonds is not an item of tax preference for purposes of the 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 2021 Bonds is exempt from State of Utah individual income taxes. See "TAX MATTERS" herein.

$904,570,000
SALT LAKE CITY, UTAH
$776,925,000 Airport Revenue Bonds, Series 2021A (AMT)
$127,645,000 Airport Revenue Bonds, Series 2021B (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 2021A (AMT) (the "*Series 2021A Bonds*") and its Airport Revenue Bonds, Series 2021B (Non-AMT) (the "*Series 2021B Bonds*" and, with the Series 2021A Bonds, the "*Series 2021 Bonds*") to finance and refinance portions of the New SLC, 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 2021 Bonds will be issued pursuant to a Master Trust Indenture (the "*Master Indenture*") and a Third Supplemental Trust Indenture (the "*Third 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 2021 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. The Series 2021 Bonds will be secured by a pledge of Net Revenues on parity with the City's Airport Revenue Bonds Series 2017A, Series 2017B, Series 2018A and Series 2018B, which are outstanding in the aggregate principal amount of $1,849,410,000. 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 2021 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 2021 Bonds.

The Series 2021 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 interests in the Series 2021 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 2021 Bonds, principal of, premium if any, and interest on the Series 2021 Bonds will be payable by the Trustee to Cede & Co., as nominee for DTC. See "APPENDIX E – Book-Entry Only System" herein.

The Series 2021 Bonds will bear interest from their date of original delivery, payable each January 1 and July 1, commencing on January 1, 2022.

The Series 2021 Bonds are subject to optional and mandatory sinking fund 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 2021 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 2021 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, Katherine N. Lewis, and Disclosure Counsel to the City, Kaplan Kirsch & Rockwell LLP, Boston, Massachusetts, and for the Underwriters by their counsel, Gilmore & Bell, P.C., Salt Lake City, Utah. PFM Financial Advisors LLC, San Francisco, California, serves as Municipal Advisor to the City. Delivery of the Series 2021 Bonds to DTC or its custodial agent is expected in New York, New York on or about August 5, 2021.

Citigroup **Goldman Sachs & Co. LLC**

BofA Securities **Morgan Stanley** **RBC Capital Markets** **Zions Bank**

July 22, 2021

SALT LAKE CITY, UTAH

$776,925,000

Airport Revenue Bonds, Series 2021A (AMT)

Due (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2022	$1,405,000	5.000%	0.160%	104.377	795576 JE8
2023	1,620,000	5.000	0.230	109.064	795576 JF5
2024	7,820,000	5.000	0.320	113.523	795576 JG3
2025	13,050,000	5.000	0.440	117.637	795576 JH1
2026	13,705,000	5.000	0.570	121.399	795576 JJ7
2027	14,390,000	5.000	0.720	124.701	795576 JK4
2028	15,110,000	5.000	0.870	127.621	795576 JL2
2029	15,865,000	5.000	0.990	130.419	795576 JM0
2030	16,655,000	5.000	1.120	132.797	795576 JN8
2031	12,490,000	5.000	1.250	134.834	795576 JP3
2031	5,000,000	1.750	1.250	104.644	795576 JQ1
2032	18,200,000	5.000	1.320	134.063c	795576 JR9
2033	19,110,000	5.000	1.380	133.406c	795576 JS7
2034	20,065,000	5.000	1.430	132.861c	795576 JT5
2035	21,070,000	5.000	1.480	132.319c	795576 JU2
2036	22,125,000	5.000	1.510	131.995c	795576 JV0
2037	23,230,000	5.000	1.540	131.672c	795576 JW8
2038	24,390,000	4.000	1.720	120.682c	795576 JX6
2039	25,365,000	4.000	1.750	120.379c	795576 JY4
2040	26,380,000	4.000	1.780	120.077c	795576 JZ1
2041	27,435,000	4.000	1.810	119.776c	795576 KA4

$183,365,000 5.000% Term Bonds due July 1, 2046; Yield 1.830%; Price 128.598c CUSIP† 795576 KB2
$130,000,000 5.000% Term Bonds due July 1, 2051; Yield 1.900%; Price 127.868c CUSIP† 795576 KC0
$119,080,000 4.000% Term Bonds due July 1, 2051; Yield 2.050%; Price 117.399c CUSIP† 795576 KD8

$127,645,000

Airport Revenue Bonds, Series 2021B (Non-AMT)

Due (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2022	$170,000	5.000%	0.140%	104.396	795576 KE6
2023	195,000	5.000	0.200	109.124	795576 KF3
2024	1,225,000	5.000	0.240	113.773	795576 KG1
2025	2,375,000	5.000	0.350	118.021	795576 KH9
2026	2,490,000	5.000	0.470	121.942	795576 KJ5
2027	2,615,000	5.000	0.590	125.557	795576 KK2
2028	2,745,000	5.000	0.740	128.626	795576 KL0
2029	2,885,000	5.000	0.880	131.396	795576 KM8
2030	3,030,000	5.000	1.010	133.899	795576 KN6
2031	3,180,000	5.000	1.090	136.617	795576 KP1
2032	3,340,000	5.000	1.150	135.945c	795576 KQ9
2033	3,505,000	5.000	1.200	135.389c	795576 KR7
2034	3,680,000	5.000	1.240	134.945c	795576 KS5
2035	3,865,000	5.000	1.280	134.503c	795576 KT3
2036	4,060,000	5.000	1.310	134.173c	795576 KU0
2037	4,260,000	4.000	1.490	123.034c	795576 KV8
2038	4,430,000	4.000	1.520	122.724c	795576 KW6
2039	4,610,000	4.000	1.550	122.415c	795576 KX4
2040	4,795,000	4.000	1.580	122.107c	795576 KY2
2041	4,985,000	4.000	1.610	121.800c	795576 KZ9

$28,645,000 5.000% Term Bonds due July 1, 2046; Yield 1.610% Price 130.922c CUSIP† 795576 LA3
$36,560,000 5.000% Term Bonds due July 1, 2051; Yield 1.660%; Price 130.390c CUSIP† 795576 LB1

c: Priced at the stated yield to the par call date of July 1, 2031

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SALT LAKE CITY, UTAH

CITY COUNCIL

Amy Fowler	Council Chair
James Rogers	Council Vice Chair
Dan Dugan	Council Member
Dennis Faris	Council Member
Darin Mano	Council Member
Ana Valdemoros	Council Member
Chris Wharton	Council Member

CITY ADMINISTRATION

Erin J. Mendenhall	Mayor
Rachel Otto	Chief of Staff
Katherine N. Lewis	City Attorney
Cindy Lou Trishman	City Recorder
Marina Scott	City Treasurer

AIRPORT ADVISORY BOARD

Steve Price	Chair
Theresa Foxley	Vice Chair
Roger Boyer	Member
Arlyn Bradshaw	Member
Dirk Burton	Member
Tye Hoffman	Member
Karen Mayne	Member
Cynthia D. Miller	Member
Larry Pinnock	Member
James Rogers	Member

DEPARTMENT OF AIRPORTS

Bill Wyatt	Executive Director
Treber Anderson	Director of Operations
Shane Andreasen	Director of Administration and Commercial Services
Brian Butler	Chief Financial Officer
Edwin M. Cherry	Director of Information Technology
Eddie R. Clayson	Director of Maintenance
Brady Fredrickson	Director of Planning and Environmental
Medardo Gomez	Director of Operational Readiness, Activation, and Transition
Peter L. Higgins	Chief Operating Officer
Kevin F. Robins	Director of Engineering
Nancy Volmer	Director of Communication and Marketing

BOND COUNSEL
Kutak Rock LLP
Denver, Colorado

DISCLOSURE COUNSEL
Kaplan Kirsch & Rockwell LLP
Boston, Massachusetts

MUNICIPAL ADVISOR
PFM Financial Advisors LLC
San Francisco, California

INDEPENDENT AUDITORS
Eide Bailly LLP
Salt Lake City, Utah

AIRPORT CONSULTANT
Landrum & Brown, Inc.,
Cincinnati, Ohio
in association with Airmac LLC

TRUSTEE
Wilmington Trust, National Association
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 2021 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information 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 2021 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 2021 Bonds in accordance with applicable provisions of the securities laws of the states in which the Series 2021 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof.

THE SERIES 2021 BONDS 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 NEW SLC," "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 projections and estimates that are based on current expectations and assumptions. 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 projections and estimates should not be regarded as a representation by the City or the Underwriters that such projections and estimates will occur. Such 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 2021 Bonds.

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OFFICIAL STATEMENT

of

SALT LAKE CITY, UTAH

Relating to its

$776,925,000 Airport Revenue Bonds, Series 2021A (AMT)
$127,645,000 Airport Revenue Bonds, Series 2021B (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 $776,925,000 Airport Revenue Bonds, Series 2021A (AMT) (the "*Series 2021A Bonds*") and $127,645,000 Airport Revenue Bonds, Series 2021B (Non-AMT) (the "*Series 2021B Bonds*" and, with the Series 2021A Bonds, the "*Series 2021 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. An eleven-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 of the Department, who reports directly to the Mayor. The Executive Director leads the management staff of the Department and the Department's Chief Operating Officer and nine Division Directors 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. A new terminal facility was placed into service at the Airport on September 15, 2020, replacing the prior terminal complex in its entirety. The new terminal facility consists of three levels and includes a federal inspection services area, passenger circulation areas, a centralized security screening checkpoint, a ticketing area for departing passengers, and administrative offices for the Department and other tenants at the Airport. The Airport also currently contains a new five-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 principal hub for Delta Air Lines, Inc. ("*Delta*"). In the fiscal year ended June 30, 2020 ("*FY 2020*"), Delta and its affiliates carried approximately 73% of the passengers enplaned at the Airport. See "THE AIRPORT – Aviation Activity at the Airport."

Impact of COVID-19

The worldwide outbreak of a highly contagious, upper respiratory tract illness caused by a novel strain of coronavirus (together with variants thereof, "*COVID-19*") has caused significant disruption to domestic and international air travel, including passenger operations, and has had significant negative and adverse effects on the economies of the nation and the world. The information in this Official Statement that describes revenues, financial affairs, operations and general economic conditions of the City and the Department for Fiscal Year 2020 reflects only four months of COVID-19 impacts. Subsequent data through March 31, 2021 is included in this Official Statement where available. All of this information should be considered in light of the negative and adverse impacts from COVID-19 subsequent to the dates of such data. The effects of COVID-19 and actions taken at the state and national levels to halt its spread have had, and may continue to have, a significant adverse effect on the revenues, financial condition and operations of the Department. COVID-19 developments, and associated governmental and regulatory responses, are rapidly changing and cannot be predicted with any assurance. For a more detailed discussion of the current and projected impacts of COVID-19 on the Department's revenues, financial condition and operations, see "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT" and APPENDIX B –Report of the Airport Consultant.

The New SLC

The "New SLC", formerly known as the Airport Redevelopment Program, is 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 and the demolition of the previous facilities. The New SLC consists of the Terminal Redevelopment Program ("*TRP*") and the North Concourse Program ("*NCP*"). The TRP is a $2.72 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) Concourse A West, including 25 gates, (7) the Parking Garage, (8) a new terminal roadway system to serve the new landside facilities, (9) Concourse A East, including 22 gates, and (10) related infrastructure improvements, including apron reconfiguration, information technology, utilities and landscaping. By September 15, 2020 the major elements of the TRP, including the new Terminal Facility, Concourse A West, Central Utility Plant, Parking Garage, Gateway Center, roadways, and much of the airfield paving were placed in service. The NCP is a separate, but programmatically integrated, $1.73 billion set of projects consisting of a concourse ("*Concourse B*") planned to contain a total of 31 domestic gates and will be constructed in two phases. Concourse B is located parallel to Concourse A and is currently connected to it by a temporary mid-concourse passenger tunnel. Concourse B West was placed in service on October 27, 2020, on schedule, with 21 gates. Concourse B East and the final central passenger tunnel remain to be constructed. Not all elements of the New SLC have been bid and are subject to a construction contract and, accordingly, the project budget remains subject to change. See "THE NEW SLC" herein.

Plan of Finance

The Series 2021 Bonds are being issued to (1) finance a portion of the cost of the design and construction of the New SLC, (2) make a deposit to the Common Reserve Fund (as defined herein), (3) repay the outstanding Subordinate Revolving Obligations (as defined below), (4) fund a portion of the interest accruing on the Series 2021 Bonds, and (5) pay the costs of issuance of the Series 2021 Bonds. As described under "THE NEW SLC" and "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – CIP Plan of Finance," the City has funded to date and expects to continue to fund the design and construction of the New SLC from a variety of sources, including Department funds, proceeds of airport revenue bonds, drawings on a revolving credit agreement (as described below), passenger facility charges ("*PFCs*"), customer facility charges ("*CFCs*") and federal grants. In addition to the Series 2021 Bonds, the City previously issued its Airport Revenue Bonds, Series 2017A (AMT) (the "*Series 2017A Bonds*"), Airport Revenue Bonds, Series 2017B (Non-AMT) (the "*Series 2017B Bonds*" and, with the 2017A Bonds, the "*Series 2017 Bonds*"), Airport Revenue Bonds, Series 2018A (AMT) (the "*Series 2018A Bonds*") and Airport Revenue Bonds, Series 2018B (Non-AMT) (the "*Series 2018B Bonds*" and, with the 2018A Bonds, the "*Series 2018 Bonds*"). As of July 2, 2021, the Series 2017 Bonds and the Series 2018 Bonds were outstanding in the aggregate principal amount of $1,849,410,000. Following the issuance of the Series 2021 Bonds, the City currently expects that it will issue additional airport revenue bonds under the Master Indenture to fund a total of approximately $601.5 million of construction costs of elements of the New SLC. Given the complexity and timing of the New SLC, the final plan of finance remains subject to change. See "THE NEW SLC" and "APPENDIX B – REPORT OF THE AIRPORT CONSULTANT – CIP Plan of Finance."

Additionally, pursuant to the Master Subordinate Trust Indenture, dated as of March 1, 2021 (the "*Master Subordinate Indenture*"), by and between the City and Zions Bancorporation, National Association, as trustee (the "*Subordinate Trustee*"), the First Supplemental Subordinate Trust Indenture, dated as of March 1, 2021 (the "*First Supplemental Subordinate Indenture*," and with the Master Subordinate Indenture, the "*Subordinate Indenture*"), by and between the City and the Subordinate Trustee, and the Credit Agreement, dated as of March 1, 2021 (the "*Subordinate Revolving Obligations Credit Agreement*"), by and between the City and JPMorgan Chase Bank, National Association (the "*Subordinate Revolving Obligations Bank*"), the City is authorized to issue and have outstanding, from time to time, up to $300,000,000 in aggregate principal amount of its Salt Lake City, Utah Subordinate Airport Revenue Short-Term Revolving Obligations (collectively, the "*Subordinate Revolving Obligations*"). As of July 1, 2021, the City had $267.6 million in aggregate principal amount of Subordinate Revolving Obligations outstanding. All Subordinate Revolving Obligations issued by the City are purchased by the Subordinate Revolving Obligations Bank in accordance with the terms of the Subordinate Revolving Obligations Credit Agreement. On or about the date of issuance of the Series 2021 Bonds, the City expects to repay all of the outstanding Subordinate Revolving Obligations with a portion of the proceeds of the Series 2021 Bonds. The City expects to issue additional Subordinate Revolving Obligations, from time to time, to finance, on an interim basis, construction costs of elements of the New SLC. See "SECURITY FOR THE SERIES 2021 BONDS -- Subordinate Obligations (Subordinate Revolving Obligations)."

The Series 2021 Bonds

The Series 2021 Bonds are being issued pursuant to 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*"), the Third Supplemental Trust Indenture to be dated as of August 1, 2021 (the "*Third Supplemental Indenture*" and, collectively with the Master Indenture, and all supplements thereto, the "*Indenture*") by and between the City and the Trustee, and the Act, as defined in the Master Indenture. The Series 2021 Bonds have been approved by a resolution of the City Council adopted on June 1, 2021. The Series 2021 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as provided herein. See "THE SERIES 2021 BONDS" herein.

Security for the Bonds

The Series 2021 Bonds, the Series 2017 Bonds, the Series 2018 Bonds and any additional airport revenue bonds issued pursuant to the Master Indenture (collectively, the "*Bonds*") 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 2021 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 2021 Bonds or any other Bonds. See "SECURITY FOR THE SERIES 2021 BONDS."

Forward-Looking Statements

This Official Statement contains 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 projections and estimates should not be regarded as a representation by the City that such projections and estimates will occur. Such 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 2021 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, 2020 AND JUNE 30, 2019; APPENDIX B – REPORT OF THE AIRPORT CONSULTANT dated

July __, 2021; 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. APPENDIX B has been prepared by Landrum & Brown, Inc. ("*Landrum*" or the "*Airport Consultant*"), Airport Consultant to the City. APPENDICES C and G have been prepared by Kutak Rock LLP, Bond Counsel to the City. APPENDIX F has been prepared by Kaplan Kirsch & Rockwell 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 Master Indenture, the Third Supplemental Indenture, the Series 2021 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 Third Supplemental Indenture are available for examination at the offices of the Department and the Trustee.

The Department's principal office is located at 3920 West 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 2020, 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 2019 ("*FY 2019*") has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association ("*GFOA*") and the Department has submitted the CAFR for FY 2020 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 2021 BONDS

General Provisions

The Series 2021 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 2021 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 January 1, 2022 (each an "*Interest Payment Date*"). Interest due and payable on the Series 2021 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 2021 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 2021 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 2021 Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before December 15, 2021, in which event such Series 2021 Bond will bear interest from its date of delivery. If interest on the Series 2021 Bonds is in default, Series 2021 Bonds issued in exchange for Series 2021 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 2021 Bonds surrendered.

The Series 2021 Bonds will be issued in denominations of $5,000 and integral multiples thereof. The Series 2021 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 2021 Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Series 2021 Bonds purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2021 Bonds, references herein to the Bondholders or registered owners means Cede & Co. and does not mean the Beneficial Owners of the Series 2021 Bonds.

So long as Cede & Co. is the registered owner of the Series 2021 Bonds, the principal of and interest on the Series 2021 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 2021 Bonds

Optional Redemption

The Series 2021 Bonds maturing on or before July 1, 2031 are not subject to optional redemption prior to maturity. The Series 2021 Bonds maturing on or after July 1, 2032 are redeemable on or after July 1, 2031 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 2021 Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption

The Series 2021A Bonds maturing on July 1, 2046, 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**
2042	$33,185,000
2043	34,845,000
2044	36,585,000
2045	38,415,000
2046*	40,335,000

*Final Maturity Date

The Series 2021A Bonds maturing on July 1, 2051 and bearing interest at a rate of 5.000%, 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**
2047	$26,000,000
2048	26,000,000
2049	26,000,000
2050	26,000,000
2051*	26,000,000

*Final Maturity Date

The Series 2021A Bonds maturing on July 1, 2051 and bearing interest at a rate of 4.000% (together with the Series 2021A Bonds maturing on July 1, 2046 and the Series 2021A Bonds maturing on July 1, 2051 and bearing interest at a rate of 5.000%, the "*Series 2021A 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
2047	$19,485,000
2048	21,565,000
2049	23,730,000
2050	25,980,000
2051*	28,320,000

*Final Maturity Date

The Series 2021B Bonds maturing on July 1, 2046 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
2042	$5,185,000
2043	5,445,000
2044	5,715,000
2045	6,000,000
2046*	6,300,000

*Final Maturity Date

The Series 2021B Bonds maturing on July 1, 2051 (together with the Series 2021B Bonds maturing on July 1, 2046, the "*Series 2021B 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
2047	$6,615,000
2048	6,950,000
2049	7,295,000
2050	7,660,000
2051*	8,040,000

*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 2021A Term Bonds or the Series 2021B Term Bonds (collectively, the "*Series 2021 Term Bonds*"), the City may (a) deliver to the Trustee, for cancellation, Series 2021 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 2021 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 2021 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 2021 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 (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. The Trustee will send such notice of redemption by first class mail (or with respect to Series 2021 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 2021 Bond to be redeemed; each such notice will be sent to the owner's registered address. The City will also post, or cause to be posted, such notice of redemption on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("*EMMA*") website.

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 2021 Bonds to be redeemed, if less than all Series 2021 Bonds of a Series, maturity date and interest rate are called for redemption, the numbers assigned to the Series 2021 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 2021 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 been deposited with the Trustee moneys and/or securities sufficient to redeem all the applicable Series 2021 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 2021 Bonds.

Failure to give any required notice of redemption as to any particular Series 2021 Bonds will not affect the validity of the call for redemption of any Series 2021 Bonds in respect of which no failure occurs. Any notice sent as provided in the Indenture will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Series 2021 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 2021 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 2021 Bonds will cease to accrue from and after such redemption date, such Series 2021 Bonds will cease to be entitled to any lien, benefit or security under the Indenture and the owners of such Series 2021 Bonds will have no rights in respect thereof except to receive payment of the redemption price. Series 2021 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 2021 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 2021 Bonds for Redemption; Series 2021 Bonds Redeemed in Part

Redemption of the Series 2021 Bonds will only be in Authorized Denominations. The Series 2021 Bonds are subject to redemption in such order of maturity and interest rate within a Series (except mandatory sinking fund payments on the Series 2021 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 2021 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 2021 Term Bonds an aggregate principal amount of such Series 2021 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 2021 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 2021 Bonds. The Series 2021 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of each Series of the Series 2021 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 2021 Bonds are summarized below:

	Series 2021A Bonds	Series 2021B Bonds	Total
Sources of Funds			
Principal amount	$776,925,000.00	$127,645,000.00	$904,570,000.00
Plus Original Issue Premium	199,843,490.15	37,303,865.80	237,147,355.95
Total Sources of Funds	$976,768,490.15	$164,948,865.80	$1,141,717,355.95
Uses of Funds			
Deposit to Construction Fund	$602,654,586.70	$104,359,463.30	$707,014,050.00
Capitalized Interest[1]	83,772,529.32	14,791,514.38	98,564,043.70
Repayment of Subordinate Revolving Obligations	231,700,000.00	35,900,000.00	267,600,000.00
Deposit to Common Reserve Fund	55,763,119.51	9,416,830.49	65,197,950.00
Costs of Issuance[2]	2,878,254.62	481,057.63	3,359,312.25
Total Uses of Funds	$976,768,490.15	$164,948,865.80	$1,141,717,355.95

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[1] Includes a portion of the interest accruing on the Series 2021 Bonds through October 1, 2024. See also footnote 2 to the schedule under the heading “DEBT SERVICE SCHEDULE” herein.
[2] Includes underwriters’ discount, trustee fees, legal fees, municipal advisor and consultant fees, rating agency fees, printing expenses and other miscellaneous fees and expenses.

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DEBT SERVICE SCHEDULE

Upon issuance of the Series 2021 Bonds, the Series 2017 Bonds, the Series 2018 Bonds and the Series 2021 Bonds will be the only outstanding Bonds of the City payable from the Net Revenues of the Airport System. Subject to the final pricing of the Series 2021 Bonds, the City currently expects to issue a total of approximately $601.5 million of additional Bonds to fund additional project costs for the New SLC through FY 2025. The following schedule sets forth the debt service for the Bonds:

	Series 2021A Bonds		Series 2021B Bonds			
Period Ending[1]	Principal	Interest[2]	Principal	Interest[2]	Aggregate Debt Service on Series 2017 Bonds and Series 2018 Bonds[3]	Aggregate Debt Service on Bonds
7/1/2022	$1,405,000	$33,014,065	$170,000	$5,570,480	$113,065,500	$153,225,045
7/1/2023	1,620,000	36,387,000	195,000	6,142,950	115,703,250	160,048,200
7/1/2024	7,820,000	36,306,000	1,225,000	6,133,200	106,523,250	158,007,450
7/1/2025	13,050,000	35,915,000	2,375,000	6,071,950	120,987,250	178,399,200
7/1/2026	13,705,000	35,262,500	2,490,000	5,953,200	123,148,000	180,558,700
7/1/2027	14,390,000	34,577,250	2,615,000	5,828,700	130,592,500	188,003,450
7/1/2028	15,110,000	33,857,750	2,745,000	5,697,950	133,217,250	190,627,950
7/1/2029	15,865,000	33,102,250	2,885,000	5,560,700	133,215,250	190,628,200
7/1/2030	16,655,000	32,309,000	3,030,000	5,416,450	133,220,750	190,631,200
7/1/2031	17,490,000	31,476,250	3,180,000	5,264,950	133,212,250	190,623,450
7/1/2032	18,200,000	30,764,250	3,340,000	5,105,950	133,229,000	190,639,200
7/1/2033	19,110,000	29,854,250	3,505,000	4,938,950	133,223,000	190,631,200
7/1/2034	20,065,000	28,898,750	3,680,000	4,763,700	133,213,250	190,620,700
7/1/2035	21,070,000	27,895,500	3,865,000	4,579,700	133,217,500	190,627,700
7/1/2036	22,125,000	26,842,000	4,060,000	4,386,450	133,222,250	190,635,700
7/1/2037	23,230,000	25,735,750	4,260,000	4,183,450	133,224,250	190,633,450
7/1/2038	24,390,000	24,574,250	4,430,000	4,013,050	133,215,000	190,622,300
7/1/2039	25,365,000	23,598,650	4,610,000	3,835,850	133,206,000	190,615,500
7/1/2040	26,380,000	22,584,050	4,795,000	3,651,450	133,217,750	190,628,250
7/1/2041	27,435,000	21,528,850	4,985,000	3,459,650	133,214,250	190,622,750
7/1/2042	33,185,000	20,431,450	5,185,000	3,260,250	133,210,750	195,272,450
7/1/2043	34,845,000	18,772,200	5,445,000	3,001,000	133,216,250	195,279,450
7/1/2044	36,585,000	17,029,950	5,715,000	2,728,750	133,213,750	195,272,450
7/1/2045	38,415,000	15,200,700	6,000,000	2,443,000	133,216,500	195,275,200
7/1/2046	40,335,000	13,279,950	6,300,000	2,143,000	133,219,000	195,276,950
7/1/2047	45,485,000	11,263,200	6,615,000	1,828,000	133,217,750	198,408,950
7/1/2048	47,565,000	9,183,800	6,950,000	1,497,250	59,558,750	124,754,800
7/1/2049	49,730,000	7,021,200	7,295,000	1,149,750		65,195,950
7/1/2050	51,980,000	4,772,000	7,660,000	785,000		65,197,000
7/1/2051	54,320,000	2,432,800	8,040,000	402,000		65,194,800
Total	$776,925,000	$723,870,615	$127,645,000	$119,796,730	$3,433,920,250	$5,182,157,595

[1] Pursuant to the provisions of the Master Indenture, the City is required to make monthly deposits to the applicable Debt Service Funds for the Bonds 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 Outstanding Bonds. See "SECURITY FOR THE SERIES 2021 BONDS" and "APPENDIX C —FORM OF MASTER INDENTURE."

[2] A portion of the interest due on the Series 2021 Bonds through, and including, October 1, 2024 will be paid with a portion of the proceeds of the Series 2021 Bonds. Interest is capitalized on specific components of the New SLC to the date such component is expected to be placed in service.

[3] A portion of the interest due on the Series 2018A Bonds through, and including, July 1, 2023 will be paid with a portion of the proceeds of the Series 2018A Bonds.

IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT

The following information regarding recent developments in finances and operations of the Department supplements information set forth elsewhere in this offering document describing Revenues and information contained under the heading "THE AIRPORT," certain of which historical information predates the COVID-19 pandemic or was prepared before the outbreak of COVID-19 and should be considered in light of possible negative and adverse impacts of COVID-19. The data for FY 2020 contains information that pre-dates the outbreak of COVID-19 in the United States. The effects of the COVID-19 pandemic on passenger traffic, airline operations and related effects on revenues began to be experienced at the Airport in March of 2020.

This section contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has had significant adverse health and financial impacts throughout the world and the State of Utah and has caused significant disruptions to domestic and international air travel, including both passenger and cargo operations. Many states and local governments in the United States, including the State, initially issued "stay at home" or "shelter in place" orders, which severely restricted movement and limited businesses and activities to essential functions. While some of these orders have been lifted, there remain restrictions in place throughout the country to varying levels of degree and any resurgence of the virus may cause further restrictions to be imposed. Additionally, a number of nations have actually or effectively closed their borders by restricting entry and exit to only essential travel and/or requiring travelers to self-isolate for 14 days, further depressing demand for passenger air travel.

The approvals by the U.S. Food and Drug administration of several vaccines for COVID-19 appear to have resulted in some relief from the pandemic, but there are many uncertainties regarding such vaccines, including the number of people who will choose not to be vaccinated, and how effective the vaccines will be in eliminating the further spread of the COVID-19 pandemic, including the spread of variants thereof, and the length of time that the vaccines will remain effective.

Airports in the United States, including the Airport, have been significantly affected by the reductions in passenger volumes and flights, as well as by the broader economic shutdown resulting from the COVID-19 outbreak. The outbreak has adversely affected domestic and international travel and travel-related industries. Airlines, including those operating at the Airport, have reported unprecedented reductions in passenger volumes, causing the cancellation of numerous flights and a dramatic reduction in network capacity, including suspension of service on certain routes, including some to and from the Airport.

The safety and health of passengers and employees is the Department's top priority, and the Department has been working in coordination with its airline partners, building cleaning contractors, local public health and emergency response organizations, and other stakeholders to keep travel safe and to comply with guidelines issued by the Centers for Disease Control (the "*CDC*").

The COVID-19 pandemic is ongoing, and its dynamic nature leads to uncertainties, including relating to the severity of the disease; the duration of the pandemic; the efficacy and availability of vaccines against the COVID -19 virus; actions that may be taken by governmental authorities to contain the outbreak or to treat its impact; the impact of the pandemic and any travel restrictions on the demand for air travel, including at the Airport, or on Airport revenues and expenses; the impact of the outbreak on the local or global economies or on the airlines and concessionaires serving the Airport, or on the airline or travel industry generally. Due to the evolving nature of the COVID-19 pandemic and the response of governments, businesses and individuals to the COVID-19 pandemic, Airport management cannot predict, among other things: (i) the duration or extent of the COVID-19 outbreak or another outbreak or pandemic; (ii) the scope or duration of restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines will reduce services at the Airport, or whether airlines will cease operations at the Airport or shut down in response to such restrictions or warnings; (iii) what effect any COVID-19 or other outbreak or pandemic-related restrictions or warnings may have on air travel and the resulting impact on Airport revenues and expenses; (iv) whether and to what extent COVID-19 or another outbreak or pandemic may disrupt the local, State, national or global economies, manufacturing or supply chain, or whether any such disruption may adversely impact Airport-related construction, the cost, sources of funds, schedule or implementation of the Airport's capital program, or other Airport operations; (v) the extent to which the COVID-19 outbreak or another outbreak or pandemic, or the resultant disruption to the local, State, national or global economies, may result in changes in demand for air travel, or may have an impact on the airlines or concessionaires serving the Airport, or the airline and travel industry, generally, including resulting in the bankruptcy or cessation of operations of airlines or Airport tenants; (vi) whether or to what extent the Department may provide additional deferrals, forbearances, adjustments or other changes to the Department's arrangements with its tenants and Airport concessionaires; or (vii) the extent to which any of the foregoing will have a material adverse effect on the finances and operations of the Airport.

The information included in this Official Statement includes audited data for FY 2020, which reflects approximately four months of impact from the COVID-19 pandemic, as well as unaudited data for the first nine months of FY 2021 (through March 2021). Due to the evolving nature of the COVID-19 pandemic, the full impact of the COVID-19 pandemic on the Airport cannot be fully quantified at this time.

Impact of COVID-19 on the Airport

The outbreak of COVID-19 and related restrictions have had an adverse effect on airlines serving the Airport, retail concessionaires at the Airport and Airport Revenues as more fully discussed herein. Historical patterns of passenger and cargo traffic at the Airport were drastically disrupted by the emergence of the COVID-19 pandemic in early 2020 and the Airport has witnessed a sharp contraction in activity since March 2020. For example, in May 2020, the Airport's average daily flights were approximately 149 per day, down from 341 per day in May 2019. Passenger traffic began rebounding, however, in the spring of 2021.

During the first eight months of FY 2020 (the City's fiscal year ends June 30), prior to the COVID-19 outbreak, the Airport continued to experience strong business activity. Airport Revenues, enplaned passengers, landed weights and PFCs collected increased each fiscal year from 2016 through 2019, but Revenues were 7% less in FY 2020 than FY 2019 and enplaned passengers were reduced by 22.9% during the same period.

Since the COVID-19 outbreak, however, the Airport has seen steep declines in many financial and operating metrics, although many of these same metrics have shown improvement since spring 2020. April 2020 represented the low point in terms of enplaned passengers, which totaled 87,557 or 8.1% of April 2019 enplanements. Scheduled seat capacity was reduced starting in April 2020, although actual passenger traffic was reduced starting mid-March 2020. Decreases in passenger numbers started in mid-March 2020, and by March 2021 had recovered to 62.4% of those recorded in March 2019. Unlike many U.S. airports, domestic service at the Airport has begun to rebound and did not dip as substantially as at other airports during the same period. In particular, Delta has increased seat capacity at the Airport in April and May 2021 compared to the same months in 2019, before the impacts of the pandemic. See APPENDIX B – REPORT OF THE AIRPORT CONSULTANT.

For FY 2020, service as measured by average daily departing seats was 12.7% lower than in FY 2019, while enplaned passenger numbers were 22.9% lower. The average load factor (enplaned passengers divided by departing seats) was 70.6% in FY 2020 versus 87.8% in FY 2019. For the first nine months of FY 2021 (through March 2021), service as measured by average daily departing seats was 20.7% lower than for the first nine months of FY 2020, while average daily enplaned passenger numbers were 49.4% lower. The average load factor was 53% for the first nine months of FY 2021 versus 82% for the same period in FY 2020. Network decisions made by each airline regarding their rate of reduction in flight operations can impact the significance of this load factor during the COVID-19 pandemic.

Enplaned passengers at the Airport totaled 10,095,732 passengers for FY 2020, a 22.9% decrease from the 13,090,133 enplaned passengers who used the Airport in the prior fiscal year. For the first nine months of FY 2021 (through March 2021), the Airport experienced passenger declines of approximately 49.6% when compared to the same nine month period in FY 2020.

The declines in passenger traffic also reduces demand for commercial parking as well as retail and services provided by Airport concessionaires, including but not limited to restaurants, retail and rental car services, and ground transportation services, such as those provided by taxis and transportation network companies such as Uber and Lyft.

Airport parking revenues decreased from approximately $35.4 million in FY 2019 to $28.0 million in FY 2020 primarily due to decreased activity as a result of the pandemic. For the first nine months of FY 2021, the Airport experienced a decrease in parking revenues (the Airport's largest source of non-aeronautical income) of approximately $17.5 million, or 54%, when compared to the same period in FY 2020.

Impact of COVID-19 on Passenger Facility Charges (PFCs)

PFCs collected, including investment income, during FY 2020 were $40,607,278, which was $9,113,261 less than FY 2019 collections of $49,720,539. In developing the FY 2021 PFC projection, the Airport has assumed a 47% reduction in enplanements and PFCs compared to FY 2019, which results in an expected decrease in PFC collections to $22.1 million. The reduction in PFC collections will not result in less PFCs being collected, because the Department's authority to collect PFCs is not determined by time but by the approved amount. However, the reduction in the collections of PFCs in FY 2020 and expected reductions in FY 2021 caused the Department to review its annual capital budget, including debt service projected to be paid from PFC revenues, to align the use of PFCs in FY 2020 and 2021 with projected collections.

Department's Response to COVID-19

The Department responded to the effects of COVID-19 by cutting operating costs, providing financial relief to tenants, and providing financial assistance to both airline and concessions tenants for the build out of new space in the Terminal and Concourses A and B. The Department also undertook enhanced cleaning efforts, added touchless fixtures to all restrooms, installed plexiglass shields in key locations, required face coverings be worn by Airport workers and anyone entering the Terminal, among other proactive measures. The Department promptly instituted a hiring and travel freeze, including postponing hiring of 30 authorized full time equivalent ("*FTE*") employees, and substantially reduced all discretionary spending. In addition, the Department has been awarded a total of $105.6 million in federal grant funds under the Coronavirus Aid, Relief, and Economic Security Act (the "*CARES Act*") of March 27, 2020 and the Coronavirus Response and Relief Supplemental Appropriations Act ("*CRRSA*") signed into law on December 27, 2020. On June 22, 2021, the FAA announced that the Department has been awarded additional federal grant funds under the American Rescue Plan ("*ARP*") Act signed into law on March 11, 2021 totaling $91,670,30, of which slightly more than $11 million is restricted for concessions relief.

The Department has been awarded approximately $82.5 million of grant funding under the CARES Act, of which $3.9 million was applied to O&M Expenses (as defined herein) in FY 2020. The Department expects to apply an additional $66 million of CARES Act funds in FY 2021 and $12.6 million in FY 2022, all of which is expected to offset O&M Expenses, including payroll, utilities and other costs, in order to stabilize rates and charges for the airlines. No debt service is expected to be paid with CARES Act or CRRSA grant funds. The Department also expects to apply all $23.1 million of its CRRSA grant funds to O&M Expenses in order to reduce rates and charges in FY 2022, except for the $2.75 million allocated to concessions relief, which is planned to be applied to reduce on-Airport concession rents. The Department is reviewing how best to apply its ARP Act grant funds, but it expects that ARP Act grants will also be applied to reduce O&M Expenses and stabilize rates and charges through September 30, 2024, the end of ARP Act grant eligibility.

The New SLC Project Management Team recognized at the start of the pandemic that to complete the New SLC safely and on time, measures needed to be quickly put in place to ensure the health of the trade workers onsite. Written COVID-19 plans were published by both construction managers at risk ("*CMAR*") in early March 2020 and processes were immediately put in place that included temperature checks at all points of entry to the construction sites, mandatory mask requirements, additional hand washing/sanitizing/boot washing stations, additional building cleaning and sanitizing, reporting requirements, daily electronic educational newsletters and jobsite signage. The measures put in place and reinforced on a daily basis allowed the New SLC project to remain open, to receive high marks on three different Salt Lake County Health Department inspections, to peak at 1950 trade workers and remain on schedule for the phase 1 openings of the New SLC.

In addition, the Department acted promptly following the commencement of the COVID-19 pandemic to provide financial relief to the airlines and other tenants operating at the Airport. Landing fees and terminal rentals for April through June 2020 were deferred to July and August. All deferred amounts have been repaid in full. The Department also provided financial assistance to the airlines operating at the Airport to finance the buildout of new airline space in the Terminal and Concourses. The amount of such assistance must be repaid, with interest, within the term of the applicable airline's AUA.

In-Terminal concessionaires operating at the Airport before the opening of the new Terminal and Concourses were provided with a deferral of minimum annual guaranteed ("*MAG*") rent from April through September of 2020 and only percentage rent was charged during that period. Deferred MAG was recalculated and abated in accordance with the agreements between the City and the concessionaires that provided a reduction in MAG proportional to the reductions in enplaned passengers, resulting in no additional MAG being due. In addition, the Department allowed concessions to temporarily close, reduce hours and reduce menus without penalty. For concessions in the new Terminal and Concourses, the Department deferred the commencement dates for MAG until the earlier of (x) July1, 2023 or (y) the date the Airport achieves monthly enplanements of greater than 90% of 2019 enplaned passengers for three consecutive months (the "*Catch-up Date*"). In addition, the Department has allowed concessions in the new Terminal and Concourses to open on a staggered schedule and provided those willing to open on time interest-bearing financing with a term of five years commencing January 1, 2021 to finance the buildout of new space. Similarly, rental car concessionaires were granted a deferral of MAG and paid only percentage rent from April through September 2020. In addition, the terms of such agreements have been extended to run from the Catch-up Date for the originally negotiated term of years. The MAG true-up was recalculated and abated in accordance with the agreements between the rental car companies and the City, resulting in no additional MAG being due. The City also provided overflow parking at the Airport to the rental car companies from April through September at no cost and provided interest-bearing financing with a term of five years finance the buildout of new space. The loans for tenant buildouts totaled approximately $41.3 million, less than the $70 million made available, and were used only for capital expenditures at the Airport.

THE NEW SLC

Summary of the New SLC

The New SLC is a comprehensive and integrated series of projects that is replacing substantially all of the Airport's landside and terminal complex facilities. Following the recession of 2008-2010, the Department, in consultation with Delta, undertook a comprehensive study of the Airport's facilities to determine the improvements necessary to extend the useful lives of these facilities for an additional 30 years. The cost and utility of making extensive renovations to the then-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 signatory air carriers operating at the Airport (the "*Signatory Airlines*") negotiated the Airline Use Agreement (the "*AUA*") that became effective July 1, 2014 for a ten (10) year term and that includes approval of the TRP, and provides a process for the Signatory Airlines to approve additional capital projects, including the NCP. The Signatory Airlines unanimously approved undertaking the NCP in April 2016. On March 16, 2021, in accordance with the provisions of the AUA, Delta approved on behalf of all Signatory Airlines a revised project budget for the New SLC of $4.45 billion. The cost increases in the New SLC budget since 2018 are primarily related to changes to the original design requested by Delta and certain other Signatory Airlines and to increased construction costs in the Salt Lake City area. In addition, the Signatory Airlines have elected to have the City finance construction of certain tenant finishes, for which such Signatory Airlines will reimburse the City over the remaining term of the airline's AUA. See "THE AIRPORT –The Airline Use Agreement." The current budget for the NCP portion of the New SLC is an estimated $1.73 billion, although the eastern portion of the NCP, including portions of the central tunnel, has not yet been bid. Thus, this estimate remains subject to change. Although formal airline approval of the increased project budget for the NCP is not required under the AUA, Delta has approved the current budget for the full New SLC program.

The New SLC is composed of two primary components. The TRP is an estimated $2.72 billion capital improvement program, including soft costs, to build new facilities to replace aged facilities, mitigate seismic risks, accommodate current operations and prepare for future growth. The NCP is an estimated $1.73 billion set of projects that are programmatically integrated with the TRP consisting of Concourse B (formerly known as the North Concourse) consisting of 31 gates parallel to Concourse A (formerly known as the South Concourse) to be constructed in two phases, a tunnel connecting to the new main terminal facility and related apron and fuel hydrant facilities. The first phase of the New SLC is substantially complete and is in service. The TRP consists of the following project elements: (1) 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) Concourse A West, with 25 gates, (7) the Parking Garage, (8) the Terminal Roadway System, (9) Concourse A East, with 22 gates (collectively with the Concourse A West, "*Concourse A*"), and (10) related infrastructure improvements, including apron reconfiguration, information technology, utilities and landscaping. As of November 1, 2020, all of the elements of the New SLC other than Concourse A East, Concourse B East and the central connecting tunnel have been placed in service. Demolition of the former terminals and concourses has been completed, and construction of Concourse A East, the central connecting passenger tunnel and associated apron and infrastructure improvements has commenced. As several construction contracts remain to be bid, primarily relating to Concourse B East, the budget for the New SLC remains subject to change.

In addition to right-sizing the Airport's facilities to accommodate current and future demand, the New SLC is expected to meet current requirements for seismic resiliency, solve certain operational problems resulting from the prior facility layout, improve customer service and maintain the Airport's competitive cost structure. A magnitude 5.7 earthquake struck the Salt Lake City area in March 2020. None of the elements of the New SLC sustained any significant damage. The City achieved Leadership in Energy and Environmental Design ("*LEED*") gold certification for the new terminal facilities, and the City anticipates achieving LEED gold certification and not less than silver certification for the entire New SLC, as required by City ordinance.

As a result of the COVID-19 pandemic and the related downturn in passengers using the Airport, the Department, in consultation with the Signatory Airlines, modified the phasing schedule for the remainder of the construction of the New SLC. The modified phasing schedule provided the Department with greater flexibility to respond to the potential impacts of the pandemic and the related reductions in and recovery of air passenger traffic at the Airport. Rather than completing Concourses A and B in several phases while maintaining elements of the previous concourses in service, in the spring of 2020, the Department determined to demolish all of the remaining terminal elements and construct Concourse A East in a single phase. This is expected to result in the completion of Concourse A East two years ahead of schedule. At the time the New SLC was rephased, the Department was not able to determine whether the additional gates in Concourse B East would be necessary to accommodate future demand and, accordingly, that portion of the NCP was placed on hold. As air traffic at the Airport began to rebound rapidly during the summer of 2020, and after consultation with the Signatory Airlines, the Department determined that the original NCP program with a total of 31 gates in Concourse B was necessary to provide facilities for the projected airline demand. The Department expects to bid out the construction contracts for Concourse B East and portions of the central connecting passenger tunnel in early FY 2022 and commence construction in April 2022. In order to accommodate operational demands while Concourses A and B East are completed, the Department has developed twenty (20) temporary hardstand positions to the north and east of Concourse B, plus an additional four (4) remain overnight (or "RON") positions for aircraft that could be used as hardstand positions. A "hardstand" position is not connected to a concourse directly, and is served by buses from facilities at the tip of Concourse B.

Set forth on the following page is a photograph showing the completed portions of the New SLC and the areas that remain under construction.

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The New SLC with Future Development
Concourse B - East
Concourse B
Central Tunnel
Construction Area
Concourse A
Concourse A - East
Terminal
Parking Garage
Central Utility Plant (CUP)
Rental Car
Rental Car Service Sites (RSS)
Economy Parking Lot
Employee Parking Lot

As a result of the decision to temporarily use hardstands and demolish the remaining concourses of the old terminal, the Airport is currently gate-constrained. Delta currently operates from 15 of the 20 hardstand positions, while use of the other five hardstand positions is assigned by the Department. As of the date hereof, there are 66 gate positions at the Airport, 20 of which are hardstands. In May 2023, the first 4 gates in Concourse A East are expected to open and will be leased to Delta. In November 2023, the remaining 18 gates on Concourse A East are expected to open and the five gates in Concourse B previously used by Delta will be retrofitted for use by other carriers. By February 2024, Delta is expected to lease and use all of the gates in Concourse A, the majority of the gates in Concourse B to be leased to the other carriers are projected to be in service and all but a few hardstands will be demolished to make way for construction of the remainder of Concourse B East. In October 2024, the first four gates in Concourse B East are expected to be opened and occupied by Delta, the new central connecting tunnel is expected to open and all of the gates to be leased to other carriers are expected to be turned over to their tenant Airlines. The final four gates of Concourse B East are expected to be placed in service and used by Delta, and the remaining hardstands demolished, by October 2025.

The gates used by the Signatory Airlines other than Delta, three 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 for a scheduled operation. 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. Upon completion of the New SLC, the Airport will have 78 gates, 31 of which will be in Concourse B and the remaining 47 in Concourse A, and 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. This configuration will provide greater flexibility, efficiency and passenger convenience. In addition, at least six gates will have the capacity to accommodate the largest aircraft currently in service. The new, larger gates are designed to accommodate more than double the 11 million passengers the previous facilities were designed to serve. Further, when complete, the New SLC is expected to eliminate the ground loading of passengers entirely, as all gates will include jet bridges.

The following table shows the major elements of the New SLC and the expected costs, whether a Component Guaranteed Maximum Price contract ("*CGMP*") for such project 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 New SLC

Project Element	Actual / Expected Cost ($000's)†	Executed CGMP as of 3/31/21?	Project Status	Actual/Expected Commencement of Construction	Actual/ Expected DBO
TRP					
South Economy Parking Lot	$14,344	Yes	In Service	July 2014	October 2014
Rental Car Facilities: QTA & RSS	95,457	Yes	In Service	November 2014	January 2016
Central Utility Plant	59,535	Yes	In Service	January 2017	September 2020
Terminal Facility	787,979	Yes	In Service	October 2016	September 2020
Gateway Center	126,153	Yes	In Service	October 2016	September 2020
Concourse A West	422,742	Yes	In Service	October 2016	September 2020
Parking Garage	241,872	Yes	In Service	October 2016	September 2020
Terminal Roadway System	110,343	Yes	In Service	January 2017	September 2020
Miscellaneous Landside/Parking Lot Improvements	9,143	Yes	In Service	Phased	September 2020
TRP Baggage Handling System	127,717	Yes	In Service (89%), Under Const. (11%)	October 2016	September 2020/Q4 2023
Concourse A East	389,078	Yes	Under Const.	January 2021	Q4 2023
Terminal Apron, Taxilanes and Fuel Hydrant System*	277,360	Partial	In Service/Under Const.	Phased	Q4 2024
Subtotal TRP (incl. Owner's reserve of $57,378)	$2,719,101	100% executed			
NCP					
Concourse B West	$398,450	Yes	In Service	June 2018	October 2020
Mid Concourse Tunnel	22,534	Yes	In Service	Phased	October 2020
Concourse B East	412,272	No	In Design	April 2022	Q2 2022/Q4 2024
NCP Baggage Handling System	70,820	Yes	In Service/Under procurement	June 2018	October 2020/Q4 2024
Central Tunnel	147,562	Partial	Under Const. (64%)/to be Bid (36%)	January 2021/April 2022	Q4 2024
Apron*	355,471	Partial	In Svc. (37%)/Under Const. (17%)/to be Bid (46%)	June 2018	Q3 2025
Hydrant Fueling System*	53,175	Partial	Under Const. (36%)/In Design (64%)	Phased	Q4 2024
Concourse A Modifications	89,363	Yes	Under Const.	January 2021	Q4 2023
Temporary hardstands and related costs	104,742	Partial	In Svc. (43%)/Under Const. (57%)	January 2021	October 2020/Q4 2023
BHS Cold Bag Storage	35,862	No	Planning	Q3 2022	Q4 2023
Subtotal NCP (including Owner's reserve of $42,622)	$1,732,873	79.1% executed			
TOTAL New SLC	**$4,451,974**	**84.8% executed**			

* 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.
† Includes allocable portion of soft costs.

Elements of the New SLC

The New SLC will result in the replacement of essentially all 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 New SLC is set forth below:

Terminal

The new Terminal facility was placed into service on September 15, 2020. The new Terminal facility is contiguous to Concourse A and connected to the new parking garage via the new Gateway Center, and includes approximately 912,000 square feet ("*sf*") of space on three levels. Level 1 of the Terminal contains 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 also serves commercial curbs and other ground transportation functions. Level 2 provides passenger circulation areas and connects landside and airside components of the facility. Public areas prior to the security checkpoint 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 include the terminal plaza area consisting of 79,000 sf of concessions, seating and circulation space and transition to the airside concourses. Level 3 contains the ticketing area for departing passengers, administrative offices for the Department and other tenants at the Airport, and a 30,000 sf Delta Sky Club. Departing passengers being dropped off at the Airport arrive on the Level 3 curb. 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 Terminal was designed to accommodate relocation of the terminus of the TRAX light rail station at the Airport from its previous location, which was demolished to accommodate the TRP, to the first level of the Terminal. The TRAX extension is being financed and built by UTA.

Gateway Center

The Gateway Center, which also opened on September 15, 2020, is an elevated building adjacent to the north side of the Parking Garage consisting of approximately 126,000 sf of building space that connects the Parking Garage to the new Terminal facility. The Gateway Center houses 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 provides a high level of customer service by seamlessly connecting passengers using the new parking garage (including those renting or returning rental cars) with the departures level of the Airport without a level change. Departing passengers are also able to obtain boarding passes at kiosks and check baggage in the Gateway Center adjacent to the garage, and arriving passengers are able to proceed directly to their automobiles or complete their rental car transaction and proceed directly to their rental car. The Gateway Center is 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 was designed to serve most of the Airport's origination and destination ("*O&D*") passengers.

Concourse A West

The initial portion of Concourse A to be constructed was Concourse A West, which provides a total of 25 gates, six of which accommodate international arrivals, and was placed into service on September 15, 2020. This facility houses approximately 459,000 sf of building space on three levels. Level 1 (ground level) contains 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 consists of holdrooms and the primary passenger circulation level and serves enplaning and deplaning passengers. Passenger amenities on Level 2 include moving sidewalks and a wide variety of food, beverage and retail concessions. International gates connect to a sterile corridor that routes international passengers to the FIS facilities in Level 1 of the Terminal. Level 3 contains communications rooms and other non-public space.

Concourse A East

Concourse A East is the remaining portion of Concourse A and is under construction following completion of demolition of the remaining original terminal facilities. Concourse A East currently is planned to be fully completed in the first quarter of CY 2024. This facility will also have three levels and is expected to comprise approximately 376,000 sf of space. Level 1 of Concourse A East will contain non-public areas similar to Concourse A West. Level 2 of the facility will serve enplaning and deplaning passengers, and will include passenger amenities similar to Concourse A West. Concourse A East is expected to accommodate 22 domestic aircraft gate positions. Level 3 contains the Delta Sky Club and will contain non-public areas similar to Concourse A West.

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 facilities for performing light vehicle maintenance. 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 was placed into service on September 15, 2020. The new parking garage is a five-level concrete structure with a footprint of approximately 365,000 sf and a total gross square footage of approximately 1.42 million sf. Levels 2 through 5 of the Parking Garage provide 3,469 public parking spaces, doubling the number of structured parking spaces previously located at the Airport. The first floor is dedicated to rental car operations and contains approximately 1,200 ready/return parking spaces. Upper floors are served via two helical ramps.

In addition to the new Parking Garage, the Airport also has a substantial amount of surface parking available for Airport patrons, including a new surface parking area located east of the new parking structure ("*Lot E*") within walking distance of the Terminal. Lot E includes 384 parking spaces. 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.

The Department now has a total of 14,401 parking spaces (excluding rental car spaces) located on the Airport, an increase of over 2,500 spaces compared to 2014. This increase is primarily because of the increased number of spaces in the new parking structure. The Department has retained its variety of parking products, ranging from premium, reserved spaces closest to the new Terminal 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, a 52,000 sf building, houses all main boilers and chillers as well as electrical systems to service the terminal complex, consisting of the new Terminal, Gateway Center, Concourses A and B, Parking Garage, roadways and rental car facilities, and other applicable Airport systems connected to this facility, including pumping systems, electrical equipment, distribution equipment and emergency generators. The CUP is a stand-alone building located west of the QTA Facility. The CUP was turned over to the Department on May 1, 2020 for testing and is in service and provides heating, cooling and electrical service to the Airport.

Terminal Roadway System

This project element of the New SLC includes all roadways, bridges and signage to service the new terminal complex and support areas. The departing passenger roadway is an elevated bridge system with vehicle access to the Level 3 Terminal curb-front. Other elements of this component include the arriving passenger roadways which access the Terminal at Level 1, commercial vehicle roads, rental car user and service roads, and access to and from the parking facilities. The new permanent roadways became operational in September 2020.

Supporting Elements

The New SLC 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 Concourses A and B. Included in this project element are hydrant fueling and utilities including power, water and sewer. Also included is landside landscaping work such as entry and exit landscaping and planting of undeveloped areas. In addition, as described above, the Department has constructed 20 hardstand positions and four remain overnight positions adjacent to Concourse B to accommodate aircraft until the eastern portions of Concourses A and B are completed.

Following the opening of the new Terminal and other elements of the TRP in September 2020, the Department commenced demolition of the original terminal buildings and concourses, the original parking garage, connectors and pedestrian bridges. This demolition work was originally phased to occur over a period from 2021 through 2024. However, as a result of the program rephasing that occurred in 2020, demolition will no longer be phased and has essentially been completed.

Information technology ("*IT*") components are an integral element of the New SLC and will be 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 New SLC include baggage information 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 $1.73 billion project planned to consist of approximately 607,000 sf of building space on two main levels, plus a third level for club space and non-public support areas similar to Concourse A, apron site work and paving, hydrant fueling, plus a new central passenger tunnel connecting Concourse B to Concourse A. Level 1 of Concourse B will contain non-public areas substantially similar to Concourse A, although during use of the hardstands, a portion of Level 1 is being converted to be used as temporary holdrooms, while Level 2 will serve enplaning and deplaning passengers, and will include holdrooms and passenger amenities similar to Concourse A. The first phase, Concourse B West, was placed in service in October 2020. This initial phase begins at the west end of Concourse B and includes 21 aircraft gate positions which comprise approximately 361,000 sf of space. The existing west mid-concourse tunnel was extended from Concourse A West to Concourse B and temporarily provides pedestrian access to Concourse B.

The second phase of Concourse B, Concourse B East, is planned to add an additional ten aircraft gate positions and will complete the currently planned construction with a total of 31 gates. The design of Concourse B East is expected to permit the future development of 15 additional gates at the eastern end of the facility, if and when demand warrants. A central passenger tunnel connecting Concourse B to Concourse A, including moving sidewalks, also will be constructed during this phase. This final phase of Concourse B currently is expected to be bid and under contract by the end of CY 2021 and is planned to be operational in the fourth quarter of CY 2024. Once it is completed, all airlines operating at the Airport are expected to operate from Concourse B, including use of some gates by Delta, and Delta is expected to occupy all of Concourse A. At completion of the New SLC, all air carriers at the Airport are expected to operate from substantially similar, new and efficient terminal facilities.

Project Management of the New SLC

Controls

The Department has established a sophisticated, multi-layered project management team for the New SLC. R.W. Block Consulting, Inc. ("*R.W. Block*") prepared the Plan of Execution that includes a plan for program management and delivery that encompasses the entire New SLC. Under the Plan of Execution, the program management team is competitively procured through pre-qualifying a limited number of 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 New SLC 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 New SLC. The Financial Oversight Committee ("*FOC*") is chaired by the Department's Chief Financial Officer and includes the Director of Engineering and Chief Operating Officer 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 New SLC. The CC is chaired by the Director of Engineering and also includes the other members of the FOC and the Directors of Maintenance, Planning and Capital Programs, and Administration and Commercial Services. The FOC and CC each meet bi-monthly 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 New SLC, Making Projects Work, Inc., is a separate company specializing in airport project management that reports directly to the Department's Executive Director and serves as the owner's authorized representative under the CMAR Contracts 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. Ten separate firms, including Making Projects Work, Inc. and R.W. Block, 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 that peaked at 59 persons from the ten different pre-qualified firms and, as of May 1, 2021, consisted of 41 full time on-site staff. The program management team is being reduced as elements of the New SLC are completed.

The interests of the Signatory Airlines are represented by an Airline Technical Representative ("*ATR*"), whose rights and responsibilities are set forth in the AUA and who is resident in the City for the duration of the New SLC project. The ATR was formerly a Delta employee and is now employed by the project management team. The ATR must be included in development of contract documents for the New SLC, discussions relating to cost controls and design changes. See "THE AIRPORT – Airline Use Agreement - *New SLC*" below.

The Department entered into Construction Manager at Risk ("*CMAR*") Contracts with two joint ventures, one with Holder-Big-D Construction, a joint venture ("*HDJV*"), for the TRP and the other with Austin Commercial and Okland Construction Company joint venture ("*AOJV*") for the initial phase of the NCP, to help manage its risk for cost increases and project delays. As a result of the rephasing of the New SLC and the temporary postponement of the second phase of the NCP, the CMAR Contract with AOJV was terminated for convenience and AOJV's work under its CMAR Contract has been completed and AOJV has de-mobilized. The Department determined to undertake the second phase of the NCP in the fall of 2020, following termination of the AOJV CMAR Contract. As a result, HDJV has added the second phase of the NCP and portions of the central passenger tunnel to its existing CMAR Contract.

The CMAR separately bids separate CGMP Contracts for specified elements of the New SLC. The New SLC has been broken down into CGMP contracts between the Department, on behalf of the City, and the joint venture undertaking that element of the New SLC. Each CGMP is designed and bid separately and is subject to review and approval by the Department prior to execution. There are eleven CGMPs for the TRP and eight for the NCP. Each CGMP constitutes an amendment to the applicable CMAR Contract that provides that the CMAR will construct the elements of the New SLC 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 applicable CMAR Contract. The Department pays only the costs incurred under the CGMP, up to the guaranteed maximum price. Absent scope changes, should the costs exceed the guaranteed maximum price, the CMAR is liable for the excess costs, with no reimbursement from the Department, absent certain specified conditions. This structure provides the Department with a reasonable degree of certainty regarding the cost of the project and limits cost overruns without Department approval. The timing, completion date and guaranteed maximum price for the work elements under each CGMP may only be changed by a CGMP amendment, which requires the approval of the Department. The CMAR Contracts also require the CMAR to provide specified pre-construction and general conditions services during its term. There are two CGMPs for the New SLC that remain to be bid, which generally are for construction of Concourse B East, the central node of the central passenger tunnel and related apron and hydrant fuel system work. These CGMPs are expected to be bid and under contract by the end of CY 2021. The CGMP for Concourse A East has been executed, while the related apron and hydrant fuel system work is being undertaken in phases concurrently with other elements of the New SLC. As of March 31, 2021, 100% of the TRP and 79.1% of the NCP by project cost is subject to an executed CGMP and over $3.69 billion had been expended on New SLC project costs.

Design

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

Construction

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 CMAR Contract. The HDJV CMAR Contract has an initial term of five years commencing October 25, 2013, and may be extended at the Department's sole option for up to five additional one-year terms. The Department has exercised extension options and extended the term of the HDJV CMAR Contract through October 24, 2021, and the Department holds two additional unexercised one year extension options. In addition, the contract with HDJV can be terminated at various points in the program and a new CMAR selected, at the option of the Department.

Before the Department enters into a CGMP with a CMAR, 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 Contracts provide for a formal dispute resolution process that must be undertaken in the event of a disagreement between the Department and the Joint Venture before any legal action may be commenced. In the CMAR Contracts, the Joint Ventures have each acknowledged that they are not entitled to receive any work under the applicable Contract, and have waived all claims for anticipated profits and other claims associated with the Department's decision not to proceed with the New SLC, any CGMP or any portion thereof. All subcontracts must be competitively awarded and the subcontracts are held by HDJV (or were held by AOJV), and expressly provide that the Department has no contractual relationship with the subcontractors. The Joint Venture may bid upon and receive up to 20% of the contracts under each CGMP, but only if it submits the lowest bid in a competitively bid process and receives the approval of the Department, and the remaining portions of each CGMP must be undertaken by unrelated parties to the Joint Venture.

Each CGMP is for a fixed price under which the Joint Venture bears most risks of cost increases. As of March 31, 2021, each of the executed CGMPs is on or slightly below its fixed amount. However, the CMAR Contracts provide for time extensions under certain limited circumstances. These include changes requested by the Department after the CGMP is executed, unknown conditions that were not foreseeable at the time the CGMP was executed, 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 a Joint Venture suffers a delay because of one of these permissible 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 the Joint Venture 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.

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 New SLC 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 2021 through FY 2028 total approximately $308 million. These projects primarily are expected to maintain the Airport's airside and landside infrastructure in good repair over the period of construction of the New SLC, as well as provide for improvements to the facilities at the Auxiliary Airports. Projects expected to be undertaken in FY 2022 include: landside lighting wiring replacement, East Side development, plus substantial work on the airside of the Airport, including new North Cargo apron development, pump house renovation and a new pump station and diversion valve for the North Cargo deicing pad, pavement rehabilitation to Taxiways P, N, H3 and Q and reconstruction of Taxiway F as well as improvements at Tooele and South Valley including a new access road and apron for the Bureau of Land Management. The Department may defer or elect not to undertake a portion of the capital projects included in other capital projects during the projection period, depending on circumstances such as aviation demand levels and availability of project funding.

Funding Sources for the New SLC

Overview

The New SLC is expected to be funded from a variety of sources, including Department funds, proceeds of the Series 2017 Bonds, the Series 2018 Bonds, the Series 2021 Bonds and additional Bonds, proceeds of Subordinate Revolving Obligations, 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. In addition to the Series 2017 Bonds, the Series 2018 Bonds, and the Series 2021 Bonds, the City expects to issue additional Bonds to fund a total of approximately $601.5 million of project costs for the New SLC. The Department expects to issue Subordinate Revolving Obligations, from time to time, to finance costs of the New SLC on an interim basis and then repay the Subordinate Revolving Obligations from various sources of funds, including proceeds of Bonds and other available funds. The Department has applied PFCs to pay-as-you-go projects in prior years, but is now applying most PFCs collected to pay debt service on outstanding Bonds. CFCs being collected are applied to reimburse the Department for the costs, including imputed interest, of eligible facilities serving the rental car companies that are now in service and that were funded with Department funds.

The table below describes the various projected sources of funds that are expected to be used to fund the New SLC 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 below its peer airports. As described above, the New SLC project budget remains subject to change. In the AUA, the City has agreed not to recover the portions of the New SLC 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 NEW SLC AND OTHER CAPITAL PROJECTS
(Dollars in 000s)

	Dept. Funds	PAYGO PFCs	PAYGO CFCs	TSA OTA/ AIP Grants	Series 2017 Bonds*††	Series 2018 Bonds*††	Series 2021 Bonds†	Additional Bonds	Total**
TRP	$253,609	$332,838	$201,793	$101,623	$776,588	$365,453	$583,561	$103,634	$2,719,101
NCP	$235,532	0	0	$102,350	$149,161	$433,380	$314,625	$497,825	$1,732,873
Total New SLC	**$489,141**	**$332,838**	**$201,793**	**$203,973**	**$925,749**	**$798,833**	**$898,186**	**$601,459**	**$4,451,974**
Other CIP	$294,111	0	0	$13,991	0	0	0	0	$308,102
TOTAL:*	**$783,253**	**$332,838**	**$201,793**	**$217,964**	**$925,749**	**$798,833**	**$898,186**	**$601,459**	**$4,760,075**

*Includes interest earnings
**Totals may not add due to rounding.
†Prior to pricing; proceeds will be used to repay all outstanding Subordinate Revolving Obligations
††Construction proceeds have been fully expended

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. Beginning in 1997, the City began reserving excess non-airline revenues in anticipation of undertaking the New SLC and other capital projects, and as of March 31, 2021, the City maintained a balance of approximately $88 million in the Surplus Fund available for future development of the Airport System. The Department has been expending such retained amounts since commencing the New SLC program in 2014. As discussed below, the Department expects to use the Subordinate Revolving Obligation Credit Agreement to provide additional liquidity through the final phases of the New SLC. The Department regularly applies its internally generated funds for project costs and the Department expects to continue reimbursing itself from CFCs and AIP and OTA grant funds during the construction of the New SLC. See "APPENDIX B - REPORT OF THE AIRPORT CONSULTANT – CIP Plan of Finance."

Airport Revenue Bonds

The City expects to fund approximately 898.2 million of the costs of the New SLC from proceeds of the Series 2021 Bonds and an additional $601.5 million of proceeds of Bonds to be issued in the future. Portions of the debt service payable on the Bonds are expected to be paid with PFCs. See "APPENDIX B - REPORT OF THE AIRPORT CONSULTANT – CIP Plan of Finance."

Subordinate Revolving Obligations

The City expects to issue, from time to time, Subordinate Revolving Obligations to provide interim financing for certain costs of the New SLC program and expects to use proceeds of additional Bonds, including the Series 2021 Bonds, as well as other available funds, to repay the Subordinate Revolving Obligations. The Subordinate Revolving Obligations provide the Department with rapid access to capital, provide greater funding certainty and additional financial flexibility. See "SECURITY FOR THE SERIES 2021 BONDS – Subordinate Revolving Obligations."

PFCs

As of March 31, 2021, the City has received approval from the FAA to impose and use $2.65 billion of PFCs for projects at the Airport including the TRP, and the City expects to fund approximately $332.8 million of the costs of the TRP with PAYGO PFCs, out of a total of $1.38 billion of PFCs approved for the TRP. 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 2021 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 Concourse A, airside project elements, roadways and portions of the CUP. As of the date hereof, the City has not sought and does not expect to seek approval from the FAA to apply PFCs to the costs of the NCP. See "INVESTMENT CONSIDERATIONS – PFC Revenues and Other Funding Sources." As a result of the reduction in enplaned passengers at the Airport due to the COVID-19 pandemic, the amount of PFC revenue received in FY 2020 was reduced to $40.61 million and the Department expects the amount of PFCs received in FY 2021 to be approximately $22.13 million. See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT – Impact of COVID-19 on PFCs." 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 2021 BONDS-Use of PFCs to Pay Debt Service."

As of March 31, 2021, the Department had collected approximately $936.8 million and expended approximately $916.5 million of its total approved PFC collections on approved projects, including $332.8 million of pay-as-you-go PFCs for elements of the TRP. The Department expects to expend the majority of PFCs currently on hand plus a portion of PFCs collected in future years for payment of principal of and interest on Bonds issued to fund PFC-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, limited to 12 days per contract, from persons renting automobiles at the Airport. The City expects to apply a total of approximately $201.8 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, 2020, approximately $181.4 million of CFCs have 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 Net Revenues and the Department does not expect to issue any CFC revenue bonds. Although federal law does not restrict the use of CFCs, a City ordinance limits the use of CFCs only to financing 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 portion of the recently completed 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 $187.1 million of AIP grant funds to fund eligible costs of the New SLC. In addition, the TSA provides certain grant funds through OTAs for in-line baggage screening systems, and the Department anticipates receiving $15.98 million from the TSA for that element of the TRP. See "APPENDIX B - REPORT OF THE AIRPORT CONSULTANT – CIP Plan of Finance." The Department has not and does not expect to apply proceeds of CARES Act, CRSSA or ARP Act grants for costs of the New SLC. See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT".

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 2016-2020, the Department was awarded $182 million in FAA AIP grants for projects including conducting an airport master plan study, and runway, runway lighting, taxiway and apron pavement rehabilitation work. The Department received $27.2 million in AIP grant funds in FY 2020. 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 2021 BONDS

Pledge of Net Revenues

The Series 2021 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. The Series 2021 Bonds will be secured by a pledge of Net Revenues on parity with the Series 2017 Bonds, the Series 2018 Bonds, and any additional Bonds issued in the future.

"*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*" 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, also are specifically excluded from Revenues, but may be applied to pay principal of 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, the Series 2018 Bonds and the Series 2021 Bonds. Additionally, a portion of the interest on the Series 2018A Bonds is payable from Capitalized Interest through July 1, 2023 and a portion of the interest on the Series 2021 Bonds will be payable from Capitalized Interest through October 1, 2024.

"*Operation and Maintenance Expenses of the Airport System*" or "*O&M Expenses*" 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 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 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 and the Master Subordinate Indenture, the City has agreed to continue to hold and maintain the Revenue Fund. Additionally, pursuant to the Master Indenture and the Master Subordinate Indenture, the City has covenanted and agreed to establish, hold and maintain the Revenue Account within the Revenue Fund. As long as there are any Outstanding Bonds or Outstanding Subordinate Obligations, 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. 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. Except as otherwise provided in a Supplemental Indenture, the amount of Revenues, Pledged Passenger Facility Charges, if any, and Passenger Facility Charges Available for Debt Service deposited each month shall equal one sixth of the full amount required to pay the interest on the Outstanding Bonds next coming due and one twelfth of the principal amount and/or sinking fund installment of the Outstanding Bonds next coming due.

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 Funds. Except as otherwise provided in a Supplemental Subordinate 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 Subordinate Trustee for deposit to the Subordinate Obligation Debt Service Funds in the amounts, at the times and in the manner provided in the Master Subordinate Indenture to provide for the payment of principal and interest to become due on the outstanding Subordinate Obligations. In addition to the deposit of Revenues to the Subordinate Obligation Debt Service Funds, the City shall transfer any applicable Pledged Passenger Facility Charges and/or Passenger Facility Charges Available for Debt Service to the Subordinate Trustee for deposit to the applicable Subordinate Obligation Debt Service Fund in accordance with the provisions of the applicable Supplemental Subordinate Indenture and/or a certificate of the City as provided in the Master Subordinate Indenture. Except as otherwise provided in a Supplemental Subordinate Indenture, the amount of Revenues, Pledged Passenger Facility Charges, if any, and Passenger Facility Charges Available for Debt Service deposited each month shall equal one sixth of the full amount required to pay the interest on the outstanding Subordinate Obligations next coming due and one twelfth of the principal amount and/or sinking fund installment of the outstanding Subordinate Obligations next coming due.

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 by the City, without priority and on an equal basis, to the Subordinate Trustee for deposit to any debt service reserve fund established by or for the benefit of the City in connection with any Subordinate Obligations, 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. No Subordinate Obligation Debt Service Reserve Fund has been, or is expected to be, established for the Subordinate Revolving Obligations.

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 and the Master Subordinate 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 and the Master Subordinate Indenture.

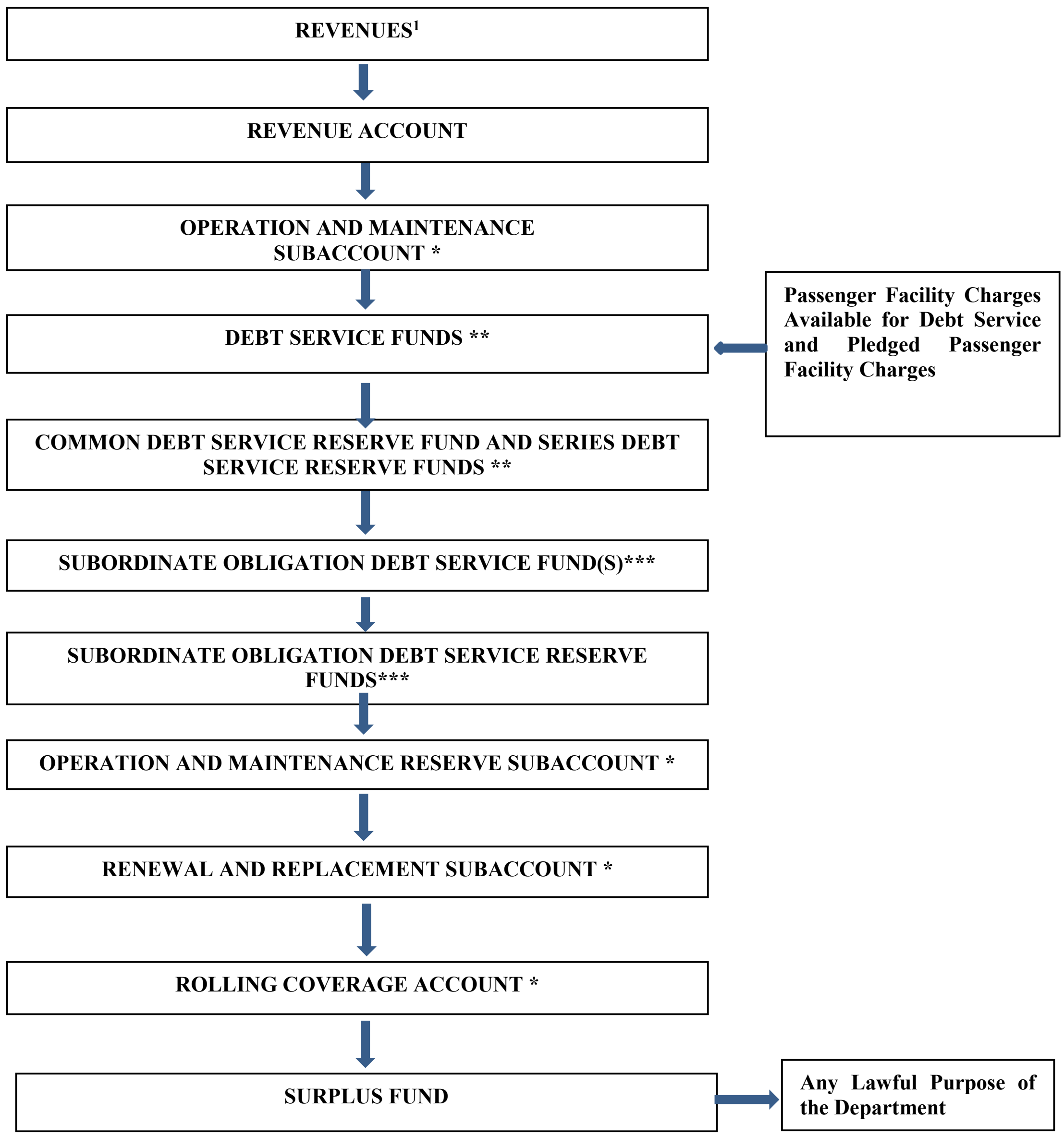
Eighth: to the Rolling Coverage Account. On or prior to the third Business Day of each month, at the discretion of the City, Revenues may be deposited to the Rolling Coverage Account in an amount determined by the City to fund the Rolling Coverage Account in accordance with the Master Indenture and the Master Subordinate 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 and the Master Subordinate Indenture, the City has created, within the Revenue Fund, separate funds, accounts or subaccounts for the deposit of CFCs 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 Bonds, including the Series 2021 Bonds.

The following chart provides a graphic presentation of the flow of funds under the Master Indenture and the Master Subordinate 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.
***Held and maintained by the Subordinate Trustee.

(1) Revenues do not include PFC or CFC revenues.

Rate Covenant

The City has covenanted in the Master Indenture that, while any of the Bonds (including the Series 2021 Bonds) remain Outstanding, 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.

"*Transfer*" is defined in the Master Indenture to 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 to pay Operation and Maintenance Expenses of the Airport System, to make any required payments or deposits to pay or secure the payment of principal of and/or interest on the Bonds and Subordinate Obligations, if any, or to pay the cost of any additions, improvements, repairs, renewals or replacements to the Airport System, less (c) any amounts deposited in the Rolling Coverage Account from Revenues during 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."

The Department has applied $3.9 million of CARES Act grant funds to O&M Expenses in FY 2020 and expects to apply an additional $66.0 million of CARES Act funds to O&M Expenses in FY 2021. The Department expects to apply the remaining CARES Act funds ($12.6 million) and its $20.4 million of CRRSA grant funds in FY 2022 to O&M Expenses and similarly, to apply any ARP Act grants to O&M Expenses in FY 2023 and 2024. On June 22, 2021, the FAA announced that the Department has been awarded ARP Act grants of $91,670,300, of which slightly more than $11 million is restricted for concessions relief. Although these grant funds are not Revenues under the Master Indenture, by applying them to fund O&M Expenses, the Department is better able to meet the requirements of paragraph (a) and (b) above of the Rate Covenant, since the grant funds applied reduce the amount of Revenues required to pay O&M Expenses, thus increasing Net Revenues. In addition, use of these grant funds in this manner reduces the rates and charges that must be charged to the Signatory Airlines and other tenants, thus helping to stabilize rates at a more manageable level.

The AUA also provides for extraordinary coverage protection if the Department expects to fail to meet the rate covenant under the Master Indenture. Under the AUA, if in any Fiscal Year the amount of Revenues less Operating Expenses is projected to be less than the sum of the principal of, premium, if any, and interest due in that Fiscal Year on the Bonds and Subordinate Obligations then Outstanding, plus 25% of such Debt Service on Bonds and the amount required under the agreement providing for the issuance of such Subordinate Obligations, then the Signatory Airlines will make extraordinary coverage protection payments in addition to landing fees and terminal rents. See "THE AIRPORT – Airline Use Agreement – *Rates and Charges*" below.

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 is required to 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.

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 established 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 and the Series 2018 Bonds, the City elected to have the Series 2017 Bonds and the Series 2018 Bonds participate in the Common Debt Service Reserve Fund and, at the time of issuance of the Series 2021 Bonds, the City will elect to have the Series 2021 Bonds participate in the Common Reserve Fund. The Series 2017 Bonds, the Series 2018 Bonds, the Series 2021 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 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." As of March 31, 2021, $139.7 million was on deposit in the Common Reserve Fund. At the time of issuance of the Series 2021 Bonds, a portion of the proceeds of the Series 2021 Bonds in the amount of $65,197,950 will be deposited to the Common Reserve Fund to meet the Reserve Requirement, which will be $198,408,950 and will be fully funded upon such deposit. Funds in the Common Reserve Fund are invested in Permitted Investments. See " – Permitted Investments" below.

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, the Series 2018 Bonds, and the Series 2021 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 2021 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 2021 Bonds, the Series 2018 Bonds, and 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 paragraphs (a) and (b) above, the amount of any Transfer taken into account cannot 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 subparagraph (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.

At the time of issuance of the Series 2021 Bonds, the Airport Consultant will deliver a certificate as described in paragraph (b) above to the Trustee.

Neither of the certificates described in paragraphs (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 or Consultant 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 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). "*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. The Series 2021 Bonds and any 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 AIRPORT REDEVELOPMENT PROGRAM – 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 that financed PFC-eligible projects 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 2021 Bonds, as well as the Series 2018 Bonds, and the Series 2017 Bonds that financed PFC-eligible projects. 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 2021 Bonds, the Series 2018 Bonds, and 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.

Subordinate Obligations (Subordinate Revolving Obligations)

The Master Subordinate Indenture provides for the issuance and/or incurrence, from time to time, of debt obligations of the City secured by and payable from a pledge of Subordinate Revenues (as defined below), including, without limitation, bonds, notes, bond anticipation notes, commercial paper, revolving lines of credit, obligations incurred pursuant to an interest rate swap agreement, obligations incurred through lease or installment purchase agreements or certificates of participation, and certain other obligations (collectively, "*Subordinate Obligations*").

"*Subordinate Revenues*" mean all Revenues remaining after the City has provided for the payment of Operation and Maintenance Expenses of the Airport System, the payment of debt service on the Bonds and any amounts necessary to replenish the Common Debt Service Reserve Fund (or any other debt service reserve fund established to secure one or more series of Bonds).

As of the date of this Official Statement, the only outstanding Subordinate Obligations are the Subordinate Revolving Obligations and the City's payment obligations under the Subordinate Revolving Obligations Credit Agreement. Pursuant to the Master Subordinate Indenture, the First Supplemental Subordinate Indenture and the Subordinate Revolving Obligations Credit Agreement, the City is authorized to issue and have outstanding, from time to time, up to $300,000,000 in aggregate principal amount of Subordinate Revolving Obligations. As of July 1, 2021, the City had $267.6 million in aggregate principal amount of Subordinate Revolving Obligations outstanding. On or about the date of issuance of the Series 2021 Bonds, the City expects to repay all of the outstanding Subordinate Revolving Obligations with a portion of the proceeds of the Series 2021 Bonds. All of the Subordinate Revolving Obligations issued by the City are purchased by the Subordinate Revolving Obligations Bank (JPMorgan Chase Bank, National Association) in accordance with the terms of the Subordinate Revolving Obligations Credit Agreement. Except as otherwise provided in the Subordinate Revolving Obligations Credit Agreement, the principal of all Subordinate Revolving Obligations outstanding pursuant the Master Subordinate Indenture, the First Supplemental Subordinate Indenture and the Subordinate Revolving Obligations Credit Agreement are due and payable on March 1, 2024. However, subject to the terms of the Subordinate Revolving Obligations Credit Agreement, on March 1, 2024, the City can convert any outstanding Subordinate Revolving Obligations to a term loan that will be payable in six equal semi-annual installments following March 1, 2024.

Upon the occurrence of an event of default under the Subordinate Revolving Obligations Credit Agreement, the Subordinate Revolving Obligations Bank may terminate its obligation to make revolving loans, bring a legal action to take any action that may appear necessary to collect amounts due to the Subordinate Revolving Obligations Bank and exercise any and all remedies the Subordinate Revolving Obligations Bank may have under the Subordinate Revolving Obligations Credit Agreement and the Subordinate Indenture. The Subordinate Revolving Obligations Bank is ***not*** permitted to accelerate amounts due under the Subordinate Revolving Obligations Credit Agreement or the Subordinate Indenture.

Reference is made to the Subordinate Indenture and the Subordinate Revolving Obligations Credit Agreement for the complete terms of such documents. Copies of the Master Subordinate Indenture, the First Supplemental Subordinate Indenture and a redacted copy of the Subordinate Revolving Obligations Credit Agreement are posted on EMMA.

Other Covenants of the City

Pursuant to the Master Indenture, the City has agreed to other covenants for the benefit of the holders of the Bonds, including the Series 2021 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 – Role of the Airport." Based on preliminary data from the FAA, approximately 5.98 million enplaned passengers boarded aircraft at the Airport in calendar year ("*CY*") 2020, ranking it 21st in the U.S. This was a decrease of approximately 53.4% as compared to FAA data for CY 2019. The number of enplaned passengers fell in CY 2020 as a result of the COVID-19 pandemic.

All the major network airlines and three low-cost carriers ("*LCCs*") operate at the Airport. The Airport is also a primary hub airport for Delta. Delta and its regional partners carried approximately 73% of the enplaned passengers at the Airport in FY 2020. The Airport served a total of over 20 million passengers in FY 2020. 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 significant cargo operations. Approximately 221,385 U.S. tons of freight and mail were loaded and unloaded on and off aircraft at the Airport in FY 2020.

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 2020 with 214,891 metric tonnes of cargo. Also, in CY 2020, ACI-NA data shows that the Airport had over 276,700 aircraft movements or operations, ranking the Airport 12th 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 primary Air Service Area. The Airport's primary 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 22nd most populous CSA in the U.S., with approximately 2.3 million people, or approximately 82.4% 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 chart below shows the Airport's Air Service Area and its location in the State.

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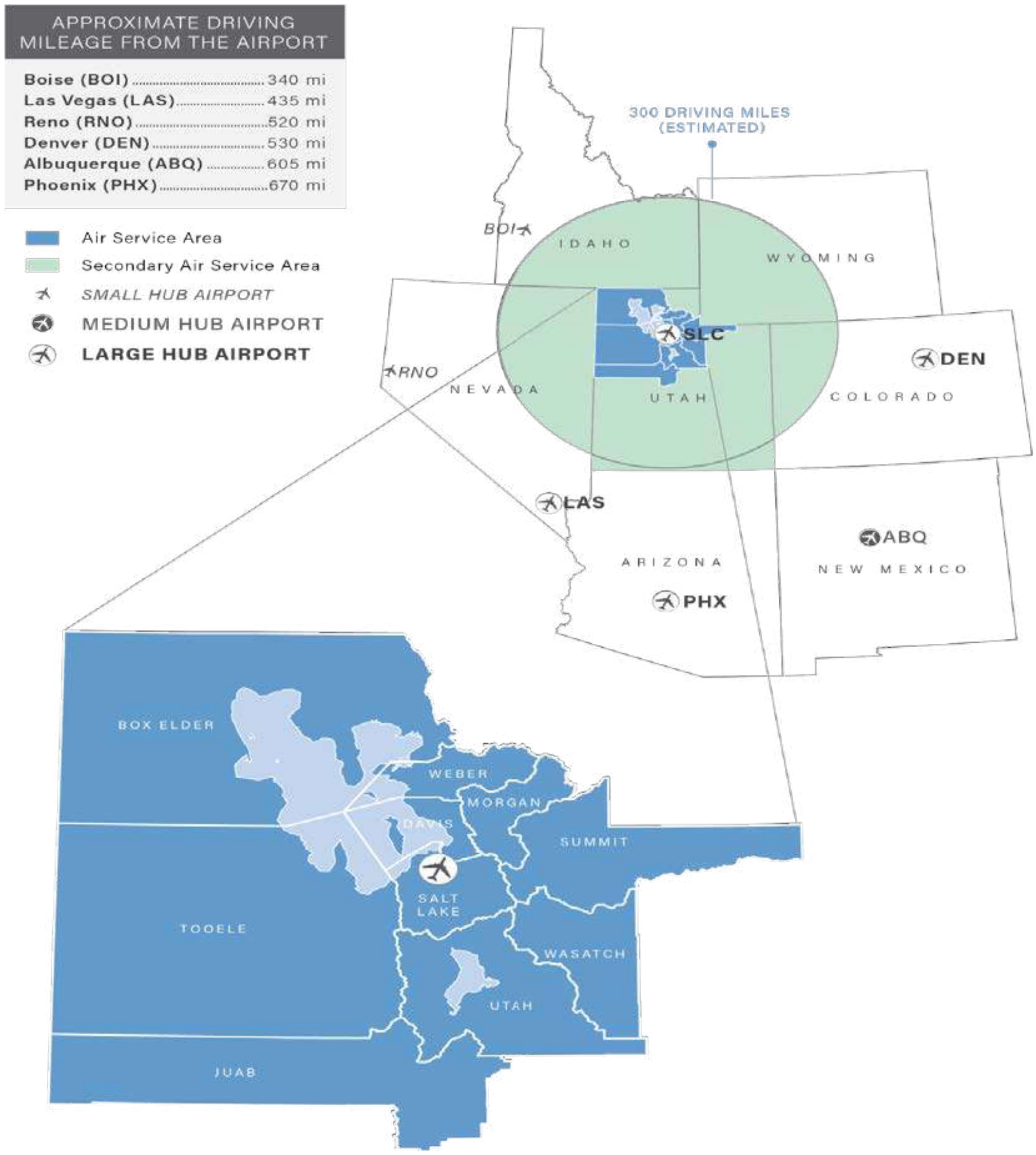

Because the Airport is isolated from competing airport facilities, it has limited, if any, competition for air service. Las Vegas McCarran International Airport (LAS) is the closest comparable airport, which is approximately 435 driving miles from the Airport. Denver International Airport (DIA) is the 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 smaller facility and is classified as a Medium 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), which is much smaller than the Airport. SGU had 80,562 enplaned passengers for CY 2020, and was ranked as the 201st largest airport in the U.S. by enplaned passengers according to preliminary 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 Utah's unemployment rate of 2.7% was less than half the national rate of 5.7% as of April 2021. 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 – Role of the Airport and Economic Base for Air Traffic."

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, all of which are operated and managed by the Department. The Mayor of the City and the City Council oversee the Department's affairs. An eleven-member Airport Advisory Board of citizen volunteers advises the Mayor.

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	--	Erin J. Mendenhall	1	January 2025
Council Chair	#7	Amy Fowler	3	January 2022
Council Vice Chair	#1	James Rogers	7	January 2022
Council Member	#2	Dennis Faris	-	January 2022
Council Member	#3	Chris Wharton	3	January 2022
Council Member	#4	Ana Valdemoros	3	January 2024
Council Member	#5	Darin Mano	1	January 2022
Council Member	#6	Dan Dugan	1	January 2024

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 Steve Price, Chair, Theresa Foxley, Vice Chair, Roger Boyer, Arlyn Bradshaw, Dick Burton, Tye Hoffman, State Senator Karen Mayne, Cynthia D. Miller, Larry Pinnock, and James Rogers, as City Council Member from District 1.

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 oversee each of the primary operating and administrative divisions of the Department, and include a newly created directorate of Operational Readiness, Activation, and Transition that is intended to oversee the acceptance and start-up of the facilities comprising the New SLC and is expected to be phased out at the conclusion of the New SLC project, and all Directors 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 Chief Operating Officer, to whom the Director of Operations reports, along with Airport police and firefighting, and the following nine Directors: (1) Administration and Commercial Services, (2) Engineering, (3) Finance, (4) Operational Readiness, Activation, and Transition, (5) Maintenance, (6) Director of Airport Operations, (7) Planning and Environmental, (8) Information Technology, and (9) Communications and Marketing. Brief biographies of the members of the Department's management team are set forth below.

Bill Wyatt, Executive Director

Bill Wyatt began serving as the Executive Director of the Department in November 2017. Prior to joining the Department, Mr. Wyatt served for 16 years as the Executive Director for the Port of Portland, Oregon, where he oversaw Portland International Airport, four marine terminals, two general aviation airports, industrial parks and other real estate properties.

Prior to serving as the Port of Portland's Executive Director, he served as Chief of Staff to then Governor John A. Kitzhaber for seven years, preceded by six years as President of the Oregon Business Counsel and five years as Executive Director of the Association for Portland Progress which was, at the time, Portland's downtown development association. Mr. Wyatt served as an Oregon state representative from 1974 through 1977.

Mr. Wyatt studied political science at Willamette University and the University of Oregon, where he served as Student Body President.

Treber Andersen, Director of Airport Operations

Treber Andersen has worked for the Department since 2004. Prior to his appointment as Director of Airport Operations in 2021, Mr. Andersen was the Assistant Operations Director for terminal and landside programs including the oversight of parking, passenger shuttle, ground transportation, gate management, and hard stand activities.

Mr. Andersen has also held positions in communications and airfield operations with the Department, where he participated in emergency response coordination, snow removal activities, FAR 139 compliance, and security functions. Before joining the Department, he worked for fixed base operator Million Air servicing private jet and piston aircraft.

Mr. Andersen is a graduate of Brigham Young University where he earned a Bachelor of Science in Business Administration and a Master of Public Administration. He is a Certified Member of the American Association of Airport Executives ("*AAAE*") and serves on the Academic Relations Committee.

Shane Andreasen, Director of Administration and Commercial Services

Shane Andreasen serves as the Director of Administration and Commercial Services for the Department. He leads the team responsible for business and policy development and implementation, airline and concession lease negotiations, real property transactions, procurement, airport and tenant insurance and risk management, and facility and property management. Mr. Andreasen also oversees the commercial and property assets of the Airport and two reliever airports also owned by the Department. Mr. Andreasen has over 17 years' experience in all aspects of airport properties, development and leasing.

Prior to rejoining the Department in early 2020, Mr. Andreasen spent nine years working for the Port of Portland where he most recently served as the Acting Director of the Portland International Airport Business & Properties. Prior to that assignment, he led the redevelopment of the concessions program and negotiated a twenty year rental car agreement.

Mr. Andreasen recently received his Certified Member accreditation from the AAAE, and is active in Airports Council International-North America ("*ACI-NA*"). He graduated from Westminster College in Salt Lake City, Utah with a Bachelor's Degree in Business Management.

Brian Butler, Chief Financial Officer

Brian Butler has worked for the Department since 2015. He has over 14 years of experience in both the financial and accounting industries. As the Chief Financial Officer, Mr. Butler directs a staff of accountants that oversee and manage the operating and capital budgets, accounting, financial reporting, financial audits, purchasing, payroll, asset control, debt issuance, management of outstanding debt, and airline rate analysis and rate calculation.

He is a member of the American Institute of Certified Public Accountants, the Utah Association of Certified Public Accountants, ACI-NA, AAAE and is a licensed Certified Public Accountant (CPA). He is a graduate from Brigham Young University with a Bachelor Degree in Corporate Finance, Utah Valley University with a Bachelor Degree in Accounting, and the University of Utah with a Masters Degree in Accounting.

Edwin Cherry, Director of Information Technology

Edwin Cherry currently serves as the Director of Information Technology 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 30 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 ACI-NA as well as 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 AAAE and the International Facilities Management Association ("*IFMA*"). He earned his Accredited Airport Executive ("*AAE*") from AAAE in 2013. Through IFMA, Mr. Clayson has earned his Certified Facility Manager and the Sustainability Facility Professional 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 Electronic Engineering and Technology.

Brady Fredrickson, AICP, ASLA, CM, Director of Planning and Environmental

Brady Fredrickson has 22 years of experience working in the planning and capital programming field. He started his carrier with the SE Group in New Hampshire as a resort planner designing and developing plans for ski resort base area and mountainside facilities.

Mr. Fredrickson has worked for the Department since 2000. Over the last 20 years, he has worked on a variety of planning and development projects including the 2021 master plan update, planning and design of terminal and concourse facilities, general aviation development plans, light rail service to the Airport, aircraft parking plans, and a variety airport planning studies. As the Director of Planning and Environmental, he oversees the planning and capital programming for Salt Lake City International Airport, South Valley Airport and Tooele Valley Airport.

Mr. Fredrickson is a graduate of Utah State University. He is a member of the American Institute of Certified Planners, AAAE and American Society of Landscape Architects. He is a licensed professional Landscape Architect.

Medardo Gomez, Director of Operational Readiness, Activation, and Transition

Medardo Gomez began working in the Airport Maintenance and Engineering division in 1993 as a Superintendent of Facilities and has also worked as Airport Maintenance Operations Superintendent, and as an Assistant Director of Maintenance. Prior to his airport experience he worked in the maintenance of educational facilities industry.

He is a member of ACI and AAAE and has been an Accredited Member since 2012. He is currently a National Board of Examiner for AAAE. Mr. Gomez is a frequent contributor in professional organizations conferences and currently sits in several Airport Cooperative Research Program ("*ACRP*") research projects. He has been an adjunct professor of Aviation Management since 2008.

Mr. Gomez is a graduate of Brigham Young University and holds a BS in Facilities Management, and a Masters Degree in Public Administration.

Peter L. Higgins, Chief Operating Officer

Mr. Higgins has worked for the Airport for more than 20 years, serving previously as both the Director of Airport Operations and Director of Airport Maintenance. He has experience in aviation 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 a member of the ACI World Safety & Technical Standing Committee and has served as the Chair of the ACI Operations, Planning, Safety, Infrastructure and Development (OPSID) Committee. Mr. Higgins is also a past president of the Northwest Chapter of AAAE. He is an accredited member of the Association of Construction Equipment Managers and is also an Accredited Airport Executive by 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.

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

Kevin Robins has more than 40 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.

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

Nancy Volmer, Director of Communication and Marketing

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

Ms. Volmer has worked for 35 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 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 new terminal complex currently consists of three levels and provides 66 aircraft parking positions at Concourses A and B, including 20 hardstand positions. The new terminal complex was placed into service in September 2020, with Concourse B West opening in October 2020. The Airport also contains a new five level parking garage 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.

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 passenger 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 was dedicated in 1961 and Terminal Two was completed in 1978. The third air carrier runway was added in 1995, an 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. With the opening of the new Terminal, Concourse A West, Concourse B West and related facilities in the fall of 2020, Phase I of the New SLC has replaced the landside facilities of the Airport has been placed in service and the old facilities have been demolished. Upon completion of Phase II of the New SLC, the vast majority of the Airport's landside facilities will have been replaced with new facilities. See "THE NEW SLC".

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 now consists of a single terminal facility, which is contiguous to Concourse A and connected to the new parking garage via the new Gateway Center, and includes approximately 912,000 square feet ("*sf*") of space on three levels. Level 1 of the Terminal contains 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 also serves commercial curbs and other ground transportation functions. Level 2 provides passenger circulation areas and connects landside and airside components of the facility. Public areas prior to the security checkpoint 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 include the main terminal plaza area consisting of 79,000 sf of concessions, seating and circulation space, and transition to the airside concourses. Level 3 contains the ticketing area for departing passengers, and administrative offices for the Department and other tenants at the Airport, and a 30,000 sf Delta Sky Club. Departing passengers being dropped off at the Airport arrive on the Level 3 curb. 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 Terminal will accommodate relocation of the terminus of the TRAX light rail station at the Airport from its previous location, which has been demolished to accommodate the TRP, to the first level of the Terminal. The TRAX extension is being financed and built by the UTA. See "THE NEW SLC."

New concession contracts commenced with the opening of the first phase of the New SLC in the fall of 2020, and all former contracts terminated at that time with the full demolition of the legacy facilities. New contracts constitute 59 locations in the initial ("*Phase I*") opening of the New SLC, with approximately 63% of locations being developed and operational as of the spring of 2021. Eight additional locations are under construction with openings planned to occur in the summer of 2021. The remaining locations are expected to open in the fall/winter of 2021, and in 2022 due to weakened demand and concessionaire financial constraints caused by the COVID-19 pandemic. The Department intends to issue a second request for proposals ("*RFP*") for Phase II concessions in the fall of 2021 for openings to coincide with Concourse A East gates opening in the fall/winter of 2023, and a third RFP in the fall of 2023 for openings in Concourse B East to occur in 2025. Continuing with practices in Phase I, the Department intends to award locations in packages of varying albeit smaller sizes to existing and new concessionaire partners with successful proposals. Airport ground transportation services generally include taxis, limousines, shuttle buses and transportation network companies ("*TNCs*"), such as Uber Technologies, Inc. ("*Uber*") and Lyft, Inc. ("*Lyft*"). The terminal roadway provides vehicular access to the Terminal at ground level.

Parking Facilities

Public parking facilities currently located at the Airport consist of the new five level, short-term parking garage near the terminal complex and long-term economy surface parking lots. As part of the TRP, the economy lots have also been reconfigured. See "THE NEW SLC – Parking Garage and South Economy Parking Lot." In total, these facilities comprise about 152 acres, including the five levels of the garage, and have 14,401 public parking spaces. The short-term parking garage has 3,469 public parking spaces on levels 2 through 5 and is located adjacent to the passenger terminal. The first floor is dedicated to rental car operations. Current pricing for the short-term parking garage is $35 per day or $55 per day for the Premium Reserved Parking service. In addition to the new Parking Garage, the Airport also has a substantial amount of surface parking available for Airport patrons, including a new surface parking area ("Lot E") located east of the new parking structure within walking distance of the Terminal that includes 384 parking spaces currently priced at $21 per day.

To help reduce vehicle traffic congestion in the terminal area, the Department maintains a 132-space Park and Wait lot and adjacent Touch n' Go service plaza located west of Terminal Drive, just south of the Terminal, 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 in the Gateway Center and on the ground floor of the new parking garage adjacent to the terminal building and include approximately 1,200 ready/return parking spaces. Nine rental car brands are currently located at the Airport: Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless and Thrifty. Hertz, Dollar and Thrifty assumed their agreements with the City for operations at the Airport prior to emerging from bankruptcy protection on June 30, 2021. In addition, six brands are located off-Airport and their customers must use shuttle bus services.

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 facilities for performing light vehicle maintenance. 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 facilities consist 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. See "THE NEW SLC – 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 FedEx constructed a 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 and Other Nonaeronautical Activities

In December 2017, the Department opened a new 8,400 sf Touch n' Go Convenience Store at the site of the Park and Wait lot. This new facility offers a gas station and convenience store, as well as a coffee house, a Burger King ® and a fast casual restaurant. The facility also includes flight information display monitors, allowing persons waiting to pick up arriving passengers to track flight arrivals, and a drive-through window.

The Department 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 has also purchased an 850,000 sf building approximately 20 miles from the Airport at which parts for the 787 are manufactured. Boeing holds an option until June 30, 2022 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 is served by the TRAX light rail system owned and operated by the UTA, which connects the Airport with downtown Salt Lake City. The Terminal was designed to accommodate relocation of the terminus of the TRAX light rail station at the Airport from its previous location, which was demolished to accommodate the TRP, to the first level of the Terminal. The TRAX extension is being financed and built by the UTA. UTA also provides limited bus service to Tooele and paratransit services. In addition, the Airport is served by taxis, private shuttles and TNCs.

The Airport is served by several TNCs, including both Uber and Lyft. The Department has set aside dedicated curb space at the Airport for TNC pick-ups, but TNC drivers are required to wait for customers off-Airport. TNC operations at the Airport have grown substantially since FY 2016, when TNC operations were first permitted at the Airport and 209,800 transactions were reported, to FY 2020, when 1.26 million transactions were reported.

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 ("*FBOs*"), FAA, the Department, maintenance facilities, and commercial facilities. The second FBO commenced service at the Airport in December 2015 and completed a new approximately $30 million facility to serve corporate and general aviation customers in February 2018.

Auxiliary Airports

The Department also operates two general aviation ("*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 flight 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 96.2% of the Airport's enplaned passenger traffic in FY 2020; international traffic is a relatively small component at approximately 3.8%. Prior to the COVID-19 pandemic, international traffic was a growing segment of the air service at the Airport. According to OAG Aviation Worldwide Limited ("*OAG*"), as of June 30, 2019, airlines served 98 non-stop destinations and averaged 370 daily departures from the Airport. Due to the COVID-19 pandemic, airlines operating at the Airport have reduced service and, in June 2020, the Airport provide 143 average daily departures to 67 non-stop destinations. In June 2021, the Airport had service to 89 domestic destination and 6 international destinations, including five new domestic destinations not served prior to the COVID-19 pandemic. Prior to the COVID-19 pandemic, the Airport had service to three Canadian cities and five locations in Mexico. The Airport also had European service to Amsterdam Schiphol Airport (AMS), Paris Charles De Gaulle Airport (CDG), and London Heathrow Airport (LHR). As a result of the pandemic, the only international service at the Airport as of the date of this Official Statement is to Mexico. The Department expects that service to Canada and Europe will return as travel restrictions are lifted. Delta resumed service to Amsterdam in May 2021 and Eurowings, an affiliate of Lufthansa, announced service to Frankfurt beginning in 2022.

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 preliminary data from the FAA, approximately 5.98 million enplaned passengers boarded aircraft at the Airport in CY 2020 ranking it 21st in the U.S. for enplaned passengers. This was a decrease of approximately 53.4% as compared to FAA data for CY 2019, due to the COVID-19 pandemic.

According to data maintained by the Department and the United States Department of Transportation ("*USDOT*"), in FY 2020, the Airport had an estimated 5.9 million domestic O&D enplaned passengers (58%) and an estimated 4.2 million connecting passengers (42%).

The following table sets forth historical enplanement information for the Airport for the fiscal years ending June 30, 2011 through 2020. Prior to the outbreak of the COVID-19 pandemic, the Airport had experienced six consecutive fiscal years of enplanement growth through FY 2019. 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
2011	5,120,614	1.8	5,308,783	1.2	10,429,397	1.5
2012	5,148,891	0.6	4,976,195	(6.3)	10,125,086	(2.9)
2013	5,206,208	1.1	4,837,861	(2.8)	10,044,069	(0.8)
2014	5,239,044	0.6	5,055,650	4.5	10,294,694	2.5
2015	5,711,087	9.0	5,122,921	1.3	10,833,708	5.2
2016	6,145,817	7.6	5,147,194	0.5	11,293,011	4.2
2017	6,643,195	8.1	5,207,025	1.2	11,850,220	4.9
2018	7,201,438	8.4	5,218,734	0.2	12,420,172	4.8
2019	7,543,142	4.7	5,546,991	6.3	13,090,133	5.4
2020	5,817,629[1]	(22.9)	4,278,103[1]	(22.9)	10,095,732	(22.9)

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.

[1] Preliminary; FY 2020 O&D and connecting passengers estimated from Department and USDOT 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.

The number of enplaned passengers generally followed previous annual increases until March 2020, when the effects of the COVID-19 pandemic began to be experienced at the Airport. Since April 2020, enplaned passengers at the Airport have begun to recover, with recent months showing a strong return of passengers. The table below shows monthly enplaned passengers for FY 2019 through FY 2021 (to date).

Salt Lake City International Airport
Monthly Enplaned Passengers
Fiscal Years 2019 – 2021

Month	FY 2019	FY 2020	FY 2021	Percent Change from Prior Year
July	1,196,325	1,239,067	438,268	-64.6%
August	1,201,689	1,220,698	507,906	-58.4
September	1,050,274	1,098,626	491,647	-55.2
October	1,077,840	1,177,796	548,370	-53.4
November	1,000,320	996,598	494,175	-50.4
December	1,000,259	1,098,032	540,171	-50.8
January	1,005,577	1,078,161	531,994	-50.7
February	954,196	1,037,793	520,106	-48.9
March	1,206,454	612,882	752,949	22.9
April	1,075,360	87,557	755,761	763.2
May	1,131,368	161,192	1,000,370	520.6
June	1,190,471	287,330		
Total	13,090,133	10,095,732		

Source: Department records

During the ten year period from FY 2011 to FY 2020, the number of passengers enplaned at the Airport grew to a peak of approximately 13.1 million in FY 2019 and then declined to approximately 10.1 million enplaned passengers in fiscal year 2020, a reduction of 22.9%, as a result of the COVID-19 pandemic. Except for slight declines in FY 2012 and FY 2013, enplaned passengers at the Airport showed steady growth from FY 2011 through FY 2019. When the COVID-19 pandemic began to affect passenger traffic in March of 2020, enplaned passengers at the Airport have decreased substantially, but less than many other U.S. airports. As shown in the table above, monthly enplaned passengers are recovering, although not yet to FY 2019 levels. See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT" and APPENDIX B – REPORT OF THE AIRPORT CONSULTANT. 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 73.0% of enplaned passengers at the Airport in FY 2020. Historically, O&D passenger traffic at the Airport has ranged between 49% and 58% of total passengers. 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 Service and Air Traffic Analysis."

During the ten year period from FY 2011 through FY 2020, the two segments of enplanements at the Airport differed substantially. O&D enplanements grew from an estimated 5.1 million enplaned passengers in FY 2011 to an estimate of 7.5 million enplanements in FY 2019. O&D enplanements fell primarily in FY 2020, as a result of the COVID-19 pandemic. 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 three of the ten years, reflecting the effects of the COVID-19 pandemic, and Delta's restructuring of its operations at the Airport.

Airlines Serving the Airport

All the major network airlines and three LCCs, including one ultra-low cost carrier ("*ULCC*"), operate at the Airport. The Airport also has cargo operations by nine all-cargo carriers in addition to cargo carried by the passenger airlines. Service by international airlines has been suspended due to governmental restrictions and the COVID-19 pandemic.

AIRLINES OPERATING IN MARCH 2021
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)

Affiliate Airlines*

Horizon Air (AK)
Mesa Airlines (AA, UAL)
Republic Airways (UAL)
SkyWest Airlines (AK, AA, Delta, UAL)

All Cargo Airlines

Alpine Aviation
Ameriflight, LLC
Atlas Air
Corporate Air
Empire Airlines
FedEx
Gem Air
United Parcel Service
Western Air Express

Foreign Flag Airlines*†

Aeromexico (Delta)
KLM Royal Dutch Airlines (Delta)

*Affiliated Signatory Airlines shown in parentheses.

†Service currently suspended.

Delta is the dominant carrier at the Airport and, with its affiliates, generated approximately 73.0% of enplanements in FY 2020. Southwest Airlines ("*Southwest*") is the number two carrier at the Airport, with an enplaned passenger market share of approximately 9.7% in FY 2020. American had an enplaned passenger market share of approximately 5.5% in FY 2020. Alaska started service in 2013 and grew substantially until growth flattened in FY 2017, after which Alaska's enplanements have decreased in each year. 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 FY 2016-2020 and their respective market share of enplaned passengers in FY 2016 through 2020.

SALT LAKE CITY INTERNATIONAL AIRPORT
AIRLINE MARKET SHARE OF ENPLANED PASSENGERS
(000's)
Fiscal Year ended June 30

Airline	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Market Share FY 2016	Market Share FY 2020
Delta Air Lines	5,597	6,097	6,431	6,896	5,587	70.2%*	73.0%*
Delta Connection	2,329	2,184	2,298	2,563	1,778	--	--
Southwest Airlines	1,214	1,216	1,310	1.300	982	10.8	9.7
American Airlines	752	747	775	740	555	6.7	5.5
United Air Lines	552	596	608	663	475	4.9	4.7
Alaska Air	409	421	379	333	253	3.6	2.5
JetBlue Airways	232	296	363	358	274	2.1	2.7
Frontier	198	246	243	263	191	1.8	1.9
Other	10	47	13	2	1	0.1	0.0
Total	**11,293**	**11,850**	**12,420**	**13,090**	**10,096**		

* Includes Delta Connection
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.

According to Delta, 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 preliminary USDOT data for fiscal year 2020, approximately 47.1% 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 June 2021, scheduled non-stop service from the Airport was offered to 89 domestic and 6 international destinations. Delta resumed service to Amsterdam in May, 2021. In addition, Eurowings announced that it will begin service to Frankfurt in 2022. Set forth below is a map depicting the non-stop destinations served from the Airport.

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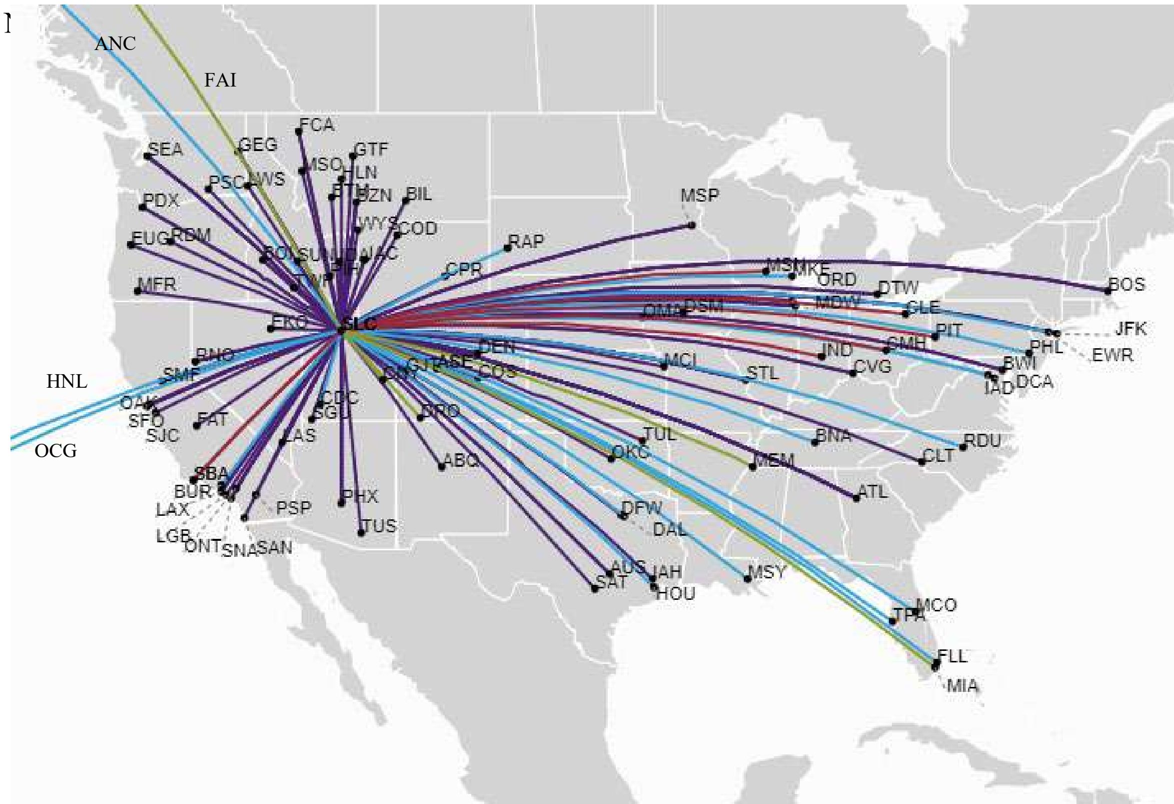
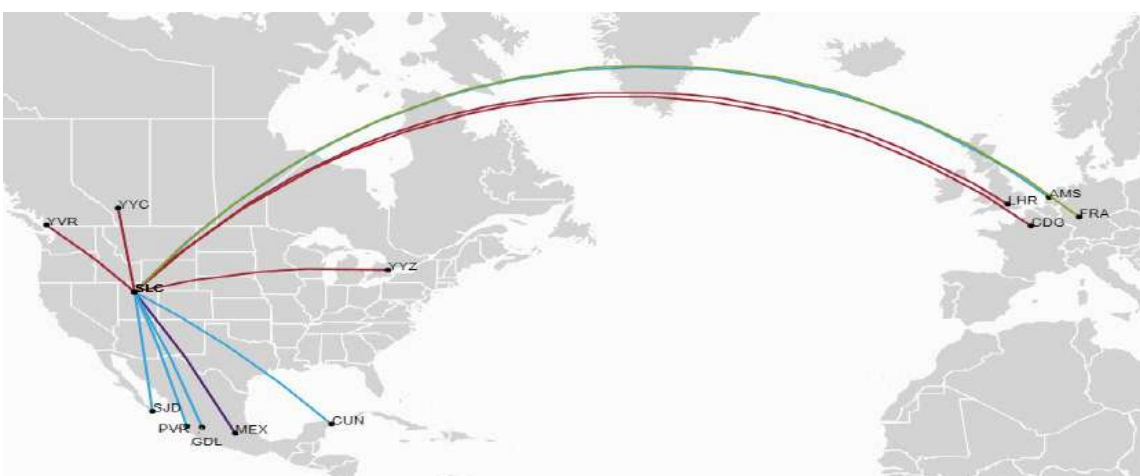
NON-STOP DESTINATIONS SERVED FROM SALT LAKE CITY INTERNATIONAL AIRPORT





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 June 30, 2020, the most recent 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 O&D PASSENGER DESTINATIONS

Destination City	Airport Code(s)	% of O&D Enplaned Passengers	FY 2020 Enplaned O&D Passengers
Los Angeles Area	LAX, LGB, SNA, BUR, ONT	10.9%	636,492
San Francisco Bay Area	SFO, OAK, SJC	5.9	345,993
New York / Newark	JFK, EWR	4.6	268,638
Denver	DEN	4.5	263,006
Phoenix	PHX	4.4	257,997
San Diego	SAN	3.4	198,282
Seattle	SEA	3.3	194,748
Las Vegas	LAS	3.2	186,166
Central Florida	MCO, TPA	3.2	184,716
Dallas/Fort Worth	DFW, DAL	3.0	175,724
Washington / Baltimore	BWI, DCA, IAD	2.9	172,072
Chicago	ORD, MDW	2.4	141,419
Atlanta	ATL	2.3	132,640
Hawaii	HNL, OGG	2.1	125,753
Portland	PDX	2.1	125,409
Boston	BOS	1.9	114,197
Houston	IAH, HOU	1.8	107,700
Austin	AUS	1.4	84,286
Sacramento	SAC	1.3	76,994
Minneapolis/St. Paul	MSP	1.3	75,013
Detroit	DTW	1.0	60,442
Philadelphia	PHL	0.9	55,313
Boise	BOI	0.5	31,185
Spokane	GEG	0.5	29,555
Anchorage	ANC	0.4	25,401
Top 25 Total		69.4%	4,069,141
Remaining		30.6	1,792,625
Total:		**100.0%**	**5,861,766**

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, the regional, national and international recovery of air travel from COVID-19, Delta 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 increased from 315,585 in FY 2016 to 341,064 in FY 2019; however, as a result of the COVID-19 pandemic, total aircraft operations decreased to 303,042 in FY 2020. Prior to a 12.3% decrease in FY 2020 compared to FY 2019, due to the COVID-19 pandemic, landed weights increased from 13,581,663 thousand pounds of landed weight in FY 2016 to 15,465,060 in FY 2019, 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. Total Delta enplanements between FY 2016 and FY 2019 increased from 7.93 million passengers in FY 2016 to 9.46 million in FY 2019, the number of enplaned passengers on Delta's mainline aircraft rose from approximately 5.6 million in FY 2016 to 6.9 million in FY 2019.

The following tables show historical data on aircraft operations (landings and takeoffs) for FY 2016 through FY 2020, and landed weights for the same periods. The approximate distribution of operations in FY 2020 was 71% air carriers, 21% general aviation, 7%, cargo, and 1% military. Note, however, that cargo operations were reduced only marginally and cargo operations increased to constitute approximately 9% of the landed weights in the same period.

SALT LAKE CITY INTERNATIONAL AIRPORT
HISTORICAL AIRCRAFT OPERATIONS

(total landings and takeoffs)

Fiscal Year Ended June 30

	2016	2017	2018	2019	2020
Passenger Aircraft	237,294	247,150	250,904	253,578	216,320
Cargo	19,434	20,240	20,382	20,618	20,604
General Aviation	50,879	48,843	53,695	61,117	63,326
Military	7,978	7,202	7,037	5,751	2,792
Total Operations	**315,585**	**323,435**	**332,018**	**341,064**	**303,042**
Annual Change	(1.4%)	2.5%	2.7%	2.7%	(11.1%)

Source: Department Records

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

Fiscal Year Ended June 30

	2016	2017	2018	2019	2020
Airlines	12,511,833	13,303,497	13,737,381	14,263,691	12,315,209
Cargo	1,069,830	1,106,147	1,171,564	1,201,369	1,246,304
Total	**13,581,663**	**14,409,644**	**14,908,945**	**15,465,060**	**13,561,514**
Annual Change	2.9%	6.1%	3.5%	3.7%	(12.3%)

Source: Department Records

Air Cargo

The Airport is also a regional center for processing air cargo. Approximately 221,385 U.S. tons of freight and mail were loaded and unloaded on and off aircraft at the Airport in FY 2020. As of June 30, 2020, the Airport was served by nine all-cargo and small package and express carriers. All-cargo carriers carry only cargo and these companies include FedEx and UPS.

For FY 2020, the companies with the largest share of enplaned and deplaned cargo at the Airport, based on cargo tonnage, were FedEx with 51.9%; UPS with 36.8%; Delta with 3.5%; Alpine Aviation with 1.3%; Ameriflight with 1.1%; and Southwest with 0.8%. Together, these six carriers accounted for over 95% of total cargo and mail handled at the Airport in FY 2020. The following table shows historical data on air cargo and mail shipped through the Airport for FY 2016 through FY 2020.

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

Fiscal Year ended June 30

	2016	2017	2018	2019	2020
Cargo	175,453	183,525	190,143	203,950	199,985
Mail	16,420	17,020	20,712	20,293	21,400
Total	**191,873**	**200,545**	**210,855**	**224,243**	**221,385**
Annual Change	5.9%	4.5%	5.1%	6.3%	(1.3%)

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, except that Delta has entered into an amendment to its AUA extending the term for an additional ten years to June 30, 2034. Each of the other Signatory Airlines has been offered the opportunity to extend the term of their AUA on the same terms as Delta, but as of July 1, 2021, none of the other Signatory Airlines has elected to extend the term of their AUA. The AUA may only be terminated by a Signatory Airline for an extraordinary event, such as closure 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. 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 allow another airline to operate in such space in periods during which the Signatory Airline does not have a scheduled operation using such facilities. Offices and passenger clubs/lounges are leased on an exclusive use basis, and baggage and certain other areas are joint or common use facilities. In addition, the Department currently has not leased and has reserved three gates and five aircraft hardstand 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 Signatory Airlines 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 screening of international passengers; 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 or was less than 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 2019 and FY 2020 such revenue sharing totaled $14.1 million and $10.1 million, respectively. The decrease in FY 2020 was caused by a reduction in enplaned passengers at the Airport due to the COVID-19 pandemic.

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 SERIES 2021 BONDS – Rate Covenant." Under the AUA, if in any Fiscal Year the amount of Revenues less Operating Expenses is projected 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 Obligations, 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 Obligations, 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."

The New SLC 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 must 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 New SLC. 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. On March 16, 2021, Delta, acting on behalf of the Signatory Airlines pursuant to the AUA, agreed to an increase in the overall cost of the New SLC to an estimated construction cost, of $4.45 billion. The full cost of the TRP, including soft costs, is estimated to be $2.71 billion. Delta accounted for approximately 73.6% of all Terminal rents paid to the City in FY 2020, satisfying the requisite percentage for approval of a cost increase for the TRP under the AUA.

The current estimate of $1.73 billion for the NCP is based upon the final estimated costs for the Concourse B West portion of the project and related projects and recent experience with construction costs in the Salt Lake City area. Delta's March 16, 2021 approval of the cost of the New SLC included an $187 million increase in the cost of the NCP, reflecting both tenant scope additions, including hardstand expansion, passenger and baggage system enhancements, and an accelerated schedule cutting one to two years from the construction schedule, as well as cost escalations due to materials pricing impacted by the COVID-19 pandemic and a robust construction environment in the Salt Lake City area

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 Chief Financial Officer 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, 2020 and 2019, 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. Prior to the outbreak of the COVID-19 pandemic in 2020, non-airline Revenues had increased for four consecutive fiscal years and represented approximately 64.5% of all Revenues received by the Department in FY 2019, or a total of $111.9 million, compared to $89.5 million, or 63.5% of total Revenues in FY 2016. In FY 2020, non-airline Revenues represented approximately 58.3% of all Revenues received by the Department, or a total of $94.1 million, and airline Revenues, net of revenue sharing, were approximately $67.2 million, compared to $61.6 million in FY 2019. In addition, the Department 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 generated from Airport operations available for future construction has diminished. At June 30, 2020, the Department held $265 million that is available for future construction, including proceeds of the Series 2017 Bonds, proceeds of the Series 2018 Bonds, and Department Revenues, compared to $745 million at the end of FY 2017, all of which was generated from Department Revenues. The Department collected approximately $40.6 million in PFCs in FY 2020, including interest earnings, compared to $49.7 million in FY 2019, and $12.5 million in CFCs in FY 2020 compared to $16.0 million in FY 2019. See "THE NEW SLC – Funding Sources for the New SLC – *PFCs*" and " -- *CFCs*". 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; however, due to the reduction in enplaned passengers resulting from the COVID-19 pandemic, the average airline CPE increased 38%, from $3.90 in FY 2019 to $5.41 in FY 2020. CPE is forecast to be $11.07 in FY 2021 and is budgeted to be $11.56 in FY 2022. Although the Department anticipates that its operating expenses will increase as elements of the New SLC are placed in service, management also anticipates that the new structures and energy efficient design of the New SLC will reduce certain costs on a per square foot basis, such as energy and routine capital maintenance, compared to the cost of operating and maintaining its former 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 projection of CPE at the Airport at completion of the New SLC.

The FAA has approved Department applications to impose and use a $4.50 PFC, as authorized by federal legislation, and collect a total of $2.158 billion of PFCs through approximately April 1, 2037. 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. However, PFCs may be applied to pay debt service on the Bonds under certain circumstances. See "SECURITY FOR THE SERIES 2021 BONDS – Use of PFCs to Pay Debt Service." 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 SERIES 2021 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 2016 through 2020 and three quarters ended March 31, 2021 compared to March 31, 2020.

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SALT LAKE CITY DEPARTMENT OF AIRPORTS
TOTAL ANNUAL REVENUES AND EXPENSES

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2020 through March 31	FY 2021 through March 31
Operating Revenues							
Airfield	$31,809,896	$35,333,251	$37,850,416	$40,799,238	$40,689,749	$35,666,101	$39,759,207
Terminals	50,070,474	52,951,540	56,371,640	60,286,589	58,015,237	47,051,227	53,104,924
Landside	57,912,911	64,364,602	68,304,466	72,852,990,	58,885,211	53,951,723	31,336,847
Auxiliary Airports	939,098	1,523,721	1,782,152	2,031,742	2,138,371	1,598,512	1,498,815
General Aviation	2,056,534	2,262,353	2,526,808	2,392,266	2,568,559	1,974,007	1,974,377
Support Areas	7,149,854	7,449,642	7,662,008	6,437,741	5,957,045	4,446,263	3,881,626
Other	2,035,050	3,090,190	2,915,551	2,739,183	3,169,004	4,230,360	3,595,926
Operating Revenues	151,973,817	166,975,299	177,413,041	187,539,749	171,423,176	148,918,193	135,151,721
Less: Airline Revenue Sharing	(10,941,229)	(12,169,163)	(13,007,308)	(14,076,885)	(10,096,880)	(110,973,183)	(4,304,318)
Total Operating Revenues	$141,032,588	$154,806,136	$164,405,733	$173,462,864	$161,326,296	$137,945,010	$130,847,403
Operating Expenses							
Airfield	$28,358,533	$30,038,981	$31,484,601	$31,305,225	$32,866,248	$25,130,219	$26,674,509
Terminals	37,150,225	40,038,056	41,079,201	40,435,158	47,183,508	35,379,548	42,549,948
Landside	11,237,669	12,336,435	12,522,236	10,081,900	11,223,893	8,095,606	10,118,031
Auxiliary Airports	1,746,575	3,054,345	3,253,108	4,241,437	4,534,580	3,933,043	3,427,355
General Aviation	996,707	2,890,348	995,461	877,645	892,387	677,623	650,608
Support Areas	1,130,272	1,347,481	1,235,761	1,661,436	1,600,159	1,315,038	1,254,303
Roads and Grounds	6,991,987	7,165,486	6,876,733	7,670,463	8,516,862	4,291,642	2,971,074
Other	2,453,128	2,588,726	2,529,250	2,161,008	3,085,500	2,088,424	1,766,756
Total Operating Expenses Before Depreciation	90,065,096	99,459,858	99,976,351	98,434,272	109,903,136	80,911,143	88,412,584
Net Federal Grants (ex. AIP)					3,908,282		40,236,291
Operating Income Before Depreciation	50,967,492	55,346,278	64,429,382	75,028,592	55,331,442	57,033,867	82,671,110
Depreciation	61,656,896	63,664,986	63,826,718	63,549,763	57,604,443	49,634,691	86,427,988
Operating Income/(Loss)	(10,689,404)	(8,318,708)	602,664	11,478,829	(2,273,001)	7,399,176	(3,756,878)
Non-Operating Revenues (Expenses)							
Passenger Facility Charges	42,805,519	45,750,397	47,739,461	49,720,539	40,607,278	38,308,017	17,527,096
Customer Facility Charges	15,613,155	16,157,076	15,740,068	16,012,445	12,477,986	11,701,722	5,788,241
Net Bond interest expense	-	(14,479,594)	(34,674,629)	(72,222,513)	(85,497,741)	(67,897,544)	(67,821,279)
Bond issuance costs	-	(3,453,689)	-	(3,129,538)	-	-	(250,258)
Interest Income	2,782,668		21,782,631	36,964,373	19,360,991	16,060,563	1,514,544
Other revenue (expenses), net	(488,665)	(25,615)	(2,501,999)	9,405,217	1,527,746	2,103,600	121,639
Net Non-Operating Revenue (Expenses)	60,712,677	56,100,239	48,085,532	36,750,523	(11,523,740)	276,358	(43,120,027)
Capital Contributions	14,230,033	17,793,909	18,142,126	14,284,968	31,124,710	19,249,924	5,231,727
Net Position							
Increase in Net Position	64,253,306	65,575,440	66,830,322	62,514,320	13,419,687	26,925,458	(41,645,168)
Net Position, Beginning of Period	1,157,981,328	1,222,234,634	1,287,810,074	1,354,640,396	1,417,154,716	1,417,154,716	1,430,574,403
Net Position, End of Period	$1,222,234,634	$1,287,810,074	$1,354,640,396	$1,417,154,716	$1,430,574,403	$1,444,080,174	$1,388,929,235

Source: Salt Lake City Department of Airport Audited Financial Statements (FY) and internal records

Airline Revenues

The Department received approximately $67.2 million, or 41.7% of its total Revenues, in FY 2020 from the airlines operating at the Airport, net of revenue sharing, compared to $61.6 million, or 35.5% of total Revenues, in FY 2019. The Department credited approximately $10.1 million and $14.1 million of revenue sharing back to the Signatory Airlines in FY 2020 and FY 2019, respectively, resulting in an average CPE of $5.41 in FY 2020 and $3.90 in FY 2019. Through March 2021, the Department received approximately $85.2 million, or 63.0% of its total Revenues, from airlines operating at the Airport, net of revenue sharing, compared to $66.6 million, or 44.7% of total Revenues through March 2020, and $59.9 million, or 40.7% of total Revenues, through March 2019. 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 passenger, 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

	2016	2017	2018	2019	2020	FY 2020 through March	FY 2021 through March
Landing Fees	$27,023	$30,020	$32,742	$35,434	$35,638	$31,261	$36,681
Airline Terminal Space Rentals	28,500	29,775	31,028	33,432	34,645	30,278	42,984
Other Airline Revenues	6,931	6,844	6,799	6,769	7,031	5,049	5,524
Car Rental	22,142	27,186	29,181	29,856	25,372	22,785	15,712
Auto Parking Facilities	33,409	34,297	35,323	36,297	27,974	25,796	13,761
Other Terminal Rentals	30,859	35,042	39,041	42,046	37,634	30,585	17,876
Other Revenues	3,110	3,811	4,441	3,704	3,129	3,166	2,613
Credit: Revenue Sharing	(10,941)	(12,169)	(13,007)	(14,077)	(10,097)	(10,973)	(4,304)
Total Operating Revenues	**$141,033**	**$154,806**	**$165,548**	**$173,461**	**$161,326**	**$137,947**	**$130,847**

Source: Department Records

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SALT LAKE CITY DEPARTMENT OF AIRPORTS
SOURCES OF AIRLINE REVENUES
(in thousands)

Fiscal Year ended June 30

Airline (includes affiliates)	FY 2019 Landing Fees	FY 2019 % of Total	FY 2019 Rents	FY 2019 % of Total	FY 2020 Landing Fees	FY 2020 % of Total	FY 2020 Rents	FY 2020 % of Total
Alaska	$ 851	2.4%	$ 819	2.5%	$ 826	2.3%	$ 984	2.8%
American	1,858	5.2	1,300	4.0	1,646	4.6	1,959	5.7
Delta	23,534	66.4	24,671	75.9	23,850	66.9	25,431	73.6
Frontier	540	1.5	494	1.5	484	1.4	548	1.6
JetBlue	875	2.5	508	1.6	796	2.2	664	1.9
Southwest	3,250	9.2	3,225	9.9	3,078	8.6	3,357	9.7
United	1,655	4.7	1,501	4.6	1,451	4.1	1,632	4.7
Other (1)	2,871	8.1	-	0.0	3,507	9.8	-	0.0
TOTALS:	**$35,434**	100.0%	**$32,518**	100.0%	**$35,638**	100.0%	**$34,575**	100.0%

Source: Department Records
(1) Includes charter, cargo and commuter.

Landing Fees. Landing fees at the Airport increased slightly from $35.43 million in FY 2019 to $35.64 million in FY 2020. During this period the landing fee per thousand pounds of landed weight increased from $2.29 to $2.64 per thousand pounds of landed weight. The landing fee for FY 2021 is $3.77, due to projected decreased landed weights, application of federal CARES Act and CRRSA grants and reduced operating expenses. The landing fee for FY 2022 is budgeted to be $3.96. 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 decreased from 15,465,060 thousand pounds in FY 2019 to 13,561,514 thousand pounds in FY 2020 due to reduced passenger aircraft operations as a result of the COVID-19 pandemic; however, prior to the outbreak of the pandemic, landed weights at the Airport steadily increased from FY 2016 through FY 2019. Through March 2021, landed weights at the Airport decreased to 8,854,462 thousand pounds from 10,956,818 thousand pounds through March 2020 and 10,649,608 thousand pounds through March 2019.

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. As of June 30, 2020, prior to opening of the new Terminal and Concourse A West and Concourse B West, substantially all airline space at the Airport was either leased, or in use on a common or joint use basis. Following opening of the new facilities, all gates and substantially all other airline space was leased, except for three common use gates controlled by the Department. 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 43 of the 46 currently operational gates to various Signatory 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. Delta also operates from 15 hardstand positions and five additional hardstand positions are operated by the Department on a common use basis. Passengers boarding at hardstand positions use temporary holdrooms located in Concourse B and are bused to the aircraft. Upon completion of Concourse A, most hardstand operations are expected to cease and, upon completion of the New SLC, the Department expects that there will be no hardstand operations. Terminal rental revenue from the airlines in FY 2020 was $34.6 million, an increase of $1.1 million from the $33.5 million received in FY 2019, which in turn was an increase of $2.5 million compared to the $31 million in terminal revenues received from the airlines in FY 2018. The terminal rental rate for class 1 conditioned space was $75.62 per square foot in FY 2019 compared to $78.51 per square foot in FY 2020. Through March 2021, terminal revenues received from the airlines operating at the Airport increased to $42.6 million from $28.9 million through March 2020 and $25.1 million through March 2019. The rate for FY 2021 is $120.03 per square foot, reflecting the costs associated with elements of the New SLC being placed in service and debt service becoming payable following the capitalized interest period. The budgeted terminal rental for FY 2022 is $187.04. 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 New SLC, provided that the Department may not recover capital costs of the New SLC 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 $4.3 million in FY 2019 and $4.4 million in FY 2020; passenger loading bridge fees, which generated $1.7 million in FY 2019, compared to $1.9 million in FY 2020; use of the fuel farm, which generates approximately $1.8 million per year under a new agreement effective January 1, 2021; and RON fees, which generated approximately $244,000 in FY 2019 and $158,000 in FY 2020.

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 $94.1 million, or 58.3% of total Revenues, were generated from non-airline sources in FY 2020, compared to $111.9 million, or 64.5% of total Revenues in FY 2019. Non-airline revenues for the nine-month period ending March 31, 2021 were $50.0 million compared to $82.3 million and $82.7 million for the same nine-month period for fiscal years 2020 and 2019, respectively.

Parking Fees. Airport parking fees decreased from $36.3 million in FY 2019 to $28 million in FY 2020. This decrease was primarily because of the COVID-19 pandemic. Parking fees are generated according to the parking rates established by the Department. In FY 2020, the Department increased the daily rate for parking in the garage from $32 to $35 and implemented a fee of $55 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. Parking fees for the nine-month period ending March 31, 2021 were $15.3 million compared to $32.3 million and $32.3 million for the same nine-month period for fiscal years 2020 and 2019, respectively.

Rental Cars. Fees and rentals from the car rental companies decreased from $29.9 million in FY 2019 to $25.4 million in FY 2020, primarily because of COVID-19 pandemic. Fees and rentals from car rental companies for the nine-month period ending March 31, 2021 were $15.7 million compared to $22.8 million and $22.9 million for the same nine-month period for fiscal years 2020 and 2019, respectively. 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 2021 Bonds, generated an additional $16 million in FY 2019 and $12.5 million in FY 2020, and will be applied to fund certain capital construction related to rental car company operations at the Airport.

TNCs and Ground Transportation. As of July 1, 2020, the Department collects a charge of $2.50 for each 1-9 passenger vehicle operated by a TNC operator at the Airport that picks up or drops off a passenger, with a flat fee of $10 per operation for vehicles with 10 or more seats. The fees prior to that ranged from $1.13 to $2.46 per pick up or drop off. Since FY 2016, when TNCs were first permitted to operate at the Airport, TNC revenues to the Airport have grown from approximately $247,100 to $3.1 million in FY 2020. Although ground transportation revenues from other services at some airports that have a substantial TNC presence have declined in recent years, the Airport's total ground transportation revenues, excluding TNC revenues, increased slightly from $66.6 million in FY 2018 to $68.7 million in FY 2019, then decreased in FY 2020 to $55.5 million due to the reduction in passengers because of the COVID-19 pandemic. Although without TNC trips, other ground transportation trips have declined from approximately 816,700 in FY 2018 to 804,000 in FY 2019 and 557,100 in FY 2020 (including a 1.6% decline in trips between FY 2018 and FY 2020). However, total ground transportation revenues, including TNCs, increased from $68.0 million in FY 2018 to $72.4 million in FY 2019 and decreased to $58.6 million in FY 2020. Ground transportation revenue excluding TNCs for the nine-month period ending March 31, 2021 was $30.4 million compared to $50.8 million and $51.8 million for the same nine-month period for fiscal years 2020 and 2019, respectively. Total ground transportation revenue for the nine-month period ending March 31, 2021 was $31.4 million compared to $53.6 million and $54.5 million for the same nine-month period for fiscal years 2020 and 2019, respectively. As shown above, although TNC operations have increased substantially since FY 2016, both parking and rental car revenues have continued to grow. There can be no assurance, however, that TNC operations will not have an adverse impact on parking fees, rental car revenues and other ground transportation revenues in the future.

Terminal Concessions. Revenue from concessions decreased from $20.5 million in FY 2019 to $16.7 million in FY 2020, primarily because of decreased passengers due to the COVID-19 pandemic. Revenues from concessions for the nine-month period ending March 31, 2021 were $6.3 million compared to $15.4 million and $15.5 million for the same nine-month period for fiscal years 2020 and 2019, respectively.

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 the new Touch n' Go Convenience Store and the Boeing assembly facility. Revenues from these sources totaled $4.6 million in FY 2020, compared to $5 million in FY 2019. The decrease is a result of the COVID-19 pandemic. Other revenues for the nine-month period ending March 31, 2021 were $4.8 million compared to $5.1 million and $5.0 million for the same nine-month period for fiscal years 2020 and 2019, respectively.

In addition to revenues, the Airport received a grant under the federal CARES Act in the amount of approximately $82.5 million which may be used for any lawful purposes, including reimbursement of operating expenses and debt service, of which $3.9 million was drawn and applied to operating expenses in fiscal year 2020. The Airport expects to apply $66.0 million in fiscal year 2021 and the remaining $12.6 million in fiscal year 2022 to reimburse the Airport for operating expenses, thereby reducing airline rates and charges. In addition, CRRSA provides for additional grant funding for airports. The FAA has announced that the Airport will receive approximately $23.4 million under CRRSA, including approximately $2.75 million which must be used to provide rental relief to certain concessions at the Airport, which it anticipates drawing down in fiscal year 2022 and applying to operating expenses. The ARP Act passed in March 2021 will also provide additional relief funding to the Department. As described above, use of these funds to offset O&M expenses reduces the rates and charges that must be paid by the airlines and other tenants at the Airport and helps the Department meet its rate covenants. See "SECURITY FOR THE SERIES 2021 BONDS – Rate Covenant."

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 (excluding capital outlays) have increased at a compounded annual growth rate ("*CAGR*") of 3.8% from FY 2017 through FY 2019 from a total of $100.4 million in FY 2017 to $108.1 million in FY 2019. Net operating expenses in FY 2020, after application of

$3.9 million of CARES Act grant funds, were $108.5 million. The Department budgeted $148.22 million for operating expenses in FY 2021, and forecasts that the actual amount of net operating expenses for FY 2021 will be $68.7 million, after application of $66.0 million of CARES Act funds, reflecting the opening of elements of the New SLC in the fall of 2020. The Department has budgeted $161.38 million for operating expenses in FY 2022, reflecting the increased costs of operating and maintaining the new, larger facilities of the New SLC, which is expected to be offset by additional CARES Act and CRRSA grant funds. Operating expenses for the nine-month period ending March 31, 2021 were $88.4 million compared to $80.9 million and $75.2 million for the same nine-month period for fiscal years 2020 and 2019, respectively.

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

	Fiscal Year ended June 30						
	2016	**2017**	**2018**	**2019**	**2020**	**FY 2020 through March 31**	**FY 2021 through March 31**
Personnel Services	$45,096	$49,350	$50,076	$40,258	$48,584	$36,213	$37,277
Charges/Services/Fees	20,811	24,901	23,996	26,300	25,118	19,941	26,849
Operational Maintenance Supplies	10,940	11,725	11,343	12,610	12,381	8,306	8,009
Utilities	6,175	5,946	6,166	5,721	5,697	5,245	4,440
Fire Services	4,597	4,886	5,130	5,364	5,587	3,831	3,946
Police Services	--	--	--	3,891*	8,332	6,225	6,225
Salt Lake City Administration	2,446	2,651	3,265	4,288	4,204	1,150	1,667
Total Operating Expenses	**$90,065**	**$99,459**	**$99,976**	**$98,433**	**$109,903**	**$80,911**	**$88,413**

Source: Department Records

* Starting on January 1, 2019, the Airport Police combined with the Salt Lake City Police, and all wages, benefits, and operating expenses are broken out separately.

The Department's largest expense is personnel services (salaries and benefits), which were $48.6 million in FY 2020, a 20.6% increase from the $40.3 million in FY 2019, and which comprised approximately 44.2% of the total operating expenses for FY 2020. The Department pays salaries and wages of its employees directly and reimburses the City for its share of fringe benefits, including insurance and pension benefits allocable to the Department's staff.

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 2020 were $25.1 million, or 22.9% of total operating expenses for the fiscal year, and decreased from $26.3 million in FY 2019, or 26.7%. Since FY 2016, the costs of services increased from $20.8 million to $25.1 million in FY 2020, an increase of 20.7%. The decrease in FY 2020 compared to FY 2019 was primarily from reduced services provided at the Airport as a result of the pandemic, primarily in parking and ground transportation. Operational maintenance supplies constituted approximately 11.3% of the Department's operating expenses and were $12.4 million in FY 2020, compared to $12.6 million in FY 2019. Intergovernmental charges comprised approximately 16.5% of the total operating expenses for FY 2020, and were $18.1 million, compared to $13.5 million in FY 2019. 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 $5.6 million of such costs in FY 2020, compared to $5.4 million in FY 2019, as well as reimbursement for other centralized services, such as legal, accounts payable, purchasing, human resources and contract management services. Starting on January 1, 2019, the Airport Police combined with the Salt Lake City Police, and the Department now reimburses the City for the actual direct and indirect costs of the salaries, benefits and related expenses of the police officers assigned to the Airport, which accounted for $8.3 million in FY 2020, compared to $3.9 million in the second half of FY 2019.

Liquidity

The table below shows the Airport's liquidity position for the past five fiscal years. The table below does not include any unused and available draws on the Subordinate Revolving Obligation Credit Agreement, which is available for any lawful use at the Airport. The table below also does not reflect application of the remaining CARES Act Funds ($12.6 million) nor the CRRSA grant funds ($20.4 million), which the Department expects to apply in FY 2022 to pay a portion of O&M expenses, or any amounts to be received by the Department as ARP Act grant funds. The table includes proceeds held in both the PFC and CFC Accounts. The Department expects to expend the majority of PFCs collected towards payment of principal of and interest on Bonds issued to fund PFC-eligible elements of the TRP, and the Department expects to apply CFCs to reimburse itself for a portion of the costs of the recently completed Parking Facility that will serve rental car companies, and elements of the roadway system serving the rental car facilities.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
AIRPORT LIQUIDITY POSITION AND DAYS CASH ON HAND

Fiscal Year ended June 30
($ in millions)

Fund Balances	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**
Unrestricted cash					
Surplus Fund	$227	$168	$242	$460	$397
Revenue Fund	16	13	14	2	3
Restricted Funds					
O&M Reserve*	21	23	23	25	28
CFC Account	2	3	1	2	3
PFC Account	120	163	10	10	13
Debt Service Reserve Fund**	0	241	202	314	220
Total Reserves and Unrestricted Cash	371	982	$492	$813	$664
Funds Available for Operations [A]†	264	204	$279	$487	$428
O&M Expenses [B]††	$90	$99	$100	$98	$110
Days Cash on Hand = [A] / ([B]/365)	**1,071**	**752**	**1,018**	**1,814**	**1,420**

Source: Department Records

* Includes $5 million in the Renewal & Replacement Fund per the AUA.
** Also includes capitalized interest
† Surplus Fund, Revenue Fund, O&M Reserve Fund and Renewal & Replacement Fund.
†† Excluding depreciation

Personnel Considerations

As of June 30, 2020, the Department had 498 full-time-equivalent employees. Approximately 80.5% of the Department's employees are employed in the Maintenance (242) and Operations (159) Departments.

Prior to July 1, 2019, the Airport's police officers were direct employees of the Department. However, the City and the Department agreed to transfer the Department's police officers to the City's Police Department, effective as of January 1, 2019. The Department retains a small staff of dedicated Airport police officers, but the Airport police officers have direct supervision and back-up from the remainder of the City's police force and are direct employees of the City. The Department reimburses the City for the actual direct and indirect costs of the salaries, benefits and related expenses of the police officers assigned to the Airport. According to the Department, the transfer of the Airport's police officers to the City's Police Department has not resulted in a material difference between the costs budgeted by the Department for police services and the actual costs charged by the City.

The Department reimburses the City for the actual direct and indirect cost of providing Aircraft Rescue and Fire Fighting, Police 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*") that was renegotiated in June 2020 and will expire in June 2023, replacing the prior MOU with AFSCME that was in effect through June 27, 2020, 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 252 unionized City employees at the Airport as of March 30, 2021. In addition to other eligible City employees, the MOU covers all Public Safety and certain maintenance employees, 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 the 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, 2020 in the amount of $8.4 million. The Department contributed $5.4 million in FY 2020, $5.2 million in FY 2019 and $6.5 million in FY 2018 to the URS with respect to the pension and retirement liabilities of its employees.

See "APPENDIX A — SALT LAKE CITY DEPARTMENT OF AIRPORTS COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DEPARTMENT FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019— Notes to Financial Statements — 7 — Pension Plans."

Other Postemployment Benefits. As a result of a City-wide undertaking, commencing January 1, 2016, all postemployment benefits other than pensions for City employees, including those employed by the Department, were terminated. No contributions have been made since January 31, 2016 and none are expected to be made going forward. 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, 2020 AND 2019 — "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, excess auto liability off of the Airport and hangarkeeper's liability. The policy includes sublimits of $50 million for each occurrence for personal and advertising injury, and $50 million excess of the $500,000 self-insured retention for commercial automobiles. The Airport also carries war liability/TRIA coverage of $50,000,000. The Airport facilities are covered by an all risk property insurance policy with a maximum limit of $1,000,000,000 and $100,000 deductible per occurrence. Earth movement and flood coverage each carry sub-limits of $100,000,000 with a 1% 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 is covered at $200,000,000 with a 2% deductible, subject to a minimum $100,000 deductible up to a maximum $5,000,000 per occurrence. Cyber and technology coverage, including data breach response, is covered up to $5,000,000, with a $50,000 deductible. The Airport carries $30,000,000 of excess liability workers' compensation coverage above its self-insured retention of $750,000 per occurrence and $1,000,000 employer's liability coverage per occurrence. The Department carries commercial automobile liability coverage of $1,000,000 per occurrence with no deductible, plus $2 million of business auto liability coverage, combined single limit.

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 New SLC are completed, the Department expects to continue evaluating 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 HDJV CMAR Contract, HDJV has provided, is administrating and has implemented a Contractor Controlled Insurance Program ("*CCIP*") that covers on-site exposures for HDJV and, with limited exceptions, all subcontractors performing work on the TRP and NCP. 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 and NCP 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 its 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 official's 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, and (2) public entity excess liability coverage of $2,000,000 in excess of a $1,000,000 self-insured retention. 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 2021 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

It is the policy of the City to invest public funds, of which the Department's 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 required to be 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, the Master Indenture and Subordinate Master Indenture in the case of the Department, 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 2021 BONDS – Permitted Investments" and "APPENDIX C – FORM OF MASTER INDENTURE – Article I – Definitions; Interpretation; and – Article VI – Investment of Moneys; Permitted Investments," relating to investment of Series 2021 Bond proceeds and amounts held in the funds and accounts under the 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. 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, 2020, the Department held approximately $451.7 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 PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. As of June 30, 2020, Department funds on deposit in the PTIF totaled approximately $312.3 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, 2020 AND JUNE 30, 2019 — Notes to the Financial Statements — Note 2 – Deposits and Investments."

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

Environmental and Sustainability Factors

For many years, the Department has maintained a strong focus on reducing the impacts of the Airport's operations for the benefit of the greater Salt Lake City community. Sustainability is a core value of the Department and the Department has taken many steps to enhance sustainability and maintains sustainability metrics on the Department's website. For example, the Department anticipates achieving LEED gold certification for the entire New SLC, in compliance with City ordinance. The New SLC replaces older, energy inefficient buildings with new, highly efficient buildings that are expected to reduce energy consumption per square foot substantially. The Department has invested significant sums in reducing emissions at the Airport through the use of alternative fuels and electrified ground service equipment ("*GSE*") and other vehicles, such as airport buses fueled by compressed natural gas or electricity, increasing renewable energy generation, diverting waste from landfills and conserving water resources. The New SLC includes provision of 536 charging stations that will enable the airlines operating at the Airport to fully electrify their GSE from approximately 50% of GSE today, and more than 90 recharging stations in the Airport's parking facilities. The Department's efforts have been recognized by, and the Airport has advanced to level 3 in, the Airport Carbon Accreditation Program. Level 3 requires the Department to engage stakeholders in its carbon reduction efforts. Most of the Airport's carbon footprint is attributable to emissions outside the control of the Department, but the design of the New SLC has helped reduce certain aircraft emissions by 15,000 metric tons annually through measures including reduced taxiing time due to the linear layout of the concourses. The restrooms in the New SLC all feature touchless, low flow faucets and toilets, reducing wasted water and increasing hygiene. Landscaping has been designed to use native plantings, xeriscaping and outreach to encourage sustainable water use.

The New SLC has been designed to meet current requirements for seismic resiliency up to a magnitude 7.4 earthquake. Segments of the Wasatch Fault, which is an active fault located primarily on the western edge of the Wasatch Mountains, underlie Salt Lake City. A magnitude 5.7 earthquake struck Salt Lake City in March 2020. None of the elements of the New SLC sustained any significant damage. See "THE NEW SLC – Summary of the New SLC." In addition, the New SLC is designed to prepare for natural and climate risks through maintaining a network of on-site generators to ensure a secure and resilient power supply. These generators have the capacity to power virtually all of the Airport's mission-critical facilities and equipment. Another means to enhance sustainability is to divert waste from landfills and other facilities. 95% of the construction waste from the New SLC was diverted from landfills, while 27% of municipal solid waste is recycled. The Airport's location requires the ability to operate in all weather conditions. The Airport has its own deicing fluid reclamation facility that, in 2020, processed over 3.6 million gallons of water/glycol mixture and recovered over 57,000 gallons of pure polypropylene glycol. Lastly, the Department is a steward of the environment and has established a 465 acre wetlands mitigation site outside of the Airport to compensate for natural wetlands that were impacted by Airport development. The Department has an active wildlife management program led by a wildlife biologist and in 2020 the Airport recorded the lowest number of wildlife strikes in five years.

Social Factors

The Department is also focused on benefitting all of the disparate communities that live and work in the Salt Lake City area. The Department's diversity, equity and inclusion program seeks to ensure that the Department's workforce, and that of its airline and concessionaire partners, reflects the diversity of the Salt Lake City community. Currently, approximately 7,400 persons are employed at the Airport by the Department and its tenants, 33% of whom are women and 21% of whom are originally from locations outside the United States. The Department carefully reviews job descriptions prior to posting to remove any unintended biases, provides training to managers to ensure equitable recruitment practices and conducts recruiting efforts targeted at non-majority populations. The Department also participates in the City's "Diversity & Inclusion" and "Respect Perspective" training programs to improve diversity and inclusion in the workplace. The Department reaches out to its community in a variety of ways, including regular visits to elementary schools to teach students about airport operations, wildlife mitigation and jobs at the

Airport; investing in the arts, reflecting the culture and landscape of Utah; and other initiatives such as blood drives, a TSA food bank when federal government employees were furloughed, and airport honor flights for veterans. Although the COVID-19 pandemic restricted certain of these activities, the Department expects to resume its community outreach activities in full force.

The Department is a leader in health and safety. At the start of the COVID-19 pandemic, the Department instituted a series of actions designed to protect its workers, including the trades people working on the New SLC. The result was a dramatic reduction in illness and injury well below industry averages, as well as opening the first phase of the New SLC on time. In addition, the Department instituted its Fly Healthy Promise through enhanced efforts to clean its facilities, adding hand sanitizer stations, installing handrail cleaning systems, placing plexiglass shields at key locations and enveloping seating areas with anti-bacterial fog. The Department has instituted a safety management system ("SMS") program to reduce risk and support a safe working environment in the air operations area and the Department has developed a ramp safety enforcement program to reinforce airfield and ramp safety rules and provide for retraining and sanctions for badge holders who fail to comply.

Similarly, the Department works to ensure that it maintains good relations with all of its workers through a group of wellness programs and the Department's 22 member health and wellness committee that meets quarterly to oversee the Department's wellness initiatives. The Department also provides education and training opportunities to allow its employees to grow and advance and in 2020 provided an average 22 hours of training to each employee.

Governance Factors

The Department's mission is to develop and manage a system of airports, which provides quality transportation facilities and services to optimize convenience, safety and efficiency for aviation customers. The Department's vision is to achieve excellence and unprecedented customer service in making Salt Lake City among the most convenient and efficient air transportation centers in the world.

The Mayor appoints and the City Council approves the appointment of the Executive Director of the Department. See "THE AIRPORT – The City." An Advisory Board reports to the Mayor and makes recommendations regarding the operation and management of the Airport System. The Department is an enterprise fund and a self-sustaining organization requiring no funding from property taxes, general funds of local governments or special district taxes. The Department's budgets are prepared by Department staff and submitted to and approved by the Mayor and City Council.

The Department is committed to transparency in its sustainability performance and to that end has commissioned its first of what is expected to be a continuing series of Environmental, Social and Governance Reports which will be posted to the Department's website. In addition, the Department presents regularly to the Airport Advisory Board regarding its sustainability performance and goals. The Board's feedback is then incorporated into the Department's programs. The Department has received many awards for the quality of service provided at the Airport, including ranking fifth worldwide n 2020 in the Official Airline Guide's "Punctuality League" ratings, the "Top Efficiency Award" from the Air Transport Research Society in 2020 for airports serving 15-25 million passengers per year and the 2019 Cirium "On-Time Performance Award". The Department engages with its stakeholders and the industry throughout the world in collaborating to pursue common goals and to explore novel approaches to solving problems. Lastly, the Department works to understand, reduce and manage risks spanning the environmental, safety, finance, operations, regulatory and cyber arenas.

The Department is committed to continuing to improve its sustainability and reducing impacts of Airport operations, to being a strong and beneficial partner to the Salt Lake community and to transparent and responsive governance.

REPORT OF THE AIRPORT CONSULTANT

General

The Department has retained the firm of Landrum & Brown, Inc., as recognized experts in their field, to prepare a report on traffic, revenues, expenses, the New SLC and financial analyses in connection with the issuance of the Series 2021 Bonds. The Airport Consultant has prepared a Report of the Airport Consultant dated July 14, 2021 (the "*Report of the Airport Consultant*" or the "*Report*") in connection with the issuance of the Series 2021 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 five sections plus a cover letter summarizing the Airport Consultant's conclusions. Section 1 discusses the impact of the COVID-19 pandemic. Section 2 provides an overview of the role of the Airport and the economic base for air traffic at the Airport. Section 3 reviews air service at the Airport and provides air traffic projections of air service activity at the Airport for the period from FY 2021 through FY 2028, a period of three (3) full fiscal years following the end of the projected period a portion of interest on the Series 2021 Bonds will be capitalized (the "*projection period*"). Section 4 reviews the existing Airport facilities and the capital program, generally consisting of the New SLC, as well as the on-going capital projects through FY 2028. Section 5 of the Report reviews the Department's financial framework and provides a financial analysis, concluding with projections of net revenues and debt service coverage through FY 2028, calculated in accordance with the Master Indenture. In preparation of the projections 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 projection 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 projected results. Department staff have reviewed these assumptions and concur that they provide a reasonable basis for the purpose of the projections. While the Department and the Airport Consultant believe these assumptions to be reasonable for the purpose of the projections, 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 these projections. The Airport Consultant has no responsibility to update its Report for events and circumstances occurring after the date of its Report. The projections are based on assumptions that may not be realized and actual results may differ materially from the projections. See "INVESTMENT CONSIDERATIONS – Financial Assumptions" herein.

Projection of Debt Service Coverage and Cost Per Enplanement

The following table reflects the projection of Net Revenues and the calculation of debt service coverage on the Bonds, including the Series 2021 Bonds and the estimated $601.5 million of New SLC project costs expected to be funded with proceeds of additional Bonds expected to be issued in the future. The Airport Consultant's projection is based on actual unaudited net revenues for the first three quarters of FY 2021, and projected Net Revenues from FY 2022 through FY 2028, as set forth in Section 5 of the Report of the Airport Consultant. Such projection reflects the impact on revenues and expenses associated with the Series 2021 Bonds, the Series 2017 Bonds and the Series 2018 Bonds, as well as additional Bonds expected to be issued during the projection period and the operating costs of the elements of the New SLC as they are placed into service. The projection does not reflect the impact on Department finances of projects other than the New SLC and the other capital projects discussed in the Report. Any additional future capital projects may be financed by future issuance of additional Bonds. The Report of the Airport Consultant also includes a projection based upon a slower recovery scenario. The full Report of the Airport Consultant should be read in its entirety for an explanation of the assumptions and methodology used in both the projections that is being relied upon for the additional debt test as well as the slower recovery scenario.

The projected cost per enplaned passenger is estimated to be $12.05 in FY 2021, and is projected to drop to $9.61 in FY 2023 and then stabilize at between $15.98 and $16.53 though the projection period as passenger traffic is projected to recover, capitalized interest is expended, all of the facilities of the New SLC are expected to be placed in service and all debt service on the Bonds is included in the rate base.

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PROJECTION OF DEBT SERVICE COVERAGE*
(Fiscal Year ending June 30)
($ in thousands)

	Estimate 2021	Budget 2022	2023	2024	2025	2026	2027	2028
Revenues	$180,975	$250,488	$265,962	$296,862	$378,577	$395,855	$403,036	$411,785
Operating Expenses and Capital Outlays	134,001	169,653	172,367	177,262	176,894	183,970	191,328	198,982
Less: Federal COVID Relief Funds applied to O&M	(66,000)	(39,995)	(36,935)	(36,935)	0	0	0	0
Net Revenues	$112,974	$120,831	$130,530	$153,325	$201,683	$211,886	$211,708	$212,804
Plus: Rolling Coverage Account	15,880	24,178	19,736	25,211	39,766	42,640	44,262	44,755
Net Revenues & Rolling Coverage Account	$128,853	$145,009	$150,266	$178,537	$241,449	$254,526	$255,970	$257,559
Total Debt Service (Net of Capitalized Interest)	84,364	141,245	125,118	149,040	208,542	221,061	228,501	231,130
PFCs applied to Debt Service	(25,983)	(42,432)	(46,175)	(48,196)	(49,479)	(50,500)	(51,452)	(52,112)
Debt Service (net of PFCs)	$58,381	$98,813	$78,943	$100,845	$159,063	$170,561	$177,049	$179,019
Debt Service Coverage	**2.21**	**1.47**	**1.90**	**1.77**	**1.52**	**1.49**	**1.45**	**1.44**

Source: Airport Consultant
*Amounts may not add due to rounding

The Report of the Airport Consultant and the projection of Net Revenues and debt service coverage included therein incorporates assumptions of the debt service on the Series 2021 Bonds and additional Bonds expected to be issued during the projection period based upon information provided by PFM Financial Advisors LLC ("*PFM*"), muicipal advisor to the Department, in July, 2021. 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 projected annual debt service on the additional Bonds to be issued to fund the New SLC; 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. The Report assumes a bond yield of 3.54% for the Series 2021 Bonds and 4.17% for the additional Bonds to be issued. Several other projections included in the Report of the Airport Consultant, such as projected 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 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 projection is subject to uncertainties. Inevitably, some of the assumptions used to develop the Report 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 Series 2021 Bonds. See "INVESTMENT CONSIDERATIONS – FINANCIAL ASSUMPTIONS" and "APPENDIX B - REPORT OF THE AIRPORT CONSULTANT."

INVESTMENT CONSIDERATIONS

This section contains a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Series 2021 Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Series 2021 Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. The Series 2021 Bonds may not be suitable for all investors. Potential investors in the Series 2021 Bonds are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to making of an informed investment decision, including, in particular, the matters referred to in the following summary and under the heading "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT." The following summary does not purport to be a comprehensive or exhaustive discussion of risks or other considerations which may be relevant to investing in the Series 2021 Bonds. There can be no assurance that other considerations not discussed herein will not be or become material to investors. The risks to the Airport related to COVID-19, although not purported to be a comprehensive or exhaustive discussion, can be found above under the heading "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT." The risks below present a summary of additional risks to the Airport's Revenues, not related to COVID-19, that prospective purchasers of the Series 2021 Bonds should give careful consideration to prior to purchasing the Series 2021 Bonds.

COVID-19

See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT" above for risks associated with the Series 2021 Bonds and the Airport resulting from the COVID-19 pandemic.

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 73.0% of the passengers enplaned at the Airport in FY 2020 and 24.9%, of the Department's operating revenue (after airline revenue sharing) was received from rentals and services provided to Delta and the Delta Connection carriers for FY 2020.

As a result of the Airport's geographic location, facilities and capabilities and Delta's investment in the Airport, including the New SLC, 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. It is possible that if Delta or another airline were to cease service or significantly reduce service at the Airport, Revenues, PFC collections and costs for other airlines serving the Airport could be adversely affected. Such a change in Delta's or another airline's activity at the Airport could result in differences to the projections 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 New SLC 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 and scarcity of 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 NEW SLC - Summary of the New SLC". 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 New SLC is based on a number of financial assumptions, including assumptions relating to: (1) the estimated costs and timing of construction of the New SLC and the ability of the Department to complete construction of the New SLC within budget; (2) the projected 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 New SLC.

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 57% of passenger activity at the Airport, will be affected to a significant degree by the speed of the response to the COVID-19 pandemic, 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 of the Wasatch Fault could severely damage the Airport facilities and adversely affect the Department's ability to generate Revenues. As noted above, in March of 2020, the Salt Lake City area suffered a magnitude 5.7 earthquake. Although many buildings in the region were damaged by the earthquake, none of the new facilities of the New SLC suffered damage from the earthquake requiring repair. 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, terrorist attacks 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 Series 2021 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. The New SLC is designed, in part, to upgrade the seismic stability of the facilities at the Airport. Nevertheless, the Airport could sustain extensive damage to its facilities in a major earthquake from ground motion and possible liquefaction of underlying soils. Damage could include pavement displacement (which could necessitate the closing of one or more runways for extended periods of time), distortion of pavement grades, breaks in utilities, loss of water supply, damage to drainage and sewage lines, displacement or collapse of buildings. A major earthquake in the Salt Lake City region may cause significant temporary and possibly long-term harm to the economy of the Salt Lake City area, which in turn could have a negative effect on passenger traffic and Revenues, and such effect could be material.

General Economic Considerations

Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economy. As a result of the COVID-19 pandemic, the U.S. and world-wide air travel industries have sustained unprecedented losses. Following significant and dramatic changes that occurred in the financial markets in September 2008, the U.S. economy experienced a recession followed by weak growth. The near-term economic outlook for the national and Utah economies to recover from the recession due to the COVID-19 pandemic, the speed and extent of which will be dependent on a number of factors, including the efficacy and availability of vaccines against the COVID-19 virus, the ability of businesses (including ski resorts in the surrounding area) to recover from the effects of the pandemic, the reopening of colleges and universities in the greater Salt Lake City area to in-person study, and the willingness of persons to begin traveling again for both business and leisure. There can be no assurances that the prolonged weak economic conditions, the continuation of the COVID-19 pandemic, or other national and international fiscal concerns will not have an adverse effect on the air transportation industry and/or the Department's Net Revenues.

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, U.S. carriers experienced record profitability prior to the COVID-19 pandemic. In the near-term, the recovery of the airlines from the effects of the COVID-19 pandemic will take some time and likely constrain growth in air service for some period of time. The profitability of the airline industry may continue to fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the COVID-19 pandemic, the terrorist 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, outbreaks of disease, epidemic or pandemic, 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 five major network airlines flying inside the United States – Alaska, American, Delta, Southwest and United -- that account for approximately 80% 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 was issued in 2018. Such consolidation, combined with a focus on driving profitability via capacity discipline and unbundling of services and resulting increased fee income, had increased airline profitability prior to the onset of the COVID-19 pandemic. In addition, American and JetBlue recently entered into an agreement pursuant to which each can code share with the other and each can access the other airline's passenger loyalty program.

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.

Effect of Bankruptcy of Air Carriers and Other Tenants

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.

In addition, the Hertz family of rental car companies, including Hertz, Dollar and Thrifty filed for bankruptcy protection in May 2020. All three companies continue to operate at the Airport and all three have now assumed their agreements with the City relating to operations at the Airport. They emerged from bankruptcy protection on June 30, 2021.

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

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 energy (e.g., U.S. fracking operations); disruptions to production and refining facilities; and weather.

There has been no prolonged 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 April 26, 2021, according to Bloomberg, the price of Brent crude oil futures was $65.65 per barrel. According to Form 41 (USDOT), the cost of aviation fuel purchased by commercial airlines in April 2021 averaged $1.76 per gallon.. 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. Delta 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 and Travel Substitutes

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 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. Finally, smaller corporate travel budgets, combined with the higher time costs of travel and the impacts of the COVID-19 pandemic, have made business customers more amenable to communications substitutes such as teleconferencing and videoconferencing.

Teleconference, video-conference and web-based meetings continue to improve in quality and price and are often considered a satisfactory alternative to face-to-face business meetings. Events such as the COVID-19 pandemic have accelerated this trend and increased the number of individuals who are able to work from home. While the effects cannot be quantified, it is possible that business travel to and from the Airport may be susceptible to such travel substitutes.

Technological Innovations in Ground Transportation

One significant source of non-airline Revenues is generated from ground transportation activity, including use of on-Airport parking facilities; trip fees paid by taxis, limousines and TNCs; and rental car transactions by Airport passengers. The relative market share of these sources of revenue is shifting. As one example, the popularity of TNCs was increasing prior to the onset of the COVID-19 pandemic because of the increasing number of cities where TNCs operate, the lack of other technological innovations in ground transportation, convenience of requesting a ride through a mobile application, the ability to pay for this service without providing cash or other payment to the hired driver, and competitive pricing. In FY 2020, TNCs recorded over 1.2 million Airport pick-ups and drop-offs resulting in approximately $3.1 million in trip fee Revenue for the Department, compared to nearly 1.4 million pick-ups and drop-offs and approximately $3.6 million in trip fee Revenue in FY 2019. Although ground transportation revenue in total and excluding TNC trip fees has continued to perform well, there can be no assurance that passengers will not choose to utilize TNCs instead of parking or using rental cars in the future, which could result in a reduction in ground transportation revenues.

New technologies (such as autonomous vehicles and connected vehicles) and innovative business strategies in established markets such as commercial ground transportation and car rental may continue to occur and may result in further changes in Airport passengers' choice of ground transportation mode. While the Department makes every effort to anticipate demand shifts, there may be times when the Department's expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected. The Department cannot predict with certainty what impact these innovations in ground transportation will have over time on revenues from parking, other ground transportation services or rental cars. The Department also cannot predict with certainty whether or to what extent it will collect non-airline Revenues in connection with such new technologies or innovative business strategies.

Aviation Security, Health and Safety Concerns

Public health and safety concerns also affect air travel demand from time to time, as clearly evidenced by the current COVID-19 pandemic. The COVID-19 pandemic has had and may continue to have material adverse effects on passenger traffic and the Airport's operations and financial performance. See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT" above. Future outbreaks or pandemics may lead to a decrease in passenger traffic, which in turn could cause a decrease in passenger activity at the Airport and a corresponding decline in Airport Revenues.

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 health or 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.

Following the fatal crashes of two Boeing 737 MAX aircraft that are suspected to have been caused by the malfunction of the aircraft's automated flight control system, all Boeing 737 MAX aircraft were grounded in March 2019. Among North American airlines, Air Canada, American, Southwest and United were affected. At the time of the grounding, Boeing 737 MAX aircraft accounted for approximately 1.5% of U.S. airline seat capacity. On November 18, 2020, the FAA signed an order formally rescinding the grounding of the Boeing 737 MAX aircraft, clearing the way for its return to service. The grounding of the 737 MAX aircraft had an adverse effect on several airlines serving the Airport that utilize the 737 MAX aircraft, including Southwest and United, but these did not appear to cause a reduction in operations for either carrier at the Airport.

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 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 two preceding paragraphs, including, but not limited to, updated information on the SEC's website or links to other Internet sites accessed through the SEC's website.

FAA Reauthorization and Federal Funding

On October 5, 2018, the President signed into law a five year reauthorization bill for the FAA – the FAA Reauthorization Act of 2018. The 2018 FAA reauthorization retains the federal cap on PFCs at $4.50 and authorizes $3.35 billion per year for AIP through federal fiscal year 2023, which is the same funding level as was in place 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, since authorization is subject to Congressional appropriation. 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, and/or (3) reduce the scope of individual proposed projects or the overall program, or both. See "The NEW SLC - Funding Sources" for more information regarding federal grant funding received by the Department.

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 New SLC 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 and debt service. See "The NEW SLC - 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. As a consequence of the reduction in passengers using the Airport due to the COVID-19 pandemic, the amount of PFCs collected diminished from FY 2019 levels in FY 2020 and is expected to be reduced in FY 2021 as well. See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT – Impact of COVID-19 on Passenger Facility Charges (PFCs)." 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, 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."

Cybersecurity

The Department, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware, ransomware and other attacks to its computing and other digital networks and systems (collectively, "*Systems Technology*"). As a recipient and provider of personal, private, or sensitive information, the Department may be the target of cybersecurity incidents that could result in adverse consequences to the Department's Systems Technology, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Department's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage by cybersecurity incidents or cyber-attacks, the Department invests in multiple forms of cybersecurity and operational safeguards.

While Department cybersecurity and operational safeguards are periodically tested, no assurance can be given by the Department that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could damage the Department's Systems Technology and cause material disruptions to the Department's finances or operations. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the Department to material litigation and other legal risks, which could cause the Department to incur material costs relating to such legal claims or proceedings.

The airlines serving the Airport and other Airport tenants, as well as the FAA and TSA, also face cybersecurity threats that could affect their operations or finances.

Environmental Regulations

The EPA and the State Department of Environmental Quality are 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, and as described in the following sentence. In addition to on-going remediation efforts, the Department is investigating the extent to which certain materials listed by the EPA as "emerging contaminants" contained in fire-fighting foam are contained in soil and groundwater located at or adjacent to the Airport's Utah Air National Guard facilities and the Department's now closed fire-fighting training facility and surrounding Airport property. The Department is continuing to undertake extensive investigation of soil and groundwater at the Airport and is evaluating how to address treating the materials released from fire-fighting foam. 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 2021 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 2021 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 (the "Code"), or court decisions may also cause interest on the Series 2021 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 Code or court decisions may also affect the market price for, or marketability of, the Series 2021 Bonds. Prospective purchasers of the Series 2021 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 and regulation, changes to which could have a material effect on the operations or financial position of the Department.

The Airport is highly regulated by federal agencies including the FAA, the TSA, Customs and Border Protection and the Department of Health. In the past, actions by these agencies (in particular the FAA and the TSA) have required the Department to undertake additional capital expenditures and have affected passenger traffic. The Department cannot predict whether any such legislation or regulations will be introduced after the date of this Official Statement or, if introduced, whether such legislation or regulations would be enacted or adopted, or their effect on the operations or financial condition of the Department.

Limitation of Remedies; No Acceleration

Any remedies available to owners of the Bonds upon the occurrence of an event of default under the Master Indenture are in many respects dependent upon judicial actions which are in turn often subject to discretion and delay and could be both expensive and time-consuming to obtain. If the Department fails to comply with its covenants under the Master Indenture, including its covenant to pay principal of or interest on the Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the owners of the Bonds. The ability of the Department to comply with its covenants under the Master Indenture and to generate Net Revenues sufficient to pay principal of and interest on the Bonds may be adversely affected by actions and events outside the control of the Department. Further, the rate covenant included in the Master Indenture provides that if the requirement that Net Revenues together with any Transfer equal at least 125% of aggregate Annual Debt Service with respect to the Bonds is not met, so long as the Department is taking specified steps to meet the rate covenant, an event of default will not be triggered until after the following Fiscal Year. See "SECURITY FOR THE SERIES 2021 BONDS-Rate Covenant." The ability of the Department to increase its rates, fees and charges and to reduce its expenses will be limited by, among other things, existing contracts and federal law.

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 Bonds, including the Series 2021 Bonds. In addition, the Master Subordinate Obligation Indenture does not grant any right to accelerate payment of Subordinate Obligations as a result of an event of default thereunder. 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 Bonds, including the Series 2021 Bonds.

Forward-Looking Statements

This Official Statement contains 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 projections and estimates should not be regarded as a representation by the City that such projections and estimates will occur. Such 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, the recovery from the effects of the COVID-19 pandemic, 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 projections made therein. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the projection 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 2021 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2021A Bond for any period during which such Series 2021A Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2021A Bonds or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that (a) interest on the Series 2021A Bonds constitutes an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (b) interest on the Series 2021B Bonds is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described above assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code, that must be met subsequent to the issuance of the Series 2021 Bonds. Failure to comply with such requirements could cause interest on the Series 2021 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2021 Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2021 Bonds.

The accrual or receipt of interest on the Series 2021 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2021 Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2021 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers 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 2021 Bonds.

Bond Counsel is further of the opinion that, under the existing laws of the State, as presently enacted and construed, interest on the Series 2021 Bonds is exempt from State individual income taxes.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX G.

Tax Treatment of Original Issue Premium

The Series 2021 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "*Premium Series 2021 Bonds*"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Series 2021 Bond over its stated redemption price at maturity constitutes premium on such Premium Series 2021 Bond. A purchaser of a Premium Series 2021 Bond must amortize any premium over such Premium Series 2021 Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Series 2021 Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any 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 Premium Series 2021 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 Premium Series 2021 Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Series 2021 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 Premium Series 2021 Bond.

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 2021 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 2021 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 2021 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 2021 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 2021 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2021 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 2021 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.

RATINGS

The Series 2021 Bonds have been assigned ratings of "A2" (outlook: stable) by Moody's Investors Service, Inc. ("*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 2021 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 NEW SLC," "THE AIRPORT," "REPORT OF THE AIRPORT CONSULTANT" and APPENDIX B. If and when included in this Official Statement, the words "expects," "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 2021 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the Series 2021 Bonds are issued, the legality of the purposes for which the Series 2021 Bonds are issued, or the validity of the Series 2021 Bonds, or the issuance thereof.

Lawsuits are periodically filed against the Department and/or its employees, involving construction claims, workers' compensation and employment claims, claims related to procurement processes and small claims. The majority of these claims are covered by the Department's insurance coverage and self-insured retentions within expected limits. 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 has assessed the pending litigation and determined that the likelihood of liability in uninsured claims currently pending is remote. 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. There can be no assurance, however, that a judgment may be rendered and sustained upon appeal that exceeds the amount of the Department's insurance and its self-insured retentions, and such amounts, although unlikely, could be material.

Approval of Legal Proceedings

Certain legal matters incident to the authorization and issuance of the Series 2021 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 Kaplan Kirsch & Rockwell LLP, the City's Disclosure Counsel. The Underwriters are being represented by their counsel, Gilmore & Bell, P.C. The approving opinion of Bond Counsel will be delivered with the Series 2021 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, 2020 and 2019, 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 Brian Butler, the Department's Chief Financial Officer, 3920 West Terminal Drive, P.O. Box 145550, Salt Lake City, Utah 84122.

UNDERWRITING

The Series 2021 Bonds are being purchased by Citigroup Global Markets Inc. ("*Citi*"), Goldman Sachs & Co. LLC, BofA Securities, Inc., Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, and Zions Bancorporation, National Association (collectively, the "*Underwriters*"), for whom Citi is acting as representative (the "*Representative*"). The Underwriters have agreed, subject to certain conditions, to purchase all of the Series 2021 Bonds at an aggregate purchase price of $1,139,948,561.98 (equal to the par amount of the Series 2021 Bonds, plus an original issue premium in the aggregate amount of $237,147,355.95 less an underwriting discount of $1,768,793.97) 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 2021 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 2021 Bonds, if any are purchased. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2021 Bonds to the public. The obligations of the Underwriters to accept delivery of the Series 2021 Bonds are subject to various conditions of the Bond Purchase Agreement.

The Underwriters may offer and sell the Series 2021 Bonds to certain dealers (including depositing the Series 2021 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, 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., an underwriter of the Series 2021 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "*Fidelity*"). Under this distribution agreement, Citi may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citi will compensate Fidelity for its selling efforts.

BofA Securities, Inc., an underwriter of the Series 2021 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("*MLPF&S*"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2021 Bonds.

Morgan Stanley & Co. LLC, an underwriter of the Series 2021 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 2021 Bonds.

MUNICIPAL ADVISOR

PFM is serving as municipal advisor to the Department for the issuance of the Series 2021 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 2021 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 SEC 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 2021 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 2021 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 2021 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2021 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 entered into a CDA with respect to the Series 2017 Bonds in February 2017, and the City entered into an additional CDA with respect to the Series 2018 Bonds in October 2018. Prior to February 2017, the City did not have 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. The City has complied fully with its continuing disclosure obligations with respect to its Airport Revenue Bonds for the preceding five years.

The City has entered into a number of continuing disclosure undertakings pursuant to the Rule with respect to the bonds it has issued in addition to those issued for the benefit of the Department 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 each of the applicable dissemination agents in advance of the deadline specified in the applicable continuing disclosure undertaking. Dissemination agents for certain of the City's bonds filed such information late; however, the information was filed within 10 days of the deadline. Additionally, with respect to certain bonds issued for the benefit of the City's Water System, during the previous five years the City filed the audited financial statements of the Water System, but did not include the audited financial statements of the City. Corrective filings have been made and the City has taken steps to ensure that in the future the City's audited financial statements will be filed for such Water System bonds as required. The City has adopted continuing disclosure policies and procedures to help ensure compliance with its continuing disclosure undertakings.

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 2021 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: /s/ *Erin J. Mendenhall*
Erin J. Mendenhall, Mayor

SALT LAKE CITY DEPARTMENT OF AIRPORTS

By: /s/ *Bill Wyatt*
Bill Wyatt, Executive Director

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APPENDIX A
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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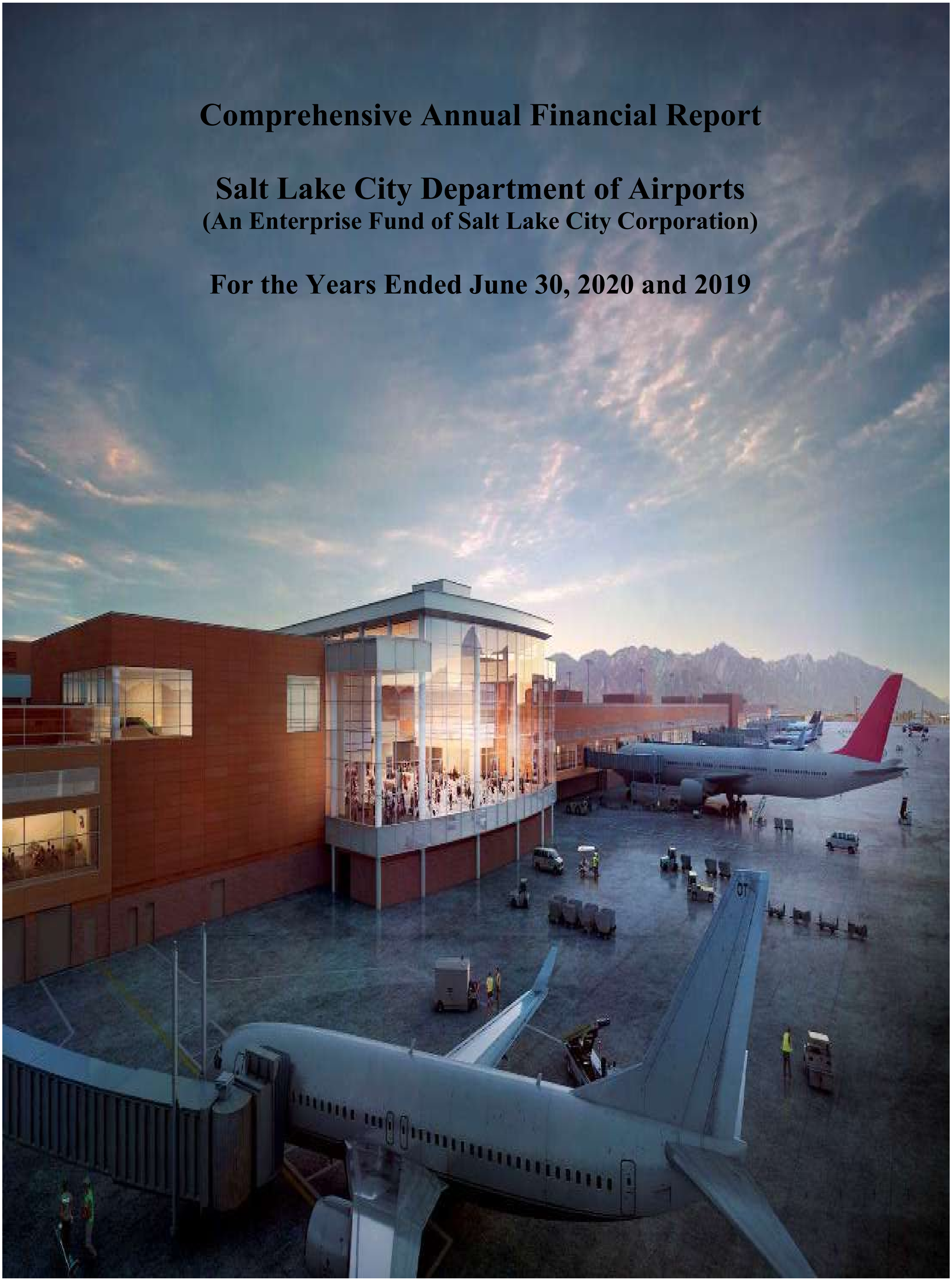
Comprehensive Annual Financial Report

Salt Lake City Department of Airports
(An Enterprise Fund of Salt Lake City Corporation)

For the Years Ended June 30, 2020 and 2019



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Salt Lake City Corporation
Financial Statements
For the Years Ended June 30, 2020 and 2019

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INTRODUCTORY SECTION

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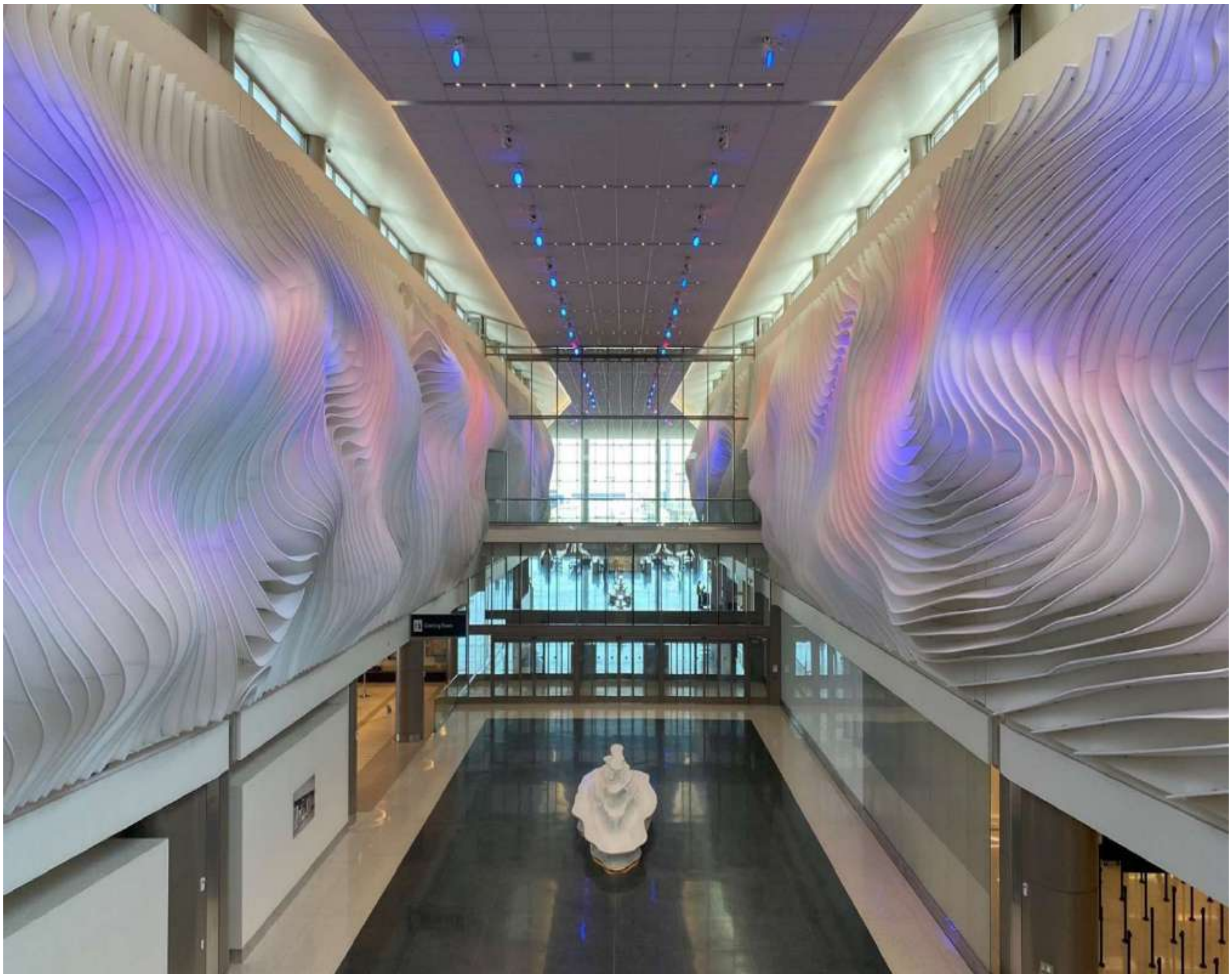

Salt Lake City
Department of Airports

October 9, 2020

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, 2020 is submitted herewith. This report was prepared by the Airport'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 Airport.

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 Airport'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, 2020 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 Salt Lake City's (City) 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 Airport's budget is prepared under the direction of the Airport Executive Director and Chief Financial Officer (CFO), 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 Airport is a department of the city of Salt Lake City, Utah. As an enterprise fund, users of the Airport'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, previously terminal one, was dedicated in 1961. Terminal two was completed in 1978. Terminal one was expanded and remodeled in 1981, a third air carrier runway was added in 1995, and an 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

Construction commenced in FY 2014 on the Terminal Redevelopment Program (TRP), a $3.0 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 FY2020, the Airport served over 20 million passengers which is more than double 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 31-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 $1.1 billion.

The TRP construction activities for FY 2020 included substantial completion of the Terminal, South Concourse West, Central Utility Plant, Parking Garage, Gateway, roadways, and airfield paving. The NCP construction activities included the installation of moving walks, elevators and escalators, terrazzo flooring and drywall finishes throughout the North Concourse West and airfield paving. Phase I is scheduled to be complete October 2020.

Due to the completion and opening of the new terminal facility and concourses in September 2020, there are no capital projects included in the FY 2021 budget for terminals. All existing concourses will be demolished in FY 2021

The FY 2021 budget includes $13.2 million for airfield projects. This includes taxiway E reconstruction, airfield lighting rehabilitation, and taxiway G centerline PCC panel replacement. These airfield improvement projects ensure the safe operation of aircraft and preserve valuable assets.

The FY 2021 budget includes $3.9 million for landside projects. This includes north surplus canal levee improvements, employee parking lot asphalt overlay, and QTA upgrades.

Funding for the airport capital improvement program (CIP) includes reserves generated by the Airport, airport improvement program (AIP) grants from the Federal Aviation Administration (FAA), PFC, CFC, future Airport bonds, and Airport funds.

The Airport is currently ranked the 23rd busiest in the United States, and 92nd busiest in the world in terms of passenger numbers. As of June 30, 2019, the Airport provided 370 average daily departures to 98 non-stop destinations. Due to the Covid-19 pandemic, the Airport provided 143 average daily departures to 67 non-stop destinations in June 2020. The Airport served approximately 20.2 million passengers in FY 2020 and is one of Delta's largest hubs.

Economic Condition

The Fiscal Year 2020 financial results reflect changes to both operating and non-operating revenues and expenses due to the global pandemic of Covid-19. The Department of Airports acted quickly to manage operating and capital expenditures in response to sharp declines in passenger traffic beginning in March 2020, and peaking in April, which caused a major disruption in both terminal and landside concession revenue. The Airport continues to work closely with the airlines, rental car providers, as well as food and beverage concessionaires to respond to the pandemic by adjusting schedules, temporarily closing stores, as well as providing temporary financial relief to make sure the Airport and its airlines and concessions continue to have an effective partnership. While the Department has seen an increase in passengers from April to June of the current fiscal year, much of the recovery will be dependent on a viable vaccine that will need to be widely distributed both domestically as well as internationally for the Airport to recover fully from the global pandemic. The Airport received a grant of $82.5 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding from the federal government which will be used in FY 2020 and 2021 to help offset the loss of revenue in landside and terminal concession revenue and allow the Airport to stabilize rates and charges for the airlines and concessionaires.

According to the recently published State of Utah's 2020 Economic Report to the Governor, Utah leads all states in the rate of job growth since 2010. During 2019, Utah's unemployment rate declined to 2.3 percent compared to 3.1 percent for 2018. The consensus forecast predicts increased uncertainty and moderation due to the ongoing pandemic, but still healthy growth for the state in the near future.

Utah's total personal income is estimated to have increased by 3.3 percent in 2019, in addition to the 6.1 percent increase in 2018. The 2019 increase in personal income was led by strong wage growth at 3.0 percent. Jobs were added across all industry sectors in the Utah economy during 2019, including significant expansion in the construction sector driven by increases in both residential and nonresidential projects.

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 in 2013, 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 in 2013 generated 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 requires a continued focus on operating costs, while maintaining service and safety. Operating expenses increased by 11.1 percent, while passengers decreased 22.9 percent in FY 2020 compared to FY 2019 due to the Covid-19 pandemic. A large increase in operating costs relates to changes in pension benefits that decreased the amount of pension expense recognized in FY 2019 due to Airport Police becoming a part of the Salt Lake City Police Department. Pension benefits were at a normal level in FY 2020. Other expenses increased moderately from the prior year.

The Airport borrowed $1 billion of General Airport Revenue Bonds (GARB's) in February 2017 and $850.5 million in October 2018 to fund the ongoing construction of the TRP and NCP. Efforts are continually made to control operating costs to the airlines and reduce airline cost per enplaned passenger, currently at $5.41 for FY 2020 and $3.90 for FY 2019, one of the lowest rates among large hub airports in the nation. The Airport has total cash and investment balances of $667 million to be utilized during the next several years for operating costs, CIP as well as the TRP and NCP with the exception of certain restricted funds. Financing for the TRP and NCP are generated from federal grants, PFCs, CFCs, bonds, and Airport cash reserves. The Airport will acquire additional funding in the future to fund the next phase of the TRP and NCP.

<u>Outlook</u>

Over the last several years, Utah has outperformed the national economy. Even with the ongoing pandemic this trend is expected to continue. Unemployment in Utah was 5.1% as of June 2020, well below the national average of 11.1%. Job growth is expected to recover as the economy improves and a vaccine becomes available.

The budget for the Airport adopted for FY 2021 assumes that Salt Lake City Airport passengers are projected to decrease by 20 percent during FY 2021 compared to the prior Fiscal Year. Full economic recovery from the pandemic is not expected until a vaccine is widely available. Flights remain at a lower capacity and several routes have been cut. The Airport and airlines are doing everything possible to keep costs down while passenger traffic continues to recover.

Current financial position, passenger statistics, and results from FY 2020 and earlier can be found in more detail in Management's Discussion and Analysis in this report.

<u>Future Growth</u>

The Salt Lake City Department of Airports (Department) continues to model various scenarios for recovery from the Covid-19 pandemic. Demand for air travel is usually driven by economic activity, but analysts are now seeing a shift in that model based on passenger confidence as well as travel restrictions in flying during the pandemic. The Department believes that a full recovery to 2019 enplanement levels will take several years to achieve until medical treatments, which may include a vaccine, allay consumer safety concerns about travel and allow fewer travel restrictions, such as withdrawal of self-quarantining requirements. This most likely will not be achieved until 2023 or 2024. In the Department's FY 2021 budget, we are forecasting a decrease of 20% of enplanements compared to those in FY 2020.

Construction on the TRP is well underway. The new terminal opened on September 15, 2020, and Phase one will be completed by the end of October 2020. Phase two of the TRP is scheduled to open by fall 2024. The TRP replaces 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 consolidates passenger processing facilities into a single facility to serve all concourses, as well as replaces the existing parking garage, constructs new terminal roadways, and introduces a new central utility plant. Rental car services are integrated with the new garage. A new site for car rental operations and servicing, and a quick turn-around facility for car rentals, are operational. The new airport will be capable of handling more passengers and aircraft. The number of parking spaces in the garage doubles from 1,770 to 3,600. The new terminal opened on September 15, 2020, and phase two of the TRP is scheduled to open by fall 2024.

The NCP includes the development of 31 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 on October 27, 2020.

In the 2020 State of Utah's Economic Report to the Governor it states that Salt Lake City is undergoing a 10-year $3.6 billion remodel of the international airport that is expected to contribute $3.3 billion to the economy.

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, 2019.

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 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 Airport 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 for their interest and support in planning and conducting the financial operations of the Airport in a responsible and progressive manner.

Bill Wyatt
Salt Lake City Department of Airports
Executive Director

Brian Butler, CPA
Salt Lake City Department of Airports
Chief Financial Officer

ORGANIZATIONAL CHART
City of Salt Lake City, Utah

Mayor
Erin Mendenhall

City Council Members

District One	James Rogers
District Two	Andrew Johnston, Vice Chair
District Three	Chris Wharton, Chair
District Four	Ana Valdemoros
District Five	Darin Mano
District Six	Dan Dugan
District Seven	Amy Fowler

Department of Airports
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Steve Price, Vice Chair
Roger Boyer
Arlyn Bradshaw
Theresa Foxley
J. T. Martin
Karen Mayne
Shawn Milne
Larry Pinnock
James Rogers
Dirk Burton

Executive Director
Bill Wyatt

Directors

Admin & Commercial Services	Shane Andreasen
Chief Operating Officer	Peter L. Higgins
Engineering	Kevin F. Robins
Finance	Brian Butler
Information Management	Edwin Cherry
Maintenance	Ed Clayson
Operational Readiness, Activation, and Transition	Medardo Gomez
Operations, Acting	Treber Andersen
Planning & Environmental	Brady Fredrickson
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, 2019

Christopher P. Morrill

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

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Honorable Mayor and City Council of Salt Lake City
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, 2020 and 2019, 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, 2020 and 2019, 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.

What inspires you, inspires us. | eidebailly.com
5 Triad Center, Ste. 600 | Salt Lake City, UT 84180-1106 | T 801.532.2200 | F 801.532.7944 | EOE

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, 2020 and 2019, 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 9, 2020

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Management's Discussion and Analysis
(unaudited)

The following Management's Discussion and Analysis (MD&A) of the Salt Lake City Department of Airports' (Department) activities and financial performance provides an introduction and overview to the financial statements for the fiscal years ended June 30, 2020 and 2019.

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 Airport is an enterprise fund of Salt Lake City Corporation (City) 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 (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 charges (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 the largest hubs for Delta Air Lines Inc. (Delta). The Airport ranks as the 23rd busiest in the United States and the 92nd busiest in the world in terms of passenger numbers (according to Airport Council International (ACI)). In terms of operational movements, ACI states that the Airport ranks 23rd busiest in the United States and 51st busiest in the world.

The Airport had experienced several years of growth in total passenger numbers until the onset of the Covid-19 pandemic. In FY 2020 the economy entered a recession after several years of growth. Total passengers decreased by 6.0 million in FY 2020, and increased by 1.4 million and 1.1 million in FY 2019 and FY 2018, respectively, to a total of 20.2 million, 26.2 million, and 24.8 million passengers, respectively. Enplaned passengers decreased by 3.0 million in FY 2020, and increased by 670 thousand and 570 thousand in FY 2019 and FY 2018 to a total of 10.1 million, 13.1 million, and 12.4 million enplaned passengers; a decrease of 22.9%, and increases of 5.4%, and 4.8%, respectively. As of June 30, 2019, the Airport provided 370 average daily departures to 98 non-stop destinations. Due to the Covid-19 pandemic, airlines operating at the Airport reduced service and the Airport provided 143 average daily departures to 67 non-stop destinations in June 2020. Load factors decreased to 71% in FY 2020 compared to 88% and 86% in FY 2019 and FY 2018.

Total aircraft operations decreased 11.1% in FY 2020, increased 2.7% in FY 2019, and increased 2.7% in FY 2018. Landed weights decreased by 1,904 million pounds, -12.3%, in FY 2020, increased by 556 million pounds, 3.7%, in FY 2019, and increased by 499 million pounds, 3.5%, in FY 2018. The decrease in operations and landed weights are due to the Covid-19 pandemic.

	FY 2020	FY 2019	FY 2018	FY 2017
Enplanements (in thousands)	10,096	13,090	12,420	11,850
% increase from prior year	(22.9%)	5.4%	4.8%	4.9%
Landed weight lb's (in thousands)	13,561,514	15,465,060	14,908,945	14,409,644
% increase from prior year	(12.3%)	3.7%	3.5%	6.1%
Aircraft Operations - All Types (in thousands)	303	341	332	323
% increase (decrease) from prior year	(11.1%)	2.7%	2.8%	2.5%
Total # of passengers (in thousands)	20,207	26,204	24,831	23,691
% increase from prior year	(22.9%)	5.5%	4.8%	4.9%

STATEMENT OF NET POSITION

The Airports' net position was $1.4 billion as of June 30, 2020. The total increase in net position during the year ended June 30, 2020 was $13.4 million. The largest portion of the Airport's net position (85.1%) represents net investment in capital assets (land, buildings, runways, taxiways, and equipment).

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Management's Discussion and Analysis
(unaudited)

(Amounts in thousands) **STATEMENTS OF NET POSITION**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
ASSETS:			
Current and other assets	$ 719,956	$ 1,413,134	$ 1,031,425
Capital assets	3,035,212	2,303,130	1,609,860
TOTAL ASSETS	3,755,168	3,716,264	2,641,285
DEFERRED OUTFLOWS	4,521	9,575	9,843
TOTAL ASSETS AND DEFERRED OUTFLOWS	3,759,689	3,725,839	2,651,128
LIABILITIES:			
Current liabilities	211,714	183,921	114,059
Noncurrent liabilities	2,107,255	2,119,746	1,171,654
TOTAL LIABILITIES	2,318,969	2,303,667	1,285,713
DEFERRED INFLOWS	10,148	5,020	10,775
TOTAL LIABILITIES AND DEFERRED INFLOWS	2,329,117	2,308,687	1,296,488
NET POSITION:			
Invested in capital assets	1,217,266	1,121,415	1,201,228
Restricted			
Capital Projects	42,818	37,202	32,693
Debt Service	221,741	315,432	200,842
Unrestricted	(51,253)	(56,897)	(80,123)
Total Net Position	1,430,572	1,417,152	1,354,640
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	$ 3,759,689	$ 3,725,839	$ 2,651,128

SUMMARY OF CHANGES IN NET POSITION	**FY 2020**	**FY 2019**	**FY 2018**
Operating revenues	$ 161,326	$ 173,461	$ 164,406
Operating expenses	(109,903)	(98,433)	(99,976)
Operating Income before depreciation	51,423	75,029	64,430
Depreciation	(57,604)	(63,550)	(63,827)
Operating income (loss)	(6,181)	11,478	603
NON-OPERATING REVENUES (EXPENSES)			
Passenger facility charges	40,607	49,721	47,739
Customer facility charges	12,478	16,012	15,740
Interest expense	(85,498)	(72,223)	(34,675)
Other, net	20,889	43,239	19,282
Total Non-Operating Revenues (Expenses)	(11,524)	36,749	48,086
CAPITAL CONTRIBUTIONS			
Contributions and grants	31,125	14,285	18,142
Increase in Net Position	13,420	62,512	66,831
Net Position, beginning of period	1,417,152	1,354,640	1,287,809
Net Position, end of period	$ 1,430,572	$ 1,417,152	$ 1,354,640

Restricted cash for construction has decreased $638 million from the prior year as the Department continued to spend bond proceeds on the continuing construction of the Terminal Redevelopment Plan (TRP) and North Concourse Plan (NCP). As of June 30, 2020, $265 million (7.1%) of Airport assets were restricted for construction compared with $903 million (24.3%) in FY 2019, and $745 million (28.2%) in FY 2018. These amounts represent bond proceeds, PFCs and customer facility charges (CFCs) that have been collected, but have not yet been reimbursed to general operating cash for TRP and NCP construction projects. In addition, $23.4 million of Airport assets in FY 2020 were restricted for an operation and maintenance reserve fund, and $5.0 million was restricted for a renewal and replacement reserve fund as required by the Airport Use Agreement (AUA) between the City and the signatory airlines operating at the Airport.

Total cash and investments decreased in the current year as the Airport spent bond proceeds on the construction of both the TRP and NCP. Total available cash and investments decreased by $698 million in FY 2020. After restricted balances, the Airport's unrestricted cash available for operating expenses and reserves for the TRP and NCP decreased by $137 million.

To increase return on restricted and reserved cash, the Department invested cash in the State Treasurer's investment pool as well as agency and corporate bonds. Cash investments in the State Treasurer's investment pool were increased by $1.1 million, and U.S. Treasury, Agency, and corporate bonds were increased by $695 thousand to fair market value at June 30, 2020. 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, $558 thousand 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 decreased by $63 million (-13.7%) because the Covid-19 pandemic caused a reduction in operating revenue, and reimbursements to operating cash from PFC restricted cash or bond proceeds restricted cash for capital projects financed in FY 2020 did not cover the shortfall. Non-operating cash from PFCs, CFCs, and grants increased, which was offset with the decrease in available operating cash and bond proceeds.

Airport cash payments for current year construction and land acquisitions in the amount of $732.3 million were reimbursed by restricted PFC funds in the amount of $42.6 million, CFC funds in the amount of $13.5 million, federal airport improvement program grants (AIP) of $30.1 million, and proceeds of general airport revenue bonds (GARBs) in the amount of $646.1 million. The remainder of cash outflows for construction as well as payments for capital equipment of $13.8 million was provided by Airport operating cash.

Capital assets (net of accumulated depreciation) have increased by $692 million. This increase is attributed to an increase in construction in progress of $711 million from TRP, NCP, and other capital improvement projects not yet completed.

In FY 2013 and FY 2016, the Department 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 accelerated depreciation expense of approximately $2.2 million for FY 2020 and $7.6 million in FY 2019. 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 TRP and NCP. Capital assets are currently funded by AIP, TSA grants, PFCs, CFCs, bond proceeds, and Airport funds. For more detailed information on changes in capital assets, refer to Note 4 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 a reduction in deferred outflows of $5.1 million in FY 2020, decreasing deferred outflows to $4.5 million, which represent deferred outflow of resources (expenses) in future periods. The Airport also increased deferred inflows by $4.6 million in FY 2020, to $9.6 million, which represent resources (revenues) that will be recognized in future periods.

SUMMARY OF CASH FLOW ACTIVITIES	FY 2020	FY 2019	FY 2018
Cash flow from operating activities	$ 43,391	$ 67,290	$ 60,411
Cash flow (used) from investing activities	303,941	(376,407)	(25,623)
Cash flow from passenger facility charges	44,460	49,571	47,474
Cash flow from customer facility charges	13,526	16,720	15,656
Cash flow from grants	30,056	2,696	19,735
Cash flow from sale of capital assets and equipment	108	159	136
Cash flow from revenue bond proceeds	-	931,456	-
Cash flow (used) from interest paid on bonds	(100,026)	(50,000)	(42,778)
Cash flow (used) from bond inssuance costs	-	(1,468)	-
Cash flow from other financing	2,166	8,043	1,142
Payments for acquisition and construction of property	(746,014)	(694,319)	(504,443)
Cash and cash equivalents at beginning of year	863,868	910,127	1,338,417
Net (decrease) in cash	(408,392)	(46,259)	(428,290)
Cash and cash equivalents at end of year	$ 455,477	$ 863,868	$ 910,127

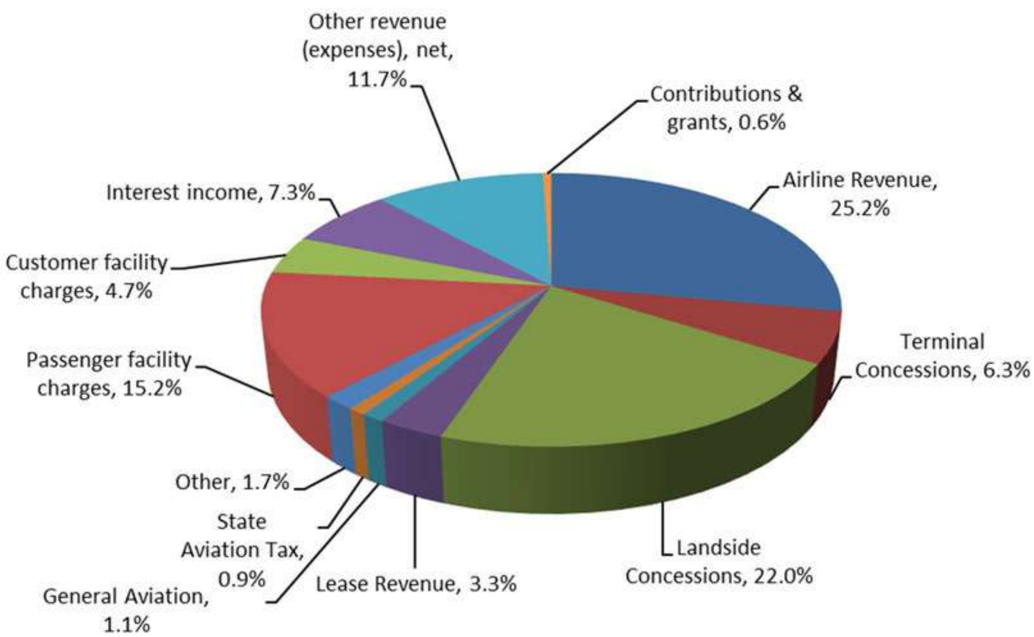
(amounts in thousands)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Operating income, before depreciation, was $51.4 million in FY 2020, compared with $75.0 million in FY 2019, and $64.4 million in FY 2018. With the inclusion of depreciation and non-operating revenue and expenses, the resulting increase in net position for FY 2020 was $13.4 million, FY 2019 was $62.5 million, and FY 2018 was $66.8 million.

Revenues

The following chart and table shows the major sources of revenues and the percentage to total revenues:
The year ended June 30, 2020:



(Amounts in thousands)	FY 2020 Amount	Percent of Total	FY 2019 Amount	Percent of Total	FY 2018 Amount	Percent of Total
Operating revenues:						
Airline revenue	$ 77,312	29.0%	$ 75,635	25.2%	$ 70,572	26.6%
Terminal concessions	16,681	6.3%	20,454	6.8%	19,193	7.2%
Landside concessions	58,691	22.0%	72,457	24.2%	68,081	25.7%
Lease revenue	8,746	3.3%	8,084	2.7%	7,539	2.8%
General aviation	3,009	1.1%	2,990	1.0%	2,661	1.0%
State aviation tax	2,344	0.9%	2,919	1.0%	3,122	1.2%
Other	4,640	1.7%	4,999	1.7%	6,245	2.4%
Operating revenues	171,423		187,539		177,413	
Less: Airline revenue sharing	(10,097)	-3.8%	(14,077)	-4.7%	(13,007)	-4.9%
Total operating revenues	161,326	60.6%	173,461	57.8%	164,406	62.0%
Non-operating revenues and capital contributions:						
Passenger facility charges	40,607	15.2%	49,721	16.6%	47,739	17.9%
Customer facility charges	12,478	4.7%	16,012	5.3%	15,740	5.9%
Interest income	19,361	7.3%	36,964	12.3%	21,783	8.2%
Other revenue (expenses), net	1,528	0.6%	9,405	3.1%	(2,501)	-0.9%
Contributions & grants	31,125	11.7%	14,285	4.8%	18,142	6.9%
Total non-operating revenues	105,099	39.4%	126,387	42.2%	100,903	38.0%
Total revenues	$ 266,425	100.0%	$ 299,848	100.0%	$ 265,309	100.0%

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). Each AUA terminates on June 30, 2024, unless earlier terminated, except that Delta has entered into an amendment to its AUA extending the term for an additional ten years to June 30, 2034. Each of the other Signatory Airlines has been offered the opportunity to extend the term of their AUA on the same terms as Delta, but as of October 9, 2020, none of the other Signatory Airlines has elected to extend the term of their AUA. Under the AUA, 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 that are parties to the AUA consisting of one dollar ($1) per enplaned passenger, not to exceed 30% of net remaining revenue. The Signatory Airline revenue sharing decreased by $4.0 million compared to the prior year from $14.1 million in FY 2019 to $10.1 million in FY 2020, and increased by $1.1 million from $13.0 million in FY 2018 to $14.1 million in FY 2019. The decrease in FY 2020 was caused by a reduction in flights from the airlines due to the Covid-19 pandemic, which resulted in fewer passengers at the Airport.

Airline revenue, net of airline revenue sharing, has increased $5.7 million in FY 2020 over the prior year. The Covid-19 pandemic caused fewer flights resulting in lower than expected landed weights and landing fees. Terminal rents were not impacted by Covid-19. Landing fees increased by $204 thousand in FY 2020 over the prior year. Terminal space and other building rentals have increased by $5.5 million in FY 2020 compared to the prior year. 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 2020 was $5.41, an increase from the FY 2019 amount of $3.90.

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 financial results. Final terminal rents and landing fees for the past three years are as follows:

	FY 2020	FY 2019	FY 2018
Terminal Rents (annual per square foot)	$ 78.51	$ 75.62	$ 69.69
Landing Fees (per 1,000 lbs)	$ 2.64	$ 2.29	$ 2.23

Non-airline concession revenues are allocated into two major categories: (1) terminal concessions, which include food service, retail, and advertising, and (2) landside concessions, which consist of auto parking, rental car commissions, and ground transportation fees. Due to the Covid-19 pandemic, many of the Airport's non-airline tenants suffered financially. Several in terminal retail outlets and restaurants were forced to close. Rental cars and ground transportation were affected proportionally to the decrease in passengers at the Airport. Terminal concessions revenues have decreased by $3.8 million (-18.4%) from FY 2019. The decrease in terminal concession revenue is a result of the decrease in total passengers of 22.9% caused by the Covid-19 pandemic. Landside concessions have decreased by $13.8 million (-19.0%). The primary cause for this is a decrease in passengers offset by an increase in ground transportation fees. Auto parking revenues have decreased $8.3 million (-22.9%).

Non-operating Revenues

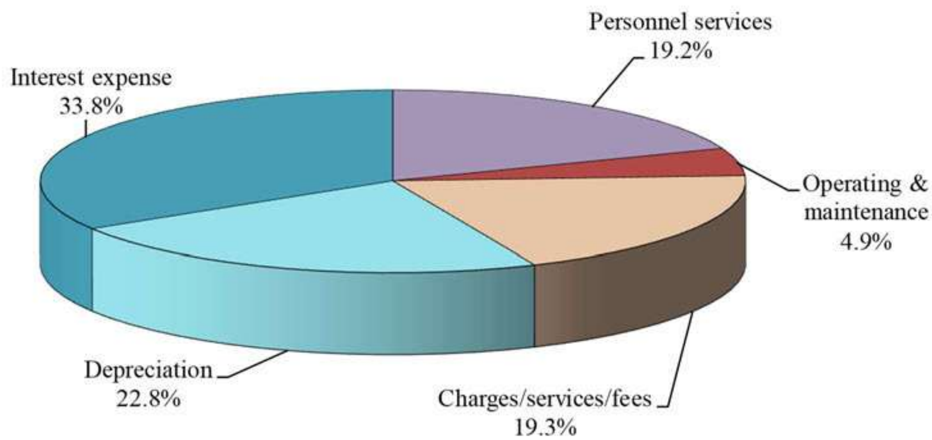
The Airport recorded $31.1 million in grants in FY 2020. These funds consisted of $27.2 million in AIP grants provided by the Federal Aviation Administration and $3.9 million in CARES Act grants. Airport federal grants increased from the prior year by $16.8 million (117.9%) based on timing of grant applications and CARES Act funding. Passenger facility charge revenue in FY 2020 was $40.6 million, including $655 thousand in interest on PFC deposited funds. This is a total decrease of $9.1 million (-18.3%) from the FY 2019 total of $49.7 million, as a result of the reduction in passengers due to COVID-19.

The Airport recorded a gain of $44 thousand on the disposition and sale of property and equipment in FY 2020. In FY 2019, the loss on the disposition and sale of property and equipment was $51 thousand.

The average interest rate on investments that are held in the State Treasurer's pool for FY 2020 was 2.0%, compared to 2.8% in FY 2019, and 1.8% in FY 2018. In FY 2020, FY 2019, and FY 2018, interest earned from the State Treasurer's pool and depository accounts totaled $17.4 million, $31.9 million, and $22.1 million, respectively. Interest income decreased because of lower balances in the State Treasurer's pool as the bond proceeds were spent from the pool, as well as decreasing interest rates from the Federal Reserve. 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, Agency and Corporate notes to obtain a higher rate of return. Interest earned on these investments was $4.5 million FY 2020, $5.0 million in FY 2019, and $1.6 million in FY 2018 (after management fees). The weighted average yield, including discounts and premiums included at purchase, was 1.49%. 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 $1.2 million in FY 2020, $1.3 million in FY 2019 and $1 million in FY 2018 of interest income from financing CFC related projects from Airport reserves that will be paid back to the Airport through future CFC collections.

Expenses

A chart and summary of expenses for the year ended June 30, 2020, including the amount and percentage of change in relation to prior year amounts, is as follows:



(Amounts in thousands)	FY 2020	Percent of Total	FY 2019	Percent of Total	FY 2018	Percent of Total
Operating expenses:						
Personnel services	$ 48,584	19.2%	$ 40,258	17.0%	$ 50,076	25.2%
Operating and maintenance	12,381	4.9%	12,610	5.3%	11,343	5.7%
Charges/services/fees	48,938	19.3%	45,565	19.2%	38,557	19.4%
Total operating expenses before depreciation	109,903	43.4%	98,433	41.5%	99,976	50.3%
Depreciation	57,604	22.8%	63,550	26.8%	63,827	32.2%
Total operating expenses	167,507	66.2%	161,983	68.3%	163,803	82.5%
Non-operating expenses:						
Interest expense	85,498	33.8%	72,223	30.4%	34,675	17.5%
Bond issuance costs	-	0.0%	3,130	1.3%	-	0.0%
Total non-operating expenses	85,498	33.8%	75,353	31.7%	34,675	17.5%
Total expenses	$ 253,005	100.0%	$ 237,336	100.0%	$ 198,478	100.0%

Operating Expenses

During March and April 2020, at the beginning of the Covid-19 pandemic, the Airport took several steps to reduce operating and capital expenses. The Airport instituted a hiring freeze, banned travel for all employees, and halted or postponed work on several projects. By the end of the fiscal year, the Airport saved approximately $12 million compared to the budget for FY 2020.

Operating expenses before depreciation have increased by $11.5 million (11.7%) in the current fiscal year. These expenses decreased by $1.5 million (-1.5%) in FY 2019, and increased by $500 thousand (0.5%) in FY 2018. Personnel services have increased by $8.3 million (20.7%) in the current fiscal year. The large increase primarily is due to pension expense related to GASB 68, which is further discussed in Note 7. Also, the Airport police employees were transferred to the Salt Lake City Police Department on January 1, 2019, which moved their salaries to Charges and Services.

Operating and maintenance costs have decreased by $229 thousand (-1.8%) from FY 2019. Costs were similar in FY 2020 compared to FY 2019. The primary cause for the change is a decrease of $207 thousand for computer supplies. Fewer computer supplies were purchased in anticipation of purchasing new equipment when the TRP opens in FY 2021.

Expenses for charges and services have increased by $3.4 million (7.4%). The largest increase was for $4.5 million of additional charges from Salt Lake City Police for services provided to the Airport for a full year compared to the last six months of FY 19 when the Airport police became part of Salt Lake City police. The resulting decrease was due to professional services related to projects in many areas that were put on hold due to the Covid-19 pandemic.

Depreciation expense decreased by $5.9 million (-9.4%) in FY 2020, decreased by $277 thousand (-0.4%) in FY 2019, and increased by $162 thousand (0.3%) in FY 2018. The decrease in depreciation expense is based on a growing construction in process with fewer assets being capitalized and more assets being retired in FY 2020 compared to FY 2019 as the TRP was nearly completed.

NON-OPERATING EXPENSES

Non-operating expenses consist primarily of interest on long-term debt. Interest expense was $85.5 million in FY 2020 and $72.2 million in FY 2019. In FY 2019 the Airport early-adopted GASB 89 which no longer required the Airport to capitalize interest as part of the construction in process. Please see Note 1 for additional information.

CAPITAL TRANSACTIONS

The Terminal Redevelopment Program (TRP) construction activities for FY2020 included substantial completion of the Terminal, South Concourse West, Central Utility Plant, Parking Garage, Gateway Roadways, and Airfield Paving.

The North Concourse Program (NCP) construction activities included the installation of moving walks, elevators and escalators, terrazzo flooring and drywall finishes throughout the North Concourse West and Airfield paving.

In addition to the TRP and NCP activities, the Airport completed the central screening warehouse, GSE charging equipment for concourses F & G, CNG fueling station near the parking administration building, and phase II of the airfield lighting rehabilitation.

At the beginning of the fiscal year, Airport projects totaling $1.663 billion were in the process of construction. A total of $33.4 million in projects and equipment was capitalized and placed in service in FY 2020, $156 thousand was expensed, and $2.415 billion remains as construction in progress. The largest portion of the $2.415 billion of construction in progress is related to the TRP and NCP. The phased construction on the $4.1 billion TRP and NCP programs will continue through 2025. Subsequent to June 30, 2020, phase one of the TRP opened on time on September 15, 2020. Additional information regarding capital assets can be found in Note 4 in the Notes to Financial Statements.

LONG-TERM DEBT

As of June 30, 2020 and 2019, the Airport had a total of $2 billion each year outstanding in General Airport Revenue Bonds. These bonds mature from July 1, 2021 to July 1, 2048 with an interest rate of 5-5.25%. The bonds do not constitute debt of the City or a pledge of the full faith and credit of the City and are secured by Airport revenues. Additional information regarding long-term Airport debt can be found in Note 8 in the Notes to Financial Statements.

ECONOMIC OUTLOOK

The fiscal Year 2020 financial results reflect changes to both operating and non-operating revenues and expenses due to the global pandemic of Covid-19. The Department continues to work closely with the airlines serving the Airport and other tenants to respond to the pandemic and ensure a safe and pleasant experience for passengers. While there has been a gradual increase in passengers using the Airport since the beginning of the pandemic, much of the recovery will be dependent on a viable vaccine or other treatment methods that will need to be widely distributed both domestically and internationally for the Airport to recover fully from the global pandemic.

CONCLUSION

The Airport continues to meet the challenges of a constantly changing air travel industry that is responding to current national and local economic conditions. While meeting these challenges, the Airport 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 numerous domestic and international destinations.

Brian Butler, CPA
Chief Financial Officer

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Statements of Net Position
(Amounts in Thousands)

As of June 30,		2020		2019
ASSETS				
Current Assets				
Cash and cash equivalents	$	279,643	$	416,390
Restricted cash and cash equivalents		107,607		281,007
Restricted investments		22,753		-
Investments		26,980		13,987
Airline and rental fees receivable		37,612		39,270
Other assets		5,492		5,355
Total current assets		480,087		756,009
Noncurrent Assets				
Restricted cash and cash equivalents		68,227		166,471
Restricted investments		66,349		455,353
Investments		95,812		32,484
Loans receivable		8,002		-
Other assets		1,479		2,817
Total noncurrent assets and investments		239,869		657,125
Capital assets				
Land		111,696		105,129
Building and improvements		1,419,993		1,415,726
Equipment		169,490		152,311
Construction in progress		2,414,787		1,663,407
Total capital assets - at cost		4,115,966		3,336,573
Less accumulated depreciation		1,080,754		1,033,443
Net capital assets		3,035,212		2,303,130
Total noncurrent assets		3,275,081		2,960,255
Total Assets		3,755,168		3,716,264
Deferred Outflows of Resources		4,521		9,575
Total Assets and Deferred Ouflows of Resources	$	3,759,689	$	3,725,839

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Statements of Net Position
(Amounts in Thousands)

As of June 30,		**2020**		**2019**
LIABILITIES				
Current Liabilities				
Accounts payable	$	57,374	$	67,159
Accrued compensation		1,354		947
Interest payable		46,389		53,637
Other accrued liabilities		106,597		62,178
Total current liabilities		211,714		183,921
Noncurrent Liabilities				
Revenue bonds payable		2,040,064		2,047,343
Noncurrent compensation liability		3,801		3,556
Net pension liability		8,431		17,737
Other accrued liabilities		54,959		51,110
Total noncurrent liabilities		2,107,255		2,119,746
Total Liabilities		2,318,969		2,303,667
Deferred Inflows of Resources				
Deferred inflows - revenue collected in advance		5,155		4,368
Deferred inflows - pension		4,993		652
Total Deferred Inflows of Resources		10,148		5,020
NET POSITION				
Net investment in capital assets		1,217,266		1,121,415
Restricted for				
Capital projects		42,818		37,202
Debt service		221,741		315,432
Unrestricted		(51,253)		(56,897)
Net Position		1,430,572		1,417,152
Total Liabilities, Deferred Inflows of Resources, and Net Position	$	3,759,689	$	3,725,839

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Statements of Revenues, Expenses, and Changes in Net Position
(Amounts in Thousands)

for the Twelve month period ended June 30,		**2020**		**2019**
Operating Revenues				
Airline revenue	$	77,312	$	75,635
Terminal concessions		16,681		20,454
Landside concessions		58,691		72,457
Lease revenue		8,746		8,084
General aviation		3,009		2,990
State aviation tax		2,344		2,919
Other revenue		4,640		4,999
Operating revenues		171,423		187,539
Less airline revenue sharing		(10,097)		(14,077)
Total operating revenues		161,326		173,461
Operating Expenses				
Salaries and benefits		48,584		40,258
Materials and supplies		12,381		12,610
Maintenance contracts		11,071		10,538
Charges and services		11,069		12,970
Utilities		5,697		5,721
Inter-governmental		18,123		13,543
Other expenses		2,978		2,793
Total operating expenses before depreciation		109,903		98,433
Operating Income Before Depreciation		51,423		75,029
Depreciation Expense		57,604		63,550
Operating Income (Loss)		(6,181)		11,478
Non-Operating Revenues (Expenses)				
Passenger facility charges		40,607		49,721
Customer facility charges		12,478		16,012
Interest income		19,361		36,964
Interest expense		(85,498)		(72,223)
Bond issuance costs		-		(3,130)
Other revenue (expenses), net		1,528		9,405
Net non-operating income (loss)		(11,524)		36,749
Capital Contributions				
Contributions and grants		31,125		14,285
Total capital contributions		31,125		14,285
Net Position				
Increase in net position		13,420		62,512
Net Position, beginning of period		1,417,152		1,354,640
Net Position, end of period	$	1,430,572	$	1,417,152

See Notes to Financial Statements

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Statements of Cash Flows
(Amounts in Thousands)

For the years ended June 30,		**2020**		**2019**
Cash Flows from Operating Activities				
Cash received from providing services	$	160,183	$	178,994
Cash paid for services for intra-governmental charges		(18,123)		(13,543)
Cash paid to suppliers		(49,941)		(48,326)
Cash paid to employees		(48,728)		(49,835)
Net cash from operating activities		43,391		67,290
Cash Flows from Investing Activities				
Cash paid for investments		(993,131)		(903,667)
Cash proceeds from investments		1,286,272		496,857
Interest received on investments		16,325		30,404
Payments for concession loans		(5,524)		-
Net cash from (used for) investing activities		303,941		(376,407)
Cash Flows from Capital and Related Financing Activities				
Purchase of capital equipment		(13,763)		(5,504)
Payments for acquisition and construction of capital assets		(732,251)		(688,815)
Proceeds from issuance of revenue bonds payable		-		931,456
Interest paid on bonds		(100,026)		(50,000)
Bond issuance costs		-		(1,468)
Passenger facility charges		44,460		49,571
Customer facility charges		13,526		16,720
Proceeds from sale of capital assets and equipment		108		159
Contributions and grants		30,056		2,696
Other financing		2,166		8,043
Net cash from (used for) capital and related financing activities		(755,724)		262,858
Net (Decrease) in Cash and Cash Equivalents		(408,392)		(46,259)
Cash and Cash Equivalents - Beginning of Year		863,868		910,127
Cash and Cash Equivalents - End of Year	$	455,477	$	863,868

See Notes to Financial Statements

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Statements of Cash Flows
(Amounts in Thousands)

For the years ended June 30,	**2020**	**2019**
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income (loss)	$ (6,181)	$ 11,478
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	57,604	63,550
Pension benefit	(440)	(8,454)
Increase (decrease) in assets and liabilities		
Airline and rental fee receivable	4,530	9,093
Other assets	137	719
Deferred outflows	(5,054)	(274)
Accounts payable	(360)	(34)
Accrued compensation	378	(492)
Other accrued liabilities	(3,086)	190
Net pension liability	(9,306)	(2,712)
Deferred inflows	5,128	(5,754)
Deposits and advance rentals	41	(20)
Net cash from operating activities	43,391	67,290
Schedule of Non-cash Transactions Affecting Net Position		
Contributions and grants	1,069	11,589
Passenger facility charges (includes interest)	(3,853)	150
Customer facility charges (includes interest)	(1,048)	(708)
Bond issuance costs	-	(1,661)
Net increase in fair value of investments	(682)	1,413
Loss on disposition of property	(64)	(210)
Total Noncash Transactions Affecting Net Position	$ (4,578)	$ 10,573

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Notes to the Financial Statements
For the Years Ended June 30, 2020 and 2019

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.

Capital Assets – Capital assets, which consist of property and equipment, are recorded at cost when purchased. Cash outflows 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.

Capital Contributions – 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 an $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 contain more than one source of funding. The Airport is restricted by some sources to apply funds only to specific approved projects. The Airport's priority is to utilize AIP funds, then PFC and CFC funds, any State grants, TSA 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 and include any accrued interest. 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, 2020 and 2019, the Airport does not anticipate any material losses on accounts receivable, and no allowance has been established.

Loans Receivable – During the second half of FY 2020 construction of the Terminal Redevelopment Program (TRP) and North Concourse Project (NCP) was ongoing and the airlines and concessionaires began their buildouts in the new buildings. When the Covid-19 pandemic hit, many of the tenants were unable to continue funding their buildouts. In order to have the airlines and a certain amount of concessions able to open and operate when the TRP and NCP are completed, the Airport loaned funds to tenants to complete the buildouts. These funds will be repaid by the end of FY 2025.

Capitalization of Interest Costs – Previously, net interest costs incurred during the construction of the TRP as well as the NCP were capitalized as part of the historical costs of acquiring these assets. The interest earned on investments acquired with proceeds from tax-exempt borrowing (where such borrowings are restricted to the acquisition of the assets) was offset against the related interest costs in determining either the amount of interest to be capitalized or limitations on the amount of interest costs to be capitalized. Interest is not capitalized on construction costs funded by government grants, PFCs, or CFCs. In FY 2019 the Airport early-adopted GASB 89 which no longer requires the Airport to capitalize interest as part of the construction in process.

Total interest expense was approximately $85.5 and $72.2 million for the years ended June 30, 2020 and 2019, while no interest was capitalized as part of the cost of constructed assets.

Bond Discounts and Premiums – Bond discounts and premiums are deferred and amortized over the term of the bonds using the effective interest rate method. Bond discounts and premiums are presented as a reduction or addition to the face amount of the bonds payable.

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 thousand 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 thousand for some additional leaking underground fuel tanks. Since 2010, the Airport has incurred $178 thousand in costs for monthly monitoring at both sites. The liability recorded as of June 30, 2020 is $126 thousand. 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 GAAP 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.

Reclassifications – Certain amounts previously reported have been reclassified in order to be consistent with the current year presentation.

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) 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. Revenue 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 Pension Plan (URS) 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 2017, the GASB issued Statement No. 87, *Leases*. The statement is meant to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Statement 87 was effective for fiscal years beginning after December 15, 2019, but GASB Statement No. 95 postponed the effective date for 18 months. Early adoption is encouraged. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The statement is meant to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The statement is meant to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The statement is meant to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The requirements of this statement are effective for reporting periods beginning after June 15, 2020, December 31, 2021, and June 15, 2021 depending on the topic. Earlier application is encouraged. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In March 2020, the GASB issued Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The statement is meant to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for reporting periods beginning after December 15, 2019 and June 15, 2021 depending on the topic. The Airport is currently evaluating the impact of this statement on the financial statements when implemented.

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash and cash equivalents are comprised of the following as of June 30 (amounts in thousands):

		2020 Fair Value		2019 Fair Value
Deposits				
Petty Cash	$	1	$	1
Unrestricted cash in the City's pooled cash account		814		(7,197)
Utah State Treasurer's Investments Pool		451,682		868,370
Bank operating accounts		2,980		2,694
Total	$	455,477	$	863,868

The Airport maintains funds in the City's 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 includes a write up of $1.3 million 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

Custodial Credit Risk - At June 30, 2020 and 2019, the Airport had deposits with qualified depositories in accordance with the Utah Money Management Act totaling $3.0 and $2.7 million. Of these amounts, $500 thousand was covered by federal depository insurance. The remaining balances of $2.5 and $2.2 million, 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 – 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.

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 $100k 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 (FHLMC), Federal Farm Credit Bank, Federal National Mortgage Association (FNMA); 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, 2020 by any outside agency. This amount has been adjusted to fair value and reflects the fair 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 $211.9 million 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, 2020 and 2019;

- U.S. Agency securities of $41.9 and $124.5 million are valued using quoted market prices (Level 1 inputs)
- U.S. Treasury securities of $119.2 and $316.6 million are valued using quoted market prices (Level 1 inputs)
- Corporate bond securities of $50.8 and $60.8 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 (amounts in thousands).

Debt Securities	Quality Ratings	FY 2020 Fair Value	FY 2019 Fair Value	Maturities (in years)
U.S Agency Notes				
FNMA	AA+/Aaa	$ 18,466	$ 6,737	1-5
FHLMC	AA+/Aaa	23,427	117,803	1-5
US Treasury Notes	AA+/Aaa	119,226	316,556	1-5
Corporate Bonds	A/BBB+	50,774	60,727	5+
		$ 211,894	$ 501,824	

NOTE 3 – RESTRICTED OR DESIGNATED CASH AND CASH EQUIVALENTS

Certain cash and cash equivalents are restricted or designated:

- As of June 30, 2020 and 2019, $12.1 and $10.2 million, respectively, of PFC contributions are restricted for construction projects at the Airport under the PFC program requirements.

- As of June 30, 2020 and 2019, $2.4 million and $1.7 million, respectively, of CFC contributions are restricted for rental car construction projects at the Airport under the CFC program requirements.

- As of June 30, 2020 and 2019, $367 thousand and $169.1 million, respectively, of cash is restricted for the use of construction of the TRP and NCP projects.

- As of June 30, 2020 and 2019, $132.6 million and $241.2 million, respectively, of cash is restricted for debt service and capitalized interest.

- As of June 30, 2020 and 2019, $23.6 and $20.3 million, respectively, are restricted for an operation and maintenance reserve fund, and $5 million for a renewal and replacement reserve fund per the Airport Use Agreement effective July 1, 2014.

NOTE 4 – CAPITAL ASSETS

The following is a summary of transactions affecting capital assets for the year ended June 30, 2020 (amounts in thousands):

	Total June 30, 2019	Additions	Deletions	Total June 30, 2020
Capital Assets that are not depreciated:				
Land	$ 105,129	$ 6,567		$ 111,696
Construction in Progress	1,663,407	785,016	(33,635)	2,414,787
Total Capital Assets that are not being depreciated	1,768,536	791,583	(33,635)	2,526,483
Capital Assets that are depreciated:				
Buildings	505,431	6,732	(9,022)	503,142
Improvements	910,295	6,980	(424)	916,851
Equipment	152,311	18,091	(912)	169,490
Sub-total	1,568,037	31,803	(10,358)	1,589,483
Less accumulated depreciations:				
Buildings	(341,448)	(15,937)	8,964	(348,421)
Improvements	(572,246)	(34,141)	424	(605,963)
Equipment	(119,749)	(7,527)	905	(126,370)
Sub-total	(1,033,443)	(57,604)	10,293	(1,080,754)
Total Depreciable Capital Assets, net	534,594	(25,801)	(64)	508,729
Total Capital Assets, net	$ 2,303,130	$ 765,781	$ (33,700)	$ 3,035,212

The following is a summary of transactions affecting capital assets for the year ended June 30, 2019 (amounts in thousands):

	Total June 30, 2018	Additions	Deletions	Total June 30, 2019
Capital Assets that are not depreciated:				
Land	$ 105,129	$ -	$ -	$ 105,129
Construction in Progress	922,216	758,749	(17,559)	1,663,407
Total Capital Assets that are not being depreciated	1,027,345	758,749	(17,559)	1,768,536
Capital Assets that are depreciated:				
Buildings	516,840	3,880	(15,289)	505,431
Improvements	902,740	7,599	(44)	910,295
Equipment	148,677	4,362	(729)	152,311
Sub-total	1,568,257	15,842	(16,062)	1,568,037
Less accumulated depreciations:				
Buildings	(333,189)	(23,360)	15,101	(341,448)
Improvements	(537,803)	(34,487)	44	(572,246)
Equipment	(114,750)	(5,703)	703	(119,749)
Sub-total	(985,742)	(63,550)	15,848	(1,033,443)
Total Depreciable Capital Assets, net	582,515	(47,709)	(213)	534,594
Total Capital Assets, net	$ 1,609,860	$ 711,040	$ (17,772)	$ 2,303,130

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, 2020 and 2019 was $23.5 million. The Special Bonds are 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, 2020, the Airport was committed to contractors and vendors for approximately $869 million 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 claims pending against the Airport from third parties. In anticipation of opening phase one of the TRP and NCP on September 15, 2020, claims have arisen related to inefficiencies and lost productivity due to numerous change orders and additional work. Based on the facts currently available, management accrued $40.0 million, which is the estimated amount of litigation probable to have a negative outcome. In the opinion of legal counsel for the Airport and Airport management, all other claims 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 Noncontributory and Contributory Systems are single employer plans and the Tier 2 Systems are a multiemployer cost sharing.

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. URS 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	Years of Service Required and/or Age Eligible for Benefit	Benefit Percentage per Year of Service	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 60 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	Highest 5 years	25 years any age 20 years age 60* 10 years age 62*	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.

Contribution Rate Summary

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 as of June 30, 2020 are as follows:

Utah Retirement Systems

	Employee	Employer	Employer 401 (k)
Contributory System			
11 Local Government Div - Tier 1	6.00%	14.46%	N/A
111 Local Government Div - Tier 2	N/A	15.66%	1.03%
Noncontributory System			
15 Local Government Div - Tier 1	N/A	18.47%	N/A
Public Safety System			
Contributory			
122 Tier 2 Defined Benefit Hybrid Public Safety	N/A	35.58%	1.33%
Noncontributory			
44 Salt Lake City with 2.5% COLA	N/A	46.71%	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69%	10.00%
222 Public Safety	N/A	25.25%	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, 2020, the employer and employee contributions for the Airport to the Systems were as follows (amounts in thousands):

System	Employer Contributions	Employee Contributions
Noncontributory System	$ 3,105	N/A
Contributory System	54	22
Public Safety System	-	-
Tier 2 Public Employees System	2,021	-
Tier 2 Public Safety and Firefighter	-	-
Tier 2 Defined Contribution Only System	249	N/A
Tier 2 Defined Contribution Public Safety and Firefighter System	N/A	N/A
Total Contributions	$ 5,430	$ 22

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

<u>Combined Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions</u>

At June 30, 2020 and 2019, the Airport reported a net pension asset of $0, and a net pension liability of $8.4 million and $17.7 million, respectively. The following table shows the net pension asset and liability:

(Amounts in thousands)	Net Pension Asset	Net Pension Liability	Proportionate Share December 31, 2019	Proportionate Share December 31, 2018	Change
Noncontributory System	$ -	$ 8,097	2.15%	2.25%	-0.10%
Contributory System	-	144	2.20%	2.11%	0.09%
Public Safety System	-	-	0.00%	0.00%	0.00%
Tier 2 Public Employees System	-	190	0.84%	0.81%	0.03%
Tier 2 Public Safety and Firefighter System	-	-	0.00%	0.00%	0.00%
	$ -	$ 8,431			

(Amounts in thousands)	Net Pension Asset	Net Pension Liability	Proportionate Share December 31, 2018	Proportionate Share December 31, 2017	Change
Noncontributory System	$ -	$ 16,534	2.25%	2.63%	-0.38%
Contributory System	-	857	2.11%	3.21%	-1.10%
Public Safety System	-	-	0.00%	10.38%	-10.38%
Tier 2 Public Employees System	-	347	0.81%	0.68%	0.13%
Tier 2 Public Safety and Firefighter System	-	-	0.00%	0.55%	-0.55%
	$ -	$ 17,738			

The net pension asset and liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 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 years ended June 30, 2020 and 2019, the Airport recognized pension expense of $5.5 million and $5.5 million respectively.

At June 30, 2020 and 2019, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2020	
(Amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	$ 790	$ 181
Changes in assumptions	939	5
Net difference between projected and actual earnings on pension plan investment	-	4,600
Changes in proportion and differences between contributions and proportinate share of contributions	144	206
Contributions subsequent to measurement	2,649	-
	$ 4,521	$ 4,993

(Amounts in thousands)	June 30, 2019 Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	$ 215	$ 380
Changes in assumptions	2,302	6
Net difference between projected and actual earnings on pension plan investment	4,364	-
Changes in proportion and differences between contributions and proportinate share of contributions	121	266
Contributions subsequent to measurement	2,573	-
	$ 9,575	$ 652

$2.6 million and $2.6 million, respectively, are reported as deferred outflows of resources related to pensions results from contributions made by the Airport prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020 and 2019, respectively.

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 (amounts in thousands):

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	(732)
2021	(943)
2022	93
2023	(1,606)
2024	9
Thereafter	59

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the Airport recognized pension expense of $4.4 million.

At June 30, 2020, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts in thousands)	June 30, 2020 Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	$ 737	$ 116
Changes in assumptions	858	-
Net difference between projected and actual earnings on pension plan investment	-	4,095
Changes in proportion and differences between contributions and proportinate share of contributions	-	206
Contributions subsequent to measurement	1,601	-
	$ 3,196	$ 4,417

(Amounts in thousands)		June 30, 2019 Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual	$	213	$	308
Changes in assumptions		2,212		-
Net difference between projected and actual earnings on pension plan investment		3,969		-
Changes in proportion and differences between contributions and proportinate share of contributions		16		266
Contributions subsequent to measurement		1,582		-
	$	7,993	$	574

$1.6 million reported as deferred outflows of resources related to pensions results from contributions made by the Airport prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

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 (amounts in thousands):

Year ended December 31,		**Net Deferred Outflows (Inflows) of Resources**
2020	$	(662)
2021		(853)
2022		84
2023		(1,452)
2024		8
Thereafter		54

<u>Contributory System Pension Expense, and Deferred Outflows and Inflows of Resources</u>

For the year ended June 30, 2020, the Airport recognized pension expense of (-$110) thousand.

At June 30, 2020, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts in thousands)		June 30, 2020 Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual	$	-	$	-
Changes in assumptions		-		-
Net difference between projected and actual earnings on pension plan investment		-		360
Changes in proportion and differences between contributions and proportinate share of contributions		-		-
Contributions subsequent to measurement		39		-
	$	40	$	360

(Amounts in thousands)	June 30, 2019 Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	$ -	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investment	282	-
Changes in proportion and differences between contributions and proportinate share of contributions	-	-
Contributions subsequent to measurement	32	-
	$ 315	$ -

$39 thousand reported as deferred outflows of resources related to pensions results from contributions made by the Airport prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

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 (amounts in thousands):

Year ended December 31,	**Net Deferred Outflows (Inflows) of Resources**
2020	$ (84)
2021	(108)
2022	11
2023	(185)
2024	-
Thereafter	-

Tier 2 Public Employees Contributory Retirement System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2020, the Airport recognized pension expense of $1.2 million.

At June 30, 2020, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts in thousands)	June 30, 2020 Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	$ 53	$ 65
Changes in assumptions	81	5
Net difference between projected and actual earnings on pension plan investment	-	146
Changes in proportion and differences between contributions and proportinate share of contributions	142	-
Contributions subsequent to measurement	1,009	-
	$ 1,286	$ 216

(Amounts in thousands)	June 30, 2019 Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	$ 2	$ 72
Changes in assumptions	87	6
Net difference between projected and actual earnings on pension plan investment	113	-
Changes in proportion and differences between contributions and proportinate share of contributions	105	-
Contributions subsequent to measurement	959	-
	$ 1,267	$ 78

$1.0 million reported as deferred outflows of resources related to pensions results from contributions made by the Airport prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

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 (amounts in thousands):

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	$ 14
2021	18
2022	(2)
2023	31
2024	1
Thereafter	5

Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 – 9.75 percent, average, including inflation
Investment rate of return	6.95 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, 2019, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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:

		Expected Return Arithmetic Basis	
Asset class	**Target Asset Allocation**	**Real Return Arithmetic Basis**	**Long-Term Expected Portfolio Real Rate of Return**
Equity securities	40.00%	6.15%	2.46%
Debt securities	20.00%	0.40%	0.08%
Real assets	15.00%	5.75%	0.86%
Private equity	9.00%	9.95%	0.89%
Absolute return	16.00%	2.85%	0.46%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected Arithmetic Nominal Return		7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95%. 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 URS 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. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95%.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following table presents the proportionate share of the net pension liability calculated using the discount rate of 6.95%, 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 (5.95%) or 1-percentage-point higher (7.95%) than the current rate (amounts in thousands):

System	**1% Decrease (5.95%)**	**Discount Rate (6.95%)**	**1% Increase (7 95%)**
Noncontributory System	$ 25,291	$ 8,097	$ (6,242)
Contributory System	1,124	144	(683)
Public Safety System	-	-	(1)
Tier 2 Public Employees System	1,636	190	(928)
Tier 2 Public Safety and Firefighter System	-	-	-
Total	$ 28,050	$ 8,431	$ (7,852)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS 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 URS 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 (amounts in thousands):

401(k) Plan	**2020**	**2019**	**2018**
Employer Contributions	$ 349	$ 332	$ 350
Employee Contributions	575	598	639
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	293	312	375
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	157	145	139
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	$ 12	$ 13	$ 10

NOTE 8 – BONDS PAYABLE

Changes in long-term debt for the year ended June 30, 2020 were as follows (amounts in thousands):

	2020			
	July 1, 2019	Additions	Retirements	June 30, 2020
General Airport Revenue Bonds				
2017A and 2017B	$ 1,000,000	$ -	$ -	$ 1,000,000
2018A and 2018B	850,550	-	-	850,550
Unamortized net premiums	196,793	-	7,279	189,514
Total bond debt	$ 2,047,343	$ -	$ 7,279	$ 2,040,064

Changes in long-term debt for the year ended June 30, 2019 were as follows (amounts in thousands):

	2019			
	July 1, 2018	Additions	Retirements	June 30, 2019
General Airport Revenue Bonds				
2017A and 2017B	$ 1,000,000	$ -	$ -	$ 1,000,000
2018A and 2018B	-	850,550	-	850,550
Unamortized net premiums	120,641	82,567	6,416	196,793
Total bond debt	$ 1,120,641	$ 933,117	$ 6,416	$ 2,047,343

The General Airport Revenue Bonds are not general obligations but are limited obligations of the Airport payable solely from and secured by a pledge of net revenues. Neither the full faith and credit nor the taxing power of the City, to the extent of net revenues, is pledged to the payment of the General Airport Revenue Bonds.

The maturity dates, interest rates, and principal amounts outstanding as of June 30 are as follows (amounts in thousands):

Bond	Maturity	Interest Rate	Amount Outstanding	
			2020	2019
General Airport Revenue Bonds				
Series 2017A	Annually July 1, 2021-2047	5%	$ 826,210	$ 826,210
Series 2017B	Annually July 1, 2021-2047	5%	173,790	173,790
Series 2018A	Annually July 1, 2023-2048	5%-5.25%	753,855	753,855
Series 2018B	Annually July 1, 2023-2048	5%	96,695	96,695
Total revenue bonds			1,850,550	1,850,550
Net unamortized premiums			189,514	196,793
Total bonds payable noncurrent			$ 2,040,064	$ 2,047,343

The Airport term bonds are subject to certain optional redemption provisions. In addition the Airport bonds are subject to certain mandatory sinking fund redemption requirements.

Bond debt service requirements of the Airport for bonds payable to maturity as of June 30, 2020 are as follows (amounts in thousands):

	Principal	Interest
Year:		
2021	$ -	$ 92,778
2022	1,140	92,749
2023	20,345	92,212
2024	24,000	91,103
2025	16,020	90,103
2026-2030	211,030	424,855
2031-2035	298,765	359,864
2036-2040	381,295	275,258
2041-2045	486,625	167,257
2046-2049	411,330	37,499
Total	$ 1,850,550	$ 1,723,677

On October 31, 2018 the Airport issued $753,855,000 of Series 2018A (AMT), and $96,695,000 of Series 2018B (Non-AMT) bonds. The proceeds of the bonds are being used to finance portions of the TRP and NCP. As of June 30, 2020, unspent Series 2018 bond proceeds was approximately $375.9 thousand.

As of June 30, 2020, all of the Series 2017 bond proceeds have been spent.

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 (amounts in thousands):

	2020		2019	
	Amount	Percent ot Total	Amount	Percent ot Total
Airline revenues	$ 77,312	47.9%	$ 75,635	43.6%
Less: Airline revenue sharing	(10,097)	-6.3%	(14,077)	-8.1%
Concession and other rental revenues	91,767	56.9%	108,984	62.8%
State aviation fuel tax	2,344	1.5%	2,919	1.7%
Total operating revenues	$ 161,326	100.0%	$ 173,461	100.0%

Airline revenues consist of the following for the years ended June 30 (amounts in thousands):

	2020	2019
Terminal space rentals	$ 34,645	$ 33,432
Landing fees	35,638	35,434
Aircraft remain overnight fees	158	244
Support buildings	4,419	4,334
Fuel farm	539	539
Passenger boarding bridge fees	1,913	1,652
Total	$ 77,312	$ 75,635

Charges from terminal space rentals and landing fees for most airlines are determined by the 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 agreement. 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 (amounts in thousands):

	2020	2019
Car rental agencies	$ 25,372	$ 29,856
Auto parking facilities	27,974	36,297
Other airport facilities	38,421	42,831
Total	$ 91,767	$ 108,984

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 (amounts in thousands):

Year Ending June 30:	
2021	51,334
2022	51,918
2023	47,207
2024	43,021
2025	43,459
2026-2030	79,306
2031-2035	6,400
2036-2040	2,842
2041-2045	1,822
Thereafter	31
Total	$ 327,340

NOTE 10 – LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended June 30, 2020 was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accrued compensation	$ 4,503	$ 5,256	$ (4,604)	$ 5,155	$ 1,354
Net pension liability	17,737	-	(9,306)	8,431	-
Other long-term liabilities	51,110	74,102	(70,253)	54,959	70,253
Total long-term liabilities	$ 73,350	$ 79,358	$ (84,163)	$ 68,545	$ 71,607

Long-term liability activity for the year ended June 30, 2019 was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accrued compensation	$ 4,873	$ 2,958	$ (3,328)	$ 4,503	$ 947
Net pension liability	20,449	-	(2,712)	17,737	-
Other long-term liabilities	26,628	53,415	(28,933)	51,110	28,933
Total long-term liabilities	$ 51,950	$ 56,373	$ (34,972)	$ 73,351	$ 29,880

NOTE 11 – INTER-GOVERNMENTAL CHARGES

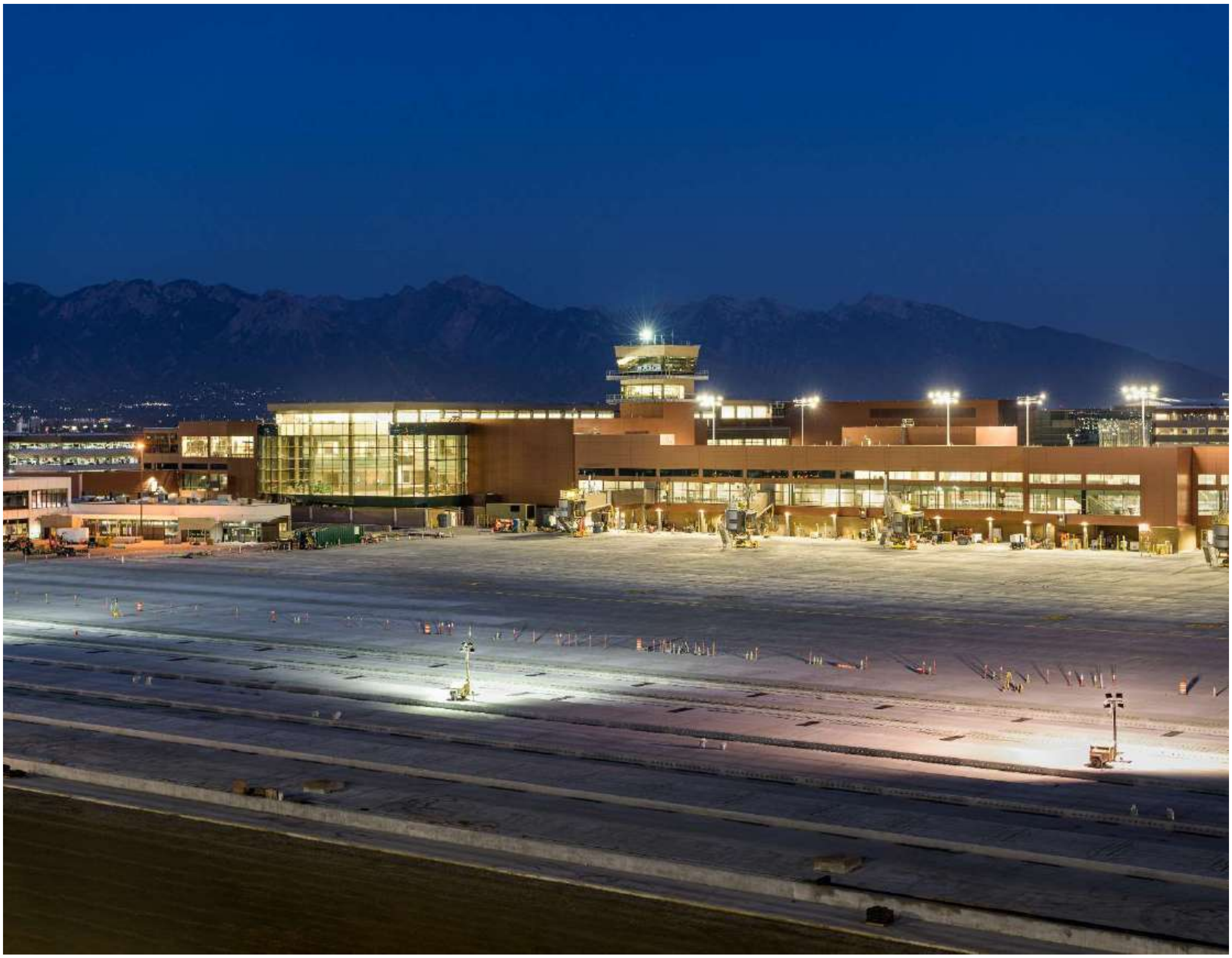
The City provides various services to the Airport, including data processing, investing, financial services, police, and firefighting services. Starting on January 1, 2019, the Airport Police combined with Salt Lake City Police, and all wages, benefits, and operating expenses will be charged as inter-governmental charges going forward. These expenses have been included in operating expenses and are as follows for the year ended June 30 (amounts in thousands):

	2020	2019
General and administrative charges	$ 4,204	$ 4,289
Aircraft rescue and fire fighting services	5,587	5,364
Police services	8,332	3,891
Total	$ 18,123	$ 13,543

NOTE 12 – MAJOR CUSTOMER

The Airport received approximately $40.7 million (24.9%) of its operating revenue during 2020 and $36.5 million (19.8%) during 2019 from rentals and services provided to one airline.

REQUIRED
SUPPLEMENTAL SCHEDULES



SALT LAKE CITY DEPARTMENT OF AIRPORTS
Schedule of Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
Utah Retirement Systems
December 31, 2019
Last 10 Fiscal Years *
(Amounts in Thousands)

Noncontributory System	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Proportion of the net pension liability	2.15%	2.54%	2.55%	2.65%	2.58%	2.53%
Proportionate share of the net pension liability	$ 8,097	$ 16,534	$ 11,188	$ 17,029	$14,586	$10,985
Covered payroll	17,436	18,072	20,761	22,028	21,247	21,137
Proportionate share of the net pension liability as a percentage of its covered payroll	46.4%	91.5%	53.9%	77.3%	68.6%	52.0%
Plan fiduciary net position as a percentage of its covered payroll	87.0%	87.0%	91.9%	87.3%	90.2%	90.2%

Contributory Retirement System	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Proportion of the net pension liability	2.20%	2.73%	3.15%	3.39%	2.1%	2.62%
Proportionate share of the net pension liability	$ 144	$ 857	$ 256	$ 1,113	$ 1,478	$ 757
Covered payroll	453	395	639	814	896	1,405
Proportionate share of the net pension liability as a percentage of its covered payroll	31.8%	216.8%	40.1%	136.7%	165.0%	53.9%
Plan fiduciary net position as a percentage of its covered payroll	91.2%	91.2%	98.2%	92.9%	94.0%	94.0%

Public Safety System	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Proportion of the net pension liability	0.00%	10.38%	10.38%	10.04%	11.05%	11.65%
Proportionate share of the net pension liability	$ -	$ -	$ 8,946	$ 9,205	$ 9,402	$ 8,490
Covered payroll	-	-	3,113	3,121	3,158	3,292
Proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	287.3%	294.9%	297.8%	257.9%
Plan fiduciary net position as a percentage of its covered payroll	73.7%	73.7%	77.3%	74.0%	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 six years currently available.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Schedule of Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
Utah Retirement Systems
December 31, 2019
Last 10 Fiscal Years *
(Amounts in Thousands)

Tier 2 Public Employees System	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.84%	0.68%	0.67%	0.68%	0.69%	0.80%
Proportionate share of the net pension liability (asset)	$ 190	$ 347	$ 59	$ 76	$ (2)	$ (24)
Covered payroll	9,494	9,460	6,570	5,571	4,452	3,909
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	2.0%	3.7%	0.9%	1.4%	0.0%	-0.6%
Plan fiduciary net position as a percentage of its covered payroll	90.8%	90.8%	97.4%	95 1%	103.5%	103.5%

Tier 2 Public Safety and Firefighter System	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.00%	0.56%	0.56%	0.99%	0.7%	1.0%
Proportionate share of the net pension liability (asset)	$ -	$ -	$ (7)	$ (9)	$ (10)	$ (15)
Covered payroll	-	-	593	815	419	431
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.0%	0.0%	-1.1%	-1 1%	-2.5%	-3.6%
Plan fiduciary net position as a percentage of its covered payroll	95.6%	95.6%	103.0%	103.6%	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 six years currently available.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Schedule of Required Supplementary Information
Schedule of Contributions
June 30, 2020
Last 10 Fiscal Years *
(Amounts in Thousands)

Noncontributory System	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Actuarial determined contributions	$3,153	$3,226	$3,864	$3,883	$3,867	$4,073
Contributions in relation to the contractually required contribution	(3,153)	(3,226)	(3,864)	(3,883)	(3,867)	(4,073)
Contribution deficiency	-	-	-	-	-	-
Covered payroll	20,941	21,576	22,947	22,395	22,735	21,046
Contributions as a percentage of covered payroll	15.1%	15.0%	16.8%	17.3%	17.8%	19.4%

Contributory Retirement System	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Actuarial determined contributions	$ 27	$ 26	$ 100	$ 121	$ 116	$ 186
Contributions in relation to the contractually required contribution	(27)	(26)	(100)	(121)	(116)	(186)
Contribution deficiency	-	-	-	-	-	-
Covered payroll	545	472	706	827	958	1,399
Contributions as a percentage of covered payroll	5.0%	5.5%	14.1%	14.7%	12.5%	13.3%

Public Safety System	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Actuarial determined contributions	$ -	$ -	$1,402	$1,376	$1,477	$1,574
Contributions in relation to the contractually required contribution	-	-	(1,402)	(1,376)	(1,477)	(1,574)
Contribution deficiency	-	-	-	-	-	-
Covered payroll	-	-	3,441	3,173	3,379	3,277
Contributions as a percentage of covered payroll	0.0%	0.0%	40.7%	43.4%	45.1%	48.0%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their contributions in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the six years currently available.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Schedule of Required Supplementary Information
Schedule of Contributions
June 30, 2020
Last 10 Fiscal Years **
(Amounts in Thousands)

Tier 2 Public Employee System*	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Actuarial determined contributions	$ 2,708	$ 2,431	$ 815	$ 543	$ 671	$ 369
Contributions in relation to the contractually required contribution	(2,708)	(2,431)	(815)	(543)	(671)	(369)
Contribution deficiency	-	-	-	-	-	-
Covered payroll	10,073	9,953	6,399	5,004	4,763	3,892
Contributions as a percentage of covered payroll	26.9%	24.4%	12.7%	10.9%	13.5%	9.5%

Tier 2 Public Safety and Firefighter System*	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Actuarial determined contributions	$ -	$ -	$ 112	$ 126	$ 139	$ 54
Contributions in relation to the contractually required contribution	-	-	(112)	(126)	(139)	(54)
Contribution deficiency	-	-	-	-	-	-
Covered payroll	-	-	565	732	448	429
Contributions as a percentage of covered payroll	0.0%	0.0%	19.9%	17.2%	24.1%	12.7%

Tier 2 Public Employees DC Only System*	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Actuarial determined contributions	$ 72	$ 325	$ 109	$ 72	$ 94	$ -
Contributions in relation to the contractually required contribution	(72)	(325)	(109)	(72)	(94)	-
Contribution deficiency	-	-	-	-	-	-
Covered payroll	267	1,329	656	829	4,763	-
Contributions as a percentage of covered payroll	26.9%	24.4%	16.6%	8.6%	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 contributions in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the six 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, 2020
Last 10 Fiscal Years **
(Amounts in Thousands)

Tier 2 Public Safety and Firefighter DC Only System*	2020	2019	2018	2017	2016	2015
Actuarial determined contributions	$ -	$ -	$ 18	$ 17	$ 21	$ -
Contributions in relation to the contractually required contribution	-	-	(18)	(17)	(21)	-
Contribution deficiency	-	-	-	-	-	-
Covered payroll	-	-	91	97	448	-
Contributions as a percentage of covered payroll	0.0%	0.0%	19.9%	17.2%	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 contributions in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is for the six years currently available.

SALT LAKE CITY DEPARTMENT OF AIRPORTS
Notes to Required Supplementary Information
For Fiscal Year Ended June 30, 2020

Changes in Assumptions:

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

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 states 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
(Amounts in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net Position										
Invested in capital assets - net of debt	$ 1,217,266	$ 1,121,415	$ 1,201,228	$ 761,198	$ 869,233	$ 779,343	$ 707,112	$ 670,459	$ 682,910	$ 696,643
Restricted										
Capital Projects	42,818	37,202	32,693	189,115	143,297	196,439	179,263	132,827	95,738	50,546
Debt Service	221,741	315,432	200,842	240,783	-	-	-	-	-	-
Unrestricted	(51,253)	(56,897)	(80,123)	96,713	209,704	182,199	223,294*	251,418*	223,977*	207,225*
Total Net Position	$ 1,430,572	$ 1,417,152	$ 1,354,640	$ 1,287,809	$ 1,222,234	$ 1,157,981	$ 1,109,669	$ 1,054,704	$ 1,002,625	$ 954,415

* 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
(Amounts in Thousands)

For the twelve month period ended June 30,	2020	2019	2018	2017	2016
Operating Revenues					
Airline Revenue	$ 77,312	$ 75,635	$ 70,572	$ 66,639	$ 62,454
Terminal Concessions	16,681	20,454	19,193	18,120	16,637
Landside Concessions	58,691	72,457	68,081	64,408	57,986
Lease Revenue	8,746	8,084	7,539	6,927	6,185
General Aviation	3,009	2,990	2,661	2,334	1,785
State Aviation Tax	2,344	2,919	3,122	2,983	2,796
Other	4,640	4,999	6,245	5,564	4,131
Operating revenues	171,423	187,539	177,413	166,975	151,974
Less: Airline revenue sharing	(10,097)	(14,077)	(13,007)	(12,169)	(10,941)
Total operating revenues	161,326	173,461	164,406	154,806	141,033
Operating Expenses					
Salaries & Benefits	48,584	40,258	50,076	49,350	45,096
Materials & Supplies	12,381	12,610	11,343	11,725	10,940
Maintenance contracts	11,071	10,538	9,034	8,399	8,202
Charges and Services	11,069	12,970	12,175	13,730	10,484
Utilities	5,697	5,721	5,649	6,317	6,539
Inter-Governmental	18,123	13,543	8,395	6,339	6,043
Other	2,978	2,793	3,304	3,599	2,761
Total operating expenses before depreciation	109,903	98,433	99,976	99,459	90,065
Operating Income Before Depreciation	51,423	75,029	64,430	55,347	50,968
Depreciation	57,604	63,550	63,827	63,665	61,657
Operating Income (Loss)	(6,181)	11,478	603	(8,318)	(10,689)
Non-operating Revenues (Expenses)					
Passenger Facility Charges	40,607	49,721	47,739	45,750	42,804
Customer Facility Charges	12,478	16,012	15,740	16,157	15,613
Net Bond interest expense	(85,498)	(72,223)	(34,675)	(14,480)	-
Bond issuance costs	-	(3,130)	-	(3,454)	-
Interest income	19,361	36,964	21,783	8,006	2,783
Other revenue (expenses), net	1,528	9,405	(2,501)	4,120	(488)
Net non-operating revenues	(11,524)	36,749	48,086	56,099	60,712
Capital Contributions	31,125	14,285	18,142	17,794	14,230
Net Position					
Increase in Net Position	13,420	62,512	66,831	65,575	64,253
Net Position, Beginning of Period	1,417,152	1,354,640	1,287,809	1,222,234	1,157,981
Net Position, End of Period	$ 1,430,572	$ 1,417,152	$ 1,354,640	$ 1,287,809	$ 1,222,234

Source: Salt Lake City Department of Airports Audited Financial Statements

SALT LAKE CITY DEPARTMENT OF AIRPORTS

TOTAL ANNUAL REVENUES, EXPENSES AND CHANGES IN NET POSITION
Continued Last Ten Fiscal Years
(Amounts in Thousands)

For the twelve month period ended June 30,	2015	2014	2013	2012	2011
Operating Revenues					
Airline Revenue	$ 59,420	$ 58,910	$ 58,213	$ 57,769	$ 56,920
Terminal Concessions	16,016	15,154	14,037	11,110	11,931
Landside Concessions	52,550	49,199	48,255	45,218	42,653
Lease Revenue	6,093	6,180	5,834	5,620	4,312
General Aviation	1,691	1,662	1,580	1,611	1,626
State Aviation Tax	2,545	2,343	2,321	2,419	2,479
Other	3,894	3,841	3,629	3,721	3,741
Operating revenues	142,209	137,289	133,869	127,468	123,662
Less: Airline revenue sharing	(9,939)	(10,290)	(10,014)	(10,008)	(10,285)
Total operating revenues	132,270	126,999	123,855	117,460	113,377
Operating Expenses					
Salaries & Benefits	33,880	44,916	42,348	41,345	40,662
Materials & Supplies	9,486	10,755	11,118	8,999	9,376
Maintenance contracts	7,827	7,778	9,473	9,006	9,253
Charges and Services	8,571	9,125	9,685	11,002	10,208
Utilities	6,679	6,580	6,479	5,978	5,779
Inter-Governmental	5,783	5,589	5,425	5,343	5,063
Other	3,983	2,872	2,942	2,886	3,776
Total operating expenses before depreciation	76,209	87,615	87,470	84,559	84,117
Operating Income Before Depreciation	56,061	39,384	36,385	32,901	29,260
Depreciation	59,995	59,027	57,127	49,803	50,438
Operating Loss	(3,934)	(19,643)	(20,742)	(16,902)	(21,178)
Non-operating Revenues (Expenses)					
Passenger Facility Charges	40,976	38,437	37,535	37,190	38,485
Customer Facility Charges	15,607	14,849	14,309	11,204	-
Net Bond interest expense	-	-	-	-	-
Loss on disposition of property and equipment	-	(125)	(1,947)	(17)	(767)
Interest Income	1,789	1,964	1,814	1,819	1,903
Increase in the fair value of investments	(276)	1,566	(1,448)	127	-
Net non-operating revenues (expenses)	58,096	56,691	50,263	50,323	39,621
Capital Contributions	15,148	17,916	22,559	14,789	19,340
Net Position					
Increase in Net Position	69,310	54,964	52,080	48,210	37,783
Net Position, Beginning of Period	1,088,671	1,054,705*	1,002,625*	954,415*	916,632*
Net Position, End of Period	$ 1,157,981	$ 1,109,669	$ 1,054,705	$ 1,002,625	$ 954,415

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
(Amounts in Thousands)

	2020	2019	2018	2017	2016
Cash Flows from Operating Activities					
Cash received from providing services	$ 160,183	$ 178,994	$ 169,134	$ 156,314	$ 145,959
Cash paid for services by Salt Lake City	(18,123)	(13,543)	(8,395)	(7,247)	(7,043)
Cash paid to suppliers	(49,941)	(48,326)	(46,948)	(37,228)	(39,744)
Cash paid to employees	(48,728)	(49,835)	(53,380)	(48,872)	(46,776)
Net cash from operating activities	43,391	67,290	60,411	62,967	52,396
Cash Flows from Investing Activities					
Interest received on investments/Paid for investments	303,941	(376,407)	(25,623)	6,677	1,647
Net cash from investing activities	303,941	(376,407)	(25,623)	6,677	1,647
Cash Flows from Noncapital and Related Financing Activities					
Cash overdraft with City pooled cash account	-	-	-	-	(10,043)
Net cash from noncapital and related financing activities	-	-	-	-	(10,043)
Cash Flows from Capital and Related Financing Activities					
Purchase of capital equipment	(13,763)	(5,504)	(2,920)	(6,861)	(7,185)
Payments for acquisition and construction of capital assets	(732,251)	(688,815)	(501,523)	(271,753)	(146,841)
Proceeds from issuance of revenue bonds payable	-	931,456	-	1,124,493	-
Bond issuance costs	-	(1,468)	-	(1,391)	-
Interest paid on bonds	(100,026)	(50,000)	(42,778)	-	-
Passenger Facility Charges	44,460	49,571	47,474	44,932	42,454
Customer Facility Charges	13,526	16,720	15,656	16,129	15,850
Proceeds from sale of property	108	159	136	208	333
Airport improvement grants	30,056	2,696	19,735	22,500	15,902
Other financing	2,166	8,043	1,142	-	-
Net cash from capital and related financing activities	(755,724)	262,858	(463,078)	928,257	(79,487)
Net Increase (Decrease) in Cash and Cash Equivalents	(408,392)	(46,259)	(428,290)	997,901	(35,487)
Cash and Cash Equivalents - Beginning of Year	863,868	910,127	1,338,417	340,516	376,003
Cash and Cash Equivalents - End of Year	$ 455,477	$ 863,868	$ 910,127	$ 1,338,417	$ 340,516

Source: Salt Lake City Department of Airports Audited Financial Statements

SALT LAKE CITY DEPARTMENT OF AIRPORTS

CASH FLOW TREND
Continued Last Ten Fiscal Years
(Amounts in Thousands)

	2015	2014	2013	2012	2011
Cash Flows from Operating Activities					
Cash received from providing services	$ 139,279	$ 135,719	$ 129,243	$ 112,979	$ 113,613
Cash paid for services by Salt Lake City	(6,978)	(7,060)	(7,031)	(7,133)	(7,630)
Cash paid to suppliers	(35,717)	(39,568)	(40,753)	(40,583)	(35,003)
Cash paid to employees	(45,398)	(43,763)	(42,180)	(40,340)	(40,762)
Net cash from operating activities	51,186	45,328	39,279	24,923	30,217
Cash Flows from Investing Activities					
Interest received on investments/Paid for investments	11,787	13,385	(45,951)	29,420	(43,761)
Net cash from investing activities	11,787	13,385	(45,951)	29,420	(43,761)
Cash Flows from Noncapital and Related Financing Activities					
Cash overdraft with City pooled cash account	10,043	-	-	-	-
Net cash from noncapital and related financing activities	10,043	-	-	-	-
Cash Flows from Capital and Related Financing Activities					
Purchase of capital equipment	(3,905)	(2,546)	(2,367)	(2,212)	(4,590)
Payments for acquisition and construction of capital assets	(126,880)	(68,077)	(43,333)	(30,795)	(43,568)
Passenger Facility Charges	40,955	39,096	37,097	37,356	38,562
Customer Facility Charges	15,673	15,563	14,572	10,013	-
Interest received on Customer Facility Charges	134	-	-	32	-
Proceeds from sale of property	9,938	29	204	210	242
Airport improvement grants	-	25,206	18,150	11,000	22,001
Net cash from capital and related financing activities	(64,084)	9,271	24,323	25,603	12,647
Net Increase (Decrease) in Cash and Cash Equivalents	8,932	67,984	17,651	79,946	(897)
Cash and Cash Equivalents - Beginning of Year	367,071	299,087	281,436	201,490	202,387
Cash and Cash Equivalents - End of Year	$ 376,003	$ 367,071	$ 299,087	$ 281,436	$ 201,490

Source: Salt Lake City Department of Airports Audited Financial Statements

SALT LAKE CITY DEPARTMENT OF AIRPORTS

Ratios of Outstanding Debt
As of June 30
(Amounts in Thousands)

Ratio of Bond Debt Service to Total Operating Expenses										
General Revenue bonds	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Principal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	92,778	78,637	50,000	17,778	-	-	-	-	-	-
Total Debt Service	$ 92,778	$ 78,637	$ 50,000	$ 17,778	$ -	$ -	$ -	$ -	$ -	$ -
Total Operating Expenses	$ 109,903	$ 98,433	$ 99,976	$ 99,459	$ 90,065	$ 76,209	$ 87,615	$ 87,471	$ 84,559	$ 84,117
Ratio of Bond Debt Service to Total Operating Expenses	**84.4%**	**79.9%**	**50.0%**	**17.9%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**

Debt Service per Enplaned Passenger

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Debt Service	$ 92,778	$ 78,637	$ 50,000	$ 17,778	$ -	$ -	$ -	$ -	$ -	$ -
Enplaned passengers	10,096	13,090	12,420	11,850	11,293	10,834	10,295	10,044	10,125	10,429
Debt Service per Enplaned Passenger	**$ 9.19**	**$ 6.01**	**$ 4.03**	**$ 1.50**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Total Outstanding Debt per Enplaned Passenger

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Outstanding debt										
2018A series	$ 821,126	$ 823,625	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2018B series	107,036	107,420	-	-	-	-	-	-	-	-
2017A series	915,226	918,724	922,178	925,498	-	-	-	-	-	-
2017B series	196,676	197,574	198,463	199,314	-	-	-	-	-	-
Total Outstanding debt	$ 2,040,064	$ 2,047,343	$ 1,120,641	$ 1,124,812	$ -	$ -	$ -	$ -	$ -	$ -
Enplaned Passengers	10,096	13,090	12,420	11,850	11,293	10,834	10,295	10,044	10,125	10,429
Outstanding Debt per Enplaned Passenger	**$ 202.07**	**$ 156.41**	**$ 90.23**	**$ 94.92**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

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,		Salt Lake City, Utah 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)
2020	est	200,576	unavailable	unavailable	unavailable	6 4%
2019		200,576	6,609,782	32,954	160,824	3 2%
2018		194,188	6,399,271	32,954	153,512	3 1%
2017		193,744	6,042,488	31,188	150,151	3 5%
2016		192,672	5,477,280	23,850	160,159	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%

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, 2020

Employer	Number of Employees	Rank	Percent of all Employees
Intermountain Health Care	20,000	1	12 90%
University of Utah (Including Hospital)	20,000	2	12 90%
State of Utah	20,000	3	12 90%
Brigham Young University	20,000	4	12 90%
Walmart	20,000	5	12 90%
Hill Air Force Base	15,000	6	9 68%
Davis County School District	10,000	7	6 45%
Utah State University	10,000	8	6 45%
Smith's Food and Drug Centers	10,000	9	6 45%
Granite School District	10,000	10	6 45%
Total Employees of Principal Employers	155,000		100 0%

June 30, 2019

Employer	Number of Employees	Rank	Percent of all Employees
Intermountain Health Care	20,000	1	12 90%
University of Utah (Including Hospital)	20,000	2	12 90%
State of Utah	20,000	3	12 90%
Brigham Young University	20,000	4	12 90%
Walmart	20,000	5	12 90%
Hill Air Force Base	15,000	6	9 68%
Davis County School District	10,000	7	6 45%
Utah State University	10,000	8	6 45%
Smith's Food and Drug Centers	10,000	9	6 45%
Granite School District	10,000	10	6 45%
Total Employees of Principal Employers	155,000		100 0%

June 30, 2018

Employer	Number of Employees	Rank	Percent of all Employees
Intermountain Health Care	20,000	1	12 90%
University of Utah (Including Hospital)	20,000	2	12 90%
State of Utah	20,000	3	12 90%
Brigham Young University	20,000	4	12 90%
Walmart	20,000	5	12 90%
Hill Air Force Base	15,000	6	9 68%
Utah State University	10,000	7	6 45%
Davis County School District	10,000	8	6 45%
Granite School District	10,000	9	6 45%
Smith's Food and Drug Centers	10,000	10	6 45%
Total Employees of Principal Employers	155,000		100 0%

June 30, 2017

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%
Smith's Food and Drug Centers	10,000	8	6 58%
Utah State University	10,000	9	6 58%
Davis County School District	7,000	10	4 61%
Total Employees of Principal Employers	152,000		100 0%

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%
Davis County School District	7,000	8	4 61%
Utah State University	10,000	9	6 58%
Smith's Food and Drug Centers	10,000	10	6 56%
Total Employees of Principal Employers	152,000		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, 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 61%
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 Centers	7,000	10	4 61%
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 61%
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%

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%

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	Police	Total
2020	5	4	8	14	13	30	23	242	159	**	498
2019	6	3	8	19	13	27	25	223	148	**	472
2018	6	2	8	19	13	23	25	226	142	62	526
2017	6	2	8	19	13	25	26	222	142	62	525
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

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.
* Prior to fiscal year 2017, police employees were grouped with operations employees.
**On January 1, 2019 Airport Police merged with the Salt Lake City Police Department and are no longer employed directly by the Airport.

SALT LAKE CITY DEPARTMENT OF AIRPORTS

SUMMARY OF CAPITAL ASSETS

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
Military										
Acres of land leased to military	135	135	135	135	135	135	135	135	135	135
Annual rent from military leases	$153,712	$153,712	$153,712	$153,712	$150,969	$140,144	$136,968	$136,968	$136,968	$136,968
Terminal - General										
Number of passenger terminals	3	3	3	3	3	3	3	3	3	3
Total square feet	1,060,184	1,090,067	1,090,067	1,090,067	1,090,067	1,102,400	1,102,400	1,102,400	1,102,400	1,102,400
Non-Retail Space - number of sq. ft.										
Counter space	7,614	7,614	7,614	7,614	7,614	7,614	7,614	7,614	7,614	7,614
Airline office	42,569	42,569	42,569	42,569	42,569	42,569	42,369	42,369	42,369	42,369
Other office (i.e. TSA, SLCDA, concession offices)	61,865	61,865	61,865	61,865	61,865	61,865	61,865	47,882	47,882	47,882
Common use areas	584,370	584,370	584,370	584,370	584,370	584,370	584,370	598,343	644,935	644,935
Retail Space - Pre-Security										
Food and beverage	2,674	2,674	2,674	2,674	2,674	2,674	2,674	2,788	1,998	1,998
Newsstands	184	184	184	184	184	184	184	212	250	250
Specialty Retail	-	-	-	-	-	-	-	-	-	-
Other concessions (vending)	264	264	264	264	264	264	264	238	497	497
Retail Space - Secured Area										
Food and beverage	50,280	50,280	50,280	50,280	50,280	50,280	50,280	49,836	45,454	45,454
Newsstands	7,721	7,721	7,721	7,721	7,721	7,721	7,721	7,697	4,891	4,891
Specialty Retail	15,019	15,019	15,019	15,019	15,019	15,001	15,001	13,419	13,994	13,994
Other concessions	152	152	152	152	152	96	96	140	-	-
Parking										
Short-term / 4 Level Parking Garage (Number of spaces)	1,845	1,845	1,845	1,845	1,845	1,774	1,766	1,766	1,766	1,767
Long-term (Number of spaces)	10,463	10,463	10,463	9,703	9,703	10,070	10,055	10,057	10,057	10,066
Tenant Employee Lot (Number of spaces)	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,955
Park and Wait Lot (Number of spaces)	120	120	120	120	82	82	82	81	81	81
Cargo										
Total SF of airport buildings leased for cargo use, including warehouse, office, etc.	206,620	184,592	202,896	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.	757,939	757,939	797,939	797,939	797,939	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	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	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	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	150 x 4,892	150 x 4,892	150 x 4,892
Acres										
Total Acres Owned by Airport	9,663	9,663	9,663	9,663	9,633	9,510	9,426	9,426	9,426	9,426
Total AOA Acres	3,325	3,325	3,325	3,325	3,325	3,375	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.

SALT LAKE CITY DEPARTMENT OF AIRPORTS

SCHEDULE OF INSURANCE POLICIES

Coverage Type	Carrier / Policy #	Policy Limits	Description / Deductibles
Crime and Fidelity	National Union Fire Insurance 01-567-99-29	$1,000,000	Employee Theft - Per Loss Coverage, $20,000 deductible
		$1,000,000	Funds Transfer Fraud, $20,000 deductible
		$1,000,000	Computer Fraud, $20,000 deductible
		$50,000	Theft of Money & Securities, $2,500 deductible
		$50,000	Money Orders and Counterfeit Money, $2,500 deductible
		$50,000	Inside or Outside Premises - Robbery or Safe Burglary of Other Property, $2,500 deductible
		$25,000	Forgery or Alteration, $1,000 deductible
Excess Workers' Comp	Safety National	$30,000,000	Maximum limit of indemnity per occurrence
	SP 4060862		$750,000 Self-Insured Retention (SIR) per occurrence
		$1,000,000	Employers' Liability maximum limit of indemnity per occurrence
Cyber	Indian Harbor Insurance Company	$5,000,000	Third-Party Liability Media, Privacy and Cyber Security, Privacy Regulatory Defense, Awards and Fines, $50,000 retention First Party Coverage Data Recovery, Cyber Extortion and Ransomware. Data Breach Response and Crisis Management Coverage, $50,000 retention
Excess Liability	Safety National Casualty Corp.		$1,000,000 SIR per occurrence applies to each line of coverage
Commercial General Liability	GLE4058876	$2,000,000	$4,000,000 aggregate limit CGL
Business Auto Liability	CAE4058878	$2,000,000	$2,000,000 combined single limit and maximum limit of indemnity
Law Enforcement Liability	SLE6675337	$2,000,000	$2,000,000 aggregate limit
Public Officials and Emp Practices	SP06675338	$2,000,000	$2,000,000 aggregate limit
General Liability	AIG	$500,000,000	Bodily Injury, Property Damage, Auto Liability on Airport
Dept. of Airports	AP 007741005	$500,000,000	Premises, Hangarkeepers Liability
		$50,000,000 each offense	Personal & Advertising Injury, Incidental Medical Malpractice
		$50,000,000 Excess of SIR	Excess Auto Legal Liability Off-Premises $500,000 SIR
		$150,000,000	War Liability/TRIA Liability
Property Insurance	Lexington Insurance Co.	$500,000,000	Airport Terminals, Concourses, Buildings, Runways, Taxiways
Dept. of Airports	014498273	Sublimits apply	Equipment, Fuel Farm, Materials, Machinery
		$100,000,000	Earth Movement and Flood 2% deductible per location; $100,000 min. $5,000,000 max.
		$500,000,000	Windstorm or Hail 5% deductible, $250,000 min.
		$200,000,000	Business Interruption 2% deductible per location; $100,000 min. $5,000,000 max.
		Not covered	Terrorism, Certified & Non-Certified Acts
Comm. Auto Liability	Granite State Auto Insurance	$1,000,000	Scheduled Autos Only
Dept. of Airports	02-CA-023317118-0	$0 deductible	

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
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	11,293,074		4.2%
2017	6,643,195		8.2	5,207,025		1.0	11,850,220		4.9%
2018	7,201,438		8.4	5,218,734		0.2	12,420,172		4.8%
2019	7,543,142		4.7	5,546,991		6.3	13,090,133		5.4%
2020	5,817,629	*	(22.9)	4,278,103	*	(22.9)	10,095,732	*	-22.9%

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 enplanments.

* O&D passengers for FY 2020 from USDOT are not yet available. As such, the figure has been forecast using percentages from FY 2019.

Airlines Operating in FY 2020
At Salt Lake City International Airport

Signatory Airlines	Affiliate Airlines*
Alaska Airlines (AK)	Compass Airlines (AA, Delta)
American Airlines (AA)	Express Jet (UAL)
Delta Air Lines (Delta)	GoJet (UAL)
Frontier Airlines	Horizon Air (AK)
JetBlue Airlines	Mesa Airlines (AA, UAL)
Southwest Airlines	Republic Airlines (UAL)
United Airlines (UAL)	SkyWest Airlines (AK, AA, Delta, UAL)

All Cargo Airlines	Foreign Flag Airlines*
Air Transport International, Inc.	Aeromexico (Delta)
Ameriflight, LLC	KLM Royal Dutch Airlines (Delta)
Corporate Air	
Empire Airlines	
FedEx	
Southern Air (operates DHL Express service)	
United Parcel Service	

* Affiliated Signatory Airlines shown in parentheses.

Salt Lake City International Airport
Market Share of Enplaned Passengers
(000's)

Airline	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Market Share FY 2011	Market Share FY 2020
Delta Air Lines	4,443	4,434	4,578	4,786	5,170	5,597	6,097	6,431	6,869	5,587	76 3%	73 0%
Delta Connection*	3,512	3,014	2,844	2,723	2,440	2,329	2,184	2,298	2,563	1,778	0 0% *	0 0% *
Southwest Airlines	1,294	1,247	1,198	1,173	1,162	1,214	1,216	1,310	1,300	982	12 4%	9 7%
American Airlines**	463	534	567	647	713	752	747	775	740	555	4 4%	5 5%
United Airlines	374	460	444	443	491	552	596	608	663	475	3 6%	4 7%
Alaska Air	-	-	26	112	407	409	421	379	333	253	0 0%	2 5%
JetBlue Airways	174	209	167	163	202	232	296	363	358	274	1 7%	2 7%
Frontier	168	222	217	239	238	198	246	243	263	191	1 6%	1 9%
Other	1	3	4	9	10	10	47	13	2	1	0 0%	0 0%
Total	10,429	10,125	10,044	10,295	10,834	11,293	11,850	12,420	13,090	10,096		

*Percentage included with Delta
**Including US Airways
Note: Amounts may not add due to rounding
Source: Department Records

Salt Lake City International Airport
Historical Aircraft Operations
(Total Landings & Takeoffs)

	Fiscal Year Ended June 30									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Passenger Aircraft	272,550	249,040	236,860	237,646	237,948	237,294	247,150	250,904	253,578	216,320
Cargo	16,476	16,520	17,942	18,102	18,484	19,434	20,240	20,382	20,618	20,604
General Aviation	69,796	73,389	74,145	66,670	60,824	50,879	48,843	53,695	61,117	63,326
Military	2,649	4,170	2,044	2,190	2,738	7,978	7,202	7,037	5,751	2,792
Total Operations	**361,471**	**343,119**	**330,991**	**324,608**	**319,994**	**315,585**	**323,435**	**332,018**	**341,064**	**303,042**
Annual Change	(-1.5%)	(-5.1%)	(-3.5%)	(-1.9%)	(-1.4%)	(-1.4%)	2.5%	2.7%	2.7%	-11.1%

Source: Department Records

Salt Lake City International Airport
Historical Landed Weights
(Amounts in Thousands of Pounds)

	Fiscal Year Ended June 30									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Airlines	12,352,045	11,731,536	11,463,695	11,740,729	12,202,986	12,511,833	13,303,497	13,737,381	14,263,691	12,315,209
Cargo	878,467	873,214	942,557	938,309	997,992	1,069,830	1,106,147	1,171,564	1,201,369	1,246,304
Total	**13,230,512**	**12,604,750**	**12,406,252**	**12,679,038**	**13,200,978**	**13,581,663**	**14,409,644**	**14,908,945**	**15,465,060**	**13,561,514**
Annual Change	1.0%	(-4.7%)	(-1.6%)	2.2%	4.1%	2 9%	6.1%	3.5%	3.7%	-12 3%

Source: Department Records

Salt Lake City International Airport
Historical Air Cargo and Mail
(amounts in U.S. tons)

	Fiscal Year Ended June 30									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Cargo	158,430	173,030	171,762	162,767	165,356	175,453	183,525	190,143	203,950	199,985
Mail	7,145	10,213	14,417	14,674	15,773	16,420	17,020	20,712	20,293	21,400
Total	**165,575**	**183,243**	**186,179**	**177,441**	**181,129**	**191,873**	**200,545**	**210,855**	**224,243**	**221,385**
Annual Change	7.2%	10.7%	1.6%	(-4.7%)	2.1%	5.9%	4.5%	5.1%	6.3%	-1.3%

Source: Department Records

SALT LAKE CITY DEPARTMENT OF AIRPORTS
TOTAL ANNUAL REVENUES AND EXPENSES
Fiscal Year Ended June 30

Operating Revenues	**2016**	**2017**	**2018**	**2019**	**2020**
Airfield	$ 31,809,896	$ 35,333,251	$ 37,850,416	$ 40,799,238	$ 40,689,749
Terminals	50,070,474	52,951,540	56,371,640	60,286,589	58,015,237
Landside	57,912,911	64,364,602	68,304,466	72,852,990	58,885,211
Auxiliary Airports	939,098	1,523,721	1,782,152	2,031,742	2,138,371
General Aviation	2,056,534	2,262,353	2,526,808	2,392,266	2,568,559
Support Areas	7,149,854	7,449,642	7,662,008	6,437,741	5,957,045
Other	2,035,050	3,090,190	2,915,551	2,739,183	3,169,004
Operating revenues	151,973,817	166,975,299	177,413,041	187,539,749	171,423,176
Less: Airline revenue sharing	(10,941,229)	(12,169,163)	(13,007,308)	(14,076,885)	(10,096,880)
Total operating revenues	141,032,588	154,806,136	164,405,733	173,462,864	161,326,296
Operating Expenses					
Airfield	28,358,533	30,038,981	31,484,601	31,305,225	32,866,248
Terminals	37,150,225	40,038,056	41,079,201	40,435,158	47,183,508
Landside	11,237,669	12,336,435	12,522,236	10,081,900	11,223,893
Auxiliary Airports	1,746,575	3,054,345	3,253,108	4,241,437	4,534,580
General Aviation	996,707	2,890,348	995,461	877,645	892,387
Support Areas	1,130,272	1,347,481	1,235,761	1,661,436	1,600,159
Roads and Grounds	6,991,987	7,165,486	6,876,733	7,670,463	8,516,862
Other	2,453,128	2,588,726	2,529,250	2,161,008	3,085,500
Total operating expenses before depreciation	90,065,096	99,459,858	99,976,351	98,434,272	109,903,136
Operating Income Before Depreciation	50,967,492	55,346,278	64,429,382	75,028,592	51,423,160
Depreciation	61,656,896	63,664,986	63,826,718	63,549,763	57,604,443
Operating Income/(Loss)	(10,689,404)	(8,318,708)	602,664	11,478,829	(6,181,283)
Non-operating Revenues (Expenses)					
Passenger Facility Charges	42,805,519	45,750,397	47,739,461	49,720,539	40,607,278
Customer Facility Charges	15,613,155	16,157,076	15,740,068	16,012,445	12,477,986
Net Bond interest expense	-	(14,479,594)	(34,674,629)	(72,222,513)	(85,497,741)
Bond issuance costs	-	(3,453,689)	-	(3,129,538)	-
Interest Income	2,782,668	8,005,230	21,782,631	36,964,373	19,360,991
Other revenue (expenses), net	(488,665)	4,120,819	(2,501,999)	9,405,217	1,527,746
Net non-operating revenues (expenses)	60,712,677	56,100,239	48,085,532	36,750,523	(11,523,740)
Capital Contributions	14,230,033	17,793,909	18,142,126	14,284,968	31,124,710
Net Position					
Increase in Net Position	64,253,306	65,575,440	66,830,322	62,514,320	13,419,687
Net Position, Beginning of Period	1,157,981,328	1,222,234,634	1,287,810,074	1,354,640,396	1,417,154,716
Net Position, End of Period	$ 1,222,234,634	$ 1,287,810,074	$ 1,354,640,396	$ 1,417,154,716	$ 1,430,574,403

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

SALT LAKE CITY DEPARTMENT OF AIRPORTS
TOTAL ANNUAL REVENUES AND EXPENSES
Fiscal Year Ended June 30

Operating Revenues	**2011**	**2012**	**2013**	**2014**	**2015**
Airfield	$ 26,790,645	$ 27,360,062	$ 27,533,052	$ 28,986,244	$ 27,688,088
Terminals	42,746,010	42,580,560	45,410,572	45,732,747	49,165,208
Landside	42,339,341	45,110,330	48,119,056	49,064,037	52,477,405
Auxiliary Airports	631,234	670,645	721,141	736,231	852,204
General Aviation	1,888,594	2,097,232	2,028,469	2,089,127	2,223,159
Support Areas	6,924,048	7,098,323	7,421,130	7,486,374	7,484,591
Other	2,341,446	2,550,590	2,635,709	3,194,765	2,318,083
Operating revenues	123,661,318	127,467,742	133,869,129	137,289,525	142,208,738
Less: Airline revenue sharing	(10,284,613)	(10,007,605)	(10,013,679)	(10,290,299)	(9,938,626)
Total operating revenues	113,376,705	117,460,137	123,855,450	126,999,226	132,270,112
Operating Expenses					
Airfield	24,928,820	25,680,150	25,848,088	27,040,934	22,546,161
Terminals	37,086,995	37,776,228	38,904,486	36,795,761	32,598,386
Landside	10,706,997	9,608,951	11,311,729	11,813,344	9,788,597
Auxiliary Airports	1,476,851	1,699,831	1,500,433	1,575,915	1,370,456
General Aviation	1,031,487	1,266,518	1,064,049	1,124,905	1,112,793
Support Areas	1,037,924	944,635	1,019,395	1,039,306	958,611
Roads and Grounds	5,567,870	5,667,708	5,679,770	6,000,384	5,736,332
Other	2,279,990	1,915,418	2,142,776	2,224,551	2,097,347
Total operating expenses before depreciation	84,116,934	84,559,439	87,470,726	87,615,100	76,208,683
Operating Income Before Depreciation	29,259,771	32,900,698	36,384,724	39,384,126	56,061,429
Depreciation	50,438,401	49,802,772	57,127,603	59,027,448	59,995,105
Operating Loss	(21,178,630)	(16,902,074)	(20,742,879)	(19,643,322)	(3,933,676)
Non-operating Revenues (Expenses)					
Passenger Facility Charges	38,485,478	37,190,302	37,534,715	38,437,248	40,976,537
Customer Facility Charges	-	11,203,789	14,308,670	14,848,663	15,606,695
Net Bond interest expense	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Interest Income	1,903,536	1,818,745	1,814,881	1,964,326	1,788,695
Other revenue (expenses), net	(767,374)	109,964	(3,394,933)	1,441,073	(275,668)
Net non-operating revenues (expenses)	39,621,640	50,322,800	50,263,333	56,691,310	58,096,259
Capital Contributions	19,340,081	14,789,323	22,558,966	17,916,389	15,148,122
Net Position					
Increase in Net Position	37,783,091	48,210,049	52,079,420	54,964,377	69,310,705
Net Position, Beginning of Period	916,631,949	954,415,040	1,002,625,089	* 1,054,704,509	1,088,670,623
Net Position, End of Period	$ 954,415,040	$ 1,002,625,089	$ 1,054,704,509 *	$ 1,109,668,886 *	$ 1,157,981,328

SALT LAKE CITY DEPARTMENT OF AIRPORTS
SUMMARY OF OPERATING REVENUES
(Amounts in Thousands)
Fiscal Year Ended June 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Landing Fees	$ 22,092	$ 23,059	$ 23,662	$ 25,000	$ 23,199	$ 27,023	$ 30,020	$ 32,742	$ 35,434	$ 35,638
Airline Terminal Space Rentals	27,378	27,827	27,590	26,812	29,019	28,500	29,775	31,028	33,432	34,645
Other Airline Revenues	6,427	6,881	7,171	7,098	7,201	6,931	6,844	6,799	6,769	7,031
Car Rental	16,346	16,697	17,482	18,064	19,341	22,142	27,186	29,181	29,856	25,372
Auto Parking Facilities	25,067	26,282	28,619	29,228	31,117	33,409	34,297	35,323	36,297	27,974
Other Terminal Rentals	23,405	23,862	26,909	28,431	29,467	30,859	35,042	39,041	42,046	37,634
Other Revenues	2,947	2,860	2,436	2,657	2,864	3,110	3,811	4,441	3,704	3,129
Credit Revenue Sharing	(10,285)	(10,008)	(10,014)	(10,290)	(9,938)	(10,941)	(12,169)	(13,007)	(14,077)	(10,097)
Total Operating Revenues	$ 113,377	$ 117,460	$ 123,855	$ 127,000	$ 132,270	$ 141,033	$ 154,806	$ 165,548	$ 173,461	$ 161,326

Source: Department Records

SALT LAKE CITY DEPARTMENT OF AIRPORTS
SOURCES OF AIRLINE REVENUES
(Amounts in Thousands)

	FY 2018				FY 2019				FY 2020			
Airline (includes affiliates)	**Landing Fees**	**% of Total**	**Rents**	**% of Total**	**Landing Fees**	**% of Total**	**Rents**	**% of Total**	**Landing Fees**	**% of Total**	**Rents**	**% of Total**
Alaska	$ 973	3.0%	$ 1,025	3.3%	$ 851	2.4%	$ 819	2.5%	$ 826	2.3%	$ 984	2.8%
American*	1,727	5.3%	1,250	4.0%	1,858	5.2%	1,300	4.0%	1,646	4.6%	1,959	5.7%
Delta	21,136	64.7%	23,227	74.8%	23,534	66.4%	24,671	75.9%	23,850	66.9%	25,431	73.6%
Frontier	480	1.5%	483	1.6%	540	1.5%	494	1.5%	484	1.4%	548	1.6%
JetBlue	854	2.6%	478	1.5%	875	2.5%	508	1.6%	796	2.2%	664	1.9%
Southwest	3,219	9.8%	3,056	9.9%	3,250	9.2%	3,225	9.9%	3,078	8.6%	3,357	9.7%
United	1,483	4.5%	1,396	4.5%	1,655	4.7%	1,501	4.6%	1,451	4.1%	1,632	4.7%
US Airways (1)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other (2)	2,870	8.8%	84	0.3%	2,871	8.1%	-	0.0%	3,507	9.8%	-	0.0%
Totals:	$ 32,742	100.0%	$ 30,999	100.0%	$ 35,434	100.0%	$ 32,518	100.0%	$ 35,638	100.0%	$ 34,575	100.0%

	FY 2016				FY 2017			
Airline (includes affiliates)	**Landing Fees**	**% of Total**	**Rents**	**% of Total**	**Landing Fees**	**% of Total**	**Rents**	**% of Total**
Alaska	$ 965	3.6%	$ 1,067	3.8%	$ 1,053	3.5%	$ 957	3.3%
American	1,713	6.3%	1,333	4.8%	1,537	5.1%	1,239	4.3%
Delta	17,577	65.1%	21,242	76.2%	19,438	64.9%	21,831	74.8%
Frontier	377	1.4%	352	1.3%	483	1.6%	449	1.5%
JetBlue	472	1.7%	301	1.1%	631	2.1%	435	1.5%
SkyWest	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Southwest	2,435	9.0%	2,454	8.8%	2,832	9.4%	2,882	9.9%
United	1,205	4.5%	1,103	4.0%	1,342	4.5%	1,348	4.6%
US Airways	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other (2)	2,279	8.4%	-	0.0%	2,704	9.0%	-	0.0%
Totals:	$ 27,023	100.0%	$ 27,852	100.0%	$ 30,020	100.0%	$ 29,141	100.0%

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

SALT LAKE CITY DEPARTMENT OF AIRPORTS
SOURCES OF AIRLINE REVENUES
(Amounts in Thousands)

	FY 2013				FY 2014				FY 2015			
Airline (includes affiliates)	**Landing Fees**	**% of Total**	**Rents**	**% of Total**	**Landing Fees**	**% of Total**	**Rents**	**% of Total**	**Landing Fees**	**% of Total**	**Rents**	**% of Total**
American	615	2 6%	642	2 3%	814	3 3%	729	2 7%	815	3 5%	873	3 0%
Continental	-	0 0%	-	0 0%	-	0 0%	-	0 0%	-	0 0%	-	0 0%
Delta	16,125	68 1%	21,141	77 3%	18,163	72 7%	20,116	75 7%	14,786	63 7%	22,153	75 5%
Frontier	453	1 9%	429	1 6%	620	2 5%	537	2 0%	420	1 8%	428	1 5%
JetBlue	320	1 4%	392	1 4%	346	1 4%	389	1 5%	393	1 7%	368	1 3%
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%	34	0 1%	-	0 0%	-	0 0%
Southwest	2,727	11 5%	2,740	10 0%	2,895	11 6%	2,612	9 8%	2,105	9 1%	2,792	9 5%
United	919	3 9%	1,282	4 7%	1,010	4 0%	1,213	4 6%	944	4 1%	1,242	4 2%
US Airways	601	2 5%	586	2 1%	785	3 1%	579	2 2%	747	3 2%	759	2 6%
Other (1)	1,901	8 1%	140	0 6%	198	0 7%	151	0 6%	2,105	9 1%	-	0 0%
Totals:	$ 23,662	100 0%	$ 27,352	100 0%	$ 25,000	100 0%	$ 26,583	100 0%	$ 23,199	100 0%	$ 29,328	100 0%

	FY 2011				FY 2012			
Airline (includes affiliates)	**Landing Fees**	**% of Total**	**Rents**	**% of Total**	**Landing Fees**	**% of Total**	**Rents**	**% of Total**
American	$ 522	2 4%	$ 657	2 4%	$ 645	2 8%	$ 648	2 4%
Continental	203	0 9%	275	1 0%	227	1 0%	270	1 0%
Delta	8,807	39 9%	20,957	76 5%	15,691	68 0%	21,076	77 1%
Frontier	345	1 6%	426	1 6%	438	1 9%	417	1 5%
JetBlue	338	1 5%	422	1 5%	399	1 7%	379	1 4%
Northwest	785	3 6%	-	0 0%	-	0 0%	-	0 0%
SkyWest	5,861	26 5%	-	0 0%	-	0 0%	-	0 0%
Southwest	2,802	12 7%	2,875	10 5%	2,897	12 6%	2,776	10 2%
United	588	2 7%	1,098	4 0%	725	3 1%	1,062	3 9%
US Airways	410	1 9%	574	2 1%	502	2 2%	571	2 1%
Other (Charter, Cargo & Commuter)	1,330	5 8%	122	0 4%	1,535	6 7%	138	0 4%
Totals:	$ 22,092	100 0%	$ 27,407	100 0%	$ 23,059	100 0%	$ 27,338	100 0%

Source: Department Records

(1) Includes charter, cargo, and commuter

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

Fiscal Year Ended June 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Personnel Services	$ 40,661	$ 41,345	$ 42,347	$ 44,916	$ 33,880	$ 45,096	$ 49,350	$ 50,076	$ 40,258	$ 48,584
Charges/Services/Fees	21,006	20,773	19,796	18,547	19,785	20,811	24,901	23,996	26,300	25,118
Operational Maintenance Supplies	9,376	8,999	11,118	10,755	9,487	10,940	11,725	11,343	12,610	12,381
Utilities	5,405	5,630	6,122	6,209	6,313	6,175	5,946	6,166	5,721	5,697
Fire Services	3,840	4,091	4,152	4,185	4,314	4,597	4,886	5,130	5,364	5,587
Police Services	-	-	-	-	-	-	-	-	3,891 *	8,332
Salt Lake City Administration	3,829	3,721	3,935	3,003	2,430	2,446	2,651	3,265	4,288	4,204
Total Operating Expenses	$ 84,117	$ 84,559	$ 87,470	$ 87,615	$ 76,209	$ 90,065	$ 99,459	$ 99,976	$ 98,433	$ 109,903

Source: Department Records

* Starting on January 1, 2019, the Airport Police combined with Salt Lake City Police, and all wages, benefits, and operating expenses will be broken out separately.

APPENDIX B
REPORT OF THE AIRPORT CONSULTANT

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Appendix B:
Report of the Airport Consultant

Airport Revenue Bonds, Series 2021
Salt Lake City International Airport

July 14, 2021

PREPARED FOR
Salt Lake City Department of Airports

PREPARED BY
Landrum & Brown, Incorporated

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July 14, 2021

Mr. William W. Wyatt
Executive Director
Salt Lake City Department of Airports
Salt Lake City International Airport
3920 West Terminal Drive
Salt Lake City, Utah 84122

Re: Report of the Airport Consultant, Salt Lake City, Utah, Airport Revenue Bonds, Series 2021A (AMT) and Series 2021B (Non-AMT), Salt Lake City International Airport

Dear Mr. Wyatt:

Landrum & Brown, Incorporated (L&B), in association with Airmac LLC, is pleased to submit this Report of the Airport Consultant (Report) for the proposed issuance by Salt Lake City, Utah, of its Airport Revenue Bonds, Series 2021A (AMT) and Series 2021B (Non-AMT) herein referred to collectively as the Series 2021 Bonds. This independent Report has been prepared for the Salt Lake City Department of Airports (Department) to support its planned issuance of the Series 2021 Bonds and is intended to be included in the Official Statement for the Series 2021 Bonds as Appendix B, Report of the Airport Consultant. All capitalized terms in this Report are used as defined in the Official Statement relating to the Series 2021 Bonds or the Master Trust Indenture, 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 an 11-member advisory board (Airport Advisory Board) of citizen volunteers oversee its affairs. The Airport Advisory Board provides advice with respect to broad matters of policy affecting the operation of the Airport System, while the Mayor and City Council oversee the Department's affairs. 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 is appointed by and reports directly to the Mayor. The Executive Director leads the management staff of the Department along with the Department's Division Directors. Nine Directors are responsible for the following nine Divisions: Operations; Maintenance; Finance; Engineering; Planning and Environmental; Administration and Commercial Services; Communication and Marketing; Information Technology; and Operational Readiness, Activation, and Transition for the New SLC. In addition, the executive team of the Department is comprised of the Chief Operating Officer, to whom the Director of Operations reports, along with Airport police and firefighting. The executive team of the Department is a full-time staff of professional and technical personnel located at the Airport.

The New SLC

The Department has completely redeveloped the Airport's landside and terminal facilities and has completed the initial phase of its new airside concourses. Forty-six of the 78 loading-bridge capable gates are complete and in-use, and the new airside concourse development is planned to be complete by late 2024. This redevelopment is comprised of two major capital programs known as the Terminal Redevelopment Program (TRP) and the North Concourse Program (NCP), as further described below. Collectively, these redevelopment programs are referred to as the New SLC (formerly referred to as the Airport Redevelopment Program). An overview of the TRP and the NCP is provided below, and additional details are contained in Chapter 4 of this Report.

The Terminal Redevelopment Program

In 2014, the Signatory Airlines (defined herein) operating at the Airport approved the implementation of the TRP through execution of a new Airline Use Agreement (AUA) that incorporates the TRP and is effective through June 30, 2024. As described below, the Department offered an extension of the AUA through June 30, 2034, which has been executed by Delta Air Lines (Delta). The TRP replaced all of the former aged and functionally obsolete terminal complex, including the development of a consolidated terminal facility, an attached linear airside concourse (Concourse A, formerly referred to has the South Concourse), and landside facilities at the Airport. In addition, the TRP addressed changes in the aviation industry and improved inherent operational inefficiencies of the former facilities. Other than the eastern half of Concourse A, the TRP has been completed and opened in September 2020. The remaining portion of Concourse A is planned to be completed in late 2023. It is currently estimated that the TRP will cost approximately $2.72 billion of which approximately $2.21 billion has already been spent as of March 31, 2021.

Additional details on the TRP and its primary components are contained in Chapter 4 of this Report.

The North Concourse Program

The NCP consists of a 31-gate midfield concourse and the development of an underground connecting tunnel from Concourse A of the TRP. The initial phase of the NCP that has provided 21 of the planned 31 gates on Concourse B (formerly referred to as the North Concourse) was completed and opened in October 2020. The development of the NCP eliminated the need to renovate and maintain former Concourses C, D, and F. In April 2016, the Signatory Airlines unanimously approved the implementation of the NCP. The remaining portions of Concourse B along with the new central underground tunnel are planned to be completed in the third quarter of 2025. When completed, it is currently estimated that the NCP will cost approximately $1.73 billion of which approximately $637 million has already been spent as of March 31, 2021. Additional details on the NCP and its primary components are contained in Chapter 4 of this Report.

The Series 2021 Bonds

The Series 2021 Bonds are being issued pursuant to the Master Trust Indenture and Third Supplemental Trust Indenture. As of July 2, 2021, the Department had $1.849 billion of debt outstanding consisting of the Series 2017 Bonds and Series 2018 Bonds. In addition, the Department has entered into a short-term revolving credit facility with JP Morgan Chase Bank, National Association, pursuant to which the City can access up to $300 million (Line of Credit) secured by one or more notes (Notes); which Notes constitute subordinate obligations under the Subordinate Obligation Trust Indenture. As of July 1, 2021, the Department has an outstanding balance of $267.6 million on the Line of Credit.

The Department has funded to date and expects to continue to fund the design and construction of the New SLC from a variety of sources, including Department funds, proceeds of airport revenue bonds, the Line of Credit (as an interim funding source), Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), and federal grants. In addition to the Series 2021 Bonds, the Department previously issued its $1.0 billion of Series 2017 Bonds and its $850.55 million of Series 2018 Bonds, and the Department currently expects that it will issue additional bonds to complete the funding for the New SLC.

Proceeds of the Series 2021 Bonds will be used to (1) fund a portion of the costs of the New SLC, (2) repay the current outstanding balance of the Line of Credit, (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 2021 Bonds. The Series 2021 Bonds are special limited 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) 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 AUA with the Signatory Airlines operating at the Airport effective on July 1, 2014 and expiring on June 30, 2024, except for the AUA with Delta that is effective through June 30, 2034 (as described below). 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. As of the date of this Report, the Signatory Airlines at the Airport include Alaska Airlines, American Airlines, Delta, Frontier Airlines, JetBlue Airways, Southwest Airlines and United Airlines. Together, the Signatory Airlines accounted for 98.1% of enplaned passengers at the Airport in FY 2020.

In May 2018, the Department offered a 10-year extension to the AUA to all the Signatory Airlines operating at the Airport to extend all existing terms and conditions of the AUA through June 30, 2034. At this time, Delta is the only airline that has executed the 10-year AUA extension. Delta is the airline with the most flights and passengers operating at the Airport with approximately 73% of the enplaned passengers in FY 2020. The Department is currently in discussions with the other Signatory Airlines regarding their execution of the AUA extension.

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. The NCP was not contemplated as part of the AUA; however, the Signatory Airlines approved its implementation in April 2016.

The AUA also provides for extraordinary coverage protection that allows the Department to collect additional payments from the Signatory Airlines to satisfy the Rate Covenant set forth in the Master Indenture if the Department expects it will not meet the Rate Covenant in any FY. More information on the AUA can be found in Chapter 5 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 projection period of FY 2022 through FY 2028. The following provides an overview of the primary findings and conclusions contained in the Report.

COVID-19 Impacts on the Aviation Industry and the Airport

COVID-19 is a respiratory disease caused by a novel strain of coronavirus. The World Health Organization (WHO) declared the outbreak of COVID-19 a public health emergency of international concern on January 30, 2020, and subsequently declared it a pandemic on March 11, 2020. As of June 24, 2021, WHO has reported over 179.2 million confirmed cases of COVID-19 and nearly 3.9 million deaths worldwide.[1] For the United States (U.S.), as of June 24, 2021, WHO reported over 33.2 million confirmed cases and over 597,000 deaths. In terms of confirmed cases and deaths, the U.S. has been the most impacted country in the world, representing nearly 19% of total cases and more than 15% of total deaths.[2] The State of Utah (State) has also been impacted by the COVID-19 pandemic. As of June 24, 2021, the Utah Department of Health reported that there were approximately 413,00 cases and 2,337 deaths related to COVID-19 in the State, which represents approximately 1.2% and 0.39% of the total U.S., respectively.[3] In terms of population, the State is just under 1.0% of the total U.S. As of June 24, 2021, the State had approximately 12,868 confirmed COVID-19 cases per 100,000 people as compared to the nationwide average of 10,063 cases per 100,000.[4] In terms of COVID-19 deaths per 100,000 people, the State is below the national average of 180 at 72 as of June 24, 2021.[5]

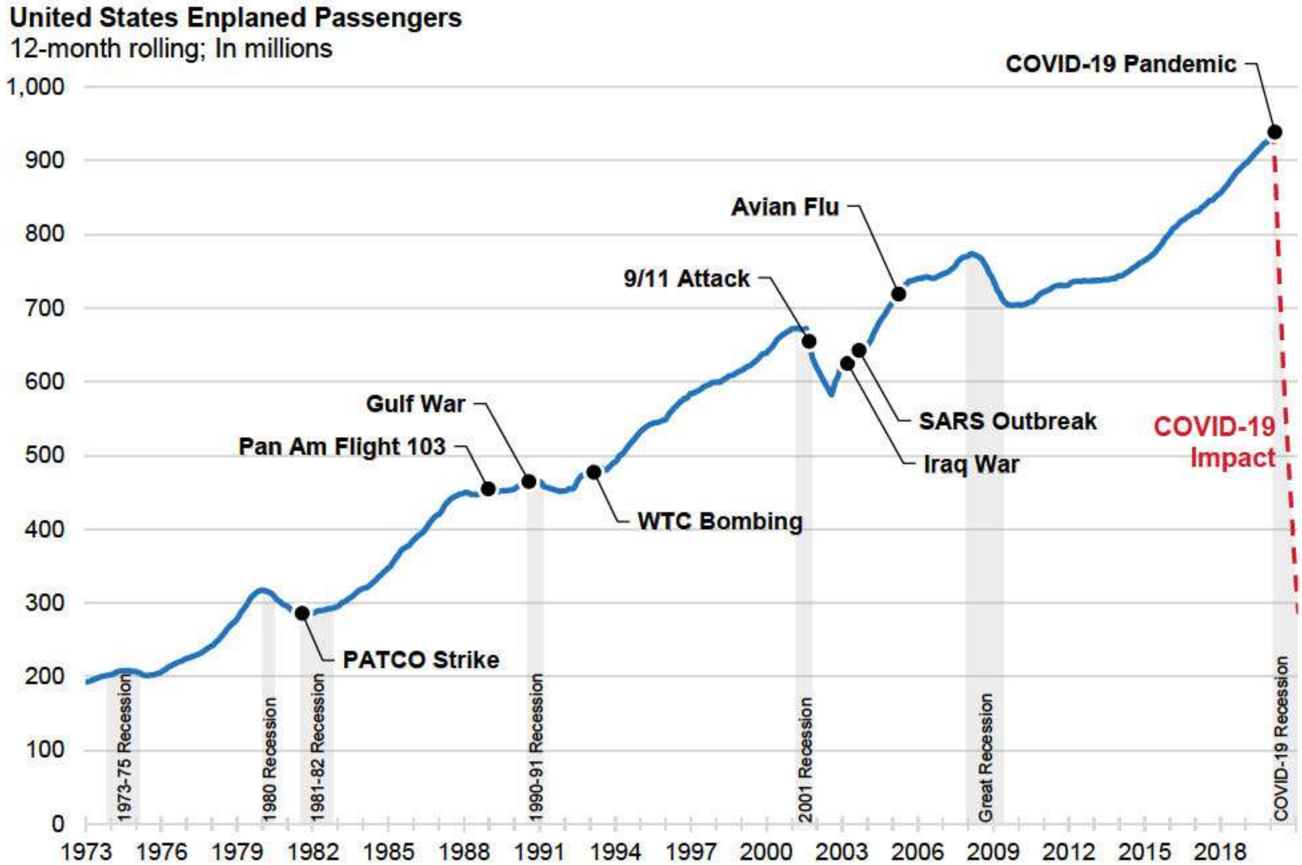
Along with all other airports in the U.S. and abroad, the Airport has been acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and severe declines in the volume of passenger traffic. The COVID-19 pandemic has adversely affected domestic and international travel and travel-related industries. Airlines have reported unprecedented downturns in passenger volumes, which in turn, have prompted them to significantly reduce, and in many cases eliminate, both domestic and international scheduled service.

1 World Health Organization, WHO Coronavirus (COVID-19) Dashboard, https://covid19.who.int/table, accessed June 2021.
2 Ibid.
3 Utah Department of Health, Overview of COVID-19 Surveillance, https://coronavirus.utah.gov/case-counts/, accessed June 2021.
4 Centers for Disease Control and Prevention, CDC COVID Data Tracker, https://www.cdc.gov/covid-data-tracker/#cases, accessed June 2021.
5 Ibid.

Figure 1 illustrates the relative effect of the COVID-19 pandemic on annual U.S. passenger volumes as compared to the effect of prior significant events and situations in the U.S. on passenger traffic. As presented, the associated impacts of the COVID-19 pandemic have resulted in the largest passenger declines in aviation history. Chapter 1 of this Report provides information on COVID-19 prevention measures being undertaken by the State and Airport, economic impacts associated with the COVID-19 pandemic, a summary of aviation industry and Airport activity impacts, and a summary of Airport financial impacts.

It should be noted despite recent improved COVID-19 metrics and increased air travel activity, that impacts of the COVID-19 pandemic still are emerging, and at this time L&B is unable to fully quantify the effect that the COVID-19 pandemic will have on the region's economic base and the Airport and the length of time over which this effect will occur. The historical financial information and operating data set forth in this Report for the dates as of which such information and data are set forth and for the periods that occurred before the COVID-19 pandemic and the measures instituted to control such pandemic may not be indicative of future results or performance due to these and other factors. For a description of the Department's ongoing response to COVID-19 and related financial and operating effects on the Department and the Airport, see the section in the Official Statement titled "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT."

Figure 1 U.S. Aviation System Shocks and Recoveries



Note: Excludes non-revenue enplaned passengers.

Source: U.S. Bureau of Transportation Statistics, U.S. Air Carrier Traffic Statistics; National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions.

As described in Chapter 1 of this Report, because of certain unique characteristics of the Salt Lake City region, the Airport has not been as negatively impacted by the COVID-19 pandemic as the nation as a whole. A summary of these are as follows.

- The region has historically exhibited stronger employment trends than the nation as a whole. As of April 2021, the region's unemployment rate was 2.7% as compared to the overall U.S. of 5.7%.
- The region is in relatively close proximity to many national parks, state parks, and ski resorts that offer unique outdoor activities that are more conducive for visitors during the COVID-19 pandemic. Visitor traffic to these areas was robust during the latter portion of 2020 and early 2021.
- Passenger traffic at the Airport has not been as impacted as the overall U.S.
- Scheduled departing seats for the Airport for May 2021 as compared to May 2019 are up by 4.3%. The seat capacity for the nation is still down as compared to 2019 levels.
- As the 4th largest airport for Delta in terms of seat capacity, the Airport is currently scheduled to have an increase of 7.2% in departing seats for FY 2021 as compared to FY 2020. The Airport is the only airport within Delta's ten largest that is scheduled to have an increase in seats.

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 as Delta's primary connecting hub for the inter-mountain region and the western U.S. Based on preliminary data for calendar year (CY) 2020, the Airport was classified by the Federal Aviation Administration (FAA) as a Large Hub facility based upon its share of nationwide enplaned passengers. Based on data from the FAA, approximately 5.98 million enplaned passengers boarded aircraft at the Airport in CY 2020, ranking the Airport 21st in the U.S. The Airport has a diverse, stable base of air carriers. Four of the U.S. network airlines along with two low-cost carriers (LCCs) and one ultra-low-cost carrier are Signatory Airlines at the Airport. The Airport serves a large and growing O&D market. Per the U.S. Department of Transportation in FY 2020, an estimated 58% of the Airport's enplaned passengers were O&D. The Airport is also a primary connecting hub airport for Delta. Delta accounted for approximately 73% of enplaned passengers at the Airport in FY 2020 consisting of both O&D and connecting passengers (estimated at 47% O&D and 53% connecting).

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 22nd most populated CSA in the U.S., with approximately 2.3 million people, and comprises over 82% of the population for the State of Utah.

The Air Service Area's economic strength is evaluated in Chapter 2 of this Report. The Air Service Area has historically exhibited more favorable trends in population growth, educational attainment, employment, and household income than the U.S., and these trends are projected to continue.

The economy in the Air Service Area is also connected to visitors to the region, including both leisure and business travelers. The Air Service Area is in relatively close proximity to many national parks (including the Mighty 5), state parks, and ski resorts that offer visitors unique and exceptional activities in an open and outdoor natural setting more conducive to restrictions in place during pandemics. Many of these activities have been as popular as ever during the COVID-19 pandemic.

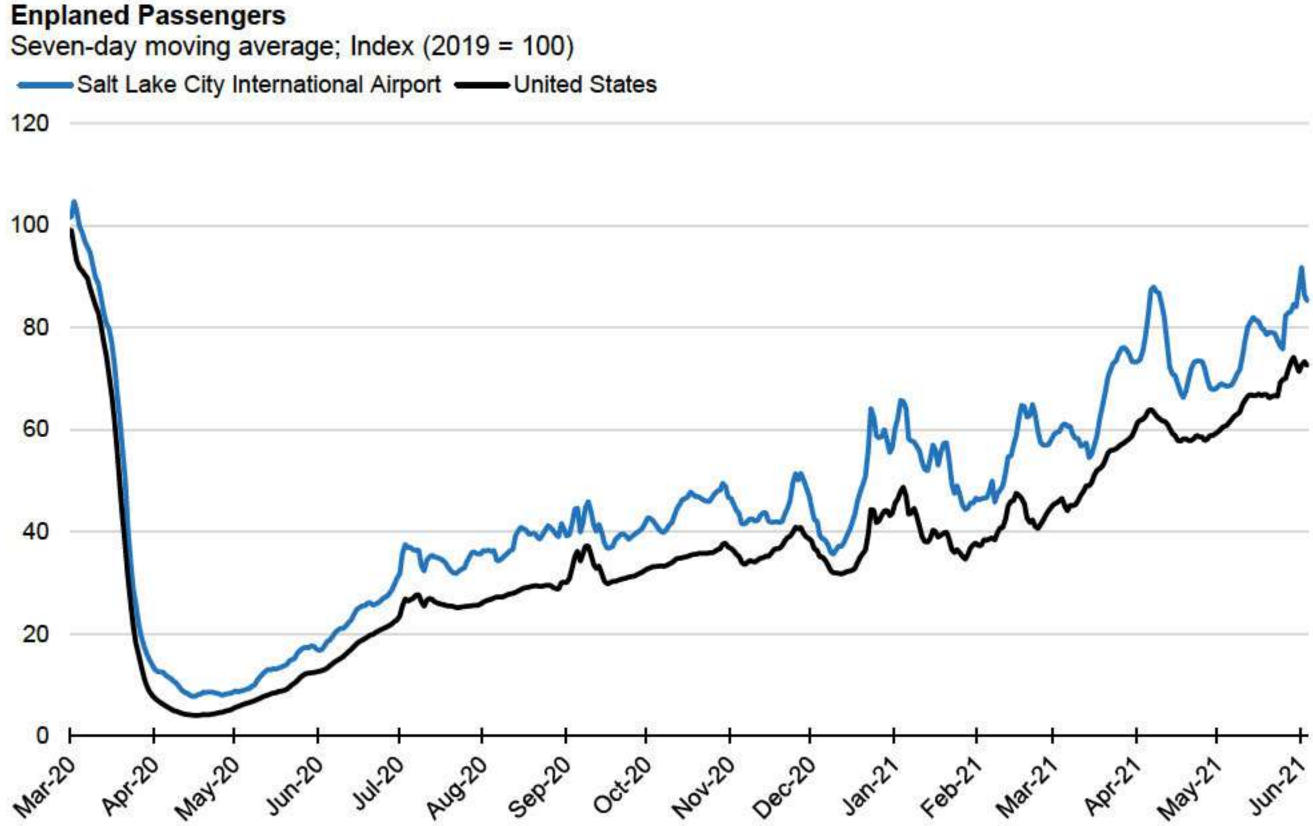
While, overall, the associated impacts and restrictions resulting from the COVID-19 pandemic have negatively affected the regional economy, tourism, conventions, and events over the past year, the Air Service Area has fared better than the national economy. It is anticipated that the economy will continue its recovery as the spread of COVID-19 is controlled, which will further stimulate demand for air travel. More information on the economic base for air transportation is contained in Chapter 2.

Air Service and Air Traffic Analysis

Prior to the impacts associated with the COVID-19 pandemic, between FY 2012 and FY 2019, total enplaned passengers at the Airport increased from approximately 10.1 million to approximately 13.1 million, an overall compound annual growth rate (CAGR) of approximately 3.7% for this period. The last few months of FY 2020 were significantly impacted by the pandemic and passenger traffic declined precipitously. In March 2020, passengers were down 49.2% as compared to March 2019 and decreased to a low of 91.9% down in April 2020 as compared to April 2019. In May 2020 and June 2020, enplaned passengers started to recover as they were down 85.8% and 75.9%, respectively from the same months in 2019. For the entire FY 2020, enplaned passengers decreased by 22.9% from FY 2019 to 10.1 million enplaned passengers. In FY 2021, the Department estimates that there will be approximately 7.0 million enplaned passengers, which is about 54% of FY 2019 levels.

While these enplaned passenger decreases are substantial, the Airport has not been as negatively impacted as the U.S. as a whole. **Figure 2** depicts the impacts associated with the COVID-19 pandemic to passenger checkpoint throughput at both the Airport and for the overall U.S per data from the Transportation Security Administration (TSA). This figure presents the recovery trend for passenger checkpoint throughput indexed to 2019 levels (i.e., 2019 levels equal 100). As shown, during the early days of the pandemic, the impact to the Airport's checkpoint throughput tracked closely with the general nationwide trend, but was slightly better. The recovery at the Airport has been more pronounced than the nation overall, especially, as the country has moved on from the early days of the pandemic. For the weekly average in late-May 2021, the Airport was around 86% of the 2019 throughput compared to about 72% for the U.S.

Figure 2 Comparison of Airport and U.S. TSA Checkpoint Passengers



Sources: Salt Lake City Department of Airports, accessed June 2021.
Transportation Security Administration, accessed June 2021.

L&B prepared the air traffic activity projections included in this Report. The baseline projection in the Report is based on a number of assumptions. Most notably, it assumes that the Airport will recover back to FY 2019 enplaned passenger levels in FY 2024 and, thereafter, the underlying economic conditions of the Air Service Area and a return to historical connecting passenger levels by Delta are expected to be the primary driver for passenger demand at the Airport. Additional key assumptions are listed below:

- Recovery back to "pre-COVID-19" air traffic levels will require (1) a restoration of passenger confidence from a public health standpoint along with (2) an economic recovery.
- The U.S. Gross Domestic Product (GDP) will continue its ongoing recovery and will return to 2019 levels during the first quarter 2022.
- Population or herd immunity through ongoing vaccinations and natural immunity will be achieved sometime in late 2021.
- Leisure air travel will recover faster from the impacts associated with the COVID-19 pandemic than compared to business air travel. With the emergence of video and virtual online technologies over 2020, it is assumed that a small percentage of business travel will not return over the projection period (about 8%).
- The Airport will recover back to historical percentages of O&D and connecting passengers and the Airport will remain a hub for Delta.
- The other major carriers currently serving the Airport will continue to provide air service to support local demand.

- The recovery of trans-oceanic international service is assumed to lag that of domestic traffic.
- The return to longer-term national air traffic growth trends will occur by 2024.
- There are no additional major disruptions to air traffic over the projection period (e.g. terrorist attacks, health pandemics, etc.).

Given the uncertainty of the level of impact of the COVID-19 pandemic, and the duration of the recovery from such impacts, L&B also prepared a slower recovery enplaned passengers projection. For additional details on the slower recovery projection scenario, please refer to Section 3.4.5 herein. **Table 1** presents the baseline and slower recovery enplaned passengers projections.

Table 1 Enplaned Passengers Projection

Fiscal Year	Enplaned Passengers (in thousands)	
	Baseline	Slower Recovery
2019 (actual)	13,090	13,090
2020 (actual)	10,096	10,096
2021	7,046	7,046
2022	11,507	8,660
2023	12,522	11,035
2024	13,070	11,686
2025	13,418	12,002
2026	13,695	12,253
2027	13,953	12,487
2028	14,132	12,650
Compound Annual Growth Rate		
2019-20	(22.9%)	(22.9%)
2020-21	(30.2%)	(30.2%)
2021-28	10.5%	8.7%
2019-28	0.9%	(0.4%)

Note: These projections are based on current expectations and information and are not intended as a representation of facts or guarantee of results.

Sources: Salt Lake City Department of Airports (actual data); L&B (estimated and projected data).

It is important to note that many of the factors affecting air travel demand are not necessarily quantifiable. As a result, all projections are subject to uncertainty. While the global COVID-19 pandemic is currently ongoing, other economic disturbances could occur over the projection period. Therefore, these projection scenarios, as with any projections, should be viewed as a general indication of future aviation activity as opposed to a precise prediction. Actual future traffic is likely to vary from these projections, and such variances could be material.

Capital Improvement Program

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

The New SLC: The New SLC consists of both the TRP and NCP as described below:

- **The Terminal Redevelopment Program**: The TRP is the major capital program currently under construction that has completely replaced and rebuilt the Airport's landside and terminal facilities and is currently replacing its airside concourse facilities over the next few years in conjunction with the NCP. The western portion of the airside concourse (Concourse A) was opened in September 2020 and is operational. The TRP has been funded, in part, with proceeds of the Series 2017 Bonds and the Series 2018 Bonds, and is also intended to be funded, in part, with proceeds of the Series 2021 Bonds and Additional 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 in this Report and are further described in Chapter 5.
- **The North Concourse Program**: The NCP is also currently under construction and includes the development of a midfield airside concourse (Concourse B) to the north of the new airside concourse to be developed simultaneously with the TRP (i.e., Concourse A). The western portion of Concourse B opened in October 2020 and is currently operational. The eastern portion of Concourse B is anticipated to be opened during the fourth quarter of 2024 with full operation of Concourse B by the fourth quarter of 2025. The NCP has been funded, in part, with proceeds of the Series 2017 Bonds and the Series 2018 Bonds, and is also intended to be funded, in part, with proceeds of the Series 2021 Bonds and Additional 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 in this Report and are further described in Chapter 5.

Other Capital Projects: These projects are in addition to the elements of the New SLC and are the other Airport System capital projects that currently are anticipated by the Department to be undertaken over the projection period, or from FY 2022 through FY 2028. 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 New SLC, including the increased cost for the NCP as described above, is estimated to cost approximately $4.45 billion, including design, engineering, construction, escalation for inflation, and contingency amounts, but excluding financing costs. Sources of funding for the New SLC are presented in Exhibit A of this Report. Approximately $2.84 billion of project costs have already been incurred through March 2021. Proceeds of the Series 2017 Bonds and Series 2018 Bonds have funded and continue to fund portions of the New SLC and proceeds of the planned Series 2021 Bonds and proceeds of Additional Bonds are also planned to fund a portion of the New SLC, as well as, utilizing the Line of Credit as an interim funding source.

Other Capital Projects currently anticipated by the Department to be undertaken and/or completed during the projection period are also shown in Exhibit A. Preliminary cost estimates for the Other Capital Projects total approximately $308 million for the period of FY 2021 through FY 2028. 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 projection period depending on circumstances such as aviation demand levels, availability of project funding, etc.

Financial Analysis

L&B 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 projection period of FY 2022 through FY 2028. Per our analysis, the Department is projected to produce sufficient Net Revenues, which, together with Transfers from the Rolling Coverage Account, will at least equal 125% of debt service on the outstanding Bonds, the Series 2021 Bonds, and projected future additional Bonds.

The Department is projected to meet its requirements and obligations established by the Master Indenture and maintain airline cost per enplaned passenger (CPE) levels generally in-line with other large hubs in the western U.S. **Table 2** below presents projections of debt service coverage ratios and airline CPE. Please refer to Section 5.10 of this Report for financial results related to the slower recovery enplaned passengers projection.

Table 2 Debt Service Coverage and Passenger Airline CPE Projections

Fiscal Year	Debt Service Coverage Ratio	Airline CPE
2022	1.47	$11.59
2023	1.90	$9.61
2024	1.77	$10.54
2025	1.52	$15.98
2026	1.49	$16.53
2027	1.45	$16.39
2028	1.44	$16.50

Source: Landrum & Brown, Inc.

L&B prepared the aviation activity and financial projections included in this Report along with various underlying assumptions. In preparing our findings and conclusions, L&B has relied upon the accuracy and completeness of certain assumptions, financial data, and other data provided to it by the referenced sources, without independent verification; however, L&B has reviewed the projections and assumptions with the Department and has no reason to believe such assumptions and 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 L&B believes that the approach and assumptions used are reasonable and provide an appropriate basis for the financial projections, any projection is subject to uncertainties. Inevitably, some assumptions used to derive the projection contained herein will not be realized, and unforeseeable events may occur. The actual financial results achieved will vary from those projected, 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.

L&B is not registered with the U.S. Securities & Exchange Commission as a municipal advisor, is not acting as a municipal advisor, and does not assume any fiduciary duties or provide advisory services as described in Section 15B of the Securities Exchange Act of 1934 or otherwise. L&B does not make recommendations or advice regarding any action to be taken by our clients with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities including with respect to the structure, timing, terms or other similar matters concerning municipal financial products or the issuance of municipal securities.

L&B, in association with Airmac LLC, appreciates this opportunity to serve as the Department's Airport Consultant for this proposed financing.

Sincerely,

Landrum & Brown, Incorporated

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1 COVID-19 Impacts on the Aviation Industry and the Airport

Coronavirus disease 2019 (COVID-19) is a respiratory disease caused by a novel strain of coronavirus. The World Health Organization (WHO) declared the outbreak of COVID-19 a public health emergency of international concern on January 30, 2020, and subsequently declared it a pandemic on March 11, 2020. As of June 24, 2021, WHO has reported over 179.2 million confirmed cases of COVID-19 and nearly 3.9 million deaths worldwide.[6] For the United States (U.S.), as of June 24, 2021, WHO reported over 33.2 million confirmed cases and over 597,000 deaths. In terms of confirmed cases and deaths, the U.S. has been one of the most impacted country in the world, representing nearly 19% of total cases and more than 15% of total deaths.[7] The State of Utah (State) has also been impacted by the COVID-19 pandemic. As of June 24, 2021, the Utah Department of Health reported that there were approximately 413,00 cases and 2,337 deaths related to COVID-19 in the State, which represents approximately 1.2% and 0.39% of the total U.S., respectively.[8] The State is just under 1.0% of the total U.S. population. As of June 24, 2021, the State had approximately 12,868 confirmed COVID-19 cases per 100,000 people as compared to the nationwide average of 10,063 cases per 100,000.[9] In terms of COVID-19 deaths per 100,000 people, the State is below the national average of 180 at 72 as of June 24, 2021.[10]

Since the first reported U.S. cases in January 2020, there has been a focus on containing the disease by prohibiting non-essential travel, limiting person-to-person contact, and restricting travel into the U.S. of certain foreign nationals.[11] Across the U.S., states and local governments, including the State, initially issued “stay at home” or “shelter in place” orders designed to restrict movement and limit businesses and activities to essential functions, which substantially reduced activities that normally engaged or facilitated air travel. While stay at home orders have generally been lifted in the U.S., air travel has not yet recovered and is generally about 72% of 2019 levels as of mid-June 2021; however, the recovery has accelerated somewhat in recent months.

International travel has been more heavily impacted by the impacts associated with the COVID-19 pandemic. Other countries have effectively closed their borders by restricting entry and exit to only essential travel during the initial period of the COVID-19 pandemic, and while these restrictions are gradually being lifted, many countries around the world have restricted entry to U.S. citizens, including the European Union and Canada.

The Salt Lake City International Airport (Airport or SLC), along with all other airports in the U.S. and abroad, has been acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19, including reductions in flights and declines in passenger volumes. The COVID-19 pandemic has adversely affected domestic and international travel and travel-related industries. Airlines have reported unprecedented downturns in passenger volumes, which, in turn, have prompted them to significantly reduce service. A recovery of air travel is underway and the Airport and the nation have been experiencing increases in air traffic since the low point in April 2020. A full recovery of air traffic to levels experienced in 2019, however, is not expected to occur for a few years.

6 World Health Organization, WHO Coronavirus (COVID-19) Dashboard, https://covid19.who.int/table, accessed June 2021.
7 Ibid.
8 Utah Department of Health, Overview of COVID-19 Surveillance, https://coronavirus.utah.gov/case-counts/, accessed June 2021.
9 Centers for Disease Control and Prevention, CDC COVID Data Tracker, https://www.cdc.gov/covid-data-tracker/#cases, accessed June 2021.
10 Ibid.
11 President of the U.S. Executive Proclamation, January 31, 2020

This purpose of this chapter is to provide a concise summary of how the State, Salt Lake City metropolitan region, and the Airport have been affected by the COVID-19 pandemic in relation to the overall U.S. and identify factors and trends that appear unique to the region. As described in this chapter and in the Report, overall the Salt Lake City metropolitan region and the Airport have not been as negatively affected as the nation as a whole by the COVID-19 pandemic. While this Report is intended to be read in its entirety for the full context of the impacts associated with the COVID-19 pandemic, this chapter summarizes the following areas on how the region, the Salt Lake City Department of Airports (Department), and the Airport have been impacted and how such impacts appear to be somewhat unique from national trends, as follows:

- Background on the national, State, and Department COVID-19 responses;
- unique economic impacts;
- aviation industry and air traffic activity impacts;
- impacts to the Department's capital program; and
- a summary of Airport financial assistance and relief measures.

It should be noted that impacts of the COVID-19 pandemic are still emerging at this time and Landrum & Brown, Incorporated (L&B) is unable to fully quantify the effect that the COVID-19 pandemic will have on the region's economic base and the Airport and the length of time over which this effect will occur. The historical financial information and operating data set forth in this Report for the dates as of which such information and data are set forth and for the periods that occurred before the COVID-19 pandemic and the measures instituted to control such pandemic may not be indicative of future results or performance due to these and other factors. For a description of the Department's ongoing response to COVID-19 and related financial and operating effects on the Department and the Airport, see the section in the Official Statement titled "*IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT*."

1.1 COVID-19 Response

1.1.1 Federal

The Federal Reserve Bank acted in March 2020 after stock market indices dropped precipitously and credit markets began to freeze. Federal Reserve Chair Powell called an emergency meeting of the Federal Reserve, cut interest rates to near zero, and, with the U.S. Treasury, offered $3 trillion in lending to banks, businesses, cities, and states. With that assurance, the credit markets began to function again. Congress passed $2.4 trillion in coronavirus relief packages in March and April 2020, a second package of a $900 billion coronavirus relief bill in December 2020, and a third package of $1.9 trillion in March 2021 aimed at mitigating the continuing effects of the COVID-19 pandemic.

The COVID-19 crisis is different from the 2008 Great Recession since it is a public health emergency and not caused by fundamental economic imbalances. The Federal Reserve and Congress have taken measures to mitigate the economic effects of COVID-19 and, when the virus outbreak is under control, it is assumed that the economy should be able to substantially recover. However, many economic activities will be in a state of suspension until COVID-19 vaccines are more widely available and states relax local stay-at-home mandates.

In late 2020, COVID-19 vaccines from Pfizer- BioNTech and Moderna received emergency use authorization from the U.S. Federal Drug Administration (U.S. FDA). In early February 2021, the federal government invoked the Defense Production Act to assist vaccine makers Pfizer and BioNTech to scale up production. The federal government had contracts in place for 600 million vaccine doses in the first half of the year (sufficient for 300 million people under a two-dose protocol).

Pfizer announced that it expects to deliver 300 million vaccine doses to the U.S. by mid-July 2021 (two weeks earlier than its original target); its global estimate is two billion doses by December 2021, up from 1.3 billion doses. Moderna raised its vaccine production estimate to 600 million doses in 2021, 100 million more than its initial estimate. Johnson & Johnson's Ad26.COV2.S single-shot vaccine also received emergency use authorization from the U.S. FDA. With assistance from Merck & Co., Johnson & Johnson was originally expected to ship 100 million doses in the first half of 2021. However, on April 13, 2021, use of the Johnson & Johnson vaccine was halted as federal health agencies called for a pause in the vaccine's use to examine cases of a rare blood-clotting disorder. The pause was lifted in April 2021. Two other vaccines from Novavax and AstraZeneca are expected to be available in 2021 if they receive emergency use authorization from the U.S. FDA.[12] As of June 22, 2021, more than 318 million doses have been administered with over 177 million people receiving the first dose and more than 150 million people fully vaccinated.[13] This equates to 46% of Americans being completely vaccinated.

1.1.2 The State

The former Governor of the State, Gary Herbert, declared a state of emergency to facilitate the State's response to COVID-19 on March 6, 2020 the same day the first active case of COVID-19 was confirmed in Utah in Davis County.[14] On March 17, 2020, former Governor Herbert ordered restaurants and bars to suspend dine-in service, and limit group gatherings to 10 people to stem the spread of COVID-19 in the State.[15] On March 18, 2020, a 5.7 Magnitude earthquake struck the Salt Lake City metropolitan area.[16] The earthquake caused power outages, damage to buildings in the area, and temporarily caused the Airport to close; however, no serious injuries to people in the region were reported.[17] No significant damage was experienced at the Airport. At that time the State was responding to two major issues. On March 29, 2020, former Governor Herbert issued the "Stay Safe, Stay Home" directive to reduce risk of COVID-19 transmission and minimize the impact on local hospitals.[18] This executive order was similar in nature to the "stay at home" orders implemented in states across the U.S. to mitigate the spread of COVID-19.On April 9, 2020, former Governor Herbert issued an Executive Order that individuals entering the State fill out a travel form. This applied to individuals entering via road as well as the Airport.[19] As the country and region continues to recover and people become vaccinated, the State has relaxed and removed these early executive orders that initially restricted the movement of people and dine-in restaurant service. Such activities are guided by the public health order described below.

12 "Biden Harnesses Defense Production Act to Speed Vaccinations and Production of Protective Equipment," *Washington Post*, 5 February 2021, https://www.washingtonpost.com/health/2021/02/05/biden-vaccines-tests-gloves; "How New Vaccine News Gives Hope for Spring, if Enough People Get the Shots," *The New York Times*, 3 February 2021, https://www.nytimes.com/2021/02/03/health/covid-vac cines.html; "Covid-19 Vaccine Makers Take Aim at Dangerous New Strains," *The Wall Street Journal*, 4 February 2021, https://www. wsj.com/articles/covid-19-vaccine-makers-take-aim-at-dangerous-new-strains-11612357201; "Moderna Raises Covid-19 Vaccine Production Estimate," *The Wall Street Journal*, 5 January 2021, https://www.wsj.com/articles/moderna-raises-covid-19-vaccine-production-estimate-11609861657; "Pfizer, BioNTech Boost Vaccine Production Goal To 2 Billion Doses In 2021," *Forbes*, 12 January 2021, https://www.forbes. com/ sites/katiejennings/2021/01/12/pfizer-biontech-boost-vaccine-production-goal-to-2-billion-doses-in-2021/?sh=21c46c6a48a5, accessed February 2021.

13 CDC COVID Data Tracker accessed at https://covid.cdc.gov/covid-data-tracker/#vaccinations, accessed June 2021.

14 "Utah COVID-19 Response Storymap", State of Utah, https://storymaps.arcgis.com/collections/caf8b840306d4307a826ea7c19844464?item=2, accessed March 2021.

15 Ibid.

16 Ibid.

17 "Utah's big earthquake: Buildings damaged, but no major injuries, as state braces for days of aftershocks", Salt Lake City Tribune, March 18, 2020, https://www.sltrib.com/news/2020/03/18/earthquake-hits-utahs/, accessed March 2021.

18 "Utah COVID-19 Response Storymap", State of Utah, https://storymaps.arcgis.com/collections/caf8b840306d4307a826ea7c19844464?item=2, accessed March 2021.

19 Ibid

The State uses a transmission index-based requirements for individuals and businesses. The transmission index clarifies the public health metrics used to determine which counties are placed in which transmission level. Counties will be placed in one of three transmission levels: High, Moderate, or Low. A transmission level is determined if a county has two of the three metrics, as follows.[20]

- High:
  - 7-day average percent positivity over 10%
  - 14-day case rate per 100,000 population over 325
  - 7-day average statewide ICU utilization over 72%, and COVID-19 ICU utilization greater than or equal to 15%
- Moderate:
  - 7-day average percent positivity between 5.1% and 9.9%
  - 14-day case rate per 100,000 population between 101 and 324
  - 7-day average statewide ICU utilization between 69% and 71.9%, and COVID-19 ICU utilization between 6% and 14.9%
- Low:
  - 7-day average percent positivity under 5%
  - 14-day case rate per 100,000 population less than or equal to 100
  - 7-day average statewide ICU utilization under 68.9% and COVID-19 ICU utilization less than or equal to 5.9%

These levels correspond directly to case rates, positivity rates, and intensive care unit (ICU) utilization. Data is analyzed weekly, and counties are placed into a transmission level depending solely on what their data show. Changes from a lower level to a higher level may occur weekly.[21] Specific recommendations are provided for social gatherings, restaurants, bars, workout gyms, public gatherings, organized sports and activities, and schools based on the transmission index for the applicable county. As of July 10, 2021, 12 counties were in the High level, 10 counties in the Moderate levels, and seven counties in the Low level. Most of the counties in the Salt Lake City region are currently in the Moderate level, with the exception of Box Elder, Juab, and Tooele Counties which are in the High level of transmission.[22]

1.1.3 The Department

Specifically related to the Airport, the Department implemented several efforts and processes to help prevent the spread of COVID-19 to help ensure the health safety of airline passengers, employees, and others working at the Airport.[23] To promote health and safety, the Department through its 'SLC Fly Healthy Promise' has implemented the following:

- Enhanced efforts to clean facilities with increased sanitization and disinfecting of high touch areas throughout the Airport;
- Added hand sanitizer stations, installed handrail cleaning systems, placed plexi-guard shields in key locations, and implemented misting/fogging in seating areas;
- Practiced physical distancing throughout the Airport;
- Required that face coverings be worn by all Airport workers and anyone entering the terminal;
- Added touchless fixtures to all restrooms;

[20] "COVID-19 Transmission Index", Utah Department of Health, Coronavirus Utah.gov, https://coronavirus.utah.gov/utah-health-guidance-levels/#, accessed July 2021.
[21] Ibid.
[22] Ibid.
[23] "SLC Fly Healthy Promise", Salt Lake City Department of Airports, https://slcairport.com/customer-assistance/travel-advisory-2/, accessed May 2021.

- Allowed only individuals with an airline ticket, Airport badge or Airport authorization in the public areas of the Airport;
- Required that all drop-offs and pick-ups of passengers be done curbside in designated locations or in the parking garage; and
- Allowed one individual to accompany a ticketed passenger if that passenger needs assistance.

The New SLC (defined herein) implementation teams recognized at the start of the COVID-19 pandemic that measures needed to be quickly put in place to ensure the health of the trade workers onsite. Written COVID-19 procedures were published in early March 2020 and processes were immediately put in place that included temperature checks at all points of entry to the construction sites, mandatory mask requirements, additional hand-washing/sanitizing stations/boot-washing stations, additional building-cleaning and sanitizing, reporting requirements, daily electronic educational newsletters, and jobsite signage. The measures put in place and reinforced on a daily basis allowed the construction to remain open, to receive high marks on three different county health department inspections, to peak at 1,950 trade workers, and to remain on schedule for the initial phase openings in September 2020 and October 2020.

1.2 Unique economic Impacts related to the COVID-19 Pandemic

This section describes two main areas where the region's economic impacts associated with the COVID-19 pandemic have differed somewhat from national trends. For more detailed information on these, please refer to Chapter 2 of this Report.

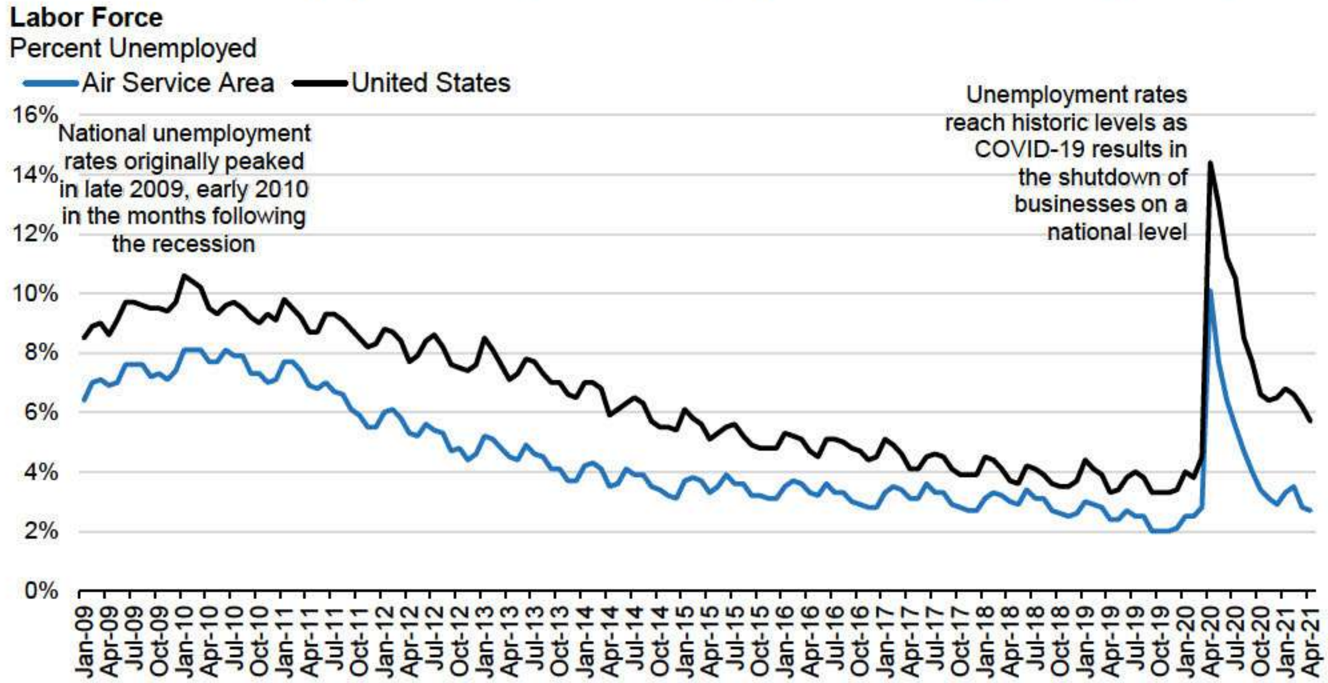
1.2.1 Employment

The Salt Lake City metropolitan region has, historically, exhibited stronger employment trends than the nation as a whole as described in Section 2.2.2 of this Report. However, employment for both the nation and the Air Service Area[24] was severely affected by the onset of the COVID-19 pandemic. Jobless claims across the U.S., including in the State, increased dramatically in the wake of the COVID-19 pandemic. On March 16, 2020, the Utah Department of Health issued a public health emergency and limited some services and businesses, including requiring restaurants and bars to close for dine-in customers.

Figure 1-1 presents the historical unemployment rates for the Air Service Area, the State, and the U.S. As shown, from 2009 through 2019, unemployment rates in the Air Service Area trended similarly to the national average but at a consistently more favorable rate. During the Great Recession, unemployment for the Air Service Area peaked at 8.1% in January 2010 as compared to the national unemployment peak of 10.6% in the same month. Total employment during 2019 increased at a faster rate than population since the end of the Great Recession, resulting in significant declines in unemployment rates during that time. However, since the impacts associated with the COVID-19 pandemic occurred in the U.S. starting in March 2020, unemployment rates increased to historic levels as a result of stay-at-home orders and companies reducing costs to minimize potential losses. In April 2020, the unemployment rate for the Air Service Area reached 10.3% compared to the national rate of 14.4%. While the national unemployment rate has begun a slow decline, the unemployment rate in the Air Service Area declined significantly to rates seen at recently as mid-2018. In April 2021, the unemployment rate for the Air Service Area was 2.7%, which was significantly lower than that of the U.S. at 5.7%.

24 For the purposes of this Report, the Air Service Areas is defined as the Salt Lake City-Provo-Orem Combined Statistical Area, which includes the following ten counties in Utah: Box Elder, Davis, Juab, Morgan, Salt Lake, Summit, Tooele, Utah, Wasatch, and Weber.

Figure 1-1 Unemployment Rates (Not Seasonally Adjusted for January 2009 – April 2021)

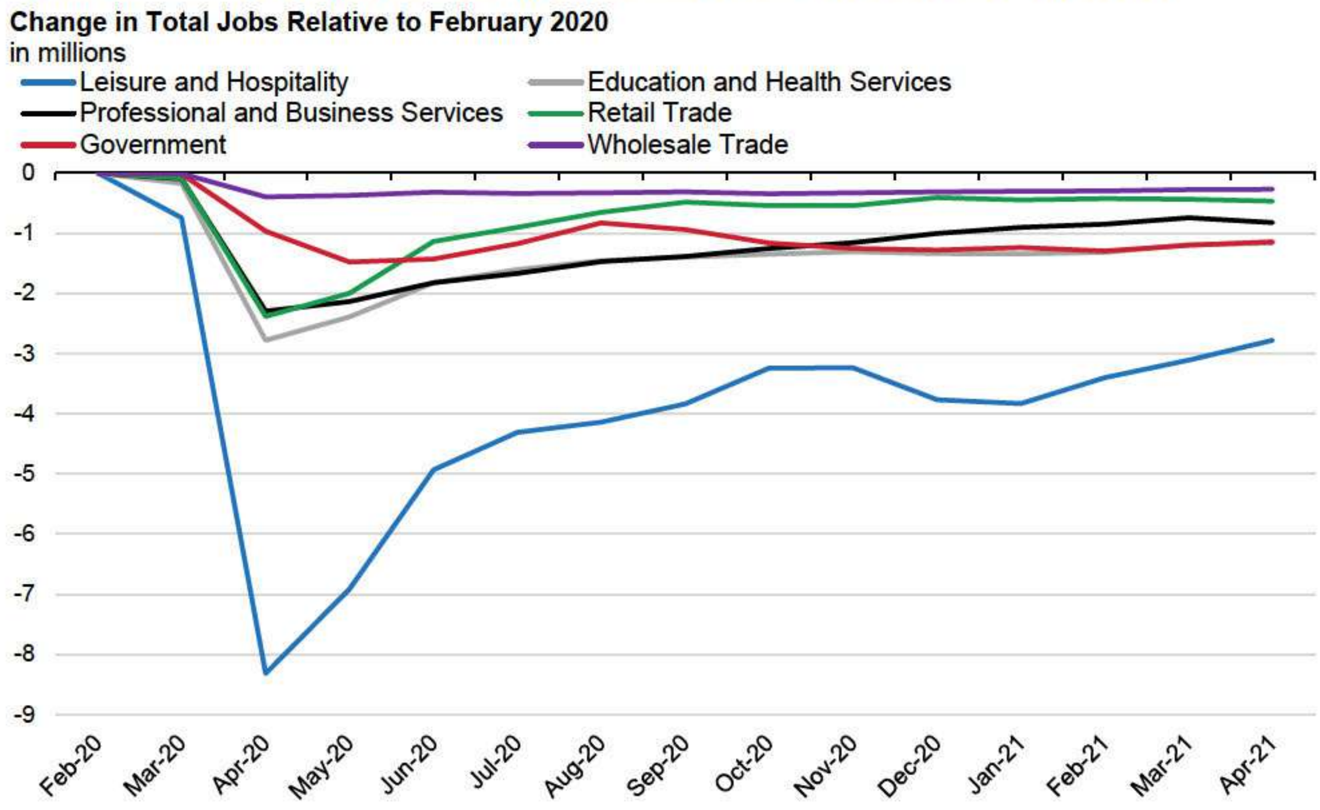


Month	Unemployment Rate		
	United States	Utah	Air Service Area
January 2020	4.0%	2.8%	2.6%
February 2020	3.8%	2.8%	2.7%
March 2020	4.5%	4.1%	3.9%
April 2020	14.4%	10.4%	10.3%
May 2020	13.0%	8.5%	8.5%
June 2020	11.2%	5.7%	5.7%
July 2020	10.5%	4.6%	4.6%
August 2020	8.5%	4.2%	4.2%
September 2020	7.7%	4.7%	4.7%
October 2020	6.6%	3.7%	3.7%
November 2020	6.4%	3.9%	3.8%
December 2020	6.5%	3.3%	3.2%
January 2021	6.8%	3.5%	3.3%
February 2021	6.6%	3.6%	3.5%
March 2021	6.2%	2.9%	2.8%
April 2021	5.7%	2.7%	2.7%

Sources: U.S. Department of Labor: Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, June 2021.

From February 2020 to April 2020, there were 22.2 million jobs lost in the U.S. Certain job sectors were more affected than others. Service-providing industries have been severely impacted, accounting for 90.6% of job losses in the first two months of the pandemic, compared to 9.4% for goods-producing sectors, which include manufacturing, construction, and mining and logging. Within the service-providing industry, the leisure and hospitability sector has been the most impacted sector during the pandemic with 8.3 million job losses in the first two months (a loss of 49.3% of all leisure and hospitality jobs), accounting for 37.5% of the total non-farm industry losses. As of April 2021, more than half of the jobs have been recovered. However, not all sectors have been recovering at the same rate. Transportation and warehousing exhibited the fastest recovery and have exceeded pre-pandemic employment by April 2021. By April 2021, the leisure and hospitality sector recovered 66.6% of the initial job losses from April 2020 but remains the largest sector for job losses (34.2% of the total job losses). **Figure 1-2** presents the job losses for the most affected sectors in the U.S. for February 2020 through April 2021.

Figure 1-2 U.S. Employment Change by Industry Sector (February 2020 – April 2021)



Source: U.S. Department of Labor: Bureau of Labor Statistics, Current Employment Statistics - CES (National)

Indicative of the more favorable unemployment rate in the Air Service Area as compared to the U.S., its employment in the leisure and hospitality sector has recovered more rapidly than that of the U.S. According to the Bureau of Labor Statistics, there were approximately 156,100 employees in the leisure and hospitality sectors in Utah during February 2020. The number of employees dropped to a low of around 92,600 in April 2020, indicating 63,500 lost jobs due to the pandemic. As of April 2021, there were about 146,000 employees in the leisure and hospitality sector, still 10,100 fewer jobs than pre-pandemic levels. This indicates that 84.1% of lost jobs in the leisure and hospitality sector have been recovered in the State compared to just 66.6% in the U.S.

1.2.2 Regional Tourism and Visitors

Since the onset of the COVID-19 pandemic, the tourism industry across the U.S. has been dramatically impacted as travel and vacations have been cancelled or deferred. Tourism is a major industry in the Air Service Area. In 2019, travelers directly spent $10.1 billion in Utah. Nonresident visitors spent 85.6% of the total spending with a majority of those visitors traveling for leisure purposes.[25] However, impacts associated with the COVID-19 pandemic have caused a significant decline in travel in Utah. According to a recent study, it is estimated that total 2020 travel and tourism jobs were down around 15% from 2019.[26]

Outdoor tourism is a major industry in the Air Service Area and for the surrounding region and the State. In general, outdoor tourism consists of two main seasons: summer and winter. However, it is not uncommon to find outdoor tourists in all months. In the summer season, the main driver for outdoor tourism are the national and State parks. In the winter, it is primarily the numerous ski resorts throughout the region. It is important to point out that while tourism in general has been negatively impacted by the COVID-19 pandemic, outdoor activities that offer access to open spaces and that are more conducive to physical distancing (e.g., parks, ski areas, beaches, etc.) have been more popular as described below.

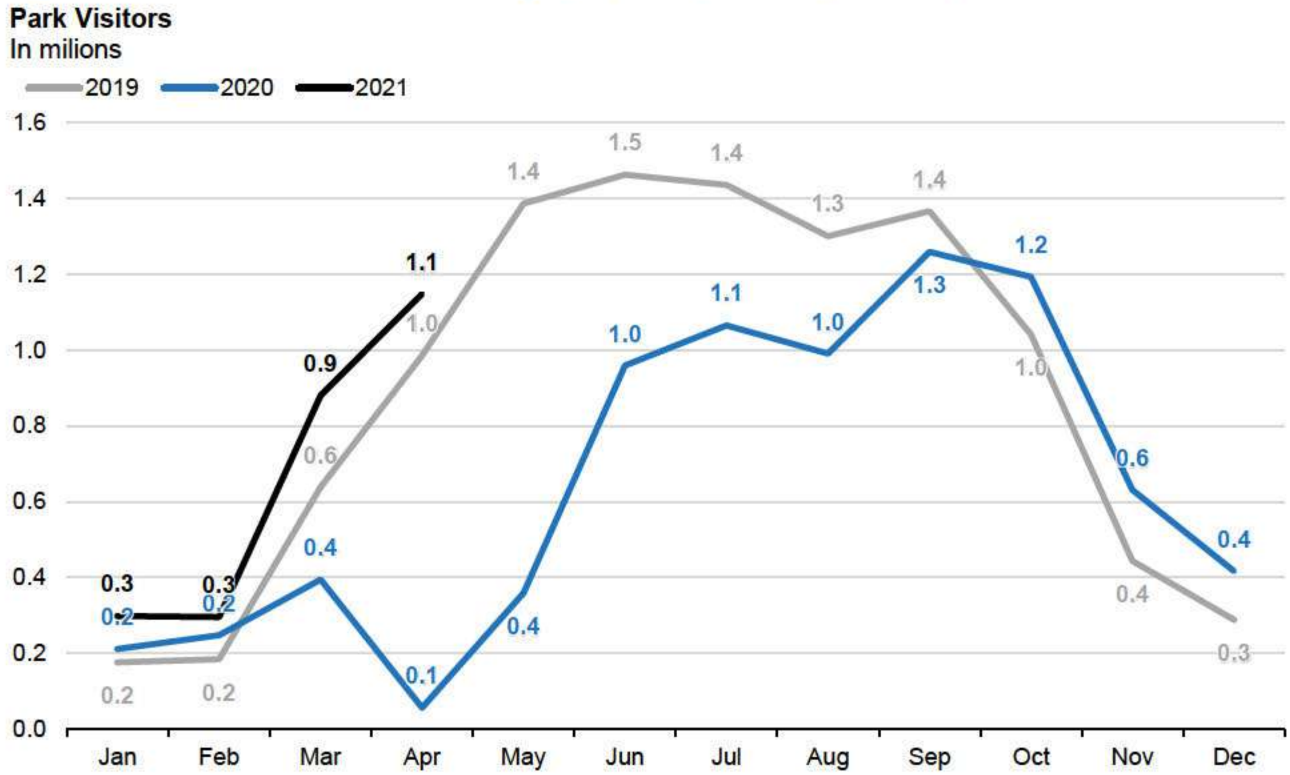
Utah is home to five national parks, nicknamed ‘The Mighty 5’, which combined for 10.7 million recreation visits in 2019. There are also 11 national places including the Glen Canyon National Recreation Area and the Golden Spike National Monument. The COVID-19 pandemic initially caused the temporary closure of all the national parks in Utah by early April. According to data from the National Park Service, the Mighty 5 had 7.8 million recreation visits in 2020, a decline of 27.4%. The parks began to reopen in May 2020. **Figure 1-3** presents the monthly visits to the Mighty 5 from January 2019 through April 2020. As shown, there was a significant drop in visitors beginning in March 2020. However, visitor traffic was relatively robust in the late summer and early fall of 2020, considering much of the tourism in the U.S. was still severely impacted as a result of the pandemic. In fact, October 2020 through April 2021 visitors exceeded those of the same months in 2019.

In addition to the Mighty 5 national parks, Utah has 44 state parks. In 2019, state park visits increased 10.6% from 6.7 million to 7.4 million people. Unlike the national parks, Utah’s state parks saw significant growth in 2020, receiving over 10 million visits. This increase in visitors is likely because of other tourist destinations not being open during the COVID-19 pandemic. As mentioned, both the national parks and the state parks offer visitors open spaces and outdoor activities that are more conducive to activity restrictions during a pandemic.

[25] Kem C. Gardner Policy Institute, The State of Utah’s Travel and Tourism Industry 2019, September 2020.
[26] Kem C. Gardner Policy Institute, A “Tourism Trifold”, January 2021.

The ski industry is another major driver for tourism in Utah. For the 2018-19 season which runs from mid-November through to April, there were 5.1 million skier days[27] in Utah, the most on record. However, the 2019-20 season was shut down early because of the COVID-19 pandemic. However, despite the shortened season, Utah's ski resorts still saw its 4th best season on record.[28] All 15 of Utah's ski areas were open for the 2020-21 season with safety protocols in place. For the 2020-21 season, ski resorts saw a record-breaking total of more than 5.3 million skier days, up nearly 3.5% from the previous record from the 2018-19 season.[29]

Figure 1-3 Park Visitors to the Mighty 5 (January 2019 – April 2021)



Source: National Parks Service, National Reports, April 2021.

1.3 Summary of Aviation Industry and Airport Air Traffic Impacts

This section describes a summary of key aviation industry and Airport air traffic impacts associated with the COVID-19 pandemic on a national level and at the Airport and identifies unique factors at the Airport in this regard. In general, the Airport has been impacted less negatively than the U.S., as described below. For more detailed information, please refer to Chapter 3 of this Report.

27 A skier day is defined as one person visiting a ski area for all or part of a day or night for skiing or snowboarding.

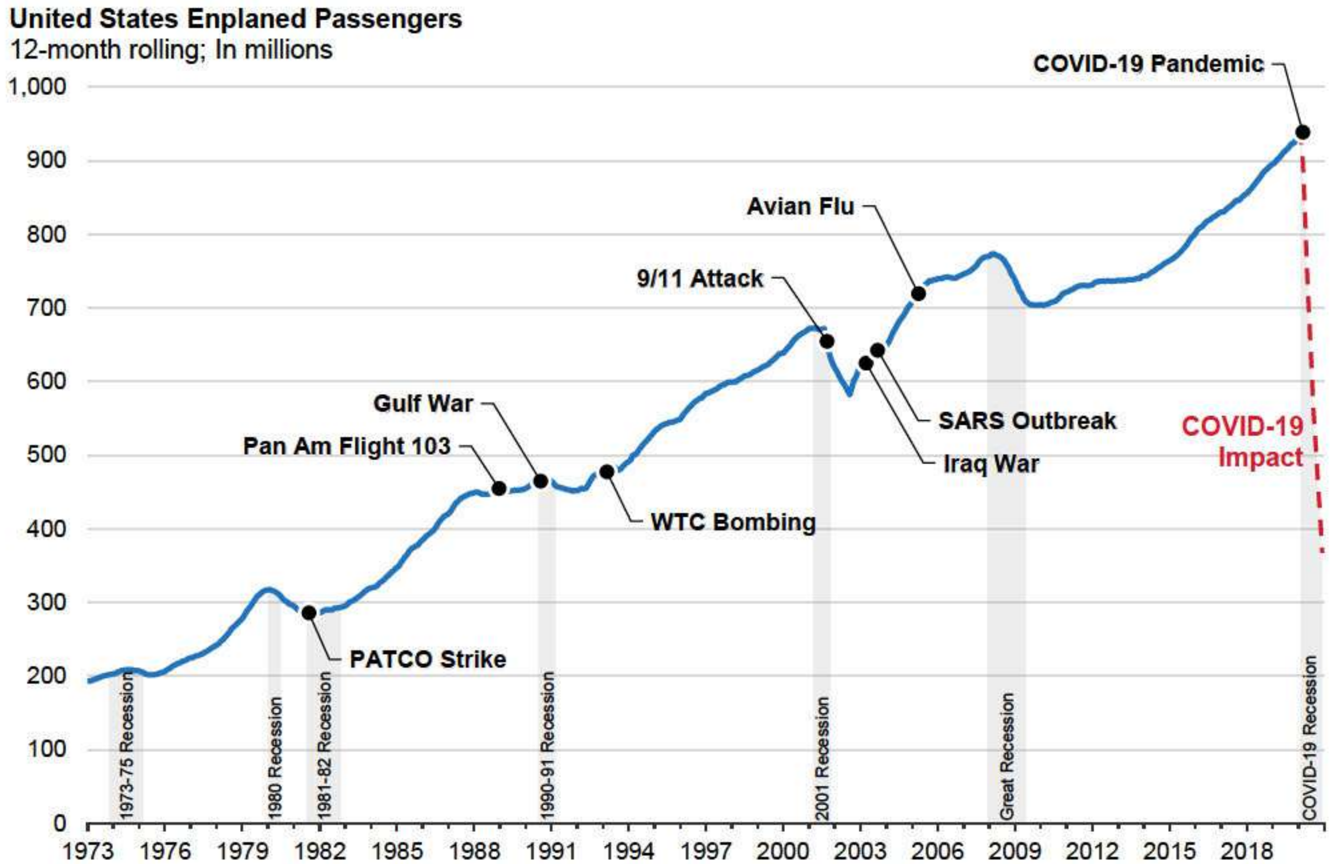
28 Ski Utah, Utah Skier Numbers Remain Promising Despite an Abrupt End to the 2019-20 Season, accessed online at https://www.skiutah.com/news/authors/pr/utah-skier-numbers-remain

29 Standard-Examiner, Utah ski resorts see record numbers during 2020-2021 winter, despite pandemic, accessed June 2021.

1.3.1 Passenger Impacts

The COVID-19 pandemic resulted in a 95% decrease of total passengers being screened at the Transportation Security Administration (TSA) security checkpoints in the U.S. in early-to-mid April 2020 that has since improved somewhat to about 72% in mid-June 2021, as compared to the same period in 2019. In response to the dramatic decrease in passengers, airlines reduced their scheduled flights and seat capacity starting in late March 2020. **Figure 1-4** below presents the relative effect of the COVID-19 pandemic on annual U.S. passenger volumes. As presented, the associated impacts of the COVID-19 pandemic have resulted in the largest passenger declines in aviation history.

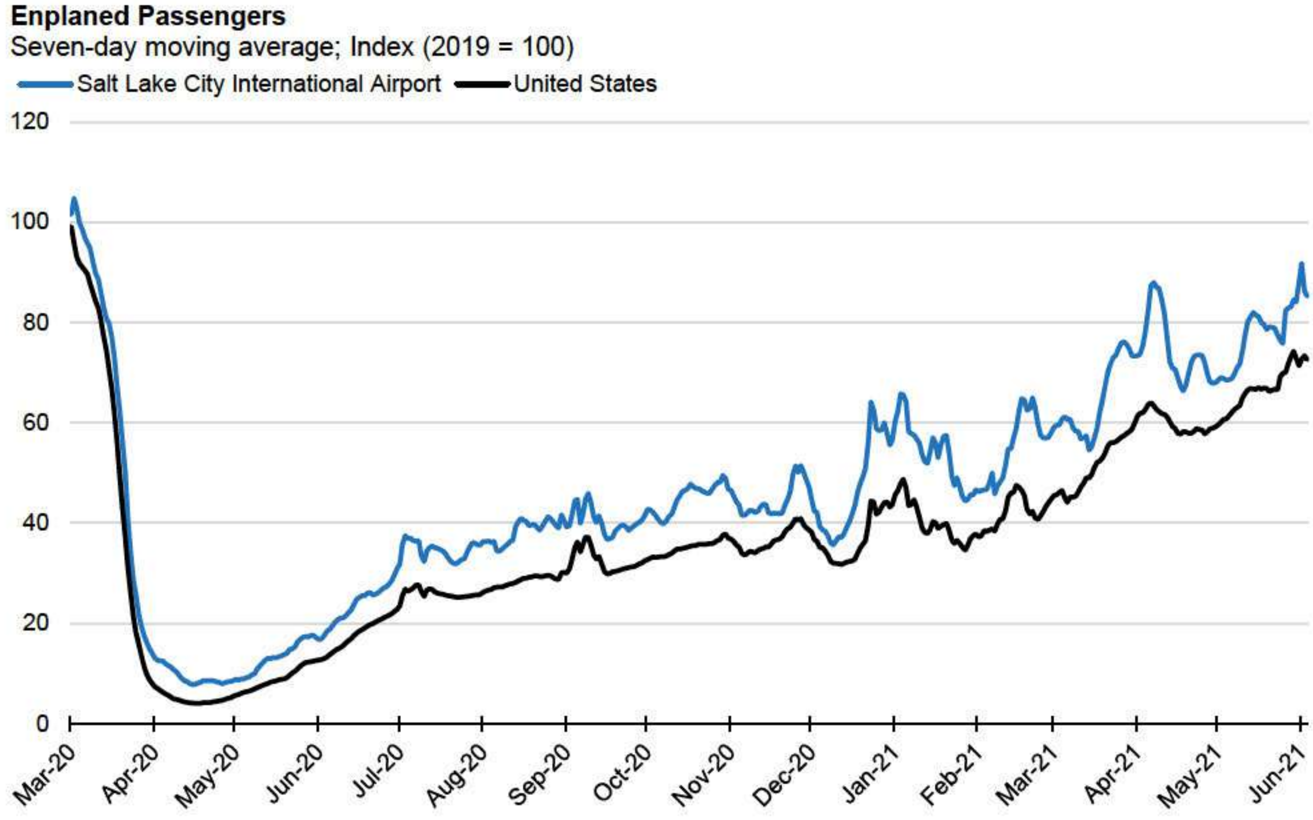
Figure 1-4 Relative impact of COVID-19 to the Aviation Industry



Note: Excludes non-revenue enplaned passengers.
Source: U.S. Bureau of Transportation Statistics, U.S. Air Carrier Traffic Statistics; National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions.

In March 2020, the enplaned passengers throughout the nation and at the Airport decreased dramatically primarily due to the impacts associated with the COVID-19 pandemic. These impacts included international travel restrictions and stay-at-home orders throughout the U.S. While these enplaned passenger decreases have been substantial, the Airport has not been as negatively impacted as the U.S. as a whole. **Figure 1-5** depicts the impacts associated with the COVID-19 pandemic to checkpoint throughput at both the Airport and for the overall U.S per data from the TSA. This figure presents the recovery trend for checkpoint throughput indexed to 2019 levels (i.e., 2019 levels equal 100). As shown during the early days of the pandemic, the impact to the Airport's checkpoint throughput tracked closely with the general nationwide trend; however, as time passed, the Airport's throughput was slightly better than the U.S. as a whole. The recovery at the Airport has been more pronounced than the nation, especially, as we have moved on from the early days of the pandemic. For the weekly average in late-May 2021, the Airport was around 86% of the 2019 throughput compared to about 72% for the U.S.

Figure 1-5 Comparison of Airport and U.S. TSA Checkpoint Passengers

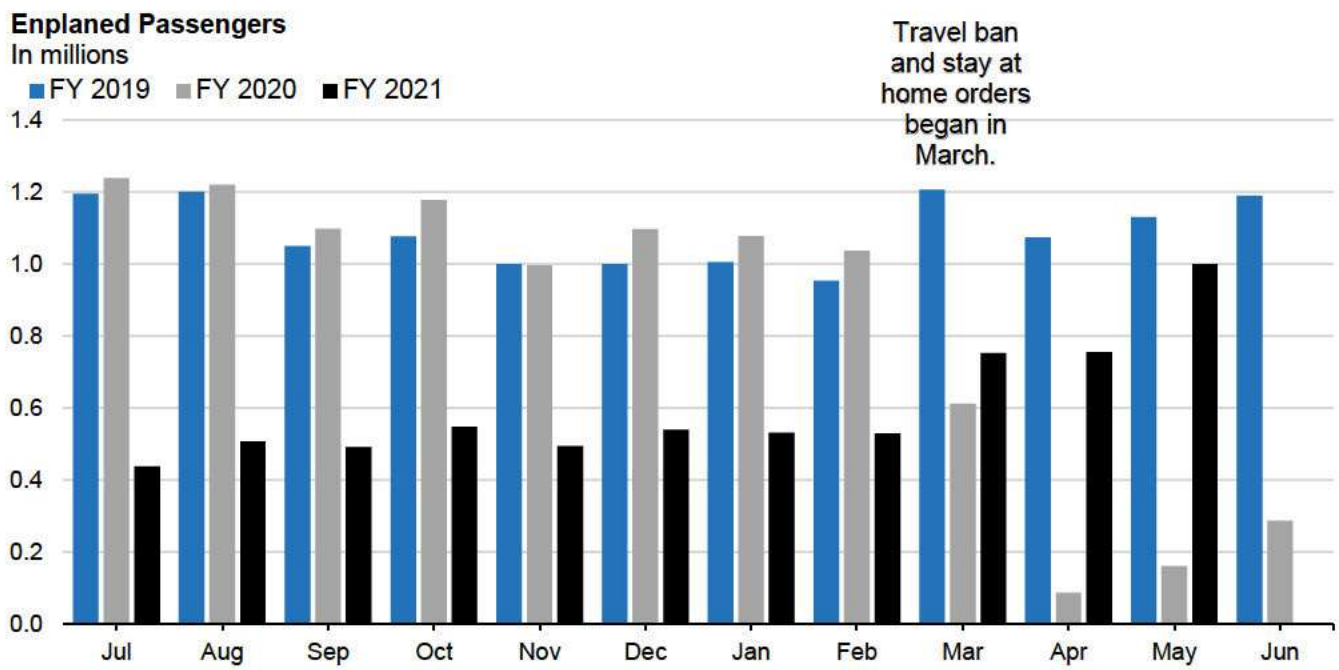


Sources: Salt Lake City Department of Airports, accessed June 2021.
Transportation Security Administration, accessed June 2021.

Table 1-1 presents the monthly enplaned passengers at the Airport for FY 2020 and FY 2021 compared to FY 2019. As shown, in March 2020, enplaned passengers decreased by approximately 49.2% from March 2019. The decline continued into April when enplaned passengers were 91.9% lower than April 2019. Since April 2020, enplaned passengers at the Airport have slowly started to recover on a monthly basis. The recovery in enplaned passengers at the Airport plateaued in November 2020 through February 2021 with monthly totals being down around 50% as compared to the same months in the prior year. In March 2021, enplaned passengers at the Airport exceeded levels in March 2020 by 22.9%. March 2020 was the first month significantly impacted by the COVID-19 pandemic. March 2021 enplaned passengers are still down from March 2019 levels by 37.6%. Enplaned passengers increased again from the prior month in April 2021 and are up over 763% from the monthly low point in the pandemic of April 2020. April 2021 enplaned passengers are down by approximately 29.7% from April 2019 levels. In May, enplaned passengers exceeded one million for the first time since the beginning of the COVID-19 pandemic and were down 11.6% as compared to May 2019.

Table 1-1 Enplaned Passengers at the Airport (FY 2019 – FY 2021 YTD)

Month	Enplaned Passengers			Percent Change from Prior Year	
	FY 2019	FY 2020	FY 2021	FY 2020	FY 2021
July	1,196,325	1,239,067	438,268	3.6%	-64.6%
August	1,201,689	1,220,698	507,906	1.6%	-58.4%
September	1,050,274	1,098,626	491,647	4.6%	-55.2%
October	1,077,840	1,177,796	548,370	9.3%	-53.4%
November	1,000,320	996,598	494,175	-0.4%	-50.4%
December	1,000,259	1,098,032	540,171	9.8%	-50.8%
January	1,005,577	1,078,161	531,994	7.2%	-50.7%
February	954,196	1,037,793	530,106	8.8%	-48.9%
March	1,206,454	612,882	752,949	-49.2%	22.9%
April	1,075,360	87,557	755,761	-91.9%	763.2%
May	1,131,368	161,192	1,000,370	-85.8%	520.6%
June	1,190,471	287,330		-75.9%	
Total	**13,090,133**	**10,095,732**	**6,591,717**	**-22.9%**	



Source: Salt Lake City Department of Airports, Air Traffic Statistics.

1.3.2 Scheduled Departures and Departing Seats

To further illustrate the continued recovery of the Airport's air traffic from the impacts associated with the COVID-19 pandemic, a review of scheduled aircraft departures and seat capacity was performed by L&B. **Table 1-2** compares key air service metrics at the Airport for May 2020 versus May 2021 by airline. Total departures are relatively flat and scheduled departing seats are actually up in May 2021 by approximately 4.3% as compared to May 2019. As shown in the table, foreign flag airlines are not operating at the Airport. Because of the restrictions put in place because of the COVID-19 pandemic, all foreign flag airlines had suspended service at the Airport by May 2020. As of July 2021, Aeroméxico is scheduled to resume service to Guadalajara, Mexico from the Airport in September 2021, and KLM Royal Dutch Airlines is not scheduled to resume service at the Airport at this time.

While passenger counts are still recovering back to levels experienced in 2019, May is the first month where scheduled departing seats are above 2019 levels. This is an encouraging sign for air traffic recovery at the Airport. On the national level, seat capacity is still down as compared to 2019 levels.

1.3.3 Delta Air Line's Operations at the Airport

Delta Air Lines (Delta) is the dominant airline at the Airport, historically accounting for around 70% of the Airport's enplaned passengers. The Airport is one Delta's primary connecting hubs along with Hartsfield-Jackson Atlanta International Airport (ATL), Minneapolis-St. Paul International Airport (MSP), and Detroit Metropolitan Wayne County Airport (DTW). **Table 1-3** provides the scheduled departing seats for Delta's top ten airports in the U.S for FY 2021 versus FY 2020. As shown, the Airport had approximately 9.4 million scheduled departing seats during FY 2020, which ranked it as Delta's 4th largest airport in the U.S. In FY 2021, the Airport maintains its number four ranking; however, it has moved closer to the top three airports. Departing seats at the Airport are scheduled to reach almost 10.1 million in FY 2021, resulting in an increase of 7.2% over FY 2020. The Airport is the only U.S. airport in Delta's top 10 for departing seats with positive growth in FY 2021, and only one of five U.S. airports ranked in Delta's top 30 with positive growth in FY 2021.

Table 1-2 **Key Air Service Metrics at the Airport by Airline (May 2021 vs May 2019)**

Airline	Departures			Scheduled Departing Seats			Nonstop Markets Served		
	May 2019	May 2021	Percent Change	May 2019	May 2021	Percent Change	May 2019	May 2021	Change
Delta Air Lines	7,784	7,927	1.8%	910,097	976,146	7.3%	95	90	-5
Southwest Airlines	899	750	-16.6%	134,317	123,122	-8.3%	12	14	2
United Airlines	605	572	-5.5%	48,234	47,782	-0.9%	6	6	0
American Airlines	520	577	11.0%	69,154	79,681	15.2%	5	6	1
Alaska Airlines	273	341	24.9%	29,585	31,412	6.2%	5	5	0
JetBlue Airways	238	141	-40.8%	35,952	22,644	-37.0%	5	5	0
Frontier Airlines	109	157	44.0%	21,014	29,160	38.8%	4	4	0
Aeroméxico	31	0	-100.0%	3,060	0	-100.0%	1	0	-1
KLM	14	0	-100.0%	4,116	0	-100.0%	1	0	-1
Total	**10,473**	**10,465**	**-0.1%**	**1,255,529**	**1,309,947**	**4.3%**			

Notes: Data includes regional affiliates, as applicable.
As of July 2021, Aeroméxico is scheduled to resume service in September 2021, and KLM Royal Dutch Airlines is not scheduled to resume service at the Airport at this time.
Nonstop markets served total do not sum as there is overlap in markets by carriers.

Source: Diio Mi, Schedule – Dynamic Table, accessed April 2021.

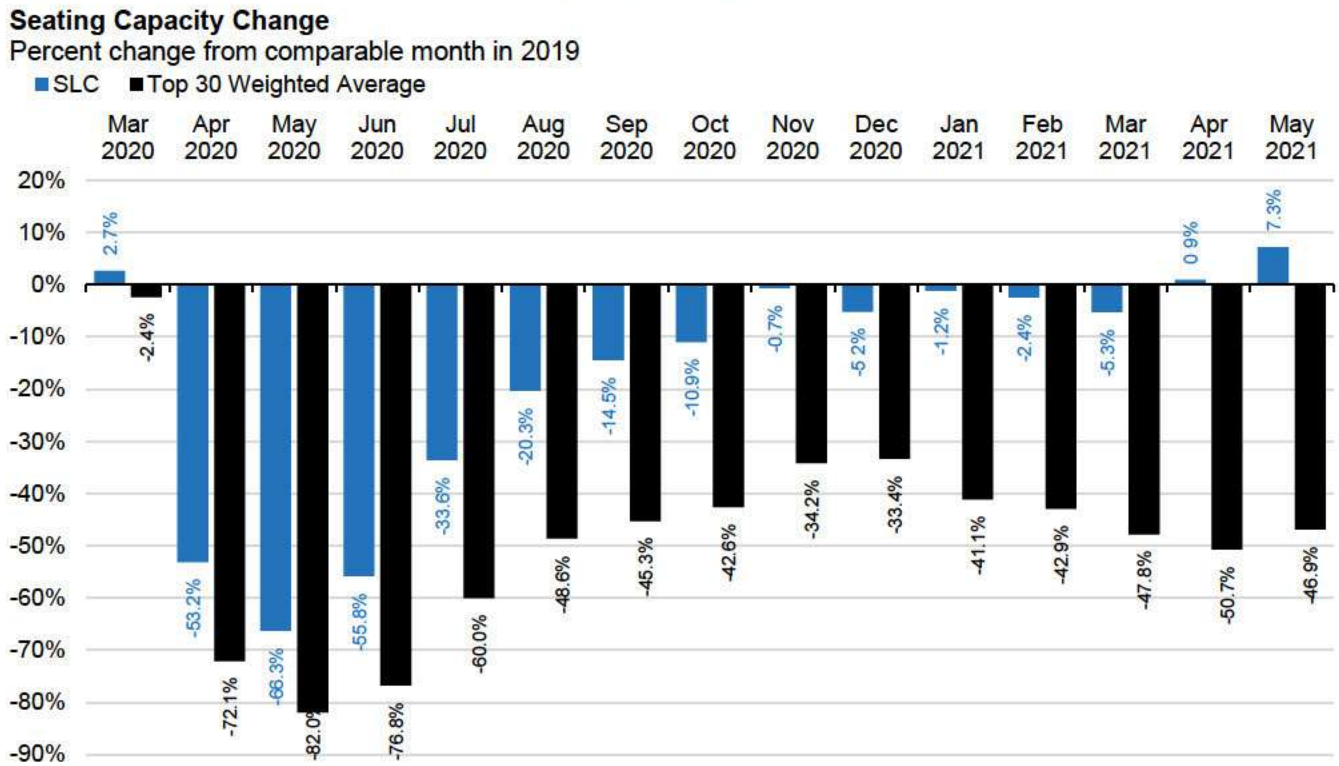
Table 1-3 Delta's Top Ten Airports Based on Scheduled Departing Seats (FY 2020 vs FY 2021)

Rank	Airport	Code	Departing Seats		Year-Over-Year Percent Change
			FY 2020	FY 2021	
1	Atlanta	ATL	39,841,093	33,727,290	-15.3%
2	Minneapolis	MSP	13,246,811	10,819,068	-18.3%
3	Detroit	DTW	13,560,175	10,705,191	-21.1%
4	**Salt Lake City**	**SLC**	**9,354,801**	**10,026,526**	**7.2%**
5	Los Angeles	LAX	6,710,041	5,794,301	-13.6%
6	New York-JFK	JFK	8,261,986	5,464,329	-33.9%
7	Seattle	SEA	6,087,947	5,145,818	-15.5%
8	New York-LGA	LGA	6,336,910	3,066,756	-51.6%
9	Orlando	MCO	2,889,151	2,666,352	-7.7%
10	Boston	BOS	4,078,316	2,339,968	-42.6%

Source: Diio Mi Innovate Schedules, Accessed March 2021

For the twelve months ended February 2021 as compared to the prior same twelve-month period, Delta's scheduled seat capacity declined 50.6% year-over-year throughout its system network. But at the Airport, comparing the same time periods, Delta's scheduled seat capacity only declined 24.6%, or less than half as much as it did over Delta's system. Of Delta's 30 largest airports in the U.S., Delta's overall seat capacity at the Airport declined less than any other airport. **Figure 1-6** presents the change in seating capacity at the Airport versus the weighted average for the top 30 airports in Delta's network. Furthermore, the Airport's return to pre-pandemic levels has been much faster as compared to most of the U.S. Delta's seat capacity as the Airport essentially returned to pre-pandemic levels in November 2020, as scheduled seat capacity was down less than 1% as compared to November 2019. Delta's May seat capacity at the Airport is up 7.3% versus May 2019. For all airlines, the Airport is up 4.3% in seat capacity when comparing May 2021 to May 2019. The Airport appears to be positioned well for recovery from the impacts associated with the pandemic as compared to other airports.

Figure 1-6 Delta Air Lines Seating Capacity Change



Source: Innovata (via Diio), Schedule files, accessed March 2021.

Prior to the COVID-19 pandemic, there was a general industry trend of growth in travel to "secondary leisure" destinations, as opposed to more mature destination markets such as Las Vegas and Orlando. This trend was driven by a desire for new or unique travel experiences, driven in-part by younger travelers. This mix of destinations typically included lesser traveled beach markets, wine country and/or markets with select outdoor-driven activities. The result was that the fastest growing air travel markets over the past few years have included smaller Carolina coastal markets, northwestern Florida, smaller markets on the west coast and select mountain region markets. The impacts associated with the COVID-19 pandemic magnified these travel themes that were firmly in place before the pandemic as these types of markets are more conducive to outdoor activities and physical distancing.

The result has been that since the onset of the COVID-19 pandemic, travel to these markets with unique, mostly outdoor, activities has increased further, while leisure travel to major destination markets and particularly large cities like Chicago and New York City has decreased. While it is likely that travel to major destination markets will recover, it is more questionable how long it will take for travel to major cities to recover. However, it is likely that travel growth to secondary leisure destinations will continue over the foreseeable future. The Airport has historically been Delta's link to the mountain region of the U.S., in many cases being the only Delta hub that offers flights to these markets. In May 2021, the Airport is the only Delta option to twenty markets. Almost all of these are in the states of Idaho, Wyoming, Montana, and Utah.

1.4 Summary of Airport Capital Program Impacts

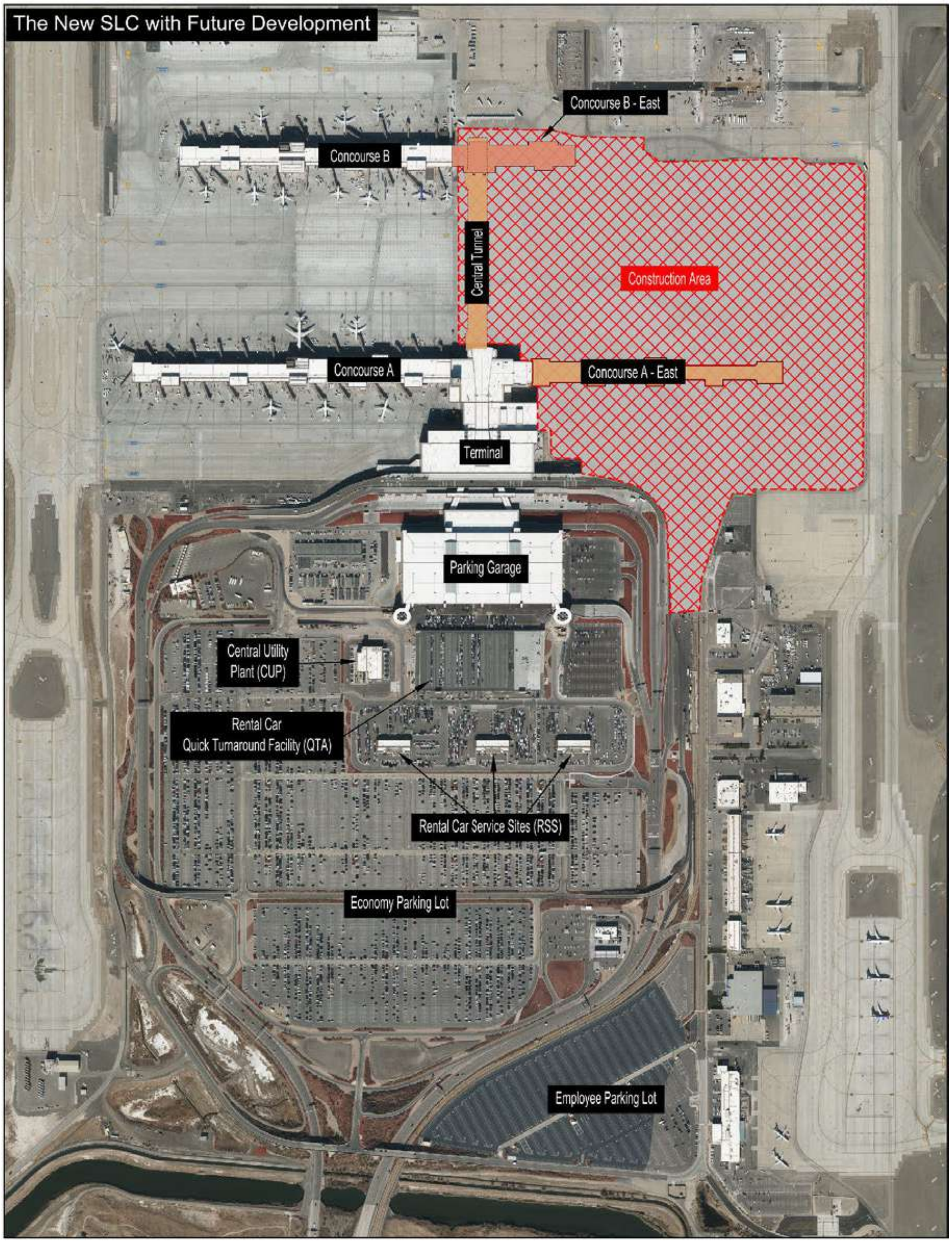
For the past several years, the Airport has been undertaking a major capital development program known as the New SLC (formerly referred to as the Airport Redevelopment Program). The New SLC is a comprehensive capital program to completely redevelop and replace the existing landside and terminal complex of the Airport. The New SLC is comprised of two major capital programs known as the Terminal Redevelopment Program (TRP) and the North Concourse Program (NCP) and, in total, is currently estimated to cost approximately $4.45 billion. A significant portion of the New SLC has been completed and is currently operational. Remaining portions of the New SLC currently under construction primarily consist of airside concourse development, connecting tunnel, and associated airside improvements. **Figure 1-7** illustrates the New SLC and shows the facilities that are complete and in operation and the future airside concourse elements currently under construction.

Because the Department was nearing completion of the first major phase of the New SLC when the impacts associated with the COVID-19 pandemic started to occur in March 2020, the Department continued to move forward with its construction. By the fall of 2020, the Department had completely redeveloped the Airport's landside and terminal facilities and had completed the initial phase of its new airside concourses. Those elements are shown as existing facilities in operation in Figure 1-7.

Future phases of the new airside concourse development as part of the New SLC are planned to be completed by 2025. Because of the substantial decreases in air traffic resulting from the impacts associated with the COVID-19 pandemic that have temporarily reduced the need for aircraft gates, the Department was able to accelerate the demolition of its former airside concourses. The demolition of these former airside concourses has essentially cleared the site for the development of the New SLC and simplified its construction phasing. The demolition of the former facilities has accelerated the planned opening of all the aircraft gates planned as part of the New SLC by nearly two years.

More details on the New SLC and its two components, the TRP and NCP, are contained in Chapter 4 of this Report.

Figure 1-7 The New SLC



Source: Airport management records, April 2021.

1.5 Summary of Airport Financial Assistance and Relief Measures

This section describes a summary of key financial assistance provided to U.S. airports as a result of air traffic impacts at the Airport associated with the COVID-19 pandemic and how the Department has applied or is planning to apply such federal assistance. In addition, the Department provided short-term relief to is tenants shortly after the onset of the pandemic. This section also describes relief provided to the Airport's airline and non-airline tenants. For more detailed information, please refer to Chapter 5 of this Report.

1.5.1 CARES Act

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748, Public Law 116-136) was approved by the U.S. Congress and signed by the President on March 27, 2020. It is one of the legislative actions taken to address the crisis associated with the COVID-19 pandemic and includes among its relief measures direct aid in the form of grants for U.S. airports, as well as direct aid, loans and loan guarantees for passenger and cargo airlines. The CARES Act provides $10 billion of grant assistance to airports.

The FAA announced in April 2020 that it had allocated approximately $82.5 million to the Department for the Airport System. The Department used approximately $3.9 million of CARES Act funds in FY 2020 for the reimbursement of Operating Expenses. For FY 2021, the Department is planning on using $66 million of CARES Act funds for the reimbursement of Operating Expenses. The Department intends to apply its remaining balance of CARES Act funds or approximately $12.6 million in FY 2022 for approved uses.

1.5.2 Coronavirus Response and Relief Supplemental Appropriation Act

On December 27, 2020, the Consolidated Appropriations Act, 2021 was signed by the President. Division M of that Act is the Coronavirus Response and Relief Supplemental Appropriation Act, 2021 (CRRSAA). Title IV of CRRSAA provides approximately $2 billion in economic relief to airports to prevent, prepare for, and respond to the COVID-19 public health emergency, including relief from rent and minimum annual guarantees (MAGs) for eligible airport concessions at primary airports.

The FAA announced on February 12, 2021 that it had allocated approximately $23.4 million to the Department. Of that amount, approximately $2.8 million must be used for concessionaire relief. The Department is planning to apply all of this funding except for the amounts obligated to concession relief for the reimbursement of Operating Expenses in FY 2022 (approximately $20.6 million).

1.5.3 American Rescue Plan Act

On March 11, 2021, the President signed the American Rescue Plan Act of 2021 (ARPA), a $1.9 trillion economic stimulus package designed to help the United States' economy recover from the adverse impacts of the COVID-19 pandemic. In addition to other economic relief, ARPA includes financial relief for certain eligible airports. For eligible airports, ARPA appropriates $8 billion to assist such airports to prevent, prepare for, and respond to COVID-19, and such amounts remain available until September 30, 2024.

The FAA announced on June 22, 2021 that it had allocated approximately $91.7 million to the Department. Of that amount, approximately $11.0 million must be used for concessionaire relief. For the purposes of this Report, the financial analysis currently assumes the Department will allocate these amounts not used for direct concessionaire relief or approximately $80.7 million to the reimbursement of Operating Expenses in FY 2022, FY 2023, and FY 2024.

It is important to note that the amounts and allocations by FY described above for the CARES Act, CRSSAA, and ARPA are still preliminary at this time and are subject to change. The Department will continue to monitor its budgeted plan and may, ultimately, apply different amounts of such funding at the Department's discretion.

1.5.4 COVID-19 Financial Relief Measures

1.5.4.1 Airline

The significant declines in passenger traffic associated with the COVID-19 pandemic had a negative financial impact on the airline industry, as presented previously. The Department received requests for financial relief from the airlines at the Airport early on during the COVID-19 pandemic. The Department deferred airline landing fees and terminal rents for April 2020, May 2020, and June 2020. The repayment terms associated with the Department's deferral of airline rentals and fees were 50% of the balance in July 2020, and the remaining 50% in August 2020. The Department has received all outstanding balances from the airlines under this deferral program. The Department also provided short-term financing to build out space in new facilities.

1.5.4.2 Non-Airline Tenants

The significant declines in passenger traffic associated with the COVID-19 pandemic has also had a negative financial impact on non-airline businesses at the Airport. In March 2020, former Governor Herbert ordered restaurants and bars to suspend dine-in service. This order negatively affected full-service dine-in restaurants at the Airport. Early in the pandemic, many concessionaires closed or reduced operations at the Airport.

The Department received requests for financial relief from Airport concessionaires, rental car companies, and other non-airline tenants at the Airport. A summary of the measures the Department implemented are as follows:

In-Terminal Concessions:

- Deferral of food and beverage and retail MAGs from April 1, 2020 through September 30, 2020 for existing concession contracts expiring September 14, 2020 and October 26, 2020 when the former terminals and airside concourses closed
- Percent rent only was charged during the above deferral period; however, the annual settlement was based on actual contract terms that contain MAG abatement provisions
- Allowing new food and beverage and retail concession contracts that start on September 15, 2020 and October 27, 2020 to pay percentage of rent (MAG deferral) until the Airport achieves 90% of 2019 enplaned passenger levels for three consecutive months or July 1, 2023, whichever occurs first
- Extended terms of concession agreements to commence upon achieving 90% of 2019 enplaned passengers levels over three consecutive months or July 1, 2023, whichever occurs first
- Allowed concessionaires to complete build-outs of locations as the pandemic subsides and traffic returns to pre-pandemic levels
- Allowing temporary closures, reduced operating hours, and scaled back menus of concessionaires without penalty
- Provided short-term financing for the build-out of space in new facilities

Rental Cars:

- Deferral of MAG from April 1, 2020 through September 30, 2020
- Percent rent only was charged during the deferral period; however, the annual settlement was based on actual contract terms that contain MAG abatement provisions
- Provided additional overflow parking from April 1, 2020 through September 30, 2020
- Provided short-term financing for the build-out of space in new facilities

2 Role of the Airport and Economic Base for Air Traffic

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

2.1 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 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, and portions of Colorado, Idaho, Nevada, and Wyoming.

2.1.1 National Role

The Airport has historically been one of the busiest commercial passenger airports in the U.S. In CY 2020, the Airport had 5.98 million enplaned passengers which was a decrease of approximately 53.4% based on Federal Aviation Administration (FAA) preliminary data from CY 2019, primarily as a result of the impacts associated with the COVID-19 pandemic. For CY 2020, the Airport was ranked the 21st busiest airport in the U.S. in terms of passenger traffic. Despite the decrease in traffic, this ranking is up from 23rd for the year prior, which is indicative of the Airport not being as negatively impacted as the overall industry. Since the Airport enplaned at least one percent of U.S. enplaned passengers in CY 2020, it has been designated as a Large Hub airport by the FAA. **Table 2-1** provides the rankings of the U.S. Large Hub airports in terms of total enplaned passengers per the FAA's preliminary data for CY 2020.

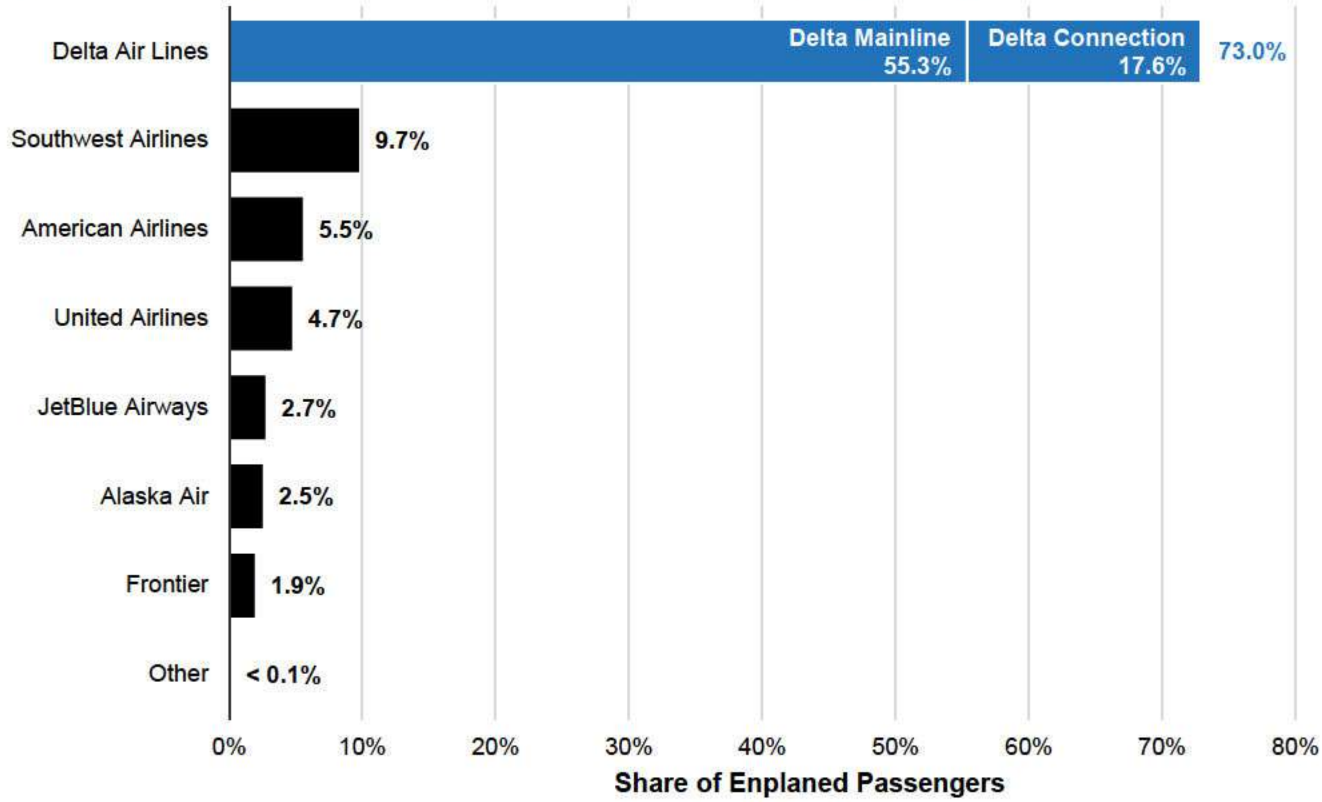
The Airport has a diverse, stable base of air carriers. The Airport's largest carrier in terms of passenger traffic, Delta, operates a major connecting hub at the Airport. Delta's enplaned passenger market share, including its regional affiliate or connection carriers (Delta Connection Carriers), comprised approximately 73.0% of enplaned passengers at the Airport in FY 2020. Delta's enplaned passenger market share increased by about 0.8 percentage points at the Airport from its 2019 market share of 72.1%. The Airport predominantly serves domestic traffic, which comprised approximately 96.1% of the Airport's enplaned passenger traffic in FY 2020. International enplaned passengers accounted for approximately 3.9% of the Airport's passengers. **Figure 2-1** presents the Airport's enplaned passenger market share by airline for FY 2020.

Table 2-1 U.S. Large Hub Airports Enplaned Passenger Rankings (2020 preliminary)

Rank	Code	Airport	Enplaned Passengers (in thousands)
1	ATL	Hartsfield - Jackson Atlanta International	20,560
2	DFW	Dallas-Fort Worth International	18,593
3	DEN	Denver International	16,243
4	ORD	Chicago O'Hare International	14,606
5	LAX	Los Angeles International	14,060
6	CLT	Charlotte/Douglas International	12,953
7	LAS	McCarran International	10,595
8	PHX	Phoenix Sky Harbor International	10,531
9	MCO	Orlando International	10,468
10	SEA	Seattle-Tacoma International	9,462
11	MIA	Miami International	8,786
12	IAH	George Bush Intercontinental/Houston	8,683
13	JFK	John F Kennedy International	8,270
14	FLL	Fort Lauderdale/Hollywood International	8,022
15	EWR	Newark Liberty International	7,986
16	SFO	San Francisco International	7,745
17	MSP	Minneapolis-St Paul International/Wold-Chamberlain	7,070
18	DTW	Detroit Metropolitan Wayne County	6,822
19	AUS	Austin-Bergstrom International	6,289
20	BOS	General Edward Lawrence Logan International	6,035
21	**SLC**	**Salt Lake City International**	**5,981**
22	PHL	Philadelphia International	5,753
23	BWI	Baltimore/Washington International Thurgood Marshall	5,452
24	TPA	Tampa International	4,967
25	SAN	San Diego International	4,638
26	MDW	Chicago Midway International	4,237
27	LGA	LaGuardia	4,147
28	BNA	Nashville International	4,017
29	IAD	Washington Dulles International	3,863

Source: Federal Aviation Administration, Air Carrier Activity Information System, Preliminary CY 2020 Enplanements at Commercial Service Airports, June 4, 2021.
Compiled by Landrum & Brown, Inc.

Figure 2-1 Enplaned Passenger Market Share at the Airport (FY 2020)



Notes: Regional affiliates, as applicable, have been included with their appropriate network partner. Amounts may not add because of rounding.

Source: Salt Lake City Department of Airports, Air Traffic Statistics, accessed at https://slcairport.com/about-the-airport/airport-overview/air-traffic-statistics/

The Airport's total aircraft operations rankings were generally consistent with its level of passenger traffic. Airport Council International-North America (ACI-NA) data indicated that the Airport had 344,625 aircraft operations[30] in CY 2019 (including all-cargo carrier operations), which ranked the Airport as the 23rd busiest airport in the U.S.[31]

In addition to passenger traffic, there is a significant amount of air cargo processed at the Airport. According to the ACI-NA, 201,177 metric tons of air cargo, including both freight and mail, were loaded and unloaded at the Airport in CY 2019.[32] Based on this data from ACI-NA, the Airport ranked as the 31st busiest airport for cargo in the U.S. for this period.

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30 An aircraft operation includes the landing, takeoff, or touch-and-go procedure by an aircraft on the runway at an airport.

31 Airports Council International-North America (ACI-NA), North American Airport Traffic Report, accessed online at https://airportscouncil.org/intelligence/north-american-airport-traffic-reports/

32 Ibid

2.1.2 Regional Role

The Airport serves as the primary commercial service airport for the Salt Lake City metropolitan area and the surrounding area. Origin and destination (O&D) passengers, or those that begin or end their travel at the Airport, accounted for approximately 58.1% of passenger traffic at the Airport in FY 2020.[33]

The geographic region that serves as an airport's primary catchment area is 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 ten counties in Utah: Box Elder, Davis, Juab, Morgan, Salt Lake, Summit, Tooele, Utah, Wasatch, and Weber.[34] The Salt Lake City-Provo-Orem CSA was the 22nd most populous CSA in the nation in CY 2020 with approximately 2.67 million people and accounted for approximately 82.4% of the entire population of Utah.

In many cases, an airport's air service area can extend beyond its 'primary' Air Service 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 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 smaller facility and classified as a Medium Hub by the FAA.[35] **Figure 2-2** illustrates the Airport's location in relation to its Air Service Area as well as the other commercial airports within the region.

33 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.

34 Executive Office of the President: Office of Management and Budget, Revised Delineations of Metropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of the Delineations of These Areas, March 6, 2020.

35 The FAA classifies Medium Hub airports as those serving at least 0.25% but less than 1.00% of annual U.S. passenger boardings.

Figure 2-2 Air Service Area and Proximity to Other Airports

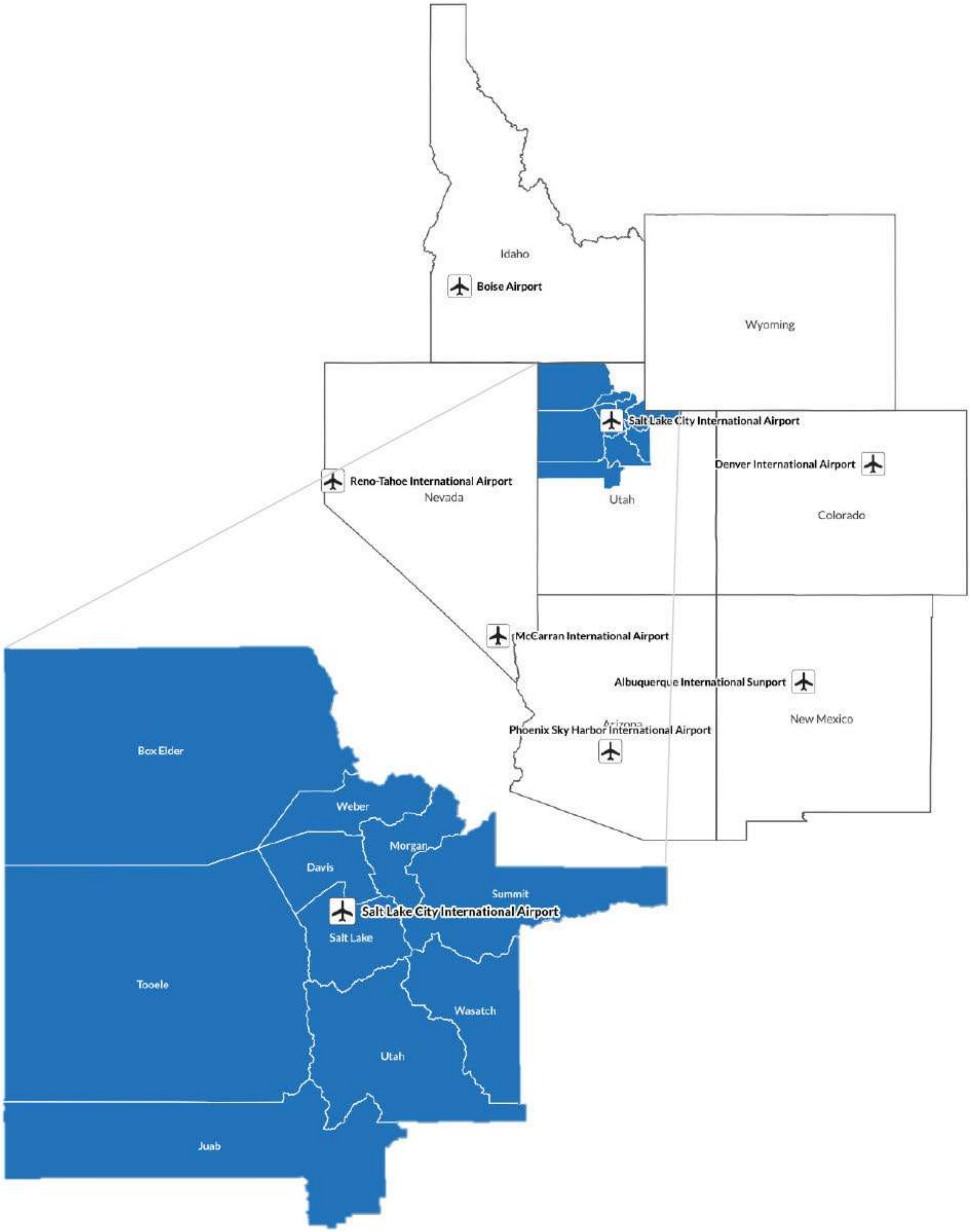


Figure 2-2 Air Service Area and Proximity to Other Airports (Continued)

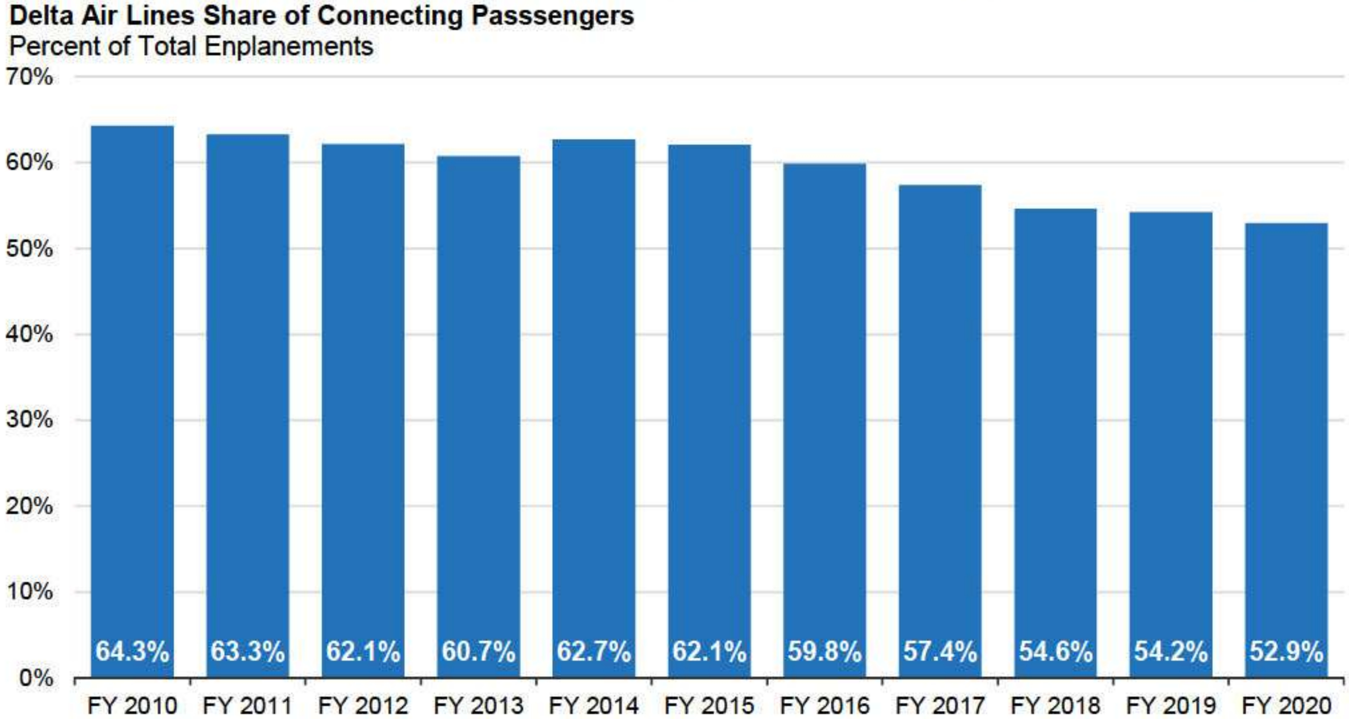
Airport	Code	FAA Airport Category	Driving Distance from Downtown Salt Lake City	CY 2020 Enplaned Passengers (in thousands)
Salt Lake City International Airport	SLC	Large	8 miles	5,981
Boise Airport	BOI	Medium	337 miles	992
McCarran International Airport	LAS	Large	428 miles	10,595
Reno-Tahoe International Airport	RNO	Medium	520 miles	978
Denver International Airport	DEN	Large	524 miles	16,243
Albuquerque International Sunport	ABQ	Small	602 miles	869
Phoenix Sky Harbor International Airport	PHX	Large	666 miles	10,531

Sources: Federal Aviation Administration, Air Carrier Activity Information System, June 4, 2020; Executive Office of the President: Office of Management and Budget, Revised Delineations of Metropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of These Areas.

2.1.3 Role as Hub for Delta Air Lines

The Airport has served as a hub for Delta for many decades. Prior to the impacts associated with the global COVID-19 pandemic, Delta's enplaned passengers increased over the years, averaging 2.2% growth per annum from FY 2011 through FY 2019. Delta is the largest carrier at the Airport with approximately 73.0% of the total enplaned passengers in FY 2020. A significant portion of Delta's traffic is connecting passengers, or passengers that have a scheduled stop at the Airport and transfer to another flight. In recent years, prior to the impacts of the COVID-19 pandemic, the share of connecting traffic has declined. This decrease in connecting passengers over this period, or a corresponding increase in O&D passengers, can be partly attributed to the ongoing economic growth of the Air Service Area as local demand for air travel increased prior to the pandemic. **Figure 2-3** presents the share of connecting passengers at the Airport on Delta since FY 2010 and through FY 2020 (data for full FY 2021 is not yet available). Delta's operations at the Airport are described in more detail in Section 3.1.2 herein.

Figure 2-3 **Delta Air Lines Connecting Passengers Share at the Airport (FY 2011 – FY 2020)**



Source: Diio Mi, US DOT Reports DB1A; US DOT T100 Report, accessed March 2021.

2.2 Economic Base for Air Traffic

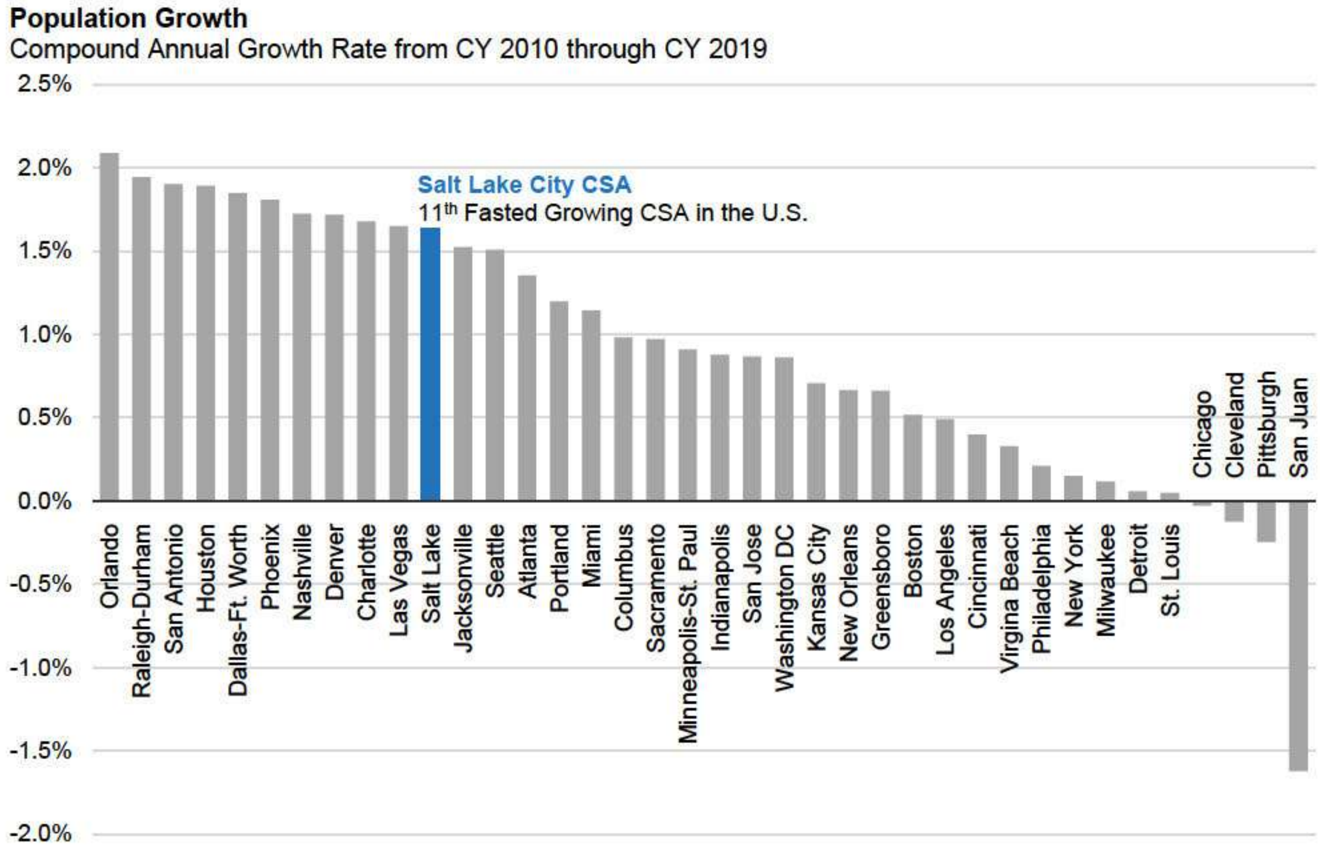
Historically, air travel demand at an airport is largely correlated with the demographic and economic characteristics of the surrounding region. Following a recovery of the aviation industry from the impacts of the COVID-19 pandemic, the demographic and economic strength of the region is expected to once again drive growth at the Airport. The economic strength of the Air Service Area has historically had a major impact on the aviation activity at the Airport since the majority of the Airport's passenger demand is O&D activity. The following sections review current economic trends and conditions of the Airport's Air Service Area and present data indicative of the Air Service Area's capability to generate demand for air transportation through the next several years.

This section also addresses the estimated impacts associated with the COVID-19 pandemic using data and information available to date. It should be noted, however, that impacts are still emerging and at this time L&B is unable to fully quantify the effect and length of time that the COVID-19 pandemic will have on the region's economic base and the length of time over which this effect will occur. No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the projections described herein. In this respect, the words "estimate," "forecast," "projected," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Report are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Report and the Official Statement.

2.2.1 Socioeconomic Trends

There are 38 CSAs in the U.S. with a population in excess of 1.5 million people, including the Salt Lake City CSA. According to the U.S. Census Bureau, population in the Salt Lake City CSA or Air Service Area has increased from 2.3 million in 2010 to an estimated 2.6 million in 2019. This relatively rapid growth ranked the Salt Lake City CSA as the 11th fastest growing CSA with a population in excess of 1.5 million people. **Figure 2-4** presents the compound annual growth rate (CAGR) between 2010 and 2019 (the latest data available) for population for the nation's 38 CSAs with populations in excess of 1.5 million.

Figure 2-4 Population Growth in CSAs with Population in Excess of 1.5 Million



Source: U.S. Census Bureau, Annual Estimates of Resident Population, accessed via American FactFinder.

Table 2-2 provides population data from Woods & Poole Economics, Inc. for the Air Service Area, the State, and the U.S. for 2010 and 2020 (estimated). Between 2010 and 2020 (estimated), the population of the Air Service Area increased at 1.6% per annum from just under 2.3 million to 2.7 million. During the same period, the U.S. population increased at 0.6% per annum.

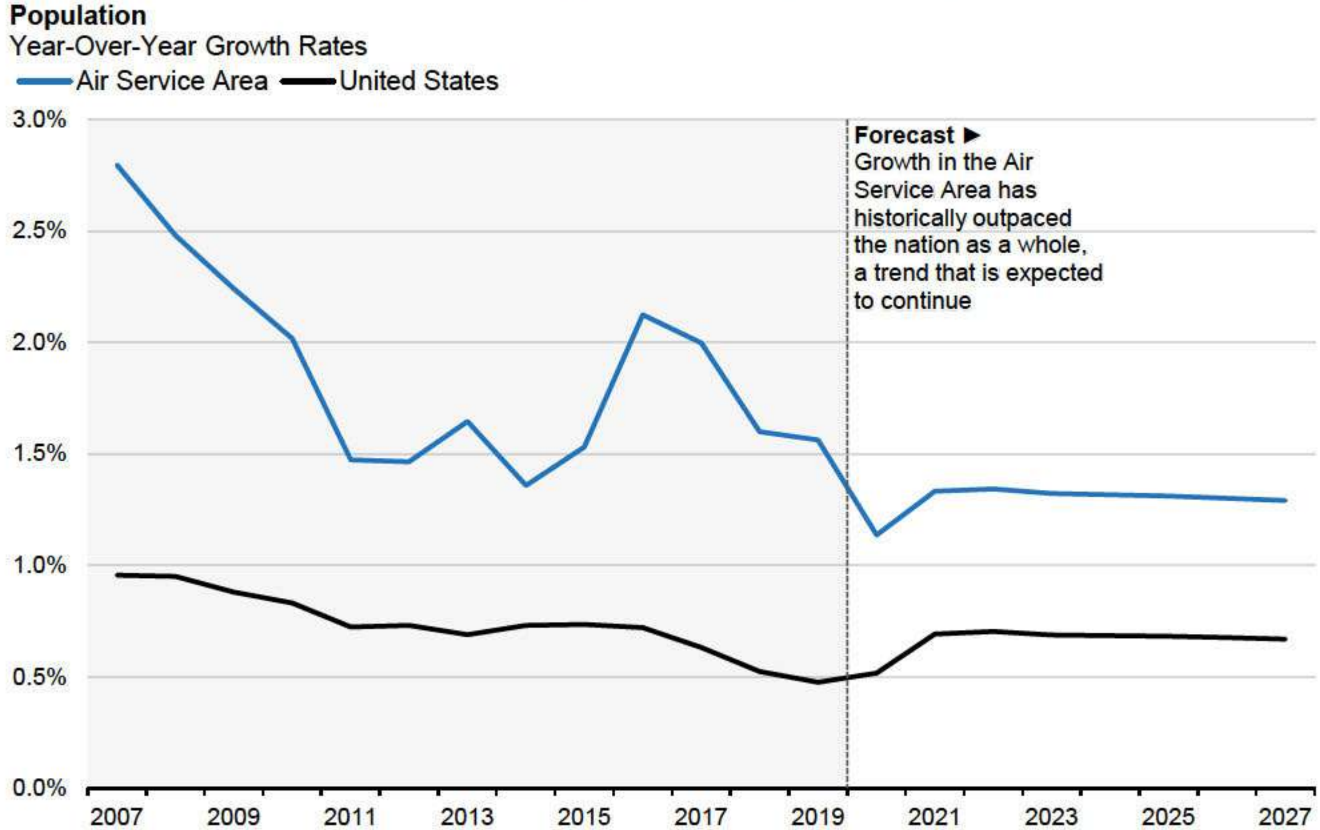
Table 2-2 Population Growth (2010 –2020)

Region	Population		CAGR
	2010	2020	2010-20
Salt Lake County, UT	1,032,979	1,170,619	1.3%
Utah County, UT	519,994	73,379	2.3%
Davis County, UT	307,906	56,483	1.2%
Weber County, UT	232,139	359,774	1.6%
Tooele County, UT	58,501	12,314	2.6%
Box Elder County, UT	50,170	262,216	1.2%
Summit County, UT	36,500	12,148	1.7%
Wasatch County, UT	23,644	646,502	2.2%
Morgan County, UT	9,522	42,740	1.6%
Juab County, UT	10,263	34,879	4.0%
Air Service Area	**2,281,618**	**2,671,054**	**1.6%**
United States	**309,326,026**	**329,937,588**	**0.6%**
Utah	**2,775,334**	**3,243,388**	**1.6%**

Notes: CAGR = Compound annual growth rate. Population for 2020 is estimated.
Source: Woods & Poole Economics, Inc., 2021 Complete Economic and Demographic Data Source, June 2021.

Figure 2-5 depicts historical and forecast year-over-year growth of population for the Air Service Area and the U.S. as a whole. Population growth in the Air Service Area has continually outpaced the nation as a whole. According to Woods & Poole, population in the Air Service Area is forecast to increase from 2.7 million in 2020 (estimated) to 2.9 million in 2027, resulting in a CAGR of 1.3%, which is almost double the rate forecast for national population.

Figure 2-5 **Historical and Forecast Population Trends (2007 – 2027)**



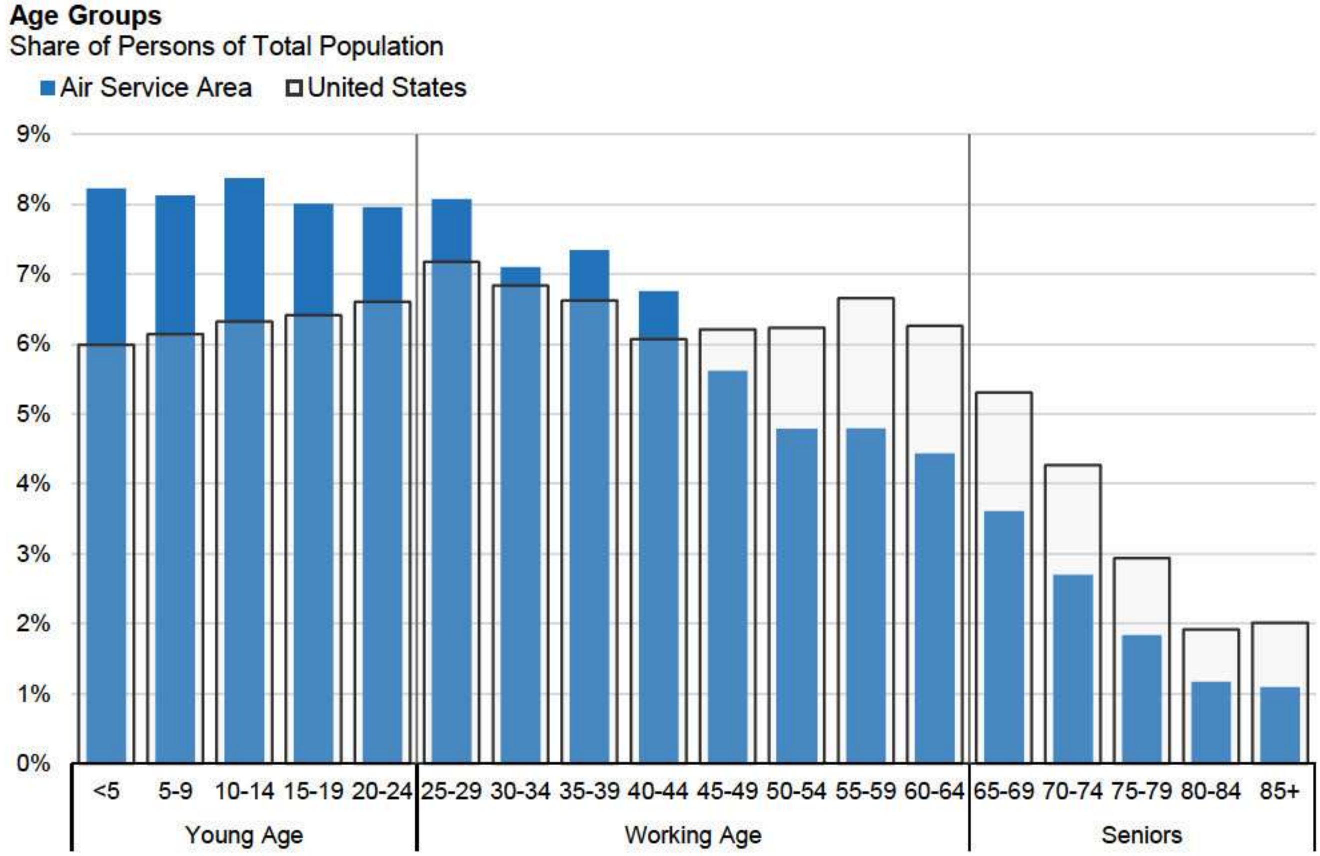
Source: Woods & Poole Economics, Inc., 2021 Complete Economic and Demographic Data Source, June 2021.

2.2.1.1 Age Distribution

Demand for air travel varies by age group. People of working ages[36] from 25 to 64 have, historically, accounted for a higher share of air travel than older or younger people as they often traveled for business purposes and have more disposable income available for leisure trips. **Figure 2-6** presents the distribution of age groups among the population for the Air Service Area and the U.S. Overall, the median age of the population for the Air Service Area (30.8) is significantly lower than nationally (38.4). The Air Service Area's share of population between the working ages of 25 and 64 is currently lower than that of the U.S. Persons within the Air Service Area between the ages of 25 and 64 accounted for 48.9% of the population as compared to 52.1% for the U.S. While the share of working age population in the Air Service Area is somewhat lower than that of the U.S., it does have a higher proportion of population in the younger working age range or ages 24 to 46. This provides an opportunity for the Air Service Area to maintain a robust working age population for years to come as the population ages.

36 Commonly, working age is defined at those people aged 15 to 64. However, for the purposes of this Report, a narrower age range of 25 to 64 has been used to reflect the group of people most likely beyond secondary education and more l kely to be employed on a full-time basis.

Figure 2-6 Age Distribution (2019)



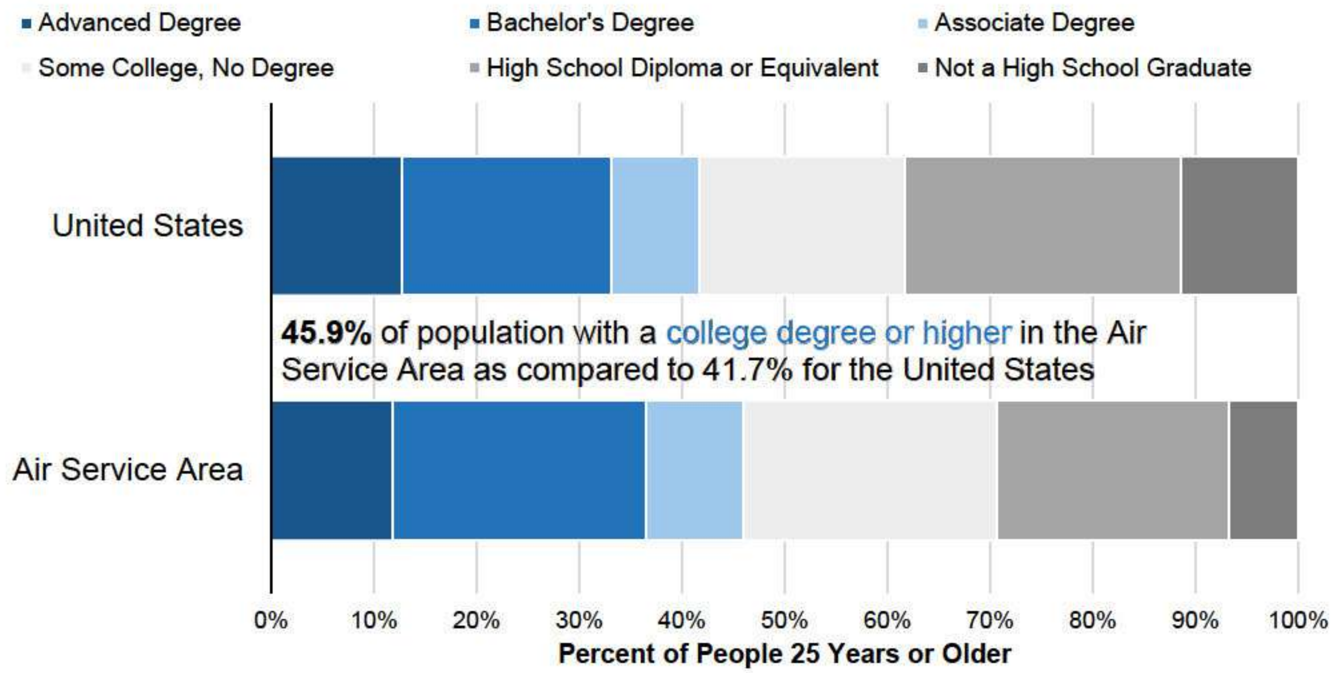
Note: Commonly, working age is defined at those people aged 15 to 64. However, for the purposes of this Report, a narrower age range of 25 to 64 has been used to reflect the group of people most likely beyond secondary education and more likely to be employed on a full-time basis.

Source: US Census Bureau, 2019: ACS 1-Year Estimates Data Profiles.

2.2.1.2 Educational Attainment

People with a college degree have, historically, generated a higher percentage of expenditures on air travel. **Figure 2-7** presents the share of educational attainment for persons aged 25 or older within the Air Service Area and the U.S. According to the U.S. Census Bureau, 45.9% of the population aged 25 or older in the Air Service Area have a college degree or higher. By comparison, only 41.7% of the population aged 25 or older in the U.S. have a college degree or higher.

Figure 2-7 Educational Attainment (2019)

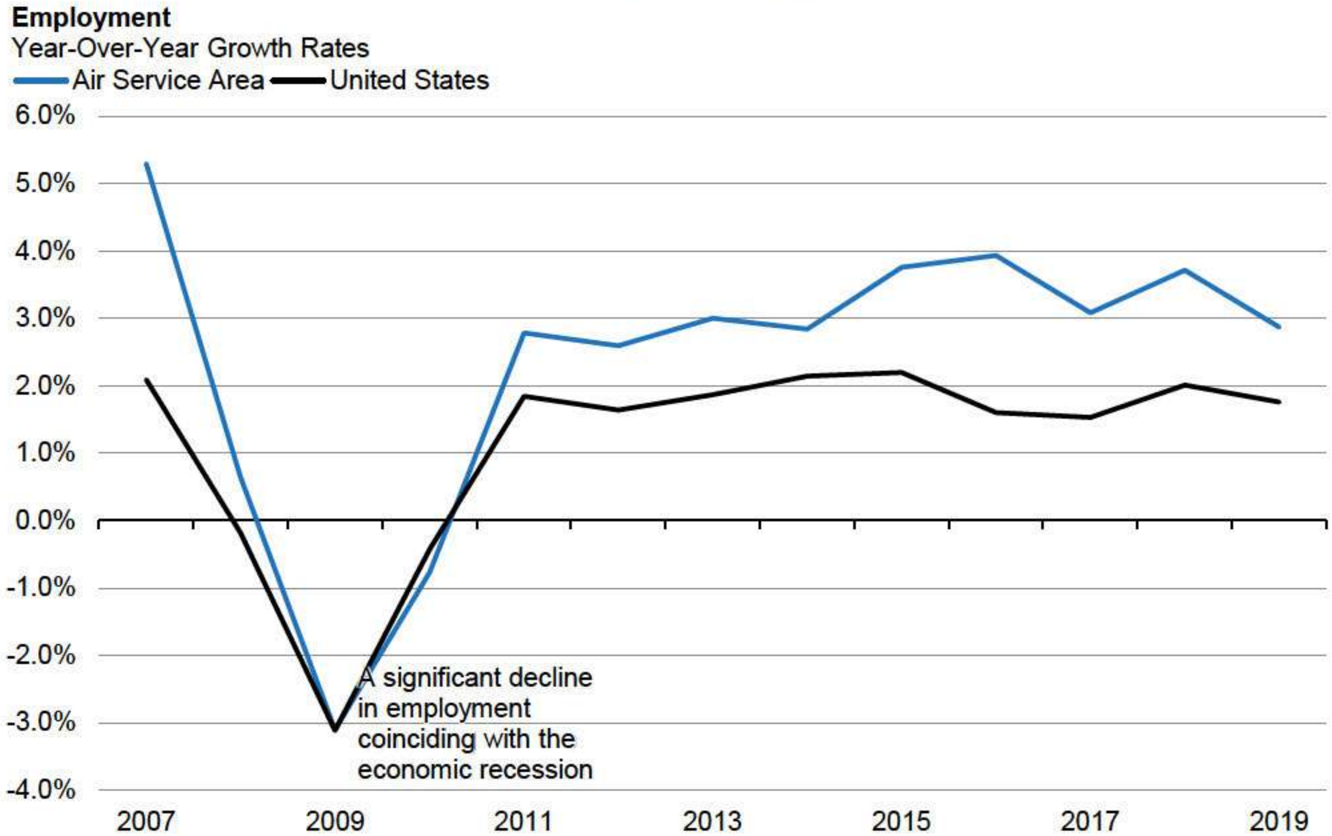


Source: US Census Bureau, 2019: ACS 1-Year Estimates Data Profiles.

2.2.2 Employment

Growth in employment is an important indicator of the overall health of the local economy. Historically, changes in population and employment tend to be closely correlated as people migrate in and out of areas largely depending on their ability to find work. **Figure 2-8** presents annual growth rates for employment in the Air Service Area and the U.S. from 2007 through 2019 (before the impacts of the COVID-19 pandemic). Between December 2007 and June 2009, a major financial recession occurred. The recession, often referred to as the 'Great Recession', was the longest recession since the airline industry was deregulated. As shown, from 2008 through 2010 there was a sharp decline in employment in each geographic region. From 2010 through 2019, employment in the Air Service Area increased at a CAGR of 3.1% compared to 1.9% for U.S. as a whole.

Figure 2-8 Historical Employment Trends (2007 – 2019)

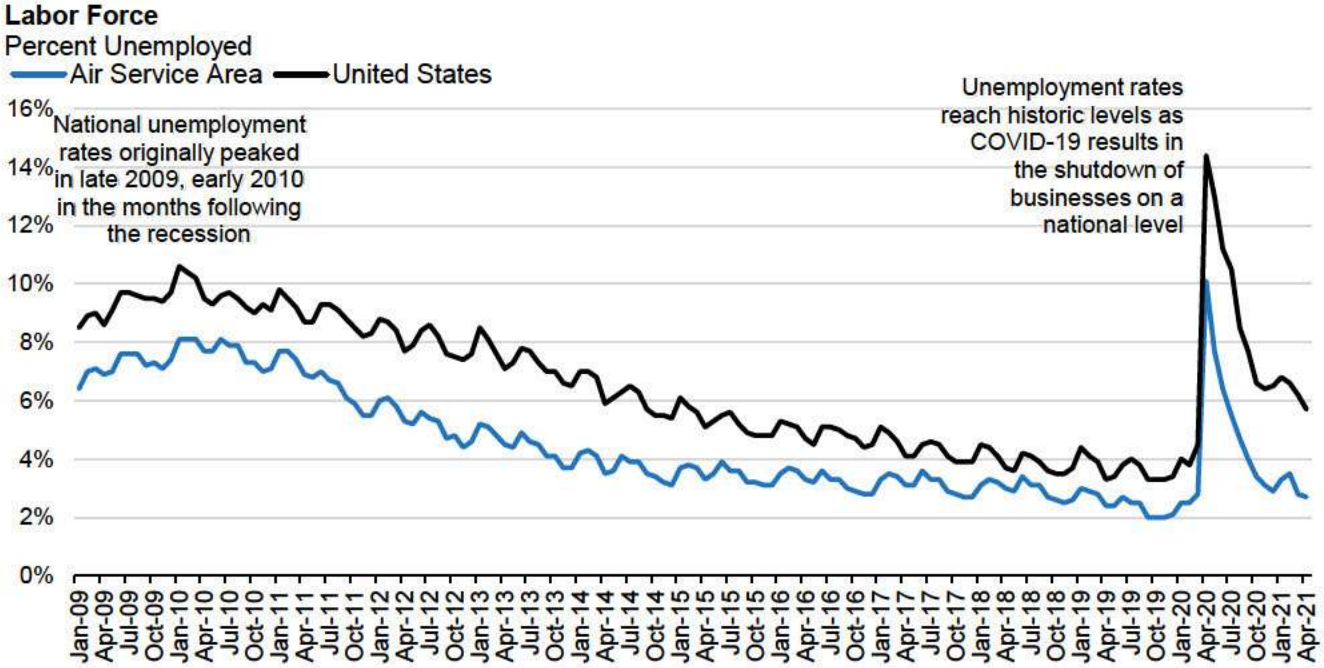


Source: Woods & Poole Economics, Inc., 2021 Complete Economic and Demographic Data Source, June 2021.

2.2.2.1 Labor Force & Unemployment Rates

Unemployment rates are also an indicator of economic health as rates usually decrease as economic activity in the region grows. **Figure 2-9** presents the historical unemployment rates for the Air Service Area, the State, and the U.S. As shown, from 2009 through 2019, unemployment rates in the Air Service Area trended similar to the national average but at a consistently more favorable rate. During the Great Recession, unemployment for the Air Service Area peaked at 8.1% in January 2010 as compared to the national unemployment peak of 10.6% in the same month. Total employment during 2019 increased at a faster rate than population since the end of the Great Recession, resulting in significant declines in unemployment rates during that time. However, since the impacts associated with the COVID-19 pandemic occurred in the U.S. starting in March 2020, unemployment rates increased to historic levels as a result of stay-at-home orders and companies hedging for potential losses. In April 2020, the unemployment rate for the Air Service Area reached 10.3% compared to the national rate of 14.4%. While the national unemployment rate has begun a slow decline, the unemployment rate in the Air Service Area declined significantly to rates seen at recently as mid-2018. In April 2021, the unemployment rate for the Air Service Area was 2.7%, which was significantly lower than that of the U.S. at 5.7%.

Figure 2-9 Unemployment Rates (Not Seasonally Adjusted for January 2009 – April 2021)

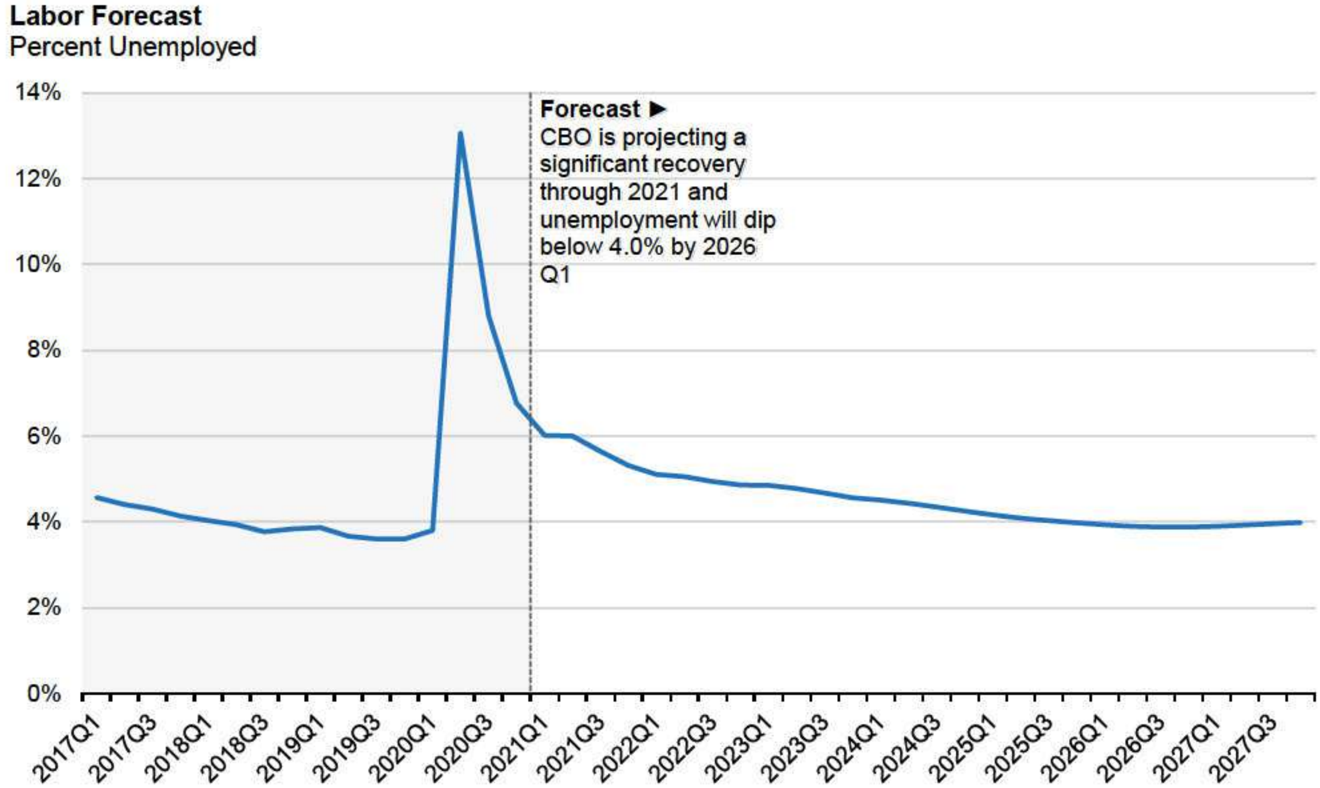


Month	Unemployment Rate		
	United States	Utah	Air Service Area
January 2020	4.0%	2.8%	2.6%
February 2020	3.8%	2.8%	2.7%
March 2020	4.5%	4.1%	3.9%
April 2020	14.4%	10.4%	10.3%
May 2020	13.0%	8.5%	8.5%
June 2020	11.2%	5.7%	5.7%
July 2020	10.5%	4.6%	4.6%
August 2020	8.5%	4.2%	4.2%
September 2020	7.7%	4.7%	4.7%
October 2020	6.6%	3.7%	3.7%
November 2020	6.4%	3.9%	3.8%
December 2020	6.5%	3.3%	3.2%
January 2021	6.8%	3.5%	3.3%
February 2021	6.6%	3.6%	3.5%
March 2021	6.2%	2.9%	2.8%
April 2021	5.7%	2.7%	2.7%

Sources: U.S. Department of Labor: Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, June 2021.

The Congressional Budget Office (CBO) currently forecasts that the national unemployment rate will continue to decline and reach approximately 5.3% in the fourth quarter of 2021, with a slower estimated recovery, thereafter.[37] **Figure 2-10** presents the CBO's long-term forecast for the unemployment rate in the U.S. Per the CBO, unemployment rates are not expected to reach levels experienced prior to the impacts associated the COVID-19 pandemic over the forecast period.

Figure 2-10 Congressional Budget Office Forecast of Unemployment Rates (through 2027 Q4)



Source: Congressional Budget Office, An Overview of the Budget and Economic Outlook: 2021 to 2031, February 2021.

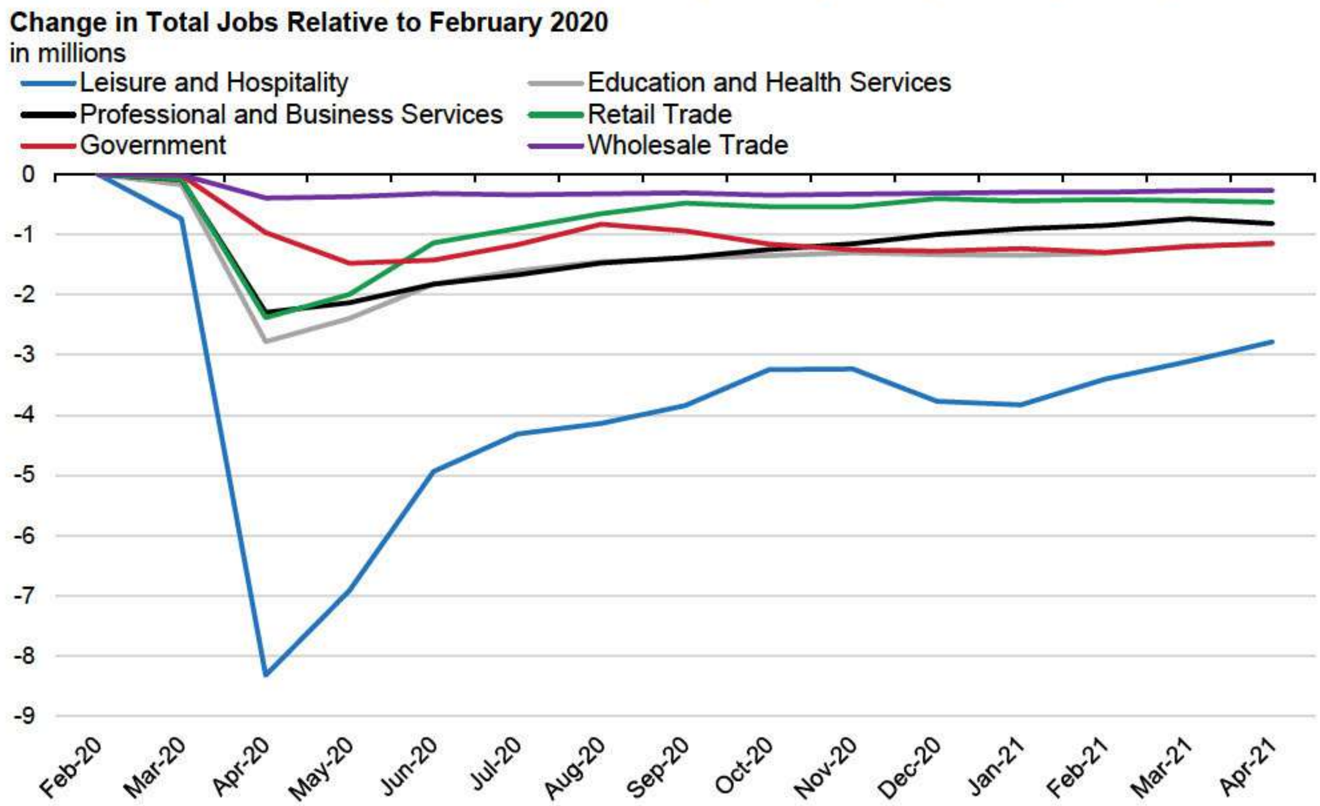
2.2.2.2 Industry Sectors

As shown above, the COVID-19 pandemic has had a dramatic effect on employment nationally. From February 2020 to April 2020, there were 22.2 million jobs lost in the U.S. Certain job sectors were more affected than others. Service-providing industries have been severely impacted, accounting for 90.6% of job losses in the first two months of the pandemic, compared to 9.4% for goods-producing sectors, which include manufacturing, construction, and mining and logging. Within the service-providing industry, the leisure and hospitality sector has been the most impacted sector during the pandemic with 8.3 million job losses in the first two months (a loss of 49.3% of all leisure and hospitality jobs), accounting for 37.5% of the total non-farm industry losses. As of April 2021, more than half of the jobs have been recovered. However, not all sectors have been recovering at the same rate. Transportation and warehousing exhibited the fastest recovery and has exceeded pre-pandemic

37 Congressional Budget Office, An Overview of the Budget and Economic Outlook: 2021 to 2031, February 2021.

employment by April 2021. By April 2021, the leisure and hospitality sector recovered 66.6% of the initial job losses from April 2020 but remains the largest sector for job losses (34.2% of the total job losses). **Figure 2-11** presents the job losses for the most affected sectors in the U.S. for February 2020 through April 2021.

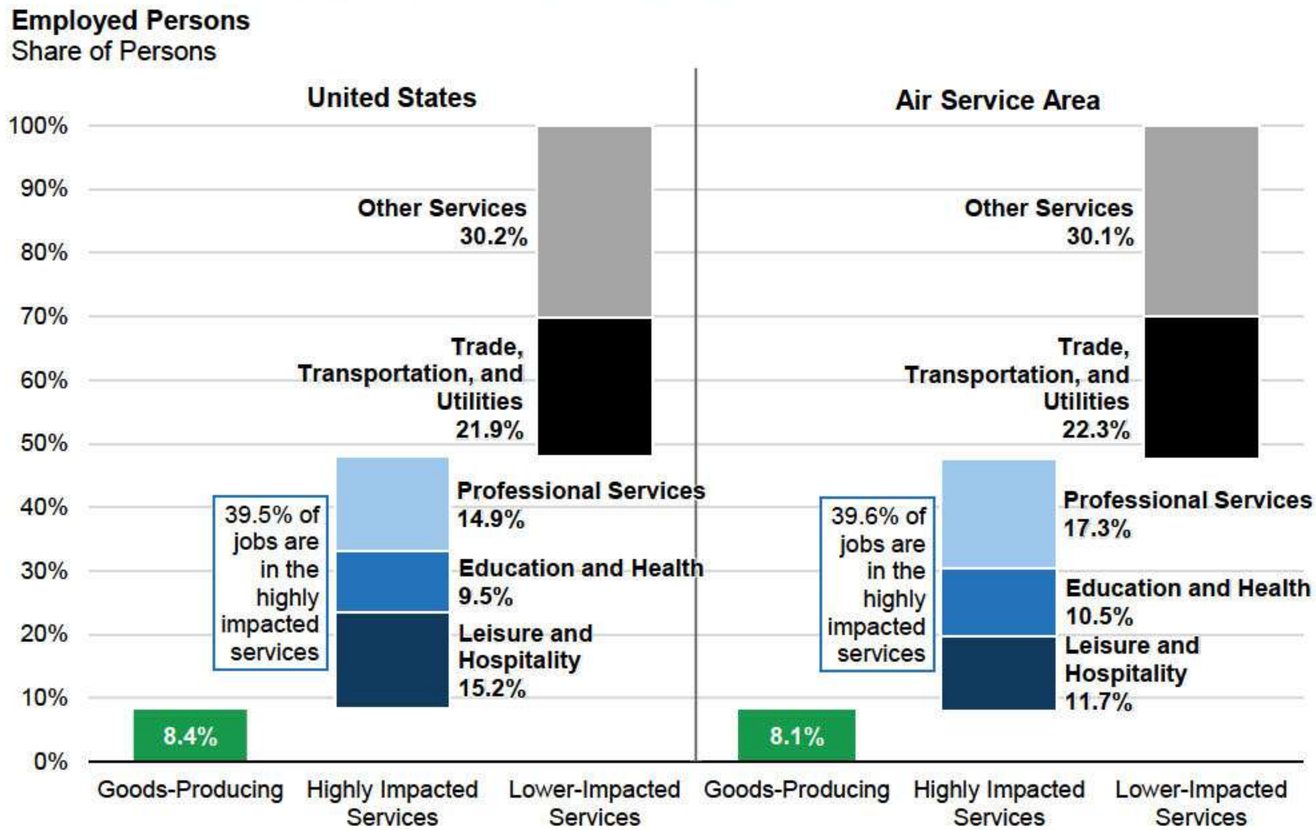
Figure 2-11 U.S. Employment Change by Industry Sector (February 2020 – April 2021)



Source: U.S. Department of Labor: Bureau of Labor Statistics, Current Employment Statistics - CES (National)

Figure 2-12 presents employment by industry sector for the Air Service Area and the U.S for 2019, which is prior to the impacts associated with the COVID-19 pandemic. Historically, those industry sectors that have been highly affected by the COVID-19 pandemic (i.e., professional services, education and health, and leisure and hospitality) comprise a similar share of the jobs in the Air Service Area compared to that of the nation. As shown, the goods-producing sectors account for 7.9% of the jobs in the Air Service Area while nationally they account for 8.3%. The highly impacted service sectors described above account for 39.4% of the jobs in the Air Service Area compared to 39.2% nationally.

Figure 2-12 Employment by Industry Sector (2019)



Source: Woods & Poole Economics, Inc., 2021 Complete Economic and Demographic Data Source, June 2021.

Indicative of the more favorable unemployment rate in the Air Service Area as compared to the U.S., its employment in the leisure and hospitality sector has recovered more rapidly than that of the U.S. According to the Bureau of Labor Statistics, there were approximately 156,100 employees in the leisure and hospitality sectors in Utah during February 2020. The number of employees dropped to a low of around 92,600 in April 2020, indicating 63,500 lost jobs due to the pandemic. As of April 2021, there were about 146,000 employees in the leisure and hospitality sector, still 10,100 fewer jobs than pre-pandemic levels. This indicates that 84.1% of lost jobs in the leisure and hospitality sector have been recovered in Utah compared to just 66.6% in the U.S.

2.2.2.3 Major Employers

The top 25 employers in the Air Service Area for 2019 are shown in **Table 2-3**. These employers serve a diverse range of industries including but not limited to health care, education, government, retail, electronics, and banking institutions.

Table 2-3 Top Employers in Utah (2019)

Rank	Company Name	Industry	Employment Range
1	Intermountain Healthcare	Health Care	20,000 +
2	University of Utah	Higher Education	20,000 +
3	State of Utah	State Government	20,000 +
4	Brigham Young University	Higher Education	15,000-19,999
5	Wal-Mart Associates	Warehouse Clubs/Supercenters	15,000-19,999
6	Hill Air Force Base	Federal Government	10,000-14,999
7	Amazon.com Services	Courier/Express Delivery Service	10,000-14,999
8	Davis County School District	Public Education	7,000-9,999
9	Utah State University	Higher Education	7,000-9,999
10	Smith's Food and Drug Centers	Grocery Stores	7,000-9,999
11	Granite School District	Public Education	7,000-9,999
12	Alpine School District	Public Education	7,000-9,999
13	Jordan School District	Public Education	7,000-9,999
14	Salt Lake County	Local Government	5,000-6,999
15	Utah Valley University	Higher Education	5,000-6,999
16	U.S. Department of Treasury	Federal Government	5,000-6,999
17	U.S. Postal Service	Federal Government	5,000-6,999
18	The Canyons School District	Public Education	5,000-6,999
19	Delta Air Lines	Air Transportation	4,000-4,999
20	The Home Depot	Home Centers	4,000-4,999
21	United Parcel Service	Courier/Express Delivery Service	4,000-4,999
22	Weber County School District	Public Education	4,000-4,999
23	Zions Bancorporation	Banking	4,000-4,999
24	Autoliv	Motor Vehicle Equipment Manufacturing	3,000-3,999
25	ARUP Laboratories, Inc.	Medical Laboratory	3,000-3,999
26	ATK Launch/Space Systems	Aerospace	3,000-3,999
27	Vivint	Electrical Contractors	3,000-3,999
28	Wells Fargo Bank	Banking	3,000-3,999
29	VA Hospital	Health Care	3,000-3,999
30	Macy's	Department Stores	3,000-3,999

Table 2-4 Top Employers in Utah (2019) Continued

Rank	Company Name	Industry	Employment Range
31	Discover Products, Inc.	Consumer Loans	3,000-3,999
32	Costco	Warehouse Clubs/Supercenters	3,000-3,999
31	Nebo School District	Public Education	3,000-3,999
32	Salt Lake City School District	Public Education	3,000-3,999
33	Washington County School District	Public Education	3,000-3,999
34	Weber State University	Higher Education	3,000-3,999
35	Salt Lake City Corporation	Local Government	3,000-3,999
36	Harmons	Grocery Stores	3,000-3,999
37	L3 Technologies	Electronics Manufacturing	3,000-3,999
38	SkyWest Airlines	Air Transportation	3,000-3,999
39	America First Credit Union	Banking	3,000-3,999
40	Salt Lake Community College	Higher Education	2,000-2,999
41	Maverick Country Stores	Convenience Stores	2,000-2,999
42	Deseret Industries	Vocational Rehabilitation Services	2,000-2,999
43	DoTERRA International	Direct Selling	2,000-2,999
44	Utah Transit Authority	Public Transportation	2,000-2,999
45	Goldman Sachs	Banking/Investments	2,000-2,999
46	Cache County School District	Public Education	2,000-2,999
47	Target Corporation	Supercenters	2,000-2,999
48	Sizzling Platter, LLC	Restaurants	2,000-2,999
49	Lowe's Home Center	Home Centers	2,000-2,999
50	C.R. England Trucking	Truck Transportation	2,000-2,999
51	Merit Medical Systems	Medical Manufacturing	2,000-2,999
52	Mountain America Credit Union	Banking	2,000-2,999
53	R1 RMC	Financial Services	2,000-2,999
54	JetBlue Airways Corporation	Air Transportation	2,000-2,999

Source: Utah Department of Workforce Services, Major Employers 2019: State of Utah.

Annually, Fortune magazine publishes a listing of the largest companies in the U.S. based on revenue. There are three Fortune 1000® companies headquartered in the Air Service Area: Zions Bancorp (#740), SkyWest (#788), and Nu Skin Enterprises (#884). The three Fortune 1000® companies headquartered in the Air Service Area, had a combined revenue of $1.3 billion and employed nearly 49,000 people worldwide in 2019.

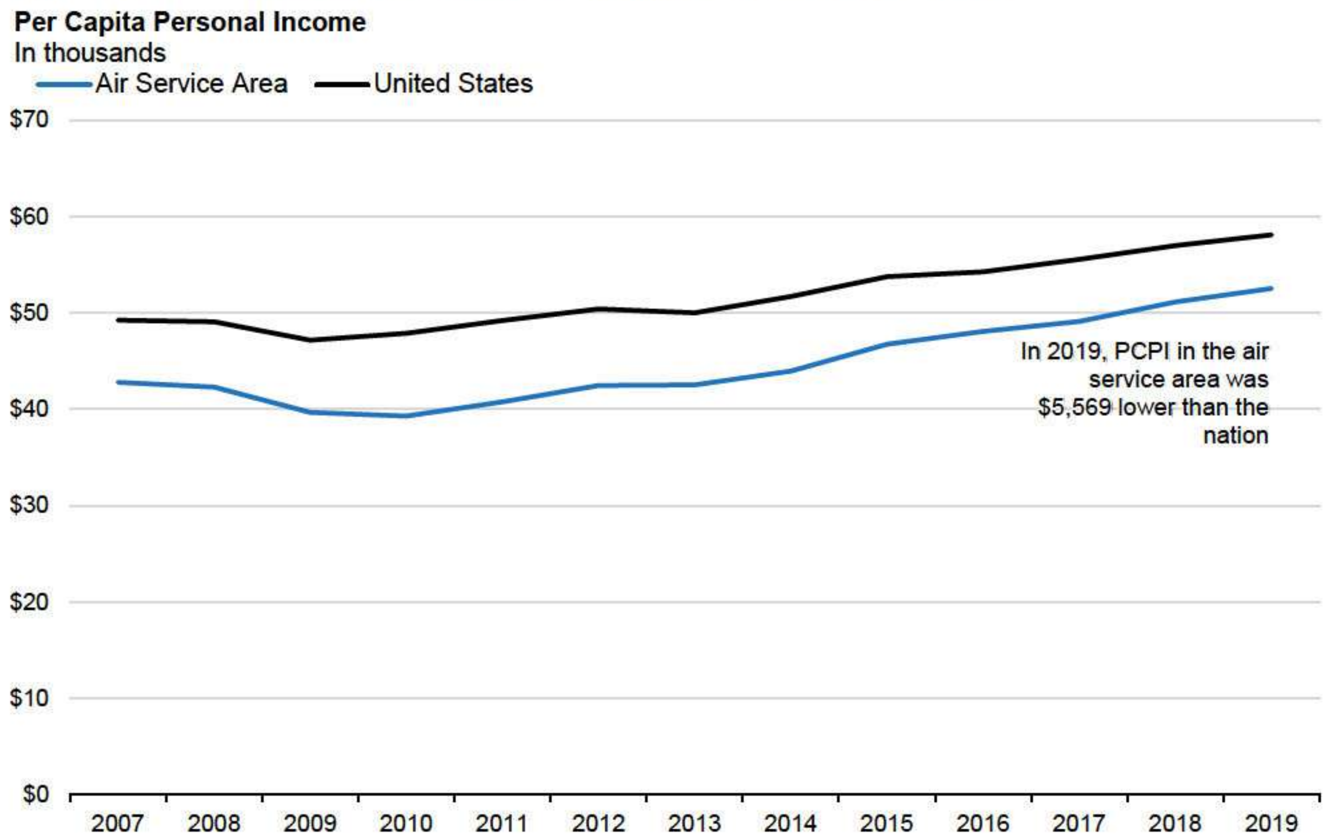
2.2.3 Income

Income statistics are broad indicators of the relative earning power and wealth of an area and provide a measure of the relative affluence of a region's residents and, consequently, of their ability to afford air travel. Income data presented herein provides a general indication of historical trends prior to the impacts associated with the COVID-19 pandemic. Income data since the COVID-19 pandemic is not available at the time of this Report.

2.2.3.1 Per Capita Personal Income

Per capita personal income (PCPI) corresponds to the income per resident (total income divided by total population). **Figure 2-13** provides the historical PCPI for the Air Service Area and the U.S. from 2007 through 2019 before the impacts of the COVID-19 pandemic. In 2007, PCPI in the Air Service Area was $42,819, which was lower than the national average of $49,240. PCPI for the nation, including the Air Service Area, declined during the Great Recession, recovered between 2010 and 2012, and then decreased slightly in 2013. Since 2013, PCPI in the Air Service Area has increased at a CAGR of 3.6% as compared to a 2.5% CAGR for the U.S. However, the PCPI in the Air Service Area reached an estimated $52,540 in 2019 which was $5,569 lower than the national average. It is generally assumed that the Air Service Area's lower share of working age population as compared to the U.S. contributes to PCPI being lower.

Figure 2-13 Historical Per Capita Personal Income Trends (2007 – 2019)



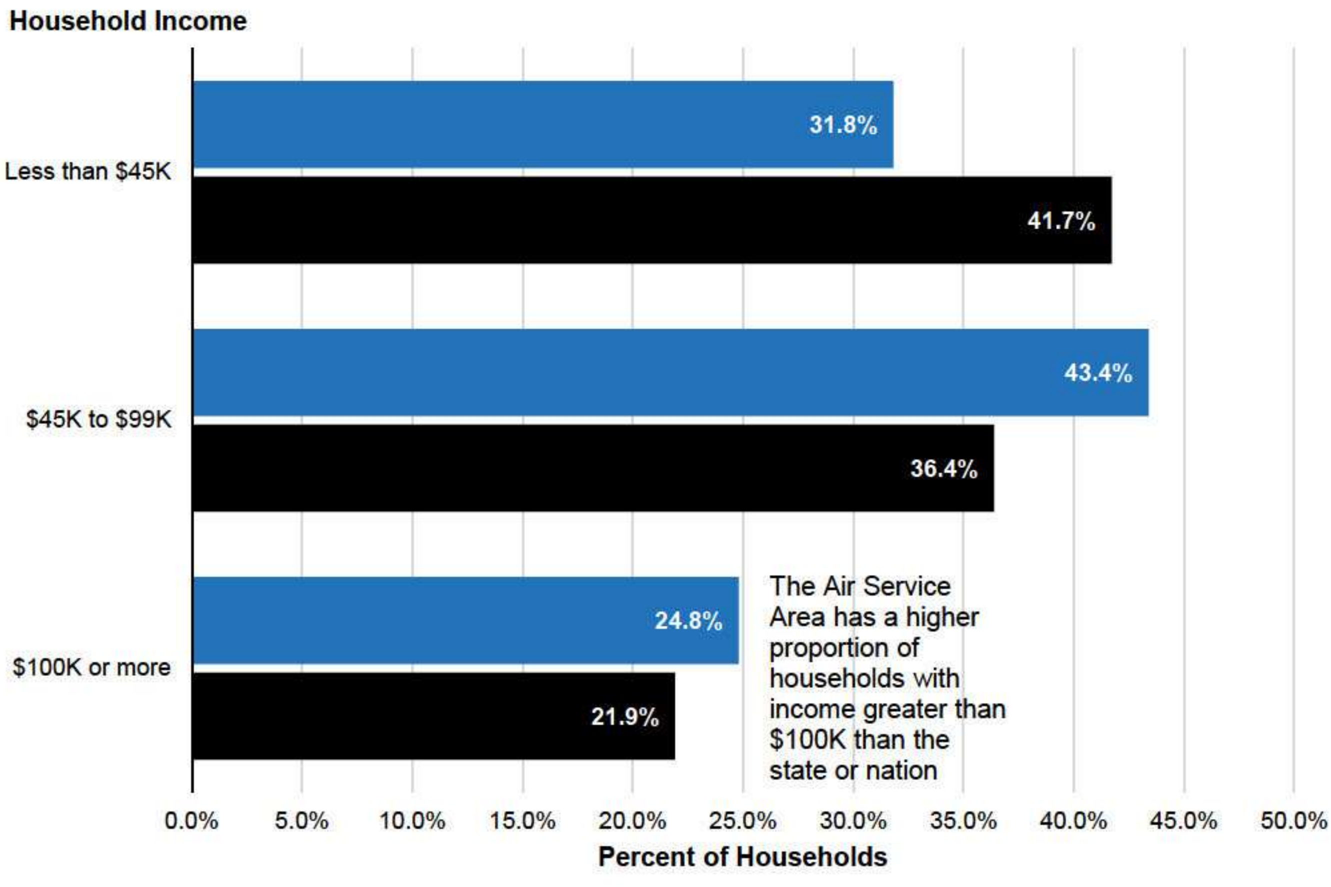
Source: Woods & Poole Economics, Inc., 2021 Complete Economic and Demographic Data Source, June 2021.

2.2.3.2 *Household Income*

While PCPI may be lower for the Air Service Area than the U.S., household income compares more favorably. To understand the distribution of income within the region, households within the Air Service Area were segmented into three categories: higher income households (those earning $100,000 or more per year), middle-income households (those earning $45,000 or more but less than $100,000 per year), and lower-income households (those earning less than $45,000 per year). Households in the middle and higher-income brackets typically have individuals whose jobs require travel when compared to lower-income households. Additionally, higher-income households generally have more disposable income and can therefore afford more leisure travel than households in other income brackets.

Figure 2-14 presents the percentage of households within each income bracket for the Air Service Area as compared to the U.S. for 2019. As shown, 24.8% of households in the Air Service Area were considered higher income, which is above the national average of 21.9%.

Figure 2-14 Distribution of Household Income (2019)

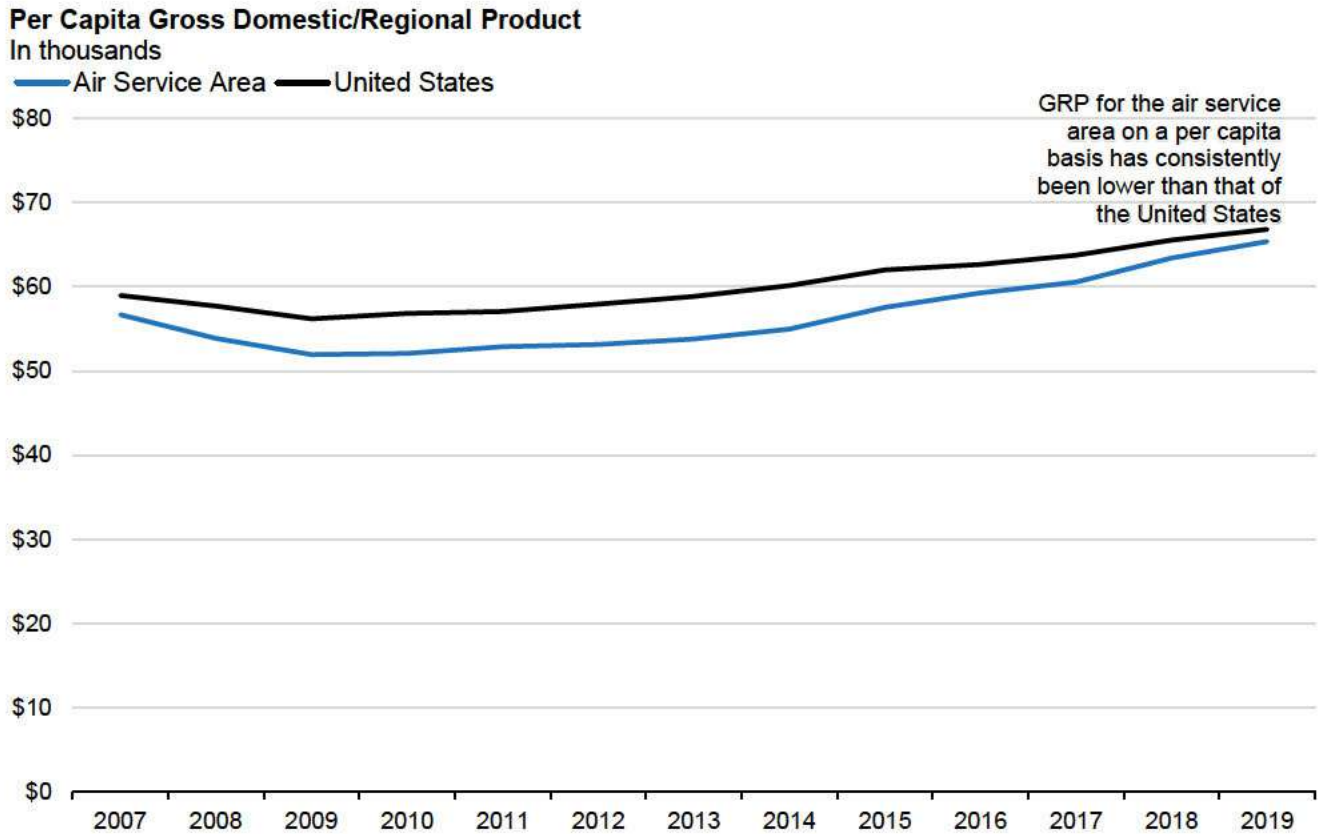


Source: Woods & Poole Economics, Inc., 2021 Complete Economic and Demographic Data Source, June 2021.

2.2.4 Gross Domestic/Regional Product

Gross domestic product (GDP) and gross regional product (GRP) are measures of the value of all final goods and services produced within a geographic area. These measures are general indicators of the economic health of a geographic area and, consequently, of the area's potential demand for air transportation services. **Figure 2-15** presents the historical GDP for the U.S. and the GRP for the Air Service Area on a per capita basis from 2007 through 2019 (the latest data available). During the Great Recession, the national economy contracted for three consecutive years. Over the period shown, GRP for the Air Service Area on a per capita basis has consistently been lower than that of the U.S. As with PCPI, it is generally assumed that the Air Service Area's lower share of working age population as compared to the U.S. contributes to GRP per capita being lower; however, it generally trends with that of the U.S.

Figure 2-15 Historical Per Capita Gross Domestic/Regional Product Trends (2007 – 2019)

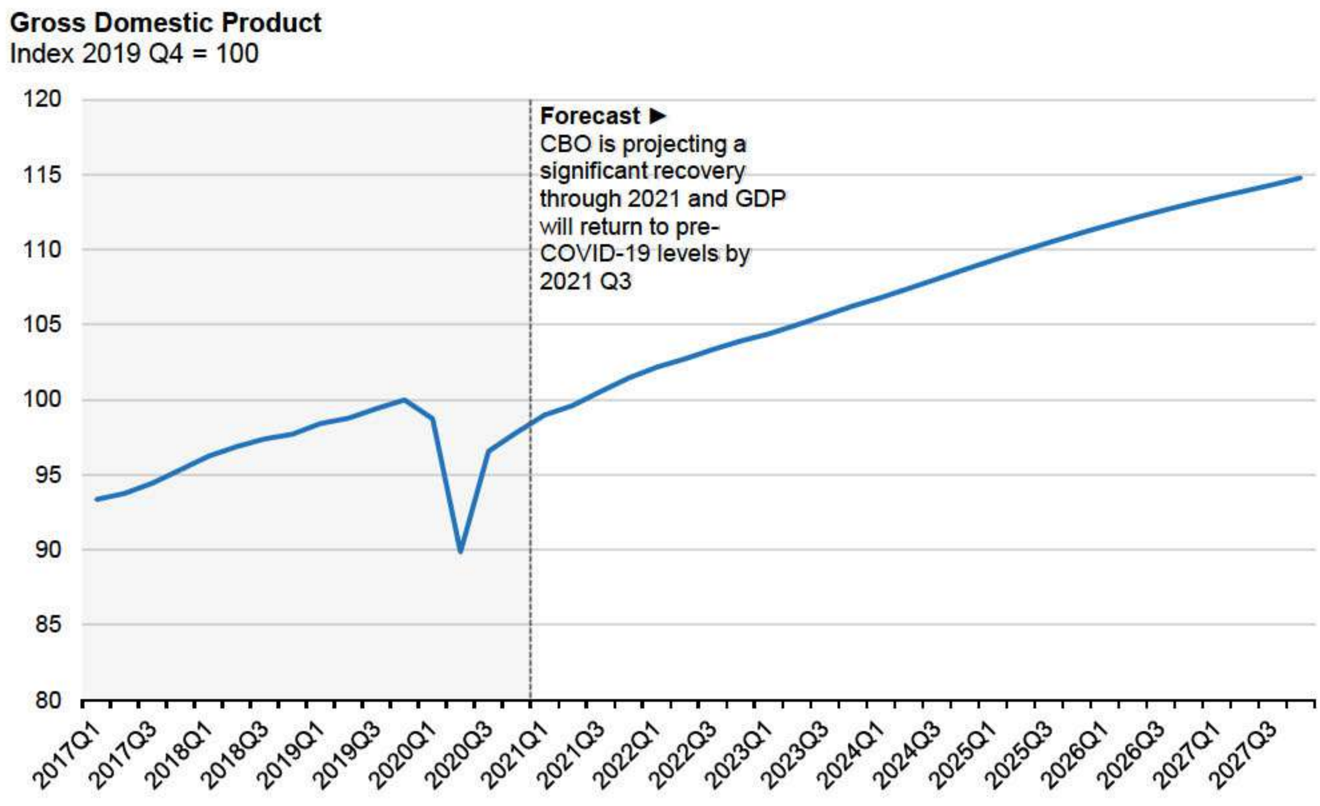


Source: Woods & Poole Economics, Inc., 2021 Complete Economic and Demographic Data Source, June 2021.

Biannually, the CBO provides 10-year economic projections which includes output, prices, labor market measures, interest rates, and income. Part of this work includes projections of potential GDP. In July 2020, the CBO released the first update to these projections since the beginning of the pandemic. At the time, the CBO forecast that real U.S. GDP contracted by 10.1% in the second quarter of 2020, which is equivalent to a decline of 34.6%, followed by a 17.0% recovery in the third quarter. The CBO projected that GDP would recover to fourth quarter of 2019 levels by the third quarter of 2022, making the recession the second longest U.S. recession since 1947.

However, when actual results became available, the real U.S. GDP contracted by 8.9% in the second quarter of 2020, which is equivalent to an annual decline of 31.4%, before rebounding by 6.7% in the third quarter of 2020. According to the most recent release of 10-year projections released early February 2021, the U.S. GDP is estimated to continue rebounding during the fourth quarter of 2020 as concerns about the pandemic diminish and as state and local governments ease stay-at-home orders, bans on public gatherings, and other measures to limit the spread of COVID-19. On an annual basis, the CBO estimates that the U.S. GDP decreased by 3.4% in 2020 and forecasts that GDP will increase by 4.6% in 2021. The February release projects that GDP would recover to fourth quarter of 2019 levels by the third quarter of 2021. **Figure 2-16** presents the latest CBO's forecast of the U.S. GDP.

Figure 2-16 Congressional Budget Office Forecast of Gross Domestic Product (through 2027 Q4)



Source: Congressional Budget Office, An Overview of the Budget and Economic Outlook: 2021 to 2031, February 2021.

2.2.5 Regional Tourism and Visitors

In 2019, travelers directly spent $10.1 billion in Utah, supporting approximately 141,500 total jobs. Nonresident visitors spent 85.6% of the total spending with a majority of those visitors traveling for leisure purposes.[38] However, impacts associated with the COVID-19 pandemic have caused a significant decline in travel in Utah. According to a recent study, it is estimated that total 2020 travel and tourism jobs was down around 15% from 2019.[39]

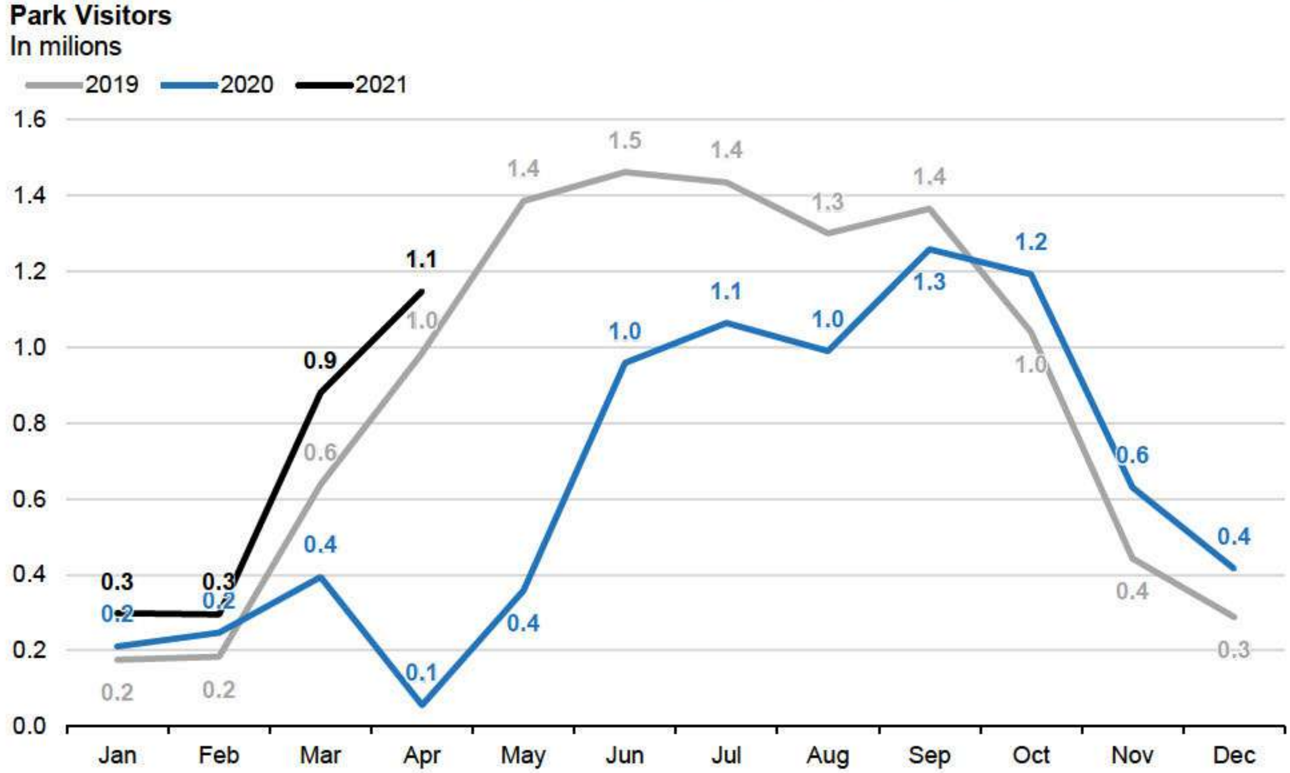
Outdoor tourism is a major industry in the Air Service Area and for the surrounding region and the State. In general, outdoor tourism consists of two main seasons: summer and winter. However, it is not uncommon to find outdoor tourists in all months. In the summer season, the main driver for outdoor tourism is the national and State parks. In the winter, it is primarily the numerous ski resorts throughout the region. While tourism in general has been negatively impacted by the COVID-19 pandemic, outdoor activities that offer access to open spaces and that are more conducive to physical distancing (e.g., parks, ski areas, beaches, etc.) have been more popular as described below.

2.2.5.1 National and State Parks

Utah is home to five national parks, nicknamed ‘The Mighty 5’, which combined for 10.7 million recreation visits in 2019. All five of the parks provide miles of trails for hiking, backpacking, snowshoeing, cross country skiing, and horseback riding with backdrops of sweeping vistas and some of the highest concentrations of hoodoos (irregular columns of rock) found anywhere in the world. There are also 11 national places, including the Glen Canyon National Recreation Area and the Golden Spike National Monument. The COVID-19 pandemic initially caused the temporary closure of all the national parks in Utah by early April. According to data from the National Park Service, the Mighty 5 had 7.8 million recreation visits in 2020, a decline of 27.4%. The parks began to reopen in May 2020. **Figure 2-17** presents the monthly visits to the Mighty 5 from January 2019 through April 2021. As shown, there was a significant drop in visitors beginning in March 2020. However, visitor traffic was relatively robust in the late summer and early fall of 2020 considering much of the tourism in the U.S. was still severely impacted as a result of the pandemic. In fact, October 2020 through April 2021 visitors exceeded those of the same months in 2019.

38 Kem C. Gardner Policy Institute, The State of Utah’s Travel and Tourism Industry 2019, September 2020.
39 Kem C. Gardner Policy Institute, A “Tourism Trifold”, January 2021.

Figure 2-17 **Park Visitors to the Mighty 5 (January 2019 – April 2021)**



Source: National Parks Service, National Reports, April 2021.

In addition to the Mighty 5 national parks, Utah has 44 state parks. In 2019, state park visits increased 10.6% from 6.7 million to 7.4 million people. Unlike the national parks, Utah's state parks saw significant growth in visits in 2020, receiving over 10 million visits. This increase in visitors is likely because of other tourist destinations not being open during the COVID-19 pandemic. As mentioned, both the national parks and the state parks offer visitors open spaces and outdoor activities that are more conducive to activity restrictions during a health pandemic.

2.2.5.2 *Ski Resorts*

The ski industry is another major driver for tourism in Utah. For the 2018-19 season which runs from mid-November through to April, there were 5.1 million skier days[40] in Utah, the most on record. The 2019-20 season was shut down early because of the COVID-19 pandemic. However, despite the shortened season, Utah's ski resorts still saw their 4th best season on record.[41] All 15 of Utah's ski areas were open for the 2020-21 season with safety protocols in place. For the 2020-21 season, ski resorts saw a record-breaking total of more than 5.3 million skier days, up nearly 3.5% from the previous record from the 2018-19 season.[42]

40 A skier day is defined as one person visiting a ski area for all or part of a day or night for skiing or snowboarding.

41 Ski Utah, Utah Skier Numbers Remain Promising Despite an Abrupt End to the 2019-20 Season, accessed online at https://www.skiutah.com/news/authors/pr/utah-skier-numbers-remain

42 Standard-Examiner, Utah ski resorts see record numbers during 2020-2021 winter, despite pandemic, accessed June 2021.

2.2.5.3 Other

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.

In 2020, 116,800 people attended the annual Sundance Film Festival, held in January in Park City, Utah. Approximately 44,000 of the attendees were visitors from out of State.[43] In 2021, the Sundance Film Festival took place both online and in-person. 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.

Major professional sports teams based in the Air Service Area include the National Basketball Association's Utah Jazz, Major League Soccer's Real Salt Lake, and Major League Rugby's Utah Warriors. There are also six minor league professional teams.

In 2019, there were approximately 655,000 attendees accounting for more than $330 million at meetings/conventions/events in Salt Lake City.[44] However, the meeting industry has been one of the hardest hit sectors because of restrictions implemented during the COVID-19 pandemic. Visit Salt Lake, through its "Meet In Utah" program, offered financial incentives to groups that contracted events by December 30, 2020 that are planned to be held in 2021. Through this effort, 30 events have been scheduled that are forecast to generate 28,000 room nights for 2021.[45]

2.2.6 Summary

The Air Service Area has, historically, exceeded the overall U.S. in key factors such as employment and household income which generally indicate the capacity of the Air Service Area to generate demand for air travel services. As described, the COVID-19 pandemic and resulting restrictions have severely disrupted and continues to disrupt economic activity in the Air Service Area, the U.S., and other countries around the world. At this time, due to emerging data and information, it is not possible to fully assess the overall economic impact of and timing for recovery from the ongoing COVID-19 pandemic; however, L&B has evaluated such based on available information, including relevant projections.

43 Y2 Analytics, 2020 Sundance Film Festival: Economic Impact, access online at https://www.sundance.org/pdf/2020%20Sundance%20Film%20Festival%20Economic%20Impact%20Report.pdf
44 Visit Salt Lake, 2019 Annual Report, accessed online at https://www.visitsaltlake.com/members/member-tools/
45 Visit Salt Lake, Meet In Utah Program Initiates Recovery of Salt Lake's Meeting Industry, https://www.visitsaltlake.com/articles/post/meet-in-utah-program-initiates-recovery-of-salt-lakes-meeting-industry/

A summary of our key findings of our assessment of the Air Service Area's economic base for air traffic are as follows:

- The Air Service Area has a lower proportion of working age residents (25 to 64 years old) than the U.S. (48.9% versus 52.1%). However, it does have a higher proportion of population in the younger working age range or ages 24 to 46. This provides an opportunity for the Air Service Area to maintain a robust working age population for years to come as the population ages. Additionally, the Air Service Area has a higher population with college degrees as compared to the U.S. (45.9% versus 41.7%). Both demographics have historically accounted for a higher demand for air travel.
- The Air Service Area has historically exhibited more favorable employment trends than the nation; however, both the Air Service Area and U.S. have experienced significant unemployment increases since March 2020 related to the COVID-19 pandemic. State unemployment claims have decreased significantly since the peak in April 2020. While unemployment rates are still relatively high on a national level, the Air Service Area's unemployment rate for April 2021 was 2.7%. The CBO forecasts that the national unemployment rate will continue to decrease as the economic recovery continues. It is expected that the Air Service Area would continue to follow the national trend while continuing to be at a more favorable rate.
- The Air Service Area has historically exhibited strong income indicators. It has a higher proportion of household income greater than $100,000 than the nation, which is indicative of a higher demand for air travel.
- On a per capita basis, the Air Service Area's GRP has consistently been lower than that of the GDP for the U.S. It is generally assumed that the Air Service Area's lower share of working age population as compared to the U.S. contributes to GRP per capita being lower. The CBO has forecast GDP recovery for the nation and is currently estimating that GDP will return to 2019 levels in the third quarter of 2021. It is expected that the GRP for the Air Service Area would continue to generally trend with that of the U.S.

As described previously, the economy in the Air Service Area is also connected to visitors to the region, including both leisure and business travelers. The Air Service Area is in relatively close proximity to many national parks (including the Mighty 5), state parks, and ski resorts that offer visitors unique and exceptional activities in an outdoor natural setting more conducive to restrictions in place during health pandemics. Many of these activities have been as popular as ever during the COVID-19 pandemic.

While, overall, the associated impacts and restrictions resulting from the COVID-19 pandemic have negatively affected the regional economy, tourism, conventions, and events over the past year, it is anticipated these will recover as the spread of COVID-19 is controlled and the U.S. economy continues to recovery and again stimulate demand for air travel.

3 Air Service and Air Traffic Analysis

This chapter describes and evaluates the 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 projections of air traffic activity. **This chapter also addresses the impacts on air traffic associated with the COVID-19 pandemic using data and information available to date. It should be noted however, that impacts are still emerging, and at this time L&B is unable to fully quantify the effect that the COVID-19 pandemic will have on air service and air traffic and the length of time over which this effect will occur. No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the projections described herein. In this respect, the words "estimate," "forecast," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Report are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Report and the Official Statement.**

3.1 Air Service at the Airport

The following sections evaluate current air service capacity and operating performance for the primary passenger airlines serving the Airport. The Airport's overall O&D market is also assessed at the market level, comparing performance with prior years. Additionally, the Airport's role as a connecting hub for Delta when compared to other U.S. hubs is examined. To the extent airline market data and related information is available, impacts associated with the COVID-19 pandemic are also identified. Due to Delta's significant presence at the Airport, it was evaluated in greater detail.

3.1.1 Airlines Operating at the Airport

The Airport has historically been served by the largest U.S. airlines in the industry. The current U.S. passenger airline industry generally consists of three primary business models: network carriers, low-cost carriers (LCCs), and ultra-low-cost carriers (ULCCs). Network carriers are generally considered the major airline brands that have existed, in one form or another, since the deregulation of the airline industry in the late 1970s. Network airlines have extensive route networks and can operate with a "hub and spoke" system or maintain significant market share at focus cities. These airlines served all categories of travelers but have historically catered more toward the business traveler segment. LCCs are generally defined as passenger airlines that focus on lower operating costs to be able to provide customers with lower fares while still providing some amenities within the cost of the ticket. LCCs typically focus upon carrying point-to-point traffic while offering some connections. However, as compared to network airlines, LCCs typically do not have as extensive route networks. LCCs have historically catered to a mix of business and leisure traffic depending on the destination. ULCCs are somewhat similar to LCCs but typically offer lower air fares as they do not provide any amenities within the cost of the ticket. ULCCs typically 'unbundle' extra services and charge for everything outside of the ticket cost such as checked baggage, carry-on baggage, and seat selection among other things. Most of the traffic handled by ULCCs has historically been leisure travelers. It should also be noted that network carriers and certain LCCs also charge separately for some of these items; however, these carriers also operate customer loyalty programs that offer frequent travelers various benefits.

As of March 2021, the Airport had scheduled passenger service by four U.S. network airlines,[46] two LCCs,[47] one ULCC,[48] and no foreign flag airlines. All domestic carriers have maintained service, albeit at lower levels, since the onset of the COVID-19 pandemic. Aeroméxico[49] and KLM Royal Dutch Airlines, which have historically operated at the Airport, have not resumed service at the Airport as of March 2021. As of July 2021, Aeroméxico is scheduled to resume service to Guadalajara, Mexico in September 2021, and published schedules for KLM Royal Dutch Airlines do not indicate a resumption of service at the Airport by the end of this calendar year. **Table 3-1** provides a list of the scheduled passenger and all-cargo airlines that served the Airport as of March 2021.

Table 3-1 Airlines Serving the Airport (As of March 2021)

Passenger Airlines			All-Cargo Airlines (9)
Mainline Carriers (7)	Regional/Commuter Airlines (4)	Foreign Flag Airlines[1] (0)	
Alaska Airlines	Horizon Air[5]		Alpine Aviation
American Airlines	Mesa Airlines[2,4]		Ameriflight
Delta Air Lines	Republic Airlines[4]		Atlas Air
Frontier Airlines	SkyWest Airlines[2,3,4,5]		Corporate Air
JetBlue Airlines			Empire Airlines
Southwest Airlines			FedEx
United Airlines			Gem Air
			United Parcel Service
			Western Air Express

Notes: [1] Aeroméxico and KLM Royal Dutch Airlines have suspended service at the Airport.
[2] Doing business as American Eagle
[3] Doing business as Delta Connection
[4] Doing business as United Express
[5] Doing business as Alaska Airlines

Source: Diio Mi, Schedule – Dynamic Table, accessed April 2021 (passenger airlines). Department (all-cargo airlines)

46 For the purposes of this Report, Alaska Airlines, American Airlines, Delta Air Lines and United Airlines are considered network airlines.
47 For the purposes of this Report, Southwest Airlines and JetBlue Airways are considered low-cost carriers.
48 For the purposes of this Report, Frontier Airlines is considered an ultra-low-cost-carrier.
49 In July 2020, Aeroméxico filed for voluntary Chapter 11 protection. The airline continues to operate but a significantly reduced capacity.

In FY 2017, Delta accounted for 69.9% of the total enplaned passengers at the Airport. From FY 2018 through FY 2019, Delta continued to increase its passenger market share at the Airport while the passenger market share of the majority of the other domestic airlines remained relatively constant through this period. Although Delta's enplaned passengers declined in FY 2020 primarily because of the impacts related to the COVID-19 pandemic during the last several months of FY 2020, its passenger market share at the Airport increased. Delta accounted for 73.0% of the total enplaned passengers in FY 2020. Through May 2021, Delta's enplaned passenger market share at the Airport has decreased slightly to 72.4%. For FY 2021 through May 2021, Frontier has been able to maintain 93.0% of its enplaned passengers at the Airport as compared to the same period in FY 2020 and American has been able to maintain 83.9% of its enplaned passengers at the Airport for this same period. These are the only two airlines that were able to maintain at least 75% of their enplaned passengers over this period. **Table 3-2** presents enplaned passengers by airline along with the associated market share at the Airport from FY 2017 through FY 2021 year-to-date (through May 2021).

In order to provide context as to the recovery of the airlines at the Airport since the beginning of the COVID-19 pandemic, **Table 3-3** compares key air service metrics at the Airport for May 2020 versus May 2021 by airline. Because of the restrictions put in place because of the COVID-19 pandemic, all foreign flag airlines suspended service at the Airport by May 2020. Total departures are essentially flat and departing seats are up in May 2021 by approximately 4.3% as compared to May 2019. While passengers are still recovering back to levels experienced in 2019, May was the first month where scheduled departing seats were above 2019 levels. This is an encouraging sign for air traffic recovery at the Airport.

Table 3-2 **Airport Enplaned Passengers and Airline Market Share (FY 2016 – FY 2021 YTD)**

Airline	Enplaned Passengers (In Thousands)					Market Share				
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 YTD	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 YTD
Delta Air Lines	8,281	8,729	9,432	7,365	4,772	69.9%	70.3%	72.0%	73.0%	72.4%
Southwest Airlines	1,216	1,310	1,300	982	653	10.3%	10.5%	9.9%	9.7%	9.9%
American Airlines	747	775	740	555	450	6.3%	6.2%	5.7%	5.5%	6.8%
United Airlines	596	608	663	475	302	5.0%	4.9%	5.1%	4.7%	4.6%
Alaska Airlines	421	379	333	253	152	3.6%	3.1%	2.5%	2.5%	1.4%
JetBlue Airways	296	363	358	274	91	2.5%	2.9%	2.7%	2.7%	2.3%
Frontier Airlines	246	243	263	191	171	2.1%	2.0%	2.0%	1.9%	2.6%
Other	47	13	2	1	0	0.4%	0.1%	0.0%	0.0%	0.0%
Total	**11,850**	**12,420**	**13,090**	**10,096**	**6,592**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Note: FY 2021 year-to-date (YTD) is the period of July 2020 through May 2021.
Source: Salt Lake City Department of Airports, Air Traffic Statistics, accessed at https://slcairport.com/about-the-airport/airport-overview/air-traffic-statistics/
Compiled by Landrum & Brown, Inc.

Table 3-3 Key Air Service Metrics at the Airport by Airline (May 2019 vs May 2021)

Airline	Departures			Scheduled Departing Seats			Nonstop Markets Served		
	May 2019	May 2021	Percent Change	May 2019	May 2021	Percent Change	May 2019	May 2021	Change
Delta Air Lines	7,784	7,927	1.8%	910,097	976,146	7.3%	95	90	-5
Southwest Airlines	899	750	-16.6%	134,317	123,122	-8.3%	12	14	2
United Airlines	605	572	-5.5%	48,234	47,782	-0.9%	6	6	0
American Airlines	520	577	11.0%	69,154	79,681	15.2%	5	6	1
Alaska Airlines	273	341	24.9%	29,585	31,412	6.2%	5	5	0
JetBlue Airways	238	141	-40.8%	35,952	22,644	-37.0%	5	5	0
Frontier Airlines	109	157	44.0%	21,014	29,160	38.8%	4	4	0
Aeroméxico	31	0	-100.0%	3,060	0	-100.0%	1	0	-1
KLM	14	0	-100.0%	4,116	0	-100.0%	1	0	-1
Total (see note)	**10,473**	**10,465**	**-0.1%**	**1,255,529**	**1,309,947**	**4.3%**			

Notes: Data includes regional affiliates, as applicable.
As of July 2021, Aeroméxico is scheduled to resume service to Guadalajara, Mexico in September 2021, and published schedules for KLM Royal Dutch Airlines do not indicate a resumption of service at the Airport by the end of this calendar year.
Nonstop markets served total do not sum as there is overlap in markets by carriers.

Source: Diio Mi, Schedule – Dynamic Table, accessed April 2021.

3.1.2 Delta's Operations at the Airport

Delta is the dominant airline at the Airport, historically accounting for around 70% of the Airport's enplaned passengers. The Airport is important in serving O&D traffic and is also one Delta's primary connecting hubs along with Hartsfield-Jackson Atlanta International Airport (ATL), Minneapolis-St. Paul International Airport (MSP), and Detroit Metropolitan Wayne County Airport (DTW). **Table 3-4** provides the scheduled departing seats for Delta's top ten airports in the U.S for FY 2021 versus FY 2020. As shown, the Airport had approximately 9.4 million scheduled departing seats during FY 2020, which ranked it as Delta's 4th largest airport in the U.S. In FY 2021, the Airport maintains its number four ranking; however, it has moved closer to the top three airports. Departing seats at the Airport are scheduled to reach almost 10.1 million in FY 2021, resulting in an increase of 7.2% over FY 2020. The Airport is the only U.S. airport in Delta's top 10 for departing seats with positive growth in FY 2021, and only one of five U.S. airports ranked in Delta's top 30 with positive growth in FY 2021.

Table 3-4 Delta's Top Ten Airports Based on Scheduled Departing Seats (FY 2020 vs FY 2021)

Rank	Airport	Code	Departing Seats		Year-Over-Year Percent Change
			FY 2020	FY 2021	
1	Atlanta	ATL	39,841,093	33,727,290	-15.3%
2	Minneapolis	MSP	13,246,811	10,819,068	-18.3%
3	Detroit	DTW	13,560,175	10,705,191	-21.1%
4	**Salt Lake City**	**SLC**	**9,354,801**	**10,026,526**	**7.2%**
5	Los Angeles	LAX	6,710,041	5,794,301	-13.6%
6	New York-JFK	JFK	8,261,986	5,464,329	-33.9%
7	Seattle	SEA	6,087,947	5,145,818	-15.5%
8	New York-LGA	LGA	6,336,910	3,066,756	-51.6%
9	Orlando	MCO	2,889,151	2,666,352	-7.7%
10	Boston	BOS	4,078,316	2,339,968	-42.6%

Source: Diio Mi Innovate Schedules, Accessed March 2021

The next two sections discuss the Airport's importance in serving both O&D and connecting traffic within Delta's route network.

3.1.2.1 Delta's O&D Traffic at the Airport

The size of the Airport's O&D market is a key consideration in being a hub for Delta. As shown in **Table 3-5**, Delta achieved approximately $1.4 billion in estimated revenue on a roundtrip basis at the Airport in FY 2020. The Airport was the 7th largest domestic market in Delta's network based upon both O&D passengers and revenue in FY 2020, this was the same ranking for the Airport as in FY 2019.

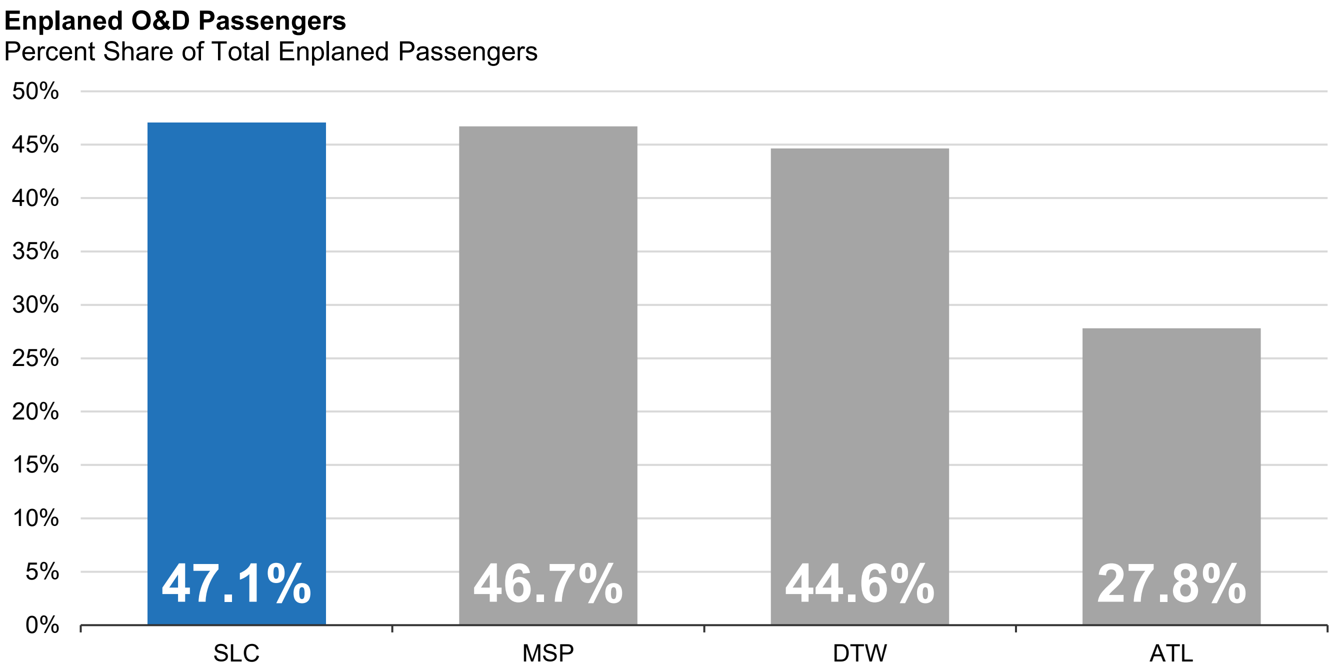
Table 3-5 Delta's Top Ten Domestic O&D Markets Based on Estimated Revenue (FY 2020)

Rank	Airport	Code	O&D Passenger (in millions)	Average One-Way Fare	Roundtrip Revenue (in billions)
1	Atlanta	ATL	8.5	$224	$3.8
2	Minneapolis	MSP	4.6	$228	$2.1
3	New York-JFK	JFK	4.5	$273	$2.5
4	Detroit	DTW	4.4	$245	$2.1
5	New York-LGA	LGA	3.8	$182	$1.4
6	Los Angeles	LAX	3.7	$243	$1.8
7	**Salt Lake City**	**SLC**	**3.3**	**$220**	**$1.4**
8	Boston	BOS	2.7	$210	$1.1
9	Seattle	SEA	2.7	$228	$1.2
10	Orlando	MCO	2.2	$192	$0.8

Source: U.S. Department of Transportation via Diio, accessed January 2021; fare is net of taxes and fees.

Figure 3-1 presents the percentage of O&D enplaned passengers at Delta's key "interior" connecting hub airports including ATL, MSP, DTW, and the Airport. Interior hubs are considered to be those hub airports that are geographically located within the interior of the U.S. and not on either the east or the west coast. As shown, 47.1% of Delta's enplaned passengers at the Airport were O&D passengers in FY 2020, the most of any of Delta's primary hubs. This percentage of O&D traffic is in-line with its other major connecting hubs at MSP and DTW. Delta's share of O&D traffic at the Airport was also well above that for Delta's ATL hub. However, given ATL's role as Delta's largest global connecting hub airport, comparisons to ATL are not as relevant as the other hub comparisons. Per discussions with Delta staff, serving large O&D markets and maintaining a ratio of approximately 40% to 50% of O&D traffic at its primary connecting hubs, with the exception of ATL, is considered to be a sustainable balance for its network. Over the past two decades, other Delta connecting hubs that served much smaller local O&D markets that were unable to sustain a similar share of O&D passenger traffic were either significantly downsized or discontinued as connecting hubs within Delta's network.

Figure 3-1 Delta's Percent of O&D Enplaned Passengers at Interior Connecting Hubs (FY 2020)



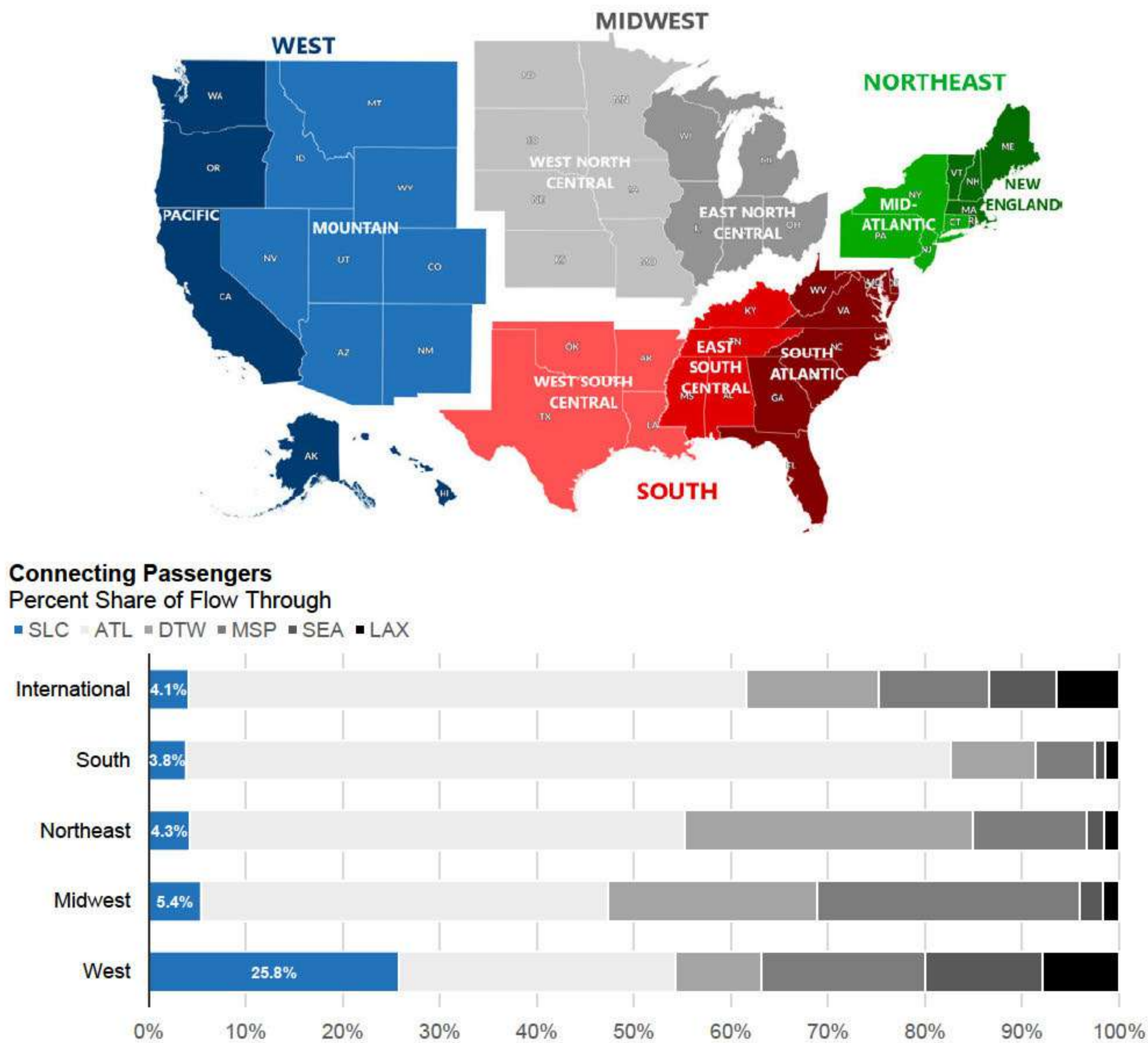
Source: U.S. Department of Transportation (T100) via Diio, accessed March 2020.

3.1.2.2 Delta's Connecting Traffic at the Airport

The Airport provides Delta a strategic presence in the western U.S. allowing for connectivity to and from the U.S. mountain-west and Pacific regions. **Figure 3-2** presents a summary by U.S. region and internationally where passengers either began or ended their trips while connecting through major Delta U.S. hub airports in FY 2020. As shown on Figure 3-2, for Delta's passengers traveling to and from the west region (as depicted) the Airport served as the connecting point for 25.8% of passengers in FY 2020. This was only second to Delta's largest hub airport of ATL, which served 28.4% of west region connections.

Indicative of its connecting share, the Airport provides Delta a strategic presence in the western half of the U.S., and allows Delta to provide more efficient traffic flows than it could otherwise offer from its other hub airports to and from connecting markets in the western U.S. The Airport serves a unique purpose in Delta's network, as both a north-south and east-west connecting point. The absence of the Airport hub would create a void in Delta's network, as it could not otherwise connect passenger traffic efficiently to key markets throughout the western U.S. **Table 3-6** also presents this data in tabular form in terms of total passengers.

Figure 3-2 Delta Hub Connecting Passengers by Region (FY 2020)



Source: U.S. Department of Transportation via Diio, accessed March 2020.

Table 3-6 Delta Connecting Passengers by Hub by Region (in thousands; FY 2020)

US Region	SLC	ATL	DTW	MSP	SEA	LAX
West	**2,317**	**2,554**	**802**	**1,512**	**1,086**	**711**
Pacific	1,131	1,518	493	877	857	513
Mountain	1,186	1,036	309	635	229	199
Midwest	**358**	**2,794**	**1,433**	**1,795**	**160**	**111**
West North Central	179	1,032	311	969	63	59
East North Central	179	1,762	1,121	827	96	52
Northeast	**154**	**1,845**	**1,074**	**425**	**66**	**55**
Middle Atlantic	119	1,451	818	327	47	42
New England	35	393	256	97	19	13
South	**568**	**11,690**	**1,295**	**911**	**160**	**209**
West South Central	193	1,930	197	179	18	73
East South Central	81	2,354	289	176	32	33
South Atlantic	294	7,407	809	557	110	102
International	**169**	**2,380**	**564**	**470**	**286**	**269**
Grand Total	**3,566**	**21,263**	**5,167**	**5,114**	**1,758**	**1,355**

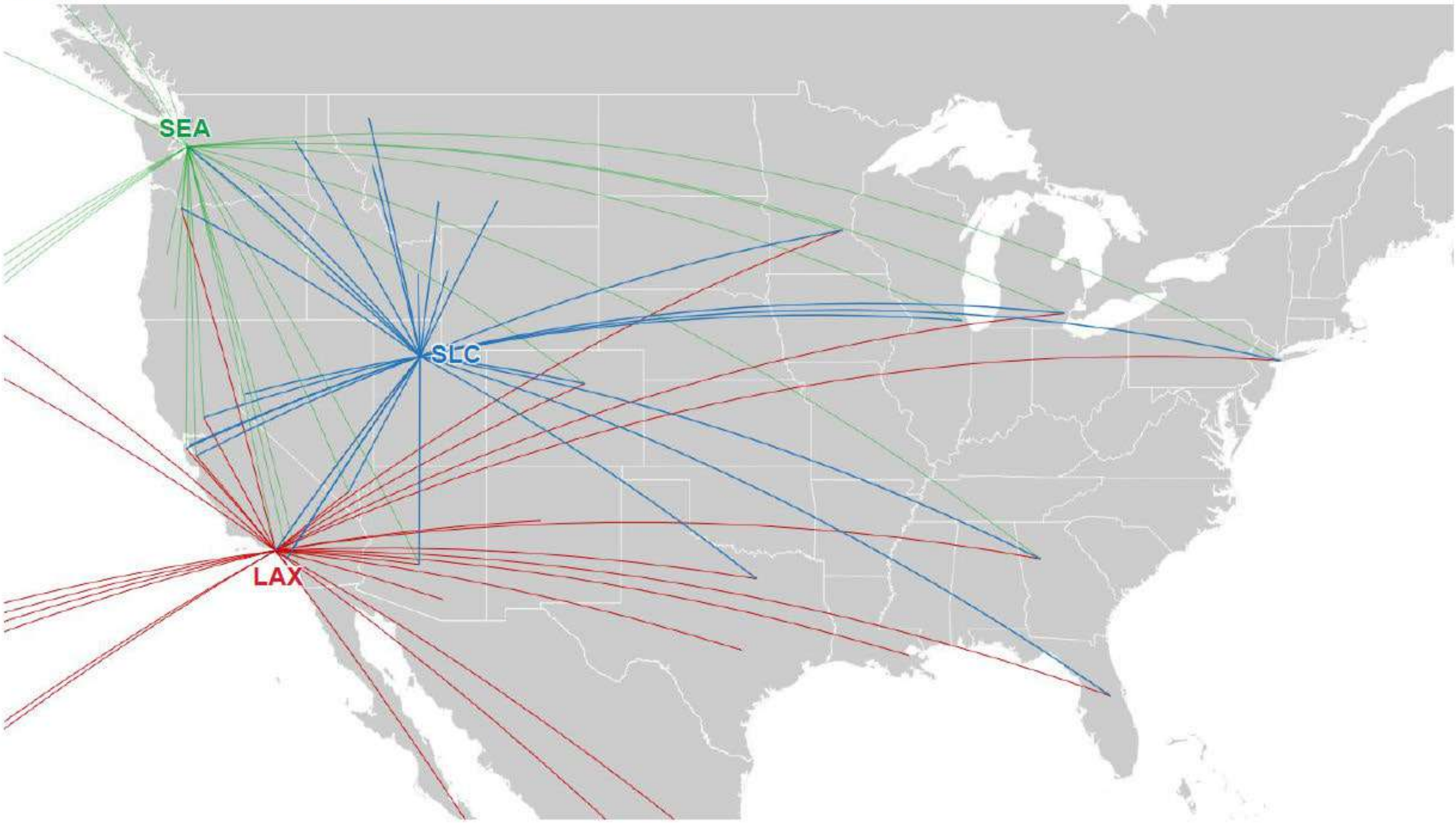
Note: Totals may not equal due to rounding.
Source: U.S. Department of Transportation via Diio, accessed March 2020

Delta's other major airport operations in the western U.S. are on the west coast at Seattle-Tacoma International Airport (SEA) and Los Angeles International Airport (LAX). Both airports are considered key Delta gateways to Asia. Other than serving the major U.S. west coast corridor markets the geographic locations of SEA and LAX on the U.S. west coast are considered a disadvantage in operating efficient domestic connecting traffic flows throughout the western region of the U.S. While there is some overlap in Delta's service provided to larger west coast markets from the Airport, SEA, and LAX, these three airports generally do not compete with one another, as each airport serves distinct markets and regions not served by the others. Additionally, with the Airport's central location within the western U.S., it serves as an efficient connecting point for Delta passengers to or from both SEA and LAX to the eastern U.S. Both LAX and SEA are considered primarily O&D airports for Delta, although their geographic locations also offer the opportunity to provide connections to trans-Pacific international markets, Mexican and Canadian markets, and larger markets along the U.S. west coast. LAX and SEA also serve as a connecting point for traffic to and from the Airport to Alaska and Hawaii, although Honolulu and Anchorage have been seasonally served nonstop markets from the Airport as well.

Figure 3-3 depicts the top 30 markets with passengers connecting through the Airport, SEA, and LAX. As shown, the top airport destinations for passengers that connect through SLC 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. In particular, the Airport provides Delta primary access to several smaller mountain west and western markets such as Boise, Reno, Bozeman, Glacier Park, Idaho Falls, 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 International Airport (DEN). However, Denver, appears to be an unlikely alternative for Delta given that three other airlines (United Airlines, Southwest, and Frontier Airlines) already operate hubs and/or focus city operations there.

To further illustrate this point, **Table 3-7** presents the top 20 airports where passengers either began or ended their trips while connecting through these U.S. west coast hubs on Delta in FY 2020. As shown, Delta's top 20 connecting markets through the Airport account for less than half (43.7%) of Delta's total connecting passengers, with most of the markets being located in the mountain west or western portion of the U.S. By comparison, the top airport where most passenger either begin or end their trips on Delta while connecting through either SEA or LAX are Anchorage (ANC) and Honolulu (HNL), respectively. The majority of other passenger connections at SEA or LAX are generally to airports that are relatively near SEA and LAX. For example, 22.8% of passengers connecting at SEA on Delta either begin or end their trip in Anchorage, Portland, Vancouver, or Spokane. Similarly, for LAX, 23.2% of passengers begin or end their trips in Honolulu, Las Vegas, or an airport in the San Francisco Bay area. Overall, Delta's top 20 connecting markets through SEA or LAX account for nearly 60% of Delta's total connecting passengers indicating that the top connecting markets at SEA and LAX are more concentrated than the top connecting markets at the Airport, thus indicating that Delta's connecting traffic at the Airport is more diverse than its connecting traffic in SEA and LAX.

Figure 3-3 **Delta's Top 30 Connecting Markets at the Airport, LAX, and SEA (FY 2020)**



Source: U.S. Department of Transportation via Diio, accessed March 2020

Table 3-7 Delta Top 20 Airports with Passengers Connecting at West Coast Hubs (FY 2020)

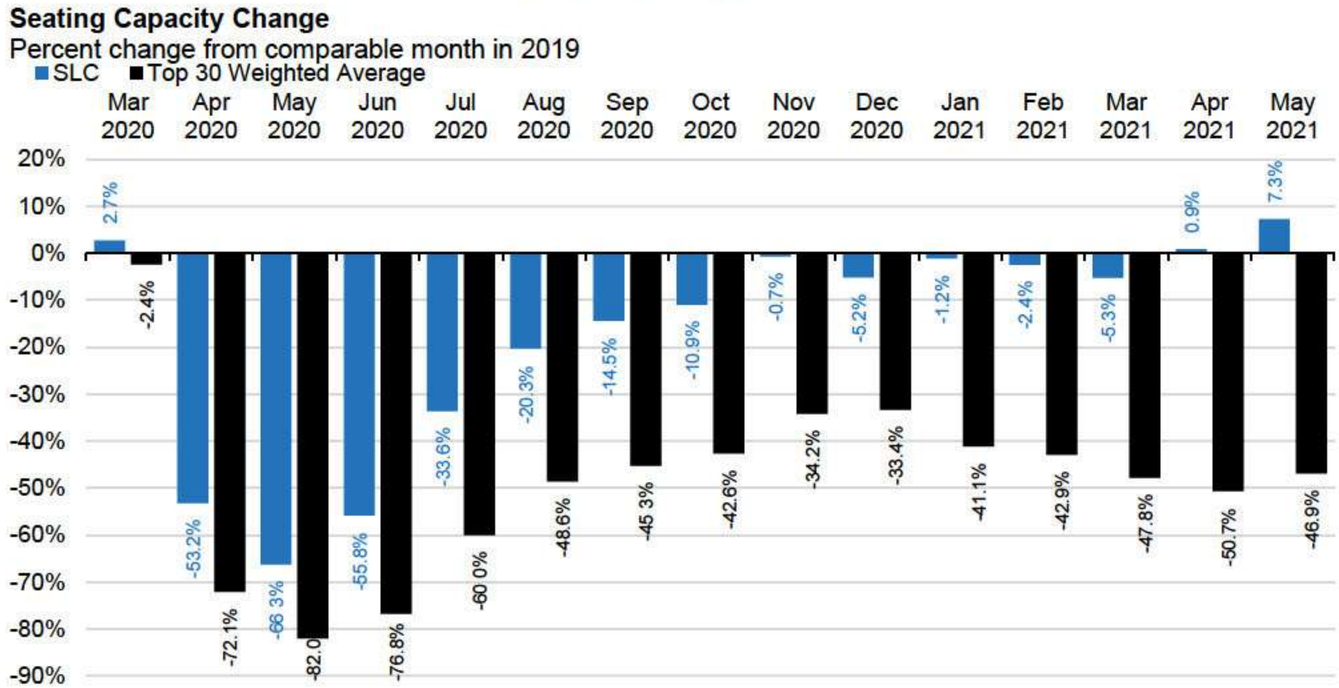
Salt Lake City International Airport		Seattle-Tacoma International Airport		Los Angeles International Airport	
Airport Code	**Share of Passengers**	**Airport Code**	**Share of Passengers**	**Airport Code**	**Share of Passengers**
PDX	3.4%	ANC	6.9%	HNL	8.3%
SEA	3.4%	PDX	5.8%	SFO	4.9%
BOI	2.9%	GEG	5.3%	SLC	3.8%
LAS	2.6%	YVR	4.7%	OGG	3.7%
RNO	2.3%	LAX	3.0%	LAS	3.6%
GEG	2.3%	HNL	2.7%	SAN	3.4%
LAX	2.3%	LAS	2.7%	SEA	3.2%
PHX	2.2%	SLC	2.6%	SYD	2.9%
JAC	2.2%	BOI	2.6%	SMF	2.9%
SMF	2.2%	PSC	2.6%	MSP	2.7%
SAN	2.1%	MSP	2.4%	SJC	2.7%
BZN	2.1%	SFO	2.2%	PDX	2.7%
ATL	2.0%	DEN	2.1%	ATL	2.7%
DEN	1.9%	FAI	2.1%	KOA	2.5%
OAK	1.7%	SAN	2.1%	JFK	2.4%
MSP	1.7%	EUG	2.0%	LIH	2.0%
SFO	1.6%	PHX	2.0%	PHX	2.0%
FCA	1.6%	DTW	1.9%	DTW	1.8%
IDA	1.6%	OGG	1.9%	DFW	1.7%
SNA	1.6%	SMF	1.8%	DEN	1.4%
Other	*56.3%*	*Other*	*40.5%*	*Other*	*38.5%*
Total	**100.0%**	**Total**	**100.0%**	**Total**	**100.0%**

Source: U.S. Department of Transportation via Diio, accessed March 2020

3.1.2.3 COVID-19 Impact on Delta

As discussed earlier, the various actions taken associated with the COVID-19 pandemic have impacted airlines worldwide. For the twelve months ended February 2021 as compared to the prior same twelve-month period, Delta's scheduled seat capacity declined 50.6% year-over-year throughout its system network. But at the Airport, comparing the same time periods, Delta's scheduled seat capacity only declined 24.6%, or less than half as much as it did over Delta's system. Of the 30 largest airports in the U.S., the Airport's overall seat capacity declined less than any other airport. **Figure 3-4** presents the change in seating capacity at the Airport versus the weighted average for the top 30 airports in Delta's network. Furthermore, the Airport's return to pre-pandemic levels has been much faster as compared to most of the U.S. Delta's seat capacity at the Airport essentially returned to pre-pandemic levels in November 2020, as scheduled seat capacity was down less than 1% as compared to November 2019. Delta's May seat capacity at the Airport is up 7.3% versus May 2019. For all airlines, the Airport is up 4.3% in seat capacity when comparing May 2021 to May 2019. The Airport appears to be positioned well for recovery from the impacts associated with the pandemic as compared to other airports.

Figure 3-4 Delta Air Lines Seating Capacity Change



Source: Innovata (via Diio), Schedule files, accessed March 2021.

3.1.3 Origin and Destination Markets

O&D passengers on all airlines combined accounted for approximately 58.1% of passenger traffic at the Airport in FY 2020, which has remained relatively consistent over the past several years.[50] **Table 3-8** provides information regarding the Airport's top O&D markets, including the number of daily O&D enplaned passengers for FY 2020. The table also presents daily departures, daily departing seats, and the airlines offering nonstop service for each market.

Table 3-9 presents the change in air service at the Airport's top 25 O&D markets for May 2021 compared to May 2019. While O&D data is not currently available for this period, this analysis helps to illustrate how the Airport's air travel demand has changed since the start of the COVID-19 pandemic. In total, the number of nonstop flights from the Airport increased from 10,901 in May 2019 to 10,465 in May 2021, a 0.1% decrease. The number of departing seats increased by 54,418 seats or 4.3%.

50 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.

Table 3-8 Top 25 Origin and Destination Markets at the Airport (FY 2020)

Rank	Region	Annual O&D Enplaned Passengers	Annual Departures	Annual Departing Seats	Airports Served Nonstop	Airlines Operated Nonstop
1	Los Angeles Basin	636,492	11,046	1,259,265	LAX, LGB, SNA, BUR, ONT	DL, AA, AS, B6, UA, WN
2	San Francisco Bay Area	345,993	7,477	876,923	SFO, OAK, SJC	DL, AS, UA, WN
3	New York / Newark	268,638	2,780	469,403	JFK, EWR	DL, B6, UA
4	Denver	263,006	6,349	783,813	DEN	DL, F9, UA, WN
5	Phoenix	257,997	4,505	657,654	PHX	DL, AA, F9, WN
6	San Diego	198,282	2,392	349,878	SAN	DL, AS, WN
7	Seattle	194,748	3,853	579,143	SEA	DL, AS
8	Las Vegas	186,166	3,099	508,230	LAD	DL, F9, WN
9	Central Florida	184,716	1,241	227,737	MCO, TPA	DL, B6
10	Dallas / Ft. Worth	175,724	3,601	507,417	DFW, DAL	DL, AA, WN
11	Washington / Baltimore	172,072	1,306	226,630	BWI, DCA, IAD	DL, WN
12	Chicago	141,419	3,588	422,994	ORD, MDW	DL, AA, UA, WN
13	Atlanta	132,640	2,858	590,382	ATL	DL, F9
14	Hawaii	125,753	323	83,570	HNL, OGG	DL
15	Portland	125,409	2,452	348,797	PDX	DL, AS
16	Boston	114,197	876	154,178	BOS	DL, B6
17	Houston	107,700	2,158	212,265	IAH, HOU	DL, UA, WN
18	Austin	84,286	987	139,686	AUS	DL, F9
19	Sacramento	76,994	1,862	226,587	SAC	DL, WN
20	Minneapolis / St. Paul	75,013	1,765	310,751	MSP	DL
21	Detroit	60,442	1,412	261,203	DTW	DL
22	Philadelphia	55,313	322	55,707	PHL	DL, AA
23	Boise	31,185	1,822	184,338	BOI	DL
24	Spokane	29,555	1,246	157,062	GEG	DL
25	Anchorage[1]	25,401	54	9,640	ANC	DL
	Top 25 Total	**4,069,141**	**11,148**	**9,603,253**		
	Others	1,792,625	4,911	3,396,014		
	Total	**5,861,766**	**107,890**	**12,999,267**		

Notes: DL = Delta Air Lines; AA = American Airlines; UA = United Airlines; WN = Southwest Airlines; F9 = Frontier Airlines; AS = Alaska Airlines; B6 = JetBlue

[1] Anchorage is seasonal service.

Source: Diio, US DOT Reports DB1A; Diio Mi, Schedule – Dynamic Table, accessed January 2020.

Table 3-9 Air Service Changes at Top 25 O&D Markets (May 2019 vs May 2021)

Rank	Region	Monthly Departures			Monthly Departing Seats		
		May 2019	May 2021	Percent Change	May 2019	May 2021	Percent Change
1	Los Angeles Basin	1,074	1,028	-4.3%	123,036	123,777	0.6%
2	San Francisco Bay Area	721	617	-14.4%	84,478	62,897	-25.5%
3	New York / Newark	266	208	-21.8%	44,530	38,565	-13.4%
4	Denver	610	615	0.8%	70,816	86,222	21.8%
5	Phoenix	426	453	6.3%	61,377	70,912	15.5%
6	San Diego	210	208	-1.0%	32,581	33,545	3.0%
7	Seattle	364	367	0.8%	55,673	54,593	-1.9%
8	Las Vegas	341	270	-20.8%	50,338	43,419	-13.7%
9	Central Florida	136	184	35.3%	24,879	34,654	39.3%
10	Dallas / Ft. Worth	374	412	10.2%	52,541	70,188	33.6%
11	Washington / Baltimore	140	120	-14.3%	24,598	19,648	-20.1%
12	Chicago	355	337	-5.1%	40,356	37,985	-5.9%
13	Atlanta	245	292	19.2%	50,716	64,599	27.4%
14	Hawaii	31	62	100.0%	6,031	14,976	148.3%
15	Portland	237	210	-11.4%	35,092	30,632	-12.7%
16	Boston	105	90	-14.3%	19,948	16,241	-18.6%
17	Houston	211	279	32.2%	18,002	29,831	65.7%
18	Austin	103	93	-9.7%	13,088	12,276	-6.2%
19	Sacramento	176	148	-15.9%	20,351	23,013	13.1%
20	Minneapolis / St. Paul	177	141	-20.3%	30,315	25,467	-16.0%
21	Detroit	120	141	17.5%	21,753	27,946	28.5%
22	Philadelphia	28	55	96.4%	5,040	8,612	70.9%
23	Boise	171	124	-27.5%	19,230	15,292	-20.5%
24	Spokane	115	124	7.8%	14,177	14,244	0.5%
25	Anchorage[1]	0	27	n.a.	0	4,860	n.a.
	Top 25 Total	**6,736**	**6,605**	**-1.9%**	**918,946**	**964,394**	**4.9%**
	Others	3,737	3,860	3.3%	336,583	345,553	2.7%
	Total	**10,473**	**10,465**	**-0.1%**	**1,255,529**	**1,309,947**	**4.3%**

Note: [1] Anchorage is a seasonal service.
Source: Diio, US DOT Reports DB1A; Diio Mi, Schedule – Dynamic Table, accessed January 2020.

3.1.4 Current Nonstop Service

Prior to the COVID-19 pandemic, there was scheduled service to 91 domestic destinations and 11 international destinations from the Airport in February 2020. Since February 2020, service to 24 airports (19 domestic and five international) was suspended as a primary result of the COVID-19 pandemic but has resumed as of June 2021. As of June 2021, service to seven nonstop domestic destinations and five international destinations was still suspended. Five new domestic nonstop markets at the Airport (Miami, Florida; Fairbanks, Alaska; Durango, Colorado; Moab, Utah; and Memphis, Tennessee) have been added since February 2020. As announced in June 2021, nonstop service from the Airport to Frankfurt, Germany with three flights per week is planned to commence in May 2022 on Eurowings, a low-cost carrier and wholly-owned subsidiary of Lufthansa Group.[51]

Figure 3-5 provides a map of the scheduled nonstop domestic destinations for the Airport since February 2020 as of June 2021. **Figure 3-6** provides a map of the scheduled nonstop international destinations since February 2020 as of June 2021. In these maps, the blue lines indicate service without interruption, black lines indicate service that has been resumed after a temporary suspension, red lines indicate the service has been suspended and yet to resume, and the green lines indicate new service.

3.2 Air Traffic Activity and Trends

This section analyzes historical trends in air traffic activity at the Airport including enplaned passengers, aircraft operations, and landed weight. It also discusses the primary factors affecting these trends. This section identifies, to the extent data is available, air traffic trends at the Airport that have been impacted by the COVID-19 pandemic. ***Certain historical information about the Airport's air traffic activity predates the ongoing COVID-19 pandemic and should be considered in light of possible or probable negative effects the COVID-19 pandemic has had and may have on current and future Airport air traffic activity***.

3.2.1 Enplaned Passengers

Passenger activity at an airport drives numerous revenues and financial measures including such items as non-airline revenues (e.g., parking, rental cars, terminal concessions, etc.) Passenger Facility Charge (PFC) revenues, and FAA Airport Improvement Program (AIP) entitlement grant distributions. Enplaned passengers are also the denominator for airline cost per enplaned passenger (CPE). The relationship of the enplaned passengers to the financial analysis is discussed in more detail in Chapter 5 of this Report.

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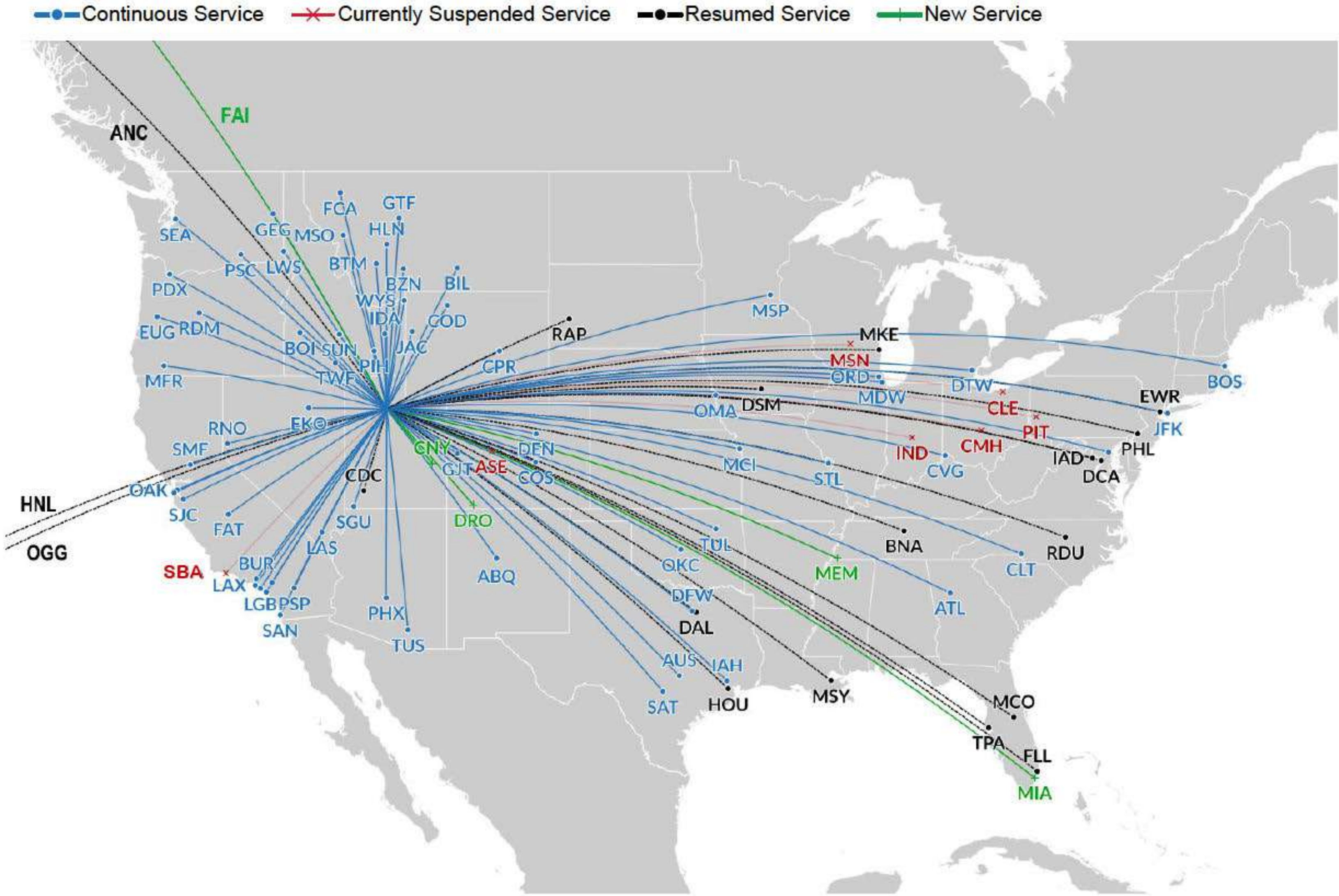
[51] Lufthansa Group, *Summer 2022: Seven additional long-haul tourist connections from Frankfurt and Munich,* May 20, 2021, https://www.lufthansagroup.com/en/newsroom/releases/summer-2022-seven-additional-long-haul-tourist-connections-from-frankfurt-and-munich.html, accessed May 2021.

Figure 3-5 Domestic Nonstop Destinations at the Airport since February 2020 (As of June 2021)



Source: Diio Mi, Schedule – Dynamic Table, accessed June 2021.

Figure 3-6 International Nonstop Destinations at the Airport since February 2020 (As of June 2021)

Continuous Service Currently Suspended Service Resumed Service New Service

Note: Delta's flight to Amsterdam (AMS) is currently scheduled to resume less than daily service beginning May 27, 2021.
Source: Diio Mi, Schedule – Dynamic Table, accessed June 2021.

3.2.1.1 FY 2012 – FY 2020

From FY 2012 through FY 2019, enplaned passenger traffic at the Airport experienced a generally consistent upward trend as demonstrated in **Table 3-10**, which presents the total enplaned passengers by domestic and international segments. Enplaned passengers at the Airport increased from approximately 10.1 million in FY 2012 to approximately 13.1 million in FY 2019, representing a CAGR of 3.7%. Since the Airport predominantly serves domestic traffic, the majority of the increase in passenger levels was domestic. However, international enplaned passengers have increased at a significantly faster rate from FY 2012 to FY 2019 as compared to domestic enplaned passengers (a CAGR of 14.4% versus 3.4%, respectively).

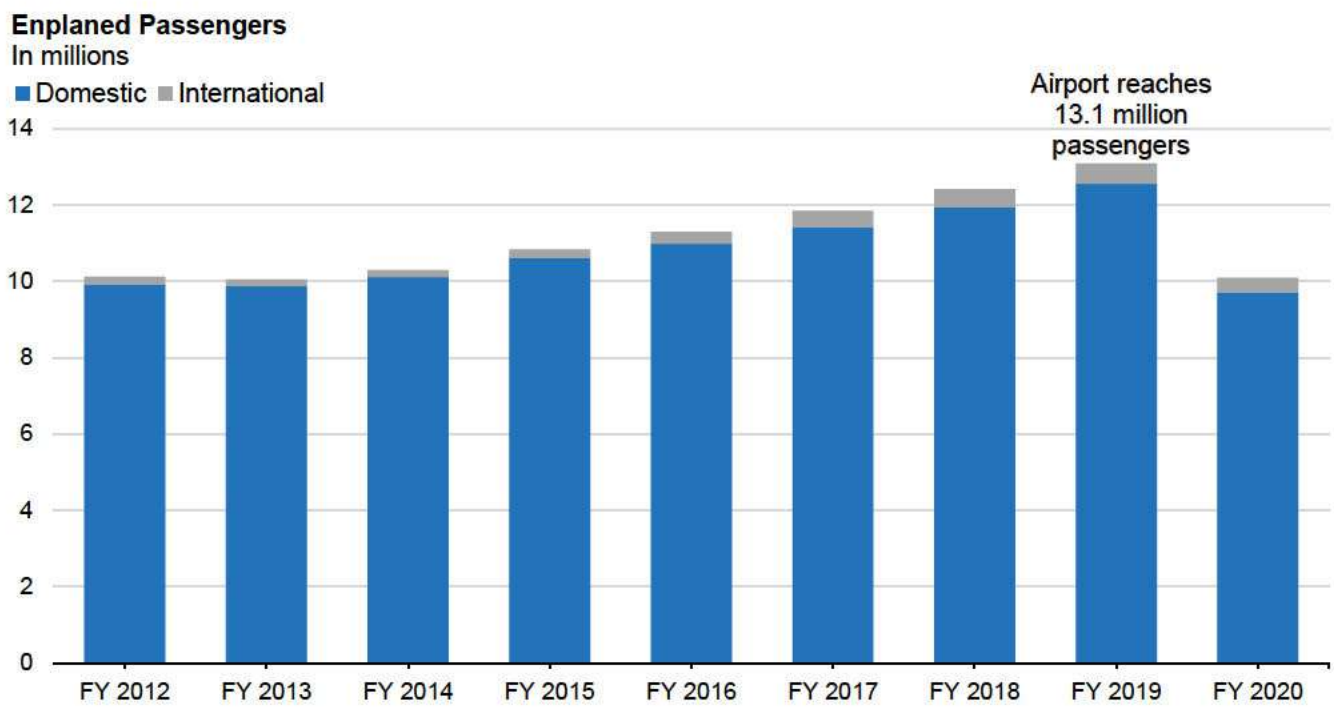
From FY 2012 through FY 2019, Delta enplaned passengers increased from 7.4 million to 9.4 million, resulting in a CAGR of 3.4%, slightly higher than the airline's increase in seating capacity during that time which increased at a CAGR of 3.1%. Existing markets accounted for the majority of this increase in seating capacity with LAX, PDX, DEN, and SEA having the most seats added. However, there were some notable new markets added since FY 2012 including Raleigh-Durham International Airport (RDU), Fort Lauderdale-Hollywood International Airport (FLL), and Amsterdam Airport Schiphol (AMS). The remainder of the growth in enplaned passengers was primarily from American, United Airlines (United), and JetBlue Airways (JetBlue) as well as the start of service by Alaska Airlines (Alaska) during this period.

3.2.1.2 COVID-19 Pandemic Impact: FY 2020 – FY 2021

In March 2020, the enplaned passengers at the Airport decreased dramatically primarily as a result of the impacts associated with the COVID-19 pandemic. These impacts included international travel restrictions and stay-at-home orders throughout the U.S. Overall, enplaned passengers decreased by 61.7% in CY 2020 as compared to CY 2019 levels with most, if not all, of the impact occurring after mid-March 2020 when the impacts from the COVID-19 pandemic generally took hold in the U.S. **Table 3-11** presents the monthly enplaned passengers for FY 2020 and FY 2021 compared to FY 2019. As shown, in March 2020, enplaned passengers decreased by approximately 49.2% from March 2019. The decline continued into April when enplaned passengers were 91.9% lower than April 2019. Since April 2020, enplaned passengers at the Airport have started to recover on a monthly basis. The recovery in enplaned passengers at the Airport plateaued somewhat in November 2020 through January 2021 with monthly totals being down around 50% as compared to the same months in the prior year. In February 2021, enplaned passengers recovered to be about 48.9% down from February 2020. In April 2021, enplaned passengers were up 763.2% when compared to the low point during the pandemic in April 2020, but were still down 29.7% as compared to April 2019. In May, enplaned passengers exceeded one million for the first time since the beginning of the COVID-19 pandemic and were down 11.6% as compared to May 2019.

Table 3-10 Historical Enplaned Passengers (In Thousands; FY 2012 – FY 2020)

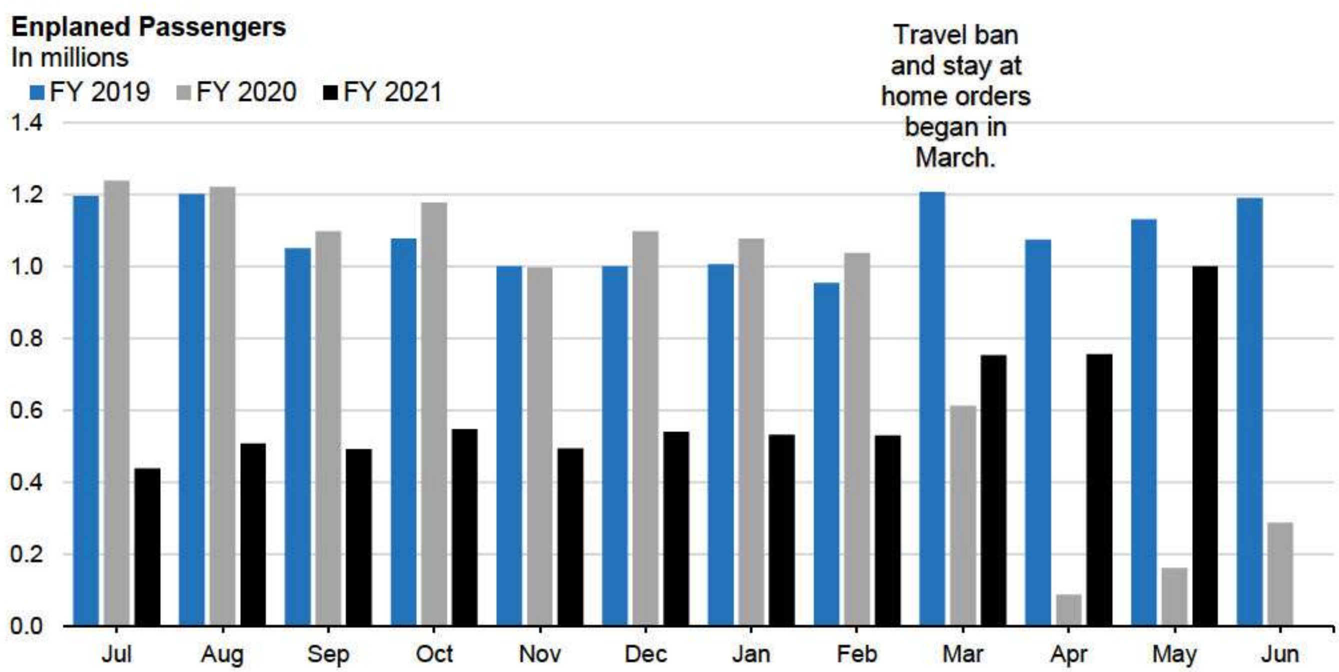
Fiscal Year	Domestic	International	Total	Year-Over-Year Growth Rate
2012	9,917	208	10,125	-2.9%
2013	9,874	170	10,044	-0.8%
2014	10,115	180	10,295	2.5%
2015	10,610	224	10,834	5.2%
2016	10,988	305	11,293	4.2%
2017	11,417	433	11,850	4.9%
2018	11,946	474	12,420	4.8%
2019	12,556	534	13,090	5.4%
2020	9,713	382	10,096	-22.9%
Compound Annual Growth Rate				
2012-19	3.4%	14.4%	3.7%	
2019-20	-22.6%	-28.5%	-22.9%	



Source: Salt Lake City Department of Airports, Air Traffic Statistics.

Table 3-11 **Enplaned Passengers at the Airport (FY 2019 – FY 2021 YTD)**

Month	Enplaned Passengers			Percent Change from Prior Year	
	FY 2019	FY 2020	FY 2021	FY 2020	FY 2021
July	1,196,325	1,239,067	438,268	3.6%	-64.6%
August	1,201,689	1,220,698	507,906	1.6%	-58.4%
September	1,050,274	1,098,626	491,647	4.6%	-55.2%
October	1,077,840	1,177,796	548,370	9.3%	-53.4%
November	1,000,320	996,598	494,175	-0.4%	-50.4%
December	1,000,259	1,098,032	540,171	9.8%	-50.8%
January	1,005,577	1,078,161	531,994	7.2%	-50.7%
February	954,196	1,037,793	530,106	8.8%	-48.9%
March	1,206,454	612,882	752,949	-49.2%	22.9%
April	1,075,360	87,557	755,761	-91.9%	763.2%
May	1,131,368	161,192	1,000,370	-85.8%	520.6%
June	1,190,471	287,330		-75.9%	
Total	**13,090,133**	**10,095,732**	**6,591,717**	**-22.9%**	



Source: Salt Lake City Department of Airports, Air Traffic Statistics.

3.2.2 Aircraft Operations

Although aircraft operations have a minimal impact on airport revenues and financial performance, aircraft operations impact decisions regarding airport capital programs. Airlines' decisions on aircraft type and the number of operations to accommodate passenger demand ultimately determine overall aircraft landed weight. Airlines are constantly evaluating how to best serve passenger demand with their available aircraft fleet. In markets that exhibit strong business travel, an airline may decide 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 profitability. Aircraft fleet mix and operations are important considerations for airport operators when planning for the appropriately size airport facilities and to ensure the airport has sufficient capacity to accommodate operations in the future.

3.2.2.1 FY 2012 – FY 2020

Aircraft operations at the Airport declined from FY 2012 through FY 2016 as network carriers shifted from smaller regional jets to narrow-body aircraft. However, from FY 2016 to FY 2019, aircraft operations at the Airport have increased consistently. **Table 3-12** presents the aircraft operations at the Airport from FY 2012 through FY 2020. As shown, total aircraft operations in FY 2019 were slightly lower than such levels in FY 2012; however, air carrier aircraft operations in FY 2019 were about 1.9% higher than such levels in FY 2021. The main category that decreased over this period was general aviation aircraft operations.

3.2.2.2 COVID-19 Pandemic Impact: FY 2020 – FY 2021

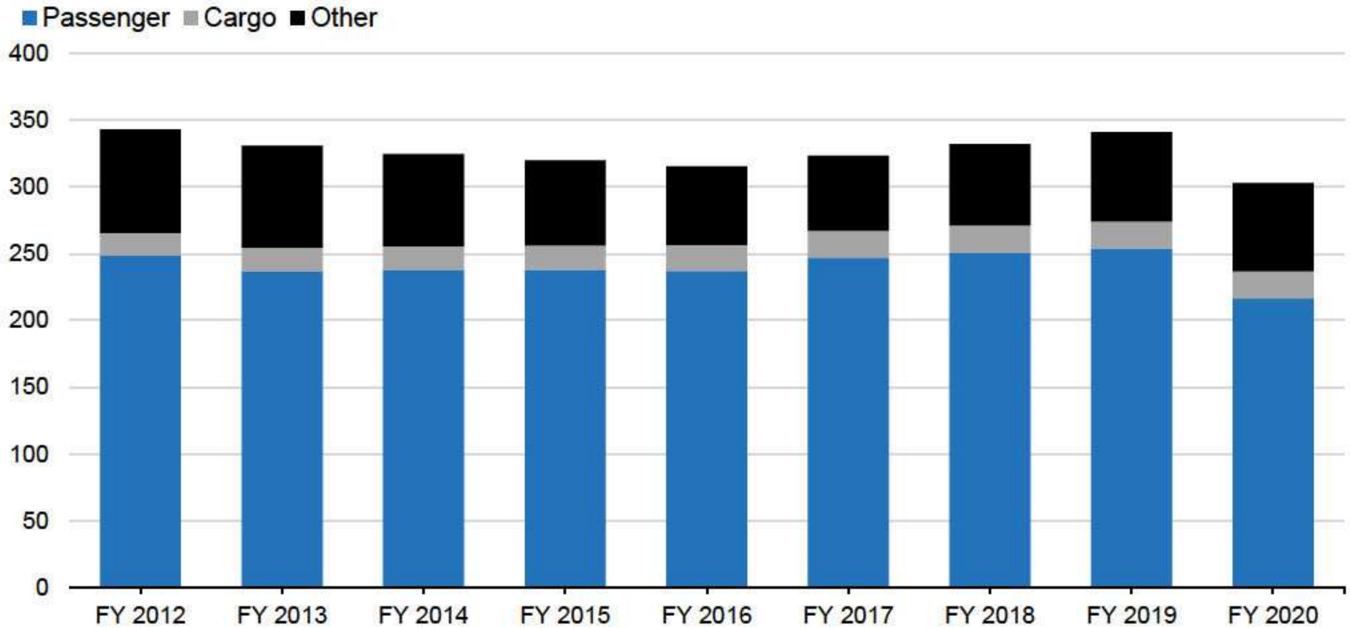
In response to the significant decline in enplaned passenger in the U.S. and at the Airport during the ongoing COVID-19 pandemic, the airlines reduced the number of daily flights and air service in kind. There were 1,689 flight cancellations at the Airport in March 2020 and 1,197 cancellations in April 2020 before tailing off in May and June.[52] **Figure 3-7** illustrates the high concentration of flight cancellations early in the pandemic, followed by a reduction in flights, and a gradual increase in flights in the summer before remaining flat though January.

[52] Federal Aviation Administration, Airline Service Quality Performance System: Airport View: Causal Report, accessed online at https://aspm.faa.gov/asqp/sys/Airport.asp

Table 3-12 Historical Aircraft Operations (FY 2012 – FY 2020)

Fiscal Year	Air Carrier	Air Taxi	General Aviation	Military	Total	Year-Over-Year Growth
2012	249,038	16,520	73,389	4,170	343,117	-5.0%
2013	236,790	17,942	74,215	2,044	330,991	-3.5%
2014	237,700	18,098	66,620	2,190	324,608	-1.9%
2015	237,960	18,484	60,806	2,738	319,988	-1.4%
2016	237,294	19,434	50,879	7,978	315,585	-1.4%
2017	247,158	20,240	48,843	7,202	323,443	2.5%
2018	250,904	20,382	53,695	7,037	332,018	2.7%
2019	253,578	20,618	61,117	5,751	341,064	2.7%
2020	216,320	20,604	63,326	2,792	303,042	-11.1%
Compound Annual Growth Rate						
2012-19	0.3%	3.2%	-2.6%	4.7%	-0.1%	
2019-20	-14.7%	-0.1%	3.6%	-51.5%	-11.1%	

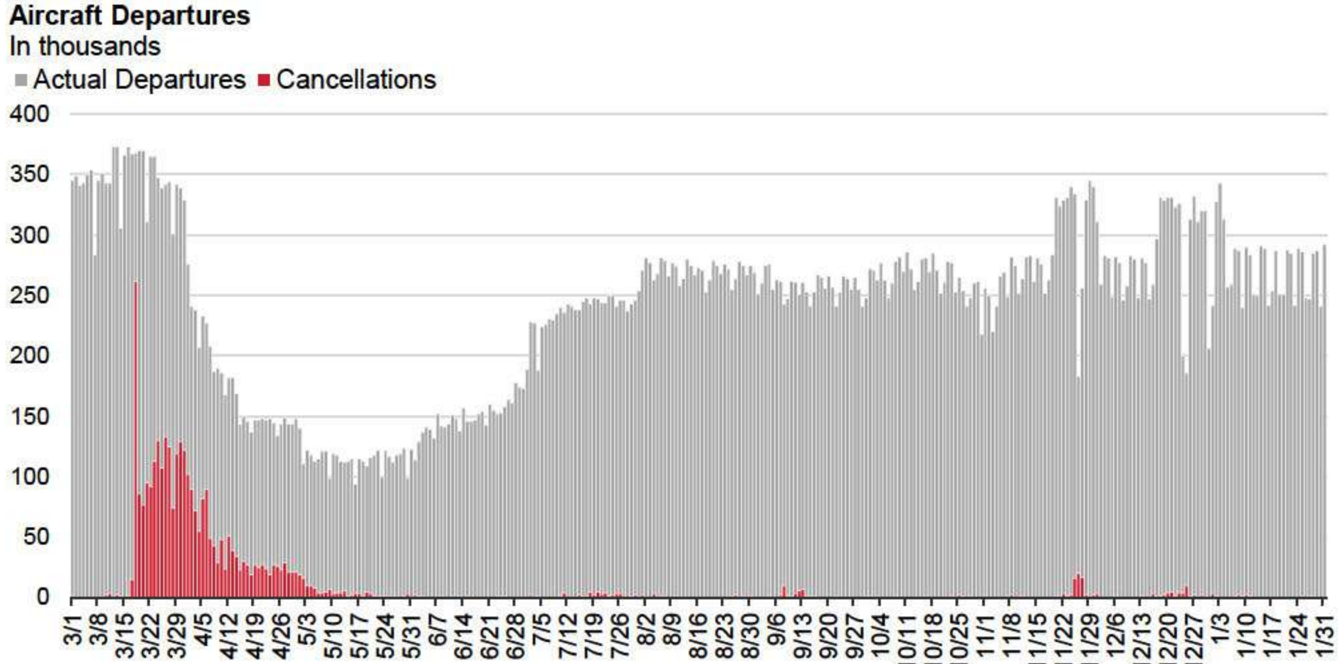
Aircraft Operations
In thousands



Note: Commercial operations refers to commercial passenger and all-cargo aircraft operations. Non-commercial operations refer to general aviation and military aircraft operations.

Source: Salt Lake City Department of Airports, Air Traffic Statistics.

Figure 3-7 Flight Departures and Cancellations at the Airport (March 2020 – January 2021)

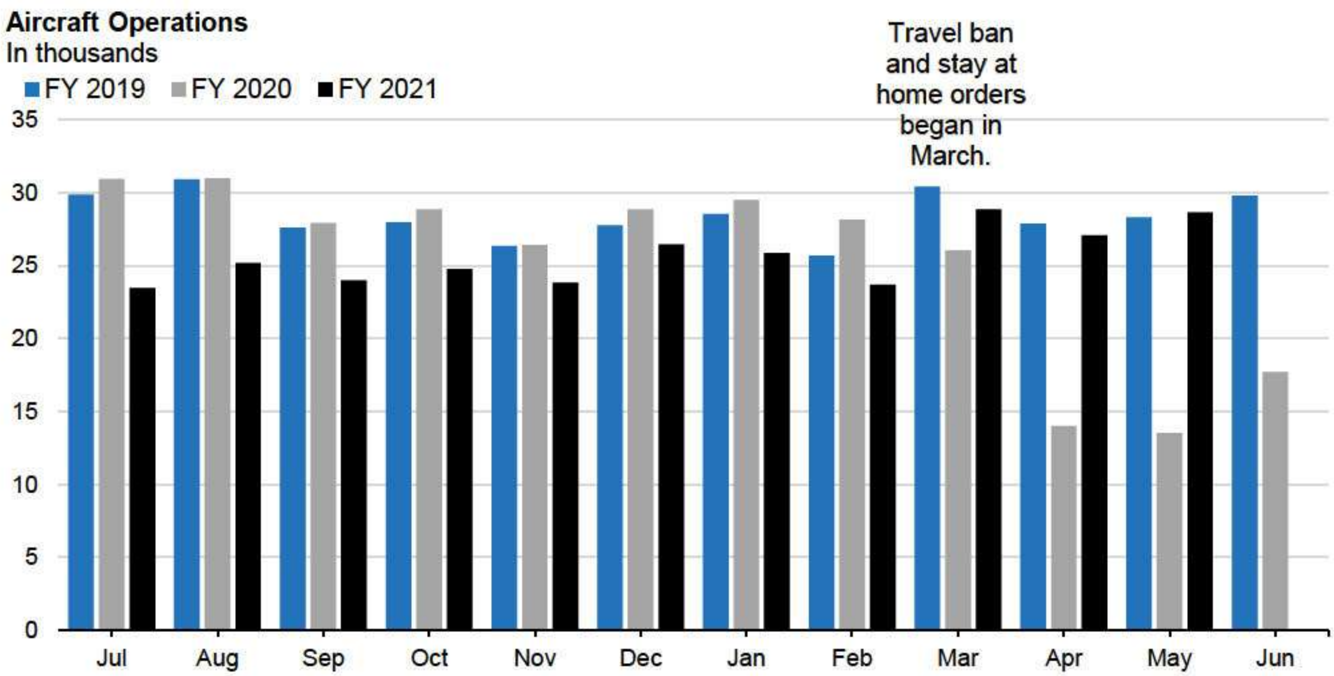


Source: Federal Aviation Administration, Airline Service Quality Performance System: Airport View: Causal Report, accessed online at https://aspm.faa.gov/asqp/sys/Airport.asp

Overall, air carrier aircraft operations decreased by 11.1% in FY 2020 as compared to FY 2019 levels with the primary impacts occurring after mid-March 2020. **Table 3-13** depicts the monthly aircraft operations for FY 2020 and FY 2021 compared to the prior year. As shown, starting in March 2020, aircraft operations decreased by approximately 14.4% from March 2019, compared to 49.2% for enplaned passengers. Normally, aircraft operations would be more directly related to enplaned passengers. However, there was an initial reluctance to remove flights because of the implementation of social distancing practices (i.e. restricting the use of middle seats) and to a smaller degree the continued operations of all-cargo airlines that were impacted to a lesser degree by the pandemic. The decline continued into April 2020 and May 2020 when aircraft operations were 49.7% and 52.2% lower than the same months in the prior year, respectively. Since May 2020, aircraft operations at the Airport have started to recover with aircraft operations being down 9.8% in November 2020. The recovery in aircraft operations stalled somewhat beginning in December 2020 and continued through February 2021 but strong growth resumed in March 2021 when operations increased 10.8% when compared to March 2020. In April 2021, aircraft operations were 93.3% greater than in April 2020, which was the low point of the pandemic. Aircraft operations in April 2021 are only down approximately 2.8% from April 2019 levels. In May 2021, aircraft operations increased to 28,649, 1.2% more than the number of aircraft operations from May 2019.

Table 3-13 Aircraft Operations at the Airport (FY 2019 – FY 2021 YTD)

Month	Aircraft Operations			Percent Change from Prior Year	
	FY 2019	FY 2020	FY 2021	FY 2020	FY 2021
July	29,878	30,961	23,469	3.6%	-24.2%
August	30,921	30,997	25,185	0.2%	-18.8%
September	27,595	27,916	23,998	1.2%	-14.0%
October	27,960	28,864	24,768	3.2%	-14.2%
November	26,340	26,422	23,835	0.3%	-9.8%
December	27,762	28,859	26,452	4.0%	-8.3%
January	28,546	29,512	25,873	3.4%	-12.3%
February	25,608	28,175	23,690	10.0%	-15.9%
March	30,433	26,063	28,865	-14.4%	10.8%
April	27,882	14,022	27,099	-49.7%	93.3%
May	28,317	13,542	28,649	-52.2%	111.6%
June	29,822	17,709		-40.6%	
Total	**341,064**	**303,042**	**281,883**	**-11.1%**	



Source: Salt Lake City Department of Airports, Air Traffic Statistics.

3.2.3 Aircraft Landing 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 Airport Use and Lease Agreement with the Signatory Airlines that operate at the Airport, aircraft landed weight is used as the denominator in the calculation of activity fees (landing fees) that are used to recover the net cost of the Airport. Therefore, landed weight is an important measure for the Authority as it provides a method to recover costs from each airline based on its share of landed weight.

3.2.3.1 FY 2012 – FY 2020

Aircraft landed weight at the Airport increased from 12.6 billion pounds in FY 2012 to 15.5 billion pounds in FY 2019, resulting in a CAGR of 3.0%. Both passenger airlines and all-cargo airlines contributed to landed weight growth, increasing at a CAGR of 2.8% and 4.7%, respectively. A significant portion of the all-cargo airlines landed weight growth can be attributed to increased e-commerce traffic at the Airport during this period. **Table 3-14** provides the landed weight at the Airport by category for the period of FY 2012 through FY 2020.

3.2.3.2 COVID-19 Pandemic Impact: FY 2020 – FY 2021

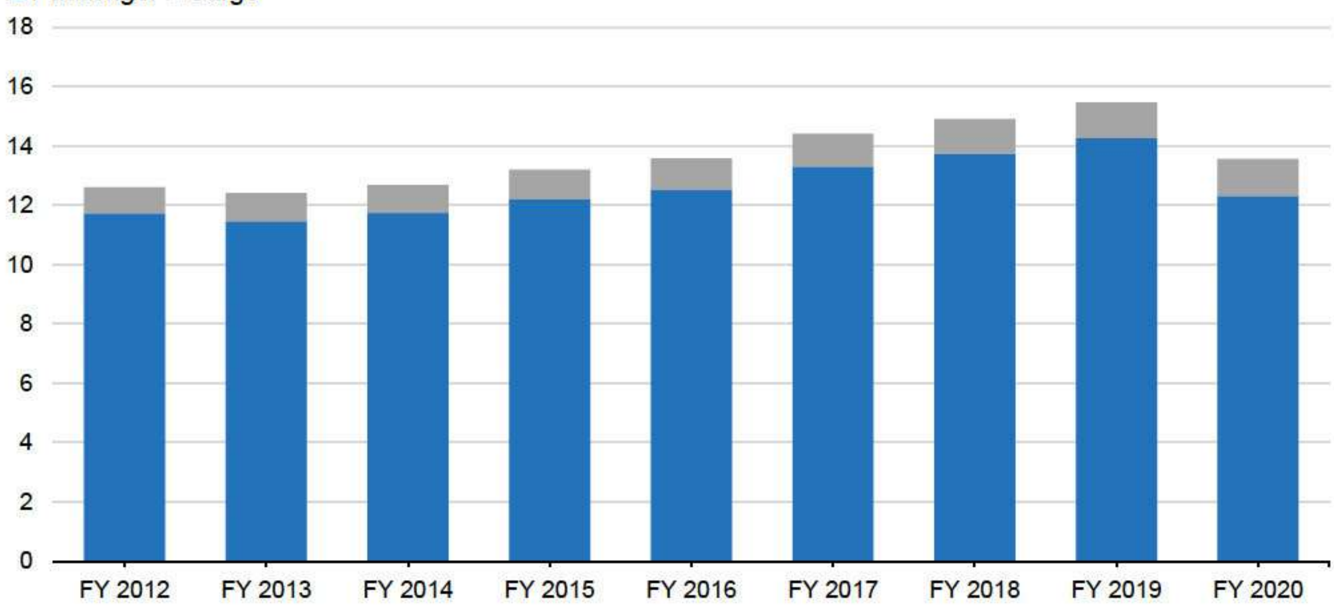
Overall, aircraft landed weight decreased by 12.3% in FY 2020 as compared to FY 2019 levels with the primary impacts occurring after mid-March 2020. Passenger airlines accounted for the decrease in landed weight over this period as they were down by 13.7%. However, all-cargo airlines landed weight increased in FY 2020 as compared to FY 2019 by 3.7%, which mitigated the overall decrease in landed weight at the Airport. This trend was generally experienced throughout the U.S. as all-cargo carriers have experienced some growth since the COVID-19 pandemic as the demand for cargo services has remained strong.

Table 3-15 depicts the monthly aircraft landed weight for FY 2020 and FY 2021 as compared to FY 2019. As shown, starting in March 2020, aircraft landed weight decreased by approximately 11.7% from March 2019, compared to 49.2% for enplaned passengers and 14.8% for aircraft operations. The decline continued into May when aircraft landed weight was 63.2% lower than May 2019. Since May 2020, aircraft landed weight at the Airport has started to recover with aircraft landed weight being down 9.7% in November 2020. The recovery in aircraft landed weight stalled somewhat in December 2020 through February 2021 as those months were down 11.4%, 16.1%, and 20.5%, respectively, as compared to the same months in prior years. In March 2021, landed weight increased 5.4% compared to March 2020 but was still down 7.0% from March 2019. In April 2021, aircraft landed weight was 127.7% greater than in April 2020, which was the low point of the pandemic. Aircraft landed weight in April 2021 was also higher than April 2019 levels by 0.3%. Aircraft landed weight continued to exceed 2019 levels in May of 2021 with 6.8% more weight than May 2019.

Table 3-14 Historical Landed Weight (in thousand-pound units; FY 2012 – FY 2020)

Fiscal Year	Passenger	Cargo	Total	Year-Over-Year Growth
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%
2017	13,303,497	1,106,147	14,409,644	6.1%
2018	13,737,381	1,171,564	14,908,945	3.5%
2019	14,263,691	1,201,369	15,465,060	3.7%
2020	12,315,209	1,246,304	13,561,514	-12.3%
Compound Annual Growth Rate				
2012-19	2.8%	4.7%	3.0%	
2019-20	-13.7%	3.7%	-12.3%	

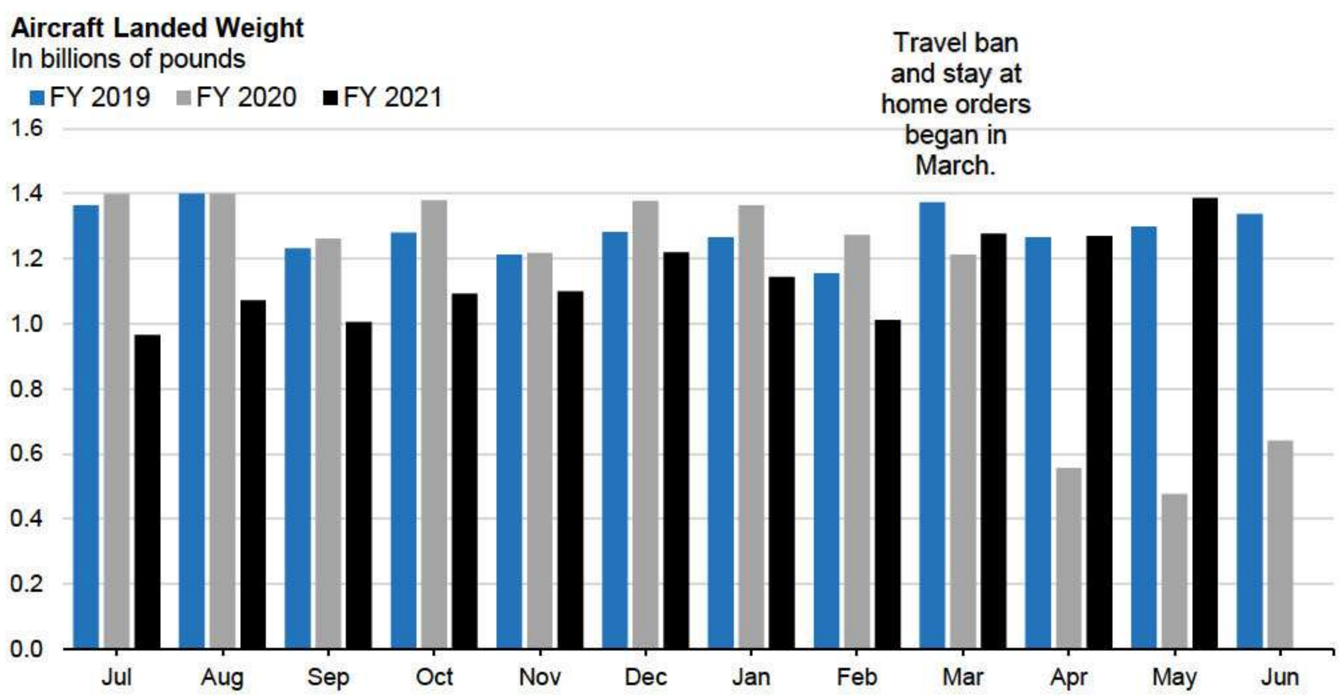
Landed Weight
In billions of pounds
■ Passenger ■ Cargo



Source: Salt Lake City Department of Airports, Air Traffic Statistics.

Table 3-15 Change in Monthly Aircraft Landed Weight at the Airport (in thousand-pound units; 2019 vs 2020)

Month	Aircraft Landed Weight			Percent Change from Prior Year	
	FY 2019	FY 2020	FY 2021	FY 2020	FY 2021
July	1,364,737	1,399,023	965,376	2.5%	-31.0%
August	1,400,144	1,399,919	1,072,236	0.0%	-23.4%
September	1,231,361	1,261,826	1,005,503	2.5%	-20.3%
October	1,280,069	1,378,709	1,093,378	7.7%	-20.7%
November	1,212,561	1,218,459	1,100,005	0.5%	-9.7%
December	1,281,642	1,376,801	1,220,036	7.4%	-11.4%
January	1,266,469	1,364,027	1,144,361	7.7%	-16.1%
February	1,155,433	1,273,154	1,011,562	10.2%	-20.5%
March	1,372,801	1,212,091	1,277,168	-11.7%	5.4%
April	1,265,828	557,884	1,270,237	-55.9%	127.7%
May	1,298,766	478,447	1,386,992	-63.2%	111.6%
June	1,335,252	641,173		-52.0%	
Total	**15,465,060**	**13,561,514**	**12,561,514**	**-12.3%**	



Source: Salt Lake City Department of Airports, Air Traffic Statistics.

3.3 Key Factors Affecting Air Traffic Demand

The following section addresses certain key factors that could impact air traffic activity, both nationwide and at the Airport.

3.3.1 The COVID-19 Pandemic

While passenger traffic, and to a lesser extent aircraft operations and landed weight, was dramatically affected by the impacts associated with the COVID-19 pandemic initially, it started to recover through the summer of 2020. However, during the fall of 2020, the recovery seemed to stall before more recovery in the winter of 2020 and into the Spring of 2021.

Figure 3-8 depicts the impacts associated with the COVID-19 pandemic to passenger checkpoint throughput at both the Airport and for the overall U.S per data from the TSA. This figure presents the recovery trend for passenger checkpoint throughput indexed to 2019 levels (i.e., 2019 levels equal 100). As shown during the early days of the pandemic, the impact to the Airport's checkpoint passengers tracked closely with the general nationwide trend, however, was slightly better, decreasing to an unprecedented trough of around -91% of the prior year's levels during April 2020. Starting in May 2020, TSA checkpoint passenger throughput for the Airport and the U.S. started to recover. The recovery at the Airport has been more pronounced than the nation, especially, as we have moved on from the early days of the pandemic. For the weekly average in late-May 2021, the Airport was around 86% of the 2019 throughput compared to about 72% for the U.S.

Two factors are assumed to be necessary for air traffic to recover back to levels experienced prior to the COVID-19 pandemic. First, confidence needs to be restored such that passengers feel that traveling on aircraft and using airport facilities, both at the Airport and at their final destinations, is safe from a health standpoint. Second, the U.S. public health response must constrain the spread of the virus sufficiently to demonstrate that our travel origins and destinations are deemed safe.

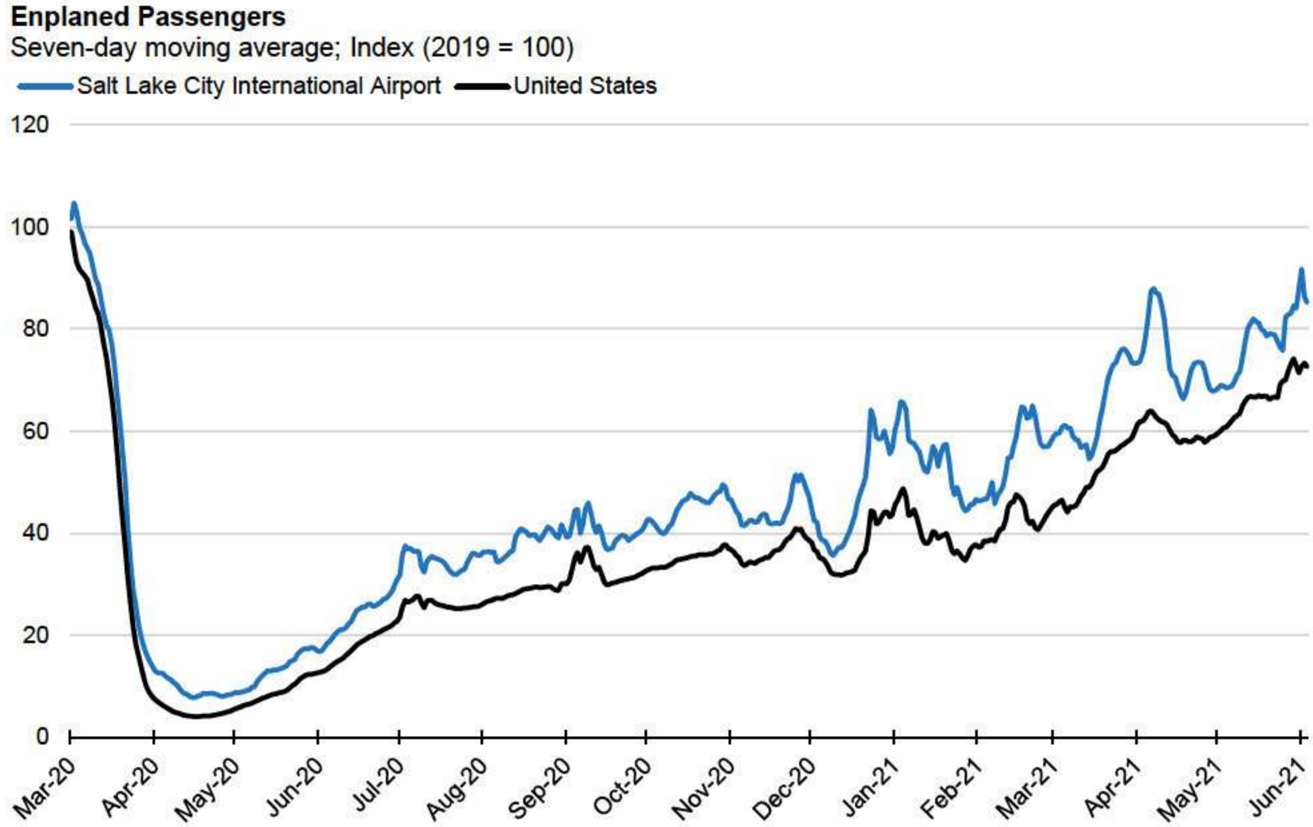
Airlines and airports appear to have generally shown that air transportation is safe during this pandemic. Despite the CDC concluding "that the risk for on-board transmission of SARS-CoV-2 during long flights is real and has the potential to cause COVID-19 clusters of substantial size",[53] another study suggests that on-board transmission is a rare event.[54] Airlines and airports, including the Airport, have taken further steps to reduce risks through enhanced cleaning, contactless boarding, use of physical barriers, physical distancing, temperature screening of employees, and requiring use of face coverings. According to a report from the Harvard's Aviation Public Health Initiative, airports have made "consistent and impressive commitments to reduce the risks of disease transmission in their facilities" between passengers, employees, concessionaires, contractors and visitors through layered, interlinked, risk-mitigation strategies that, when used together, effectively can control the risk of exposure. The report concluded that, overall, the probability of being infected in an airport is very low.[55]

[53] Transmission of SARS-CoV 2 During Long-Haul Flight, Nguygen Cong Khanh et al, EID Journal Volume 26, Number 11, accessed via CDC website https://wwwnc.cdc.gov/eid/article/26/11/20-3299_article accessed February 10, 2021

[54] Risk of COVID-19 During Air Travel, Rui Pombal, MD et al, Journal of the American Medical Association, October 1, 2020, accessed via https://jamanetwork.com/journals/jama/fullarticle/2771435, accessed on February 10, 2021

[55] AAAE, Top Stories for Thursday, February 11, 2021: Harvard: Risk of Virus Infection 'Low' In Airports.

Figure 3-8 **Comparison of Airport and U.S. TSA Checkpoint Passengers (March 2020 - June 2021)**



Sources: Salt Lake City Department of Airports, accessed June 2021.
Transportation Security Administration, accessed June 2021.

It is generally considered that in order to return to life prior to the pandemic, we must achieve some level of manageable infection rates on a national and global scale. Population immunity, also known as herd immunity, is the indirect protection from an infectious disease that happens when a population is immune either through vaccination or immunity developed through previous infection. To reach herd immunity it is estimated that a significant percent of the population must be immune to a virus to interrupt the chain of transmission. At this time, the exact share of the population needed to achieve herd immunity from COVID-19 is uncertain. The U.S. government has been focused on the development of an effective vaccine since the start of the pandemic. To-date, three vaccines have been approved for full use, Pfizer's Comirnaty, Moderna's mRNA-1273, and Johnson & Johnson's Ad26.COV2.S. The Pfizer and Moderna vaccines require two doses to be effective, while the Johnson & Johnson vaccine requires a single dose. On April 13, 2021, use of the Johnson & Johnson vaccine was halted as federal health agencies called for a pause in the vaccine's use to examine cases of a rare blood-clotting disorder. The pause was lifted in April 2021. The first COVID-19 vaccination in the U.S. administered to the public occurred on December 14, 2020. As of June 22, 2021, more than 318 million doses have been administered with over 177 million people receiving the first dose and more than 150 million people fully vaccinated.[56]

[56] CDC COVID Data Tracker accessed at https://covid.cdc.gov/covid-data-tracker/#vaccinations, accessed June 2021.

3.3.2 Economic Conditions and Events

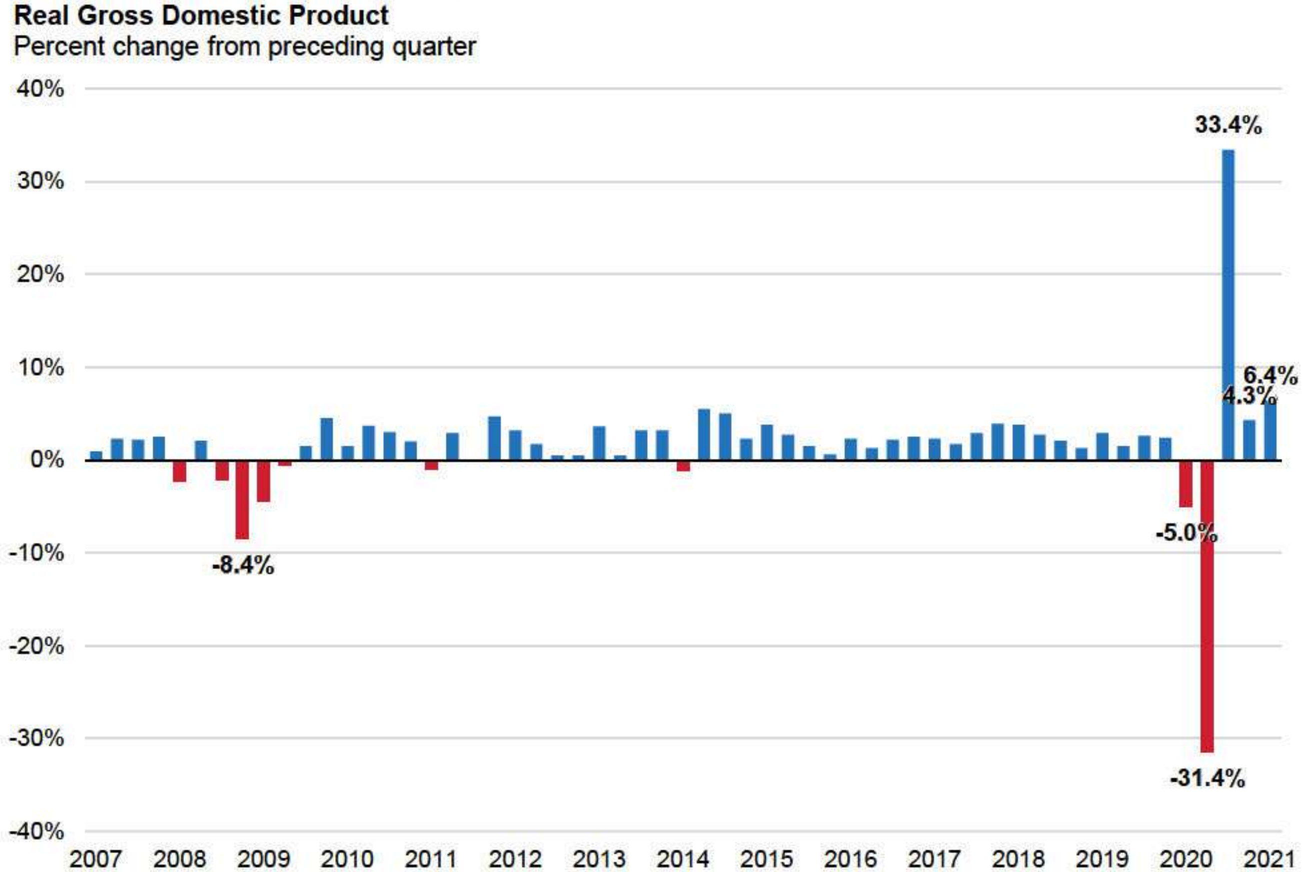
Historically, the U.S. economy, as measured by GDP, grew at a relatively steady rate, averaging 3.1% per annum between CY 1960 and CY 2019. The rate of growth had been remarkably stable reflecting both the size and maturity of the U.S. economy. Individual years have fluctuated around the long-term trend for a variety of reasons including macroeconomic factors, fuel shocks, war, and terrorist attacks.

Prior to 2020, there were two official economic recessions in the U.S. in the 21st century. The first occurred between March 2001 and November of 2001 and was compounded by the September 11, 2001, terrorist attacks. The negative impact of these events on the airline industry is well documented. The recession itself was short-lived by historical standards and the economy returned to positive growth rates quickly, fueled by a gradual but prolonged reduction in interest rates. The Great Recession occurred between December 2007 and June 2009.[57] As a result of the Great Recession, the nation's unemployment rate rose from 5.0% in December 2007 to a previous high of 10.0% in October 2009.[58]

The outbreak of COVID-19 in early 2020 and the declaration of a pandemic by the WHO on March 11, 2020 coupled with the subsequent travel restrictions have led to disruptions of economies around the world, resulting in dramatic increases in unemployment and significant decreases in air traffic. Business failures, worker layoffs, and consumer business bankruptcies are occurring and are expected to continue into the near future as the COVID-19 global pandemic continues. According to the Bureau of Economic Analysis (BEA), real GDP decreased at an annual rate of 31.4% in the second quarter of 2020 after decreasing by 5.0% in the first quarter of 2020. In comparison, the worst decline in GDP during the Great Recession was 8.4% in the fourth quarter of 2008. There was significant recovery in GDP in the third quarter, increasing 33.4%. Growth was followed by increases of 4.3% in the fourth quarter of 2020 and the 6.4% in the first quarter of 2021. However, current GDP still remains below the GDP in the fourth quarter of 2019. **Figure 3-9** depicts the magnitude of the impact the COVID-19 pandemic has had on the U.S. economy, thus far, when compared to the Great Recession.

57 National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions, September 20, 2010.
58 National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions, September 20, 2010.

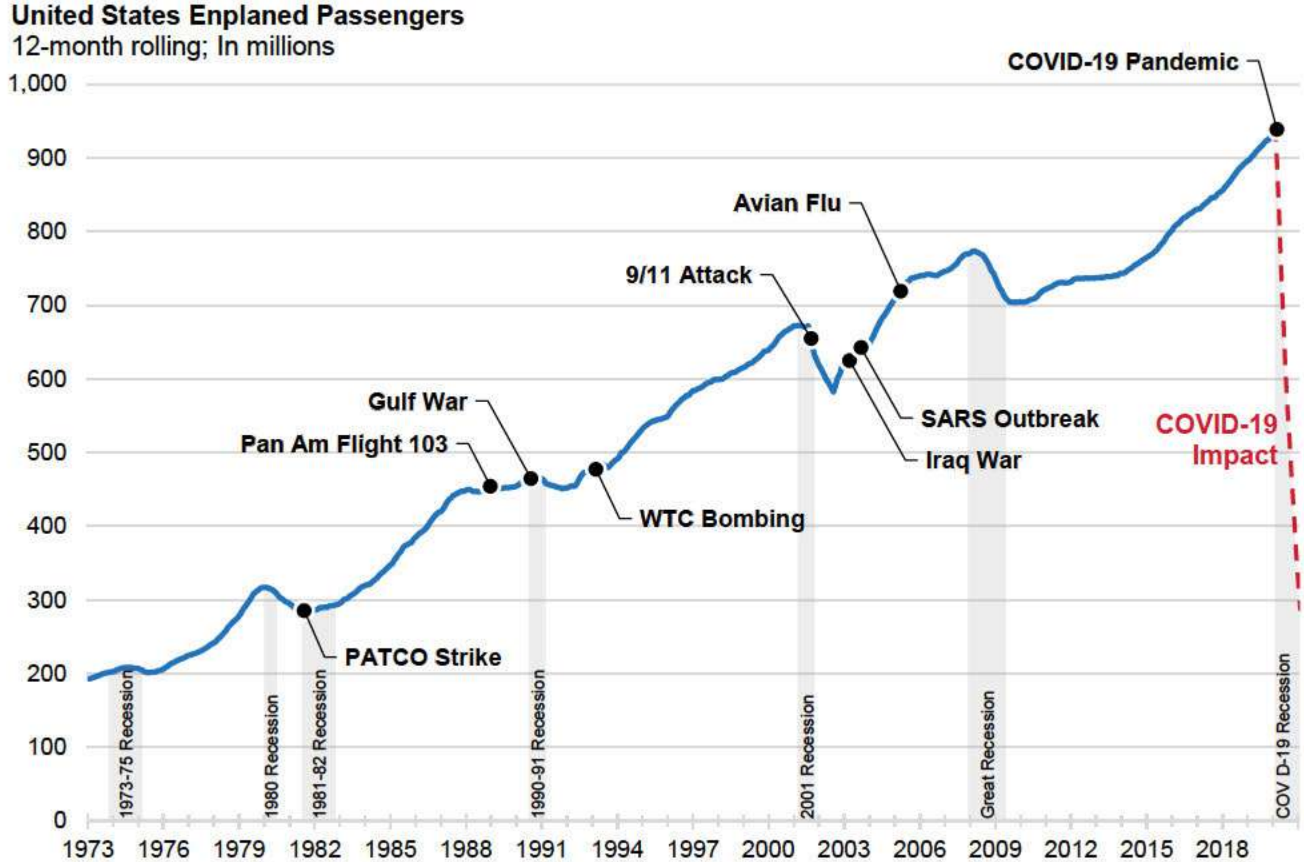
Figure 3-9 U.S. Economic Impact of the COVID-19 Pandemic



Note: Rates are seasonally adjusted at annual rates.
Source: U.S. Bureau of Economic Analysis, National Income and Product Accounts.

Figure 3-10 shows the strong correlation between enplaned passenger traffic in the U.S. and the nation's economy in addition to significant shocks/events. During periods of economic contractions and exogenous events, there is a notable decline in passenger volumes and during the subsequent economic expansions and recovery periods, there is significant growth in passenger volumes. Additionally, exogenous shocks such as terrorist attacks have generally had a short but significant impact on passenger volumes. As presented on this figure, the COVID-19 pandemic has been the most disruptive event to negatively impact aviation in history. There is still much uncertainty on when air traffic will recover to "pre-COVID-19" levels. However, it is assumed that the ultimate ability to control the spread of COVID-19 throughout the world and/or the mass distribution of an effective vaccine or treatment will play a significant role in restoring passenger confidence in air travel and airlines being able to return to pre-COVID-19 load factors. Future waves and/or threats of future waves of COVID-19 or another pandemic including associated travel restrictions and stay-at-home orders, could have a further negative impact on air travel in the future.

Figure 3-10 U.S. Aviation System Shocks and Recoveries



Note: Excludes non-revenue enplaned passengers.
Source: U.S. Bureau of Transportation Statistics, U.S. Air Carrier Traffic Statistics; National Bureau of Economic Research, U.S. Business Cycle Expansions and Contractions.

3.3.3 The U.S. Airline Industry

3.3.3.1 *Airline Profitability*

Since 2008, the U.S. airline industry has decreased capacity, particularly in short-haul markets with smaller, short range aircraft types. The result has been significant improvement in yields, revenue per available seat mile (RASM), and subsequently profitability prior to outbreak of the COVID-19 pandemic. In recent years, the U.S. airline industry had been at its most stable, profitable point in history. According to the Bureau of Transportation Statistics (BTS), the 23 U.S. scheduled passenger airlines reported a pre-tax net operating profit of $15.8 billion in CY 2019, which was a 19.7% increase from 2018 and marked the eleventh consecutive year of pre-tax operating profits. The scheduled passenger airlines reported an operating profit margin of 7.5% in 2019, which was up from 6.3% in 2018.[59] Profitability during this period can also be attributed to airlines unbundling services and increasing the use of ancillary fees such as charges for checked baggage.

[59] Bureau of Transportation Statistics, 2019 Annual and 4th Quarter U.S. Airline Financial Data.

As a result of the impacts of the COVID-19 pandemic, U.S. airlines incurred record losses in 2020 and likely into 2021. Delta reported $12.4 billion in losses for all of 2020[60]. The U.S. DOT has reported that U.S. scheduled passenger airlines reported a second straight quarter after-tax net loss. Through the third quarter of 2020, airlines experienced an after-tax net loss of $28.0 billion.[61] The International Air Transport Association (IATA) projects that, globally the airlines are expected to lose $118.5 billion in 2020. In 2021, IATA projects losses to be cut to $38.7 billion as revenues rise to $459 billion.[62] To help support U.S. air carriers through this crisis, on March 25, 2020 the U.S. Senate passed by unanimous vote the CARES Act. Under Title IV of the CARES Act, Congress approved $500 billion in federal assistance to severely distressed sectors of the economy as part of the larger $2 trillion stimulus package. The approved programs include $61 billion to the airline sector as follows:

- $29 billion in loans and loan guarantees for air carriers,
  FAA Part 145 aircraft repair stations and ticket agents;
- $32 billion in payroll protection grants for air carriers and their contractors; and
- Relief to air carriers from federal excise taxes that apply to transporting passengers and cargo and the purchase of aviation jet fuel.

As of January 31, 2021, 352 passenger carriers, 39 cargo carriers, and 220 contractors have applied for payroll support under CARES Act funds.[63] As a condition of accepting these funds, U.S. airlines were required to (1) refrain from imposing involuntary furloughs on U.S.-based employees or reducing employee pay or benefits through September 30, 2020; (2) maintain certain limitations on executive compensation through March 24, 2022; (3) suspend the payment of dividends or other distributions and cease stock buybacks through September 30, 2021; and (4) continue service as is reasonable and practicable under DOT regulations. Enacted on December 27, 2020, the Consolidated Appropriations Act created the Payroll Support Program Extension (PSP2) which allocated another $15 billion to passenger air carriers and $1 billion to contractors. Most recently, the American Rescue Plan Act of 2021 extended assistance to passenger air carriers and contractors that received financial assistance under PSP2 of $14 billion and $1 billion, respectively.

As discussed above, it is expected that the airlines will continue to experience financial distress for the foreseeable future until air traffic is able to recover to reasonable levels. It is generally assumed that the airlines will continue to right-size capacity to meet suppressed demand and evolve business models in the near-term to limit the spread of COVID-19.

3.3.3.2 Airline Bankruptcies and Mergers

Over the past two decades, the U.S. airline industry has undergone a significant transformation. Although it has been profitable in recent years prior to the impacts associated with the COVID-19 pandemic, the U.S. airline industry cumulatively experienced losses of approximately $62 billion from 2000 through 2009 on domestic operations. Many airlines filed for Chapter 11 bankruptcy protection and some ceased operations altogether. During this period, airlines suffered from excess capacity, which drove down yields. Yields adjusted for inflation had dropped by approximately 70%. With oil prices spiking to near $150 per barrel in 2008, industry changes were critical. As a result, all of the major network airlines restructured their route networks and reached agreements with lenders, employees, vendors, and creditors to decrease their cost structure.

60 AP, A $12 billion loss for 2020, Delta is cautious in early 2021, https://apnews.com/article/travel-air-travel-coronavirus-pandemic-e6304e8edfcf83a42a29ce9b5faee542

61 Bureau of Transportation Statistics, U.S. Airlines Report Third Quarter 2020 Losses.

62 International Air Transport Association, Deep Losses Continue Into 2021, https://www.iata.org/en/pressroom/pr/2020-11-24-01/

63 Department of the Treasury, Payroll Support Program Payments, https://home.treasury.gov/policy-issues/cares/preserving-jobs-for-american-industry/payroll-support-program-payments

Industry consolidation has taken place as a result of competitive pressures and economic conditions. Many airlines have merged or been acquired since the turn of the 21st century. **Figure 3-11** provides a graphical representation of the major U.S. airline mergers during this period. These mergers have resulted in significant economic control of passenger ridership. For FY 2020, the four largest U.S. airlines (American, Delta, Southwest, and United) account for 79.6% of the domestic seating capacity. The potential impacts associated with consolidation include limited industry seats, limited capacity growth, and increases in fares.

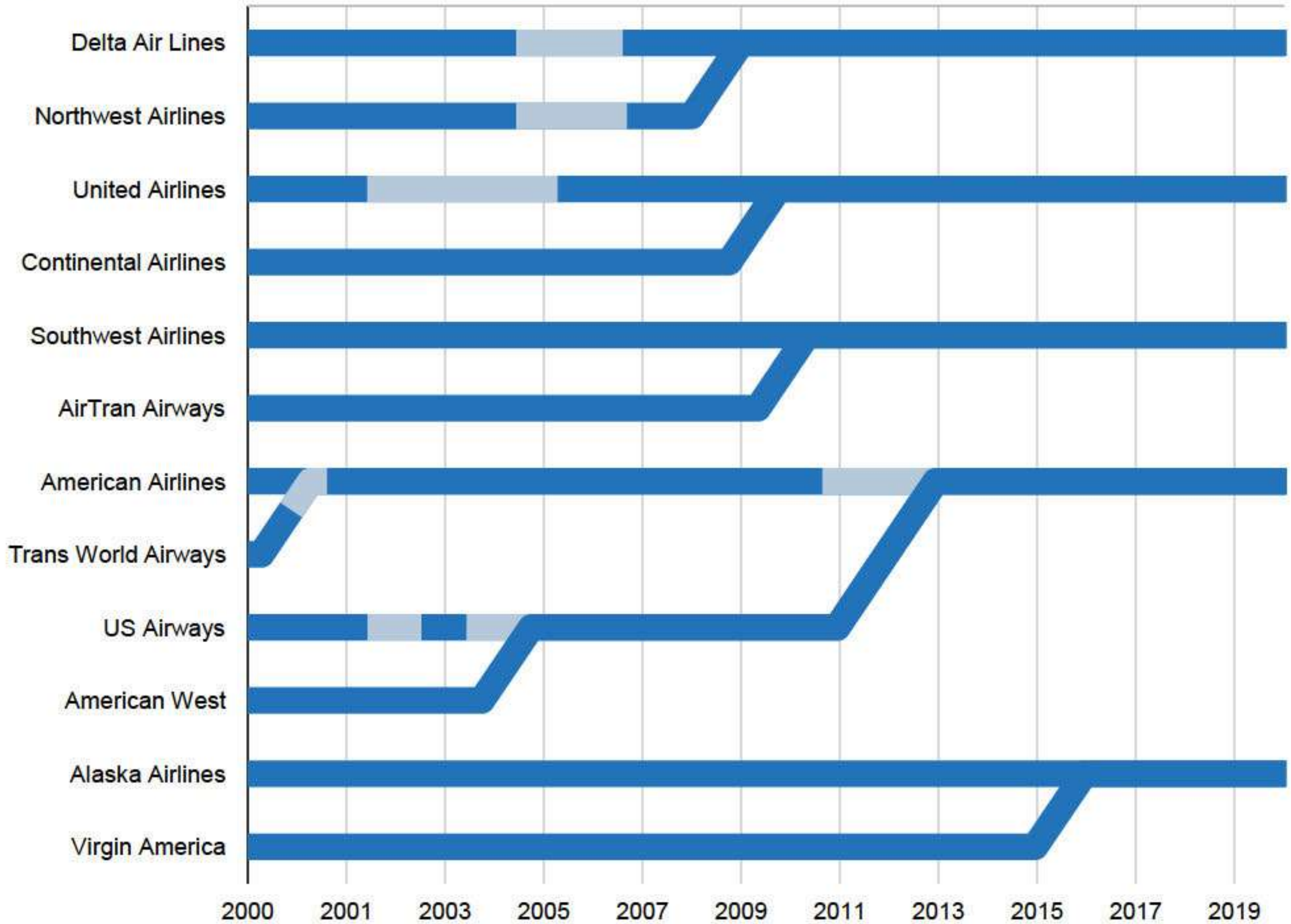
As of June 24, 2021, there has been no announcement of a U.S. scheduled mainline passenger airline seeking to acquire or merge with another U.S. scheduled mainline passenger airline. However, given the ongoing financial struggles and the uncertain recovery of air traffic, it is possible that airlines may seek further industry consolidation in the future primarily as a result of the financial difficulties experienced during the COVID-19 pandemic. It is expected that airlines will continue to enter into partnerships and code-share agreements in attempts to seek competitive advantages. For example, in early 2021, American has entered into partnerships with both Alaska Airlines for markets in the western U.S. and JetBlue Airways for markets in the eastern U.S.

3.3.4 Aviation Fuel

The price of oil and the associated cost of jet fuel has historically been one of the largest operating costs affecting the airline industry. In 2000, jet fuel sold to end users averaged $0.89 per gallon. The average cost of jet fuel climbed steadily through 2007. However, in 2008, crude oil prices and consequently, jet fuel surged in price as a result of strong global demand, a weak U.S. dollar, commodity speculation, political unrest, and a reluctance to materially increase supply. In July 2008, jet fuel reached an average price of $4.01 per gallon, nearly double the price the year prior. Reduced demand in 2009 stemming from the global financial crisis and subsequent economic downturn resulted in a sharp decline in price. However, as the economic climate improved and political unrest continued in the Middle East, oil prices increased in the subsequent three years. The increase in the price of jet fuel put upwards pressure on airline operating costs. As a result, airlines were faced with cutting capacity or increasing fares, and sometimes both. The average price of jet fuel dropped significantly in 2015 and 2016, reaching a low of $1.03 per gallon in February 2016. Since then, jet fuel prices increased steadily to a peak of $2.25 in October 2018 before falling to $1.70 per gallon in December 2019 due to increased oil supplies. In 2019, jet fuel prices remained fairly stable, averaging approximately $1.90 per gallon from February 2019 through January 2020.

[64] The five U.S. airlines that declared bankruptcy in 2020 are the regional carriers: Expressjet (UA), Trans States Airlines (UA), and Compass Airlines (AA and DL), and the charter carriers: Miami Air International, and Shoreline Aviation. The major carriers served by the regional partner carriers contracted with other carriers to provide regional service.

Figure 3-11 Major U.S. Airline Mergers of the 21st Century



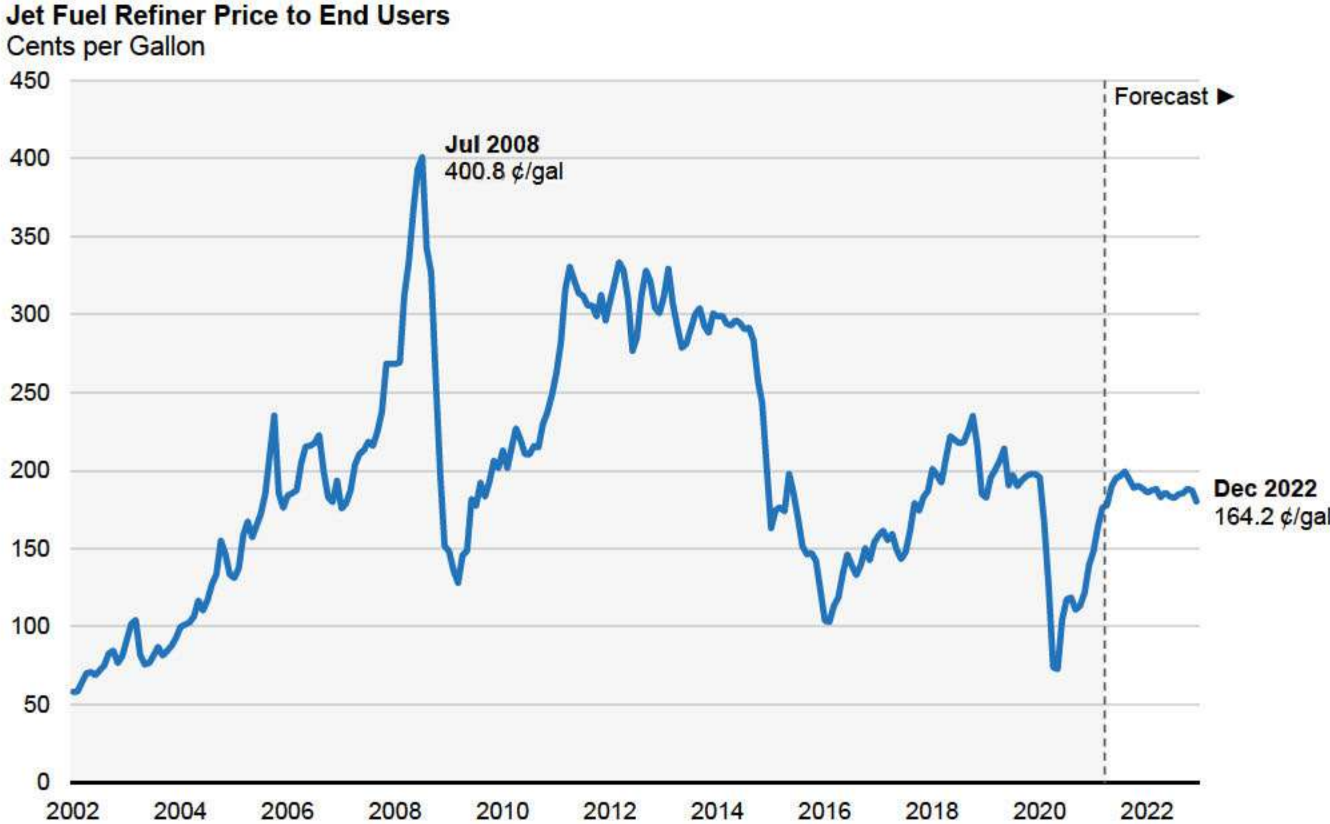
Note: Shading indicates bankruptcy.
Source: Airlines for America, U.S. Airline Mergers and Acquisitions.

As a result of the COVID-19 pandemic, the global demand for crude oil and fuel decreased dramatically starting in January 2020. As a result, the price of crude oil dropped below $20 per barrel in April 2020. Since then, crude oil supply curtailments have caused oil prices to recover. Prices hovered near $40 per barrel from early June 2020 through December but have increased to nearly $65 per barrel in May 2021.

The U.S. Energy Information Administration (EIA) provides forecasts of jet fuel refiner price to end users in a report entitled Short-Term Energy Outlook. In the June 2021 release, the EIA projects that jet fuel prices will reach $1.80 per gallon by December 2022. **Figure 3-12** presents the historical price for jet fuel refiner price to end users and the EIA's forecast of that price.

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 estimates. Historically, certain airlines have also employed fuel hedging as a practice to provide some protection against future fuel price increases. While fuel hedging has generally not been used by airlines in recent years, it remains as a potential option to mitigate fuel cost risk.

Figure 3-12 Jet Fuel Prices



Source: U.S. Energy Information Administration, Short-Term Energy Outlook (June 2020).

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 be 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.

3.3.5 Aviation Security

Since the September 11, 2001, terrorist attacks (9/11), government agencies, airlines, and airport operators have upgraded security measures to guard against threats and to 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, the increased presence of armed air marshals, awareness programs for personnel at airports, and new programs for flight crews. Aviation security is under the control of the federal government through the 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 terrorist attacks at airports internationally including at the Brussels Airport in March 2016, the Istanbul Atatürk Airport in June 2016, and the Orly International Airport in March 2017. So long as government agencies continue to seek processes and procedures to mitigate potential risks and to maintain confidence in the safety of aircraft, without requiring unreasonable levels of costs or inconvenience to the passengers, economic influences are expected to be the primary driver for aviation demand as opposed to security and safety.

3.3.6 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. As demand for air travel increases, the national aviation system must maintain sufficient capacity to allow for travel without unacceptable delays or congestion. It is generally assumed that the required infrastructure improvements needed to maintain capacity will keep pace with demand. Although not likely over the projection 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.

3.4 Air Traffic Activity Projections

This section presents industry research on various forecast recovery scenarios from the impacts of the COVID-19 pandemic as well as a presentation of the air traffic activity projections including the key assumptions used to develop those projections.

This section contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The air traffic activity projections included in this Report represent L&B's opinion, based on information available to L&B as well as estimates, trends and assumptions that are inherently subject to economic, political, regulatory, competitive and other uncertainties, all of which are difficult to predict and many of which will be beyond the control of L&B. Prospective investors should assume that the restrictions and limitations related to the ongoing COVID-19 pandemic, and the current upheaval to the air travel industry and the national and global economies, could increase at least over the near term, recovery may be prolonged, and, therefore, have an adverse impact on Airport revenues. As a result, projected results may not be realized, and actual results could be significantly higher or lower than projected. L&B is not obligated to update, or otherwise revise, the projections or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error.

3.4.1 Industry Recovery Scenarios

Several industry sources have made predictions as to the length of recovery of air traffic to levels prior to the COVID-19 pandemic. **Table 3-16** presents summaries of various scenarios. As shown, the general consensus of those cited below is that passenger traffic will not recover to CY 2019 levels until sometime around CY 2023 to CY 2024. It is important to note that these forecasts reflect the recovery at a national level and are not necessarily reflective of the recovery at the Airport.

Table 3-16 Industry Recovery Scenario Forecasts

Source Company / Agency	Expected Recovery Period	Citation	Source
International Air Transport Association (IATA)	CY 2024	*"We assume a vaccine(s) is deployed in the second half of 2021, but it looks likely that there will be production and distribution challenges that mean it will only be in late 2021 and in 2022 when air travel rises back substantially. On this basis we don't expect 2019 levels to be regained until around 2024.* *We should also acknowledge the huge amount of uncertainty over virus behavior, vaccine effectiveness and government responses..."*	*"Deep Losses Continue Into 2021"*, November 24, 2020. https://www.iata.org/en/pressroom/pr/2020-11-24-01/
Airports Council International	CY 2023-24	*"Passengers expected to recover to 2019 levels in 2023-2024. Domestic markets by 2023 and international markets by 2024-2025"*	*"State of the Airport Industry – COVID-19 Impact and Outlook,"* December 2020
Fitch Ratings	CY 2024	*"Fitch Ratings expects air traffic recovery in U.S. and Canadian markets to be slower in 1H21 than previous forecasts, given ongoing low levels of passenger demand observed through the early weeks of 2021. Accelerated growth is expected in 2H21 with greater vaccination rates and the release of pent-up leisure and holiday travel demand.* *Airports and airlines are highly sensitive to the pace of recovery from the coronavirus pandemic and new, more contagious variants of the virus may hinder a rapid rebound in the near term. A prolonged rebound for the air travel industry is part of our forecast, with full recovery not expected until 2024 at the earliest."*	*"North American Airport and Airline Pressures to Ease, Accelerating Recovery Later This Year"*, March 11, 2021 https://www.fitchratings.com/research/infrastructure-project-finance/north-american-airport-airline-pressures-to-ease-accelerating-recovery-later-this-year-virus-variants-travel-restrictions-vaccine-rollouts-present-uncertainties-11-03-2021

Table 3-16 Industry Recovery Scenario Forecasts (continued)

Source Company / Agency	Expected Recovery Period	Citation	Source
Moody's Investor Service	CY 2024	*"Enplanement levels have divorced from traditional GDP correlations because of unpredictable consumer behavior and local and international restrictions on travel or onerous quarantine requirements. Enplanement levels depend on the perceived spread of the virus, but we expect enplanements to be 25% to 45% of 2019 volumes in the first half of 2021 before recovering with warmer weather and expected adoption of a vaccine."*	*"2021 outlook negative with high degree of traffic uncertainty, airline financial health"*, December 1, 2020. https://www.moodys.com/research/Moodys-2021-outlook-for-US-airports-remains-negative-amid-ongoing--PBC_1255600?cid=7QFRKQSZE021
Standard & Poor's (S&P)	CY 2024	*"U.S. public transit and airport sectors face the longest recovery relative to other U.S. transportation subsectors, with our current baseline activity estimates for 2021 compared with pre-COVID-19 levels showing annualized declines of approximately 50% for public transit, and 40% for airports; and public transit ridership recovering to approximately 15% below pre-COVID-19 levels by the end of 2023 and enplanements returning to or near pre-pandemic levels in 2024 for most airports.."*	"Updated Activity Estimates for U.S. Transportation Infrastructure Show Public Transit and Airport Operators Still Face A Long Recovery". January 13, 2021 https://www.spglobal.com/ratings/en/research/articles/210113-updated-activity-estimates-for-u-s-transportation-infrastructure-show-public-transit-and-airport-operators-st-11797812

Sources: Cited in table above. Accessed April 2021.

3.4.2 Projection Assumptions

There are two main factors determining the recovery in air travel: safety from COVID-19 and its variants and economic recovery. To determine when it is deemed safe to travel, assumptions regarding the timeframe to achieve population immunity were developed. Once safe travel is available through population immunity, it was assumed recovery of air travel will be predicated on recovery in the economy. This section describes assumptions regarding achieving population immunity, the return of business travel, and economic recovery.

3.4.2.1 Reaching Manageable Infection Rates

Achieving population or "herd" immunity is generally viewed as one of the largest obstacles to returning to normal activities. This immunity is achieved through a combination of natural immunity through infection and vaccination. A survey from PEW Research Center in February 2021 indicated that approximately 69% of Americans intend to get a vaccine or already have.[65] While this presents a gap between the amount required and the number of those likely to be vaccinated, it should be noted that this is an increase of nine percent from those surveyed in November 2020 and 18% from those surveyed in September 2020. However, 31% said they would either probably not or definitely not get the vaccine.[66] As of June 22, 2021, more than 318 million doses have been administered with over 177 million people receiving the first dose and more than 150 million people fully vaccinated.[67] This equates to 46% of Americans being completely vaccinated. Certain experts have indicated that it is becoming more unlikely that population immunity will be reached in the U.S. as people may opt not to take the vaccine and variants of the virus spread. Some experts believe that without reaching immunity the virus will continue to circulate but will become more manageable and will still result in hospitalizations and deaths but in much smaller numbers.[68]

While developing the enplaned passenger projections, two timelines for reaching managing infection rates were developed. The following presents the timelines based on the assumptions made.

- **Rapid-Adoption:** The rapid-adoption timeline assumes that the general public will continue to quickly adopt to the vaccine. It is assumed that those wanting to be vaccinated will be by the fourth quarter of 2021 resulting in more manageable infection rates.
- **Slow-Adoption:** The slow-adoption timeline assumes that people are slow to adopt the vaccine for various reasons. It is also assumed that those wanting to be vaccinated will be by the third quarter of 2022 resulting in more manageable infection rates.

Due to the initially slow start to the COVID-19 vaccine rollout, it was originally assumed that the rapid-adoption timeline would be an optimistic scenario. However, now that initial supply issues have largely been resolved, the slow-adoption timeline would likely only happen with severe shortages and a large portion of the population opting not to take the vaccine or if other issues occur that impact distribution. Therefore, it represents a more pessimistic scenario. Therefore, under baseline conditions, it is assumed that the adoption timeline for the vaccine will be between the two timeframes outlined above for domestic travel. It was assumed that for international travel, the adoption timeline will lag behind given the complexities associated with opening borders, varying vaccine distribution, achievement of herd immunity, and other adoption issues.

65 Pew Research Center, *Growing Share of Americans Say They Plan To Get a COVID-19 Vaccine – or Already Have*, accessed online at https://www.pewresearch.org/science/2021/03/05/growing-share-of-americans-say-they-plan-to-get-a-covid-19-vaccine-or-already-have/

66 Ibid.

67 CDC COVID Data Tracker accessed at https://covid.cdc.gov/covid-data-tracker/#vaccinations, accessed June 2021.

68 The New York Times, *Reaching 'Herd Immunity' Is Unlikely in the U.S., Experts Now Believe*, https://www.nytimes.com/2021/05/03/health/covid-herd-immunity-vaccine.html, accessed May 2021.

3.4.2.2 Loss of Business Travelers

Prior to the Great Recession, air fares did not typically have a significant impact on air travel for business travelers. However, the economic climate after the Great Recession prompted businesses to seek measures in order to save cost, part of which included shrinking travel budgets. As such, companies began substituting air travel with telecommunication when the cost to travel becomes too great.

The impacts associated with the COVID-19 pandemic essentially halted all travel in March 2020, which required many business travelers to quickly pivot from in-person meetings to conducting videoconference meetings. Stay-at-home orders required many businesses to shift to work-at-home temporarily with many still operating a hybrid of work at home and in the office. Both of these somewhat acted as an experiment to determine what meetings could be conducted remotely and what jobs can be done effectively from home versus an office setting. The COVID-19 pandemic has been a catalyst for some companies to move to work-at-home on a permanent basis. A survey from July 2020 indicated that 93% of companies believe that their remote working and meeting policies will permanently change.[69]

For business travelers conducting in-person sales or client meetings, air traffic has been recovering quicker and is expected to make a full recovery as face-to-face conversations will continue to be seen as worth the cost of travel. However, internal meetings, training programs, trade shows, and conferences have seen little to no recovery to date. It is possible that if more people work-from-home, in-person internal meetings and training programs previously done in-person will be drastically reduced, with people opting for virtual meetings. There are a number of estimates as to how much business travel will be permanently lost. According to a business travel analyst, the data suggests that between 19% and 36% of all air traffic are likely to be lost.[70]

Historically, there have been a number of events over the past 20 years, such as the terrorist attacks of September 11, 2001 and the Great Recession, that have prompted theories of an ultimate decline in business air travel. However, the industry has continued to prove resilient and business air travel recovered from both of those events. Therefore, given the data above, it was assumed that business air travel would fare better than the estimates above. Subsequently, for the purposes of this Report, it was assumed for the baseline projection that about 8% of business travel would be lost upon recovery during the projection period. For the purposes of the slower recovery sensitivity scenario projection, this loss was assumed to be about 15%.

3.4.2.3 Economic Recovery

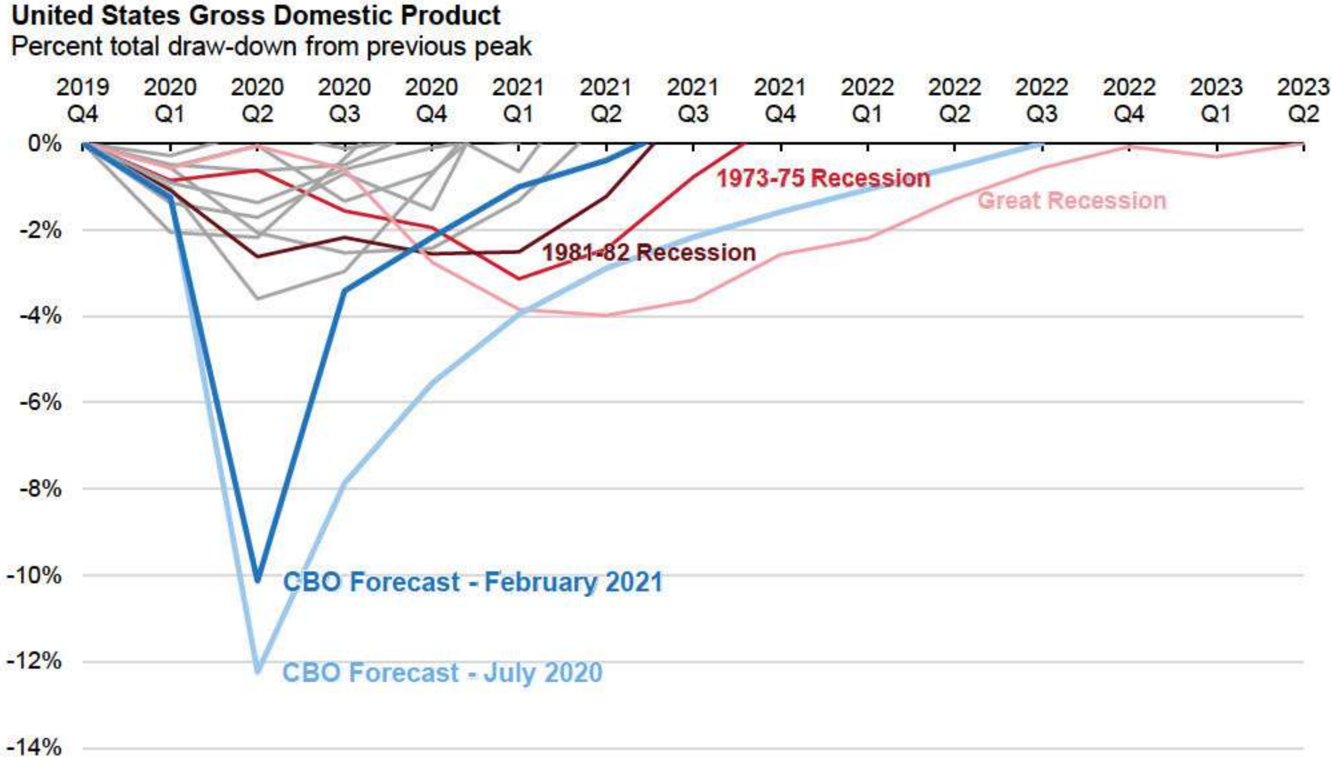
Biannually, the CBO provides 10-year economic projections which includes output, prices, labor market measures, interest rates, and income. Part of this work includes projections of potential GDP. In July 2020, the CBO released the first update to these projections since the beginning of the pandemic. At the time, the CBO forecast that real U.S. GDP contracted by 10.1% in the second quarter of 2020, which is equivalent to an annual decline of 34.6%, followed by a 17.0% recovery in the third quarter. The CBO projected that GDP would recover to fourth quarter of 2019 levels by the third quarter of 2022, making the recession the second longest U.S. recession since 1947.

69 BCG, COVID-19 Consumer Sentiment Snapshot #11: Getting to the Other Side, June 2, 2020. Accessed online at https://www.bcg.com/publications/2020/covid-consumer-sentiment-survey-snapshot-6-02-20

70 The Wall Street Journal, The Covid Pandemic Could Cut Business Travel by 36%—Permanently, December 1, 2020. Accessed online at https://www.wsj.com/articles/the-covid-pandemic-could-cut-business-travel-by-36permanently-11606830490

However, when actual results became available, the real U.S. GDP contracted by 8.9% in the second quarter of 2020, which is equivalent to an annual decline of 31.4%, before rebounding by 6.7% in the third quarter of 2020. According to the CBO's most recent -year projections released early February 2021, the U.S. GDP is estimated to continue rebounding during the fourth quarter of 2020 as concerns about the pandemic diminish and as state and local governments ease stay-at-home orders, bans on public gatherings, and other measures to limit the spread of COVID-19. On an annual basis, the CBO estimates that the U.S. GDP decreased by 3.4% in 2020 and forecasts that GDP will increase by 4.6% in 2021. The February release projects that GDP would recover to fourth quarter of 2019 levels by the third quarter of 2021. **Figure 3-13** provides a comparison of GDP declines (as of second quarter 2020) to the current CBO forecast (February 2021), the previous release of the forecast, and other major U.S. recessions since 1947.

Figure 3-13 U.S. GDP Comparison during Recessions



Sources: U.S. Bureau of Economic Analysis, National Income and Product Accounts; Congressional Budget Office, An Overview of the Budget and Economic Outlook: 2021 to 2031, February 2020.

For the purposes of the projections used for this analysis, it is assumed that the February 2021 CBO projections represent more of an optimistic scenario for economic recovery. For the purposes of developing a projection for financial feasibility purposes, the baseline projection assumes that long-term recovery will be somewhat more protracted resembling the tail of the July 2020 CBO projection and that GDP recovery to 2019 levels will occur closer to the first quarter of 2022.

At this time, it is difficult to determine the exact timing and scope of economic recovery. It, however, has been demonstrated that the economy in the Air Service Area has been somewhat less impacted than for the nation as a whole. Therefore, it could be likely that the Air Service Area's economy could recover more rapidly than that of the nation. However, for the purposes of this Report and developing air traffic projections for financial feasibility purposes, it has been assumed that the Air Service Area's economic recovery is generally within the same timeline as that of the nation. Please note that should economic conditions deviate from these assumptions, it is likely that air traffic activity could vary from the projections presented herein, and such variances could be material.

3.4.3 Enplaned Passengers Projection

Based on the assumptions described above and assuming there are no additional major disruptions to air traffic over the projection period (e.g. terrorist attacks, reinstituting "stay-at-home" orders, health pandemics, etc.), enplaned passengers at the Airport are projected to recover to approximately 2019 levels, or 13.1 million, by FY 2024. Under the baseline projection, total enplaned passengers at the Airport are projected to reach 14.1 million in FY 2028. **Table 3-17** provides a summary of the enplaned passengers projection by segment.

Table 3-17 Enplaned Passengers Projection (FY 2019 – FY 2028)

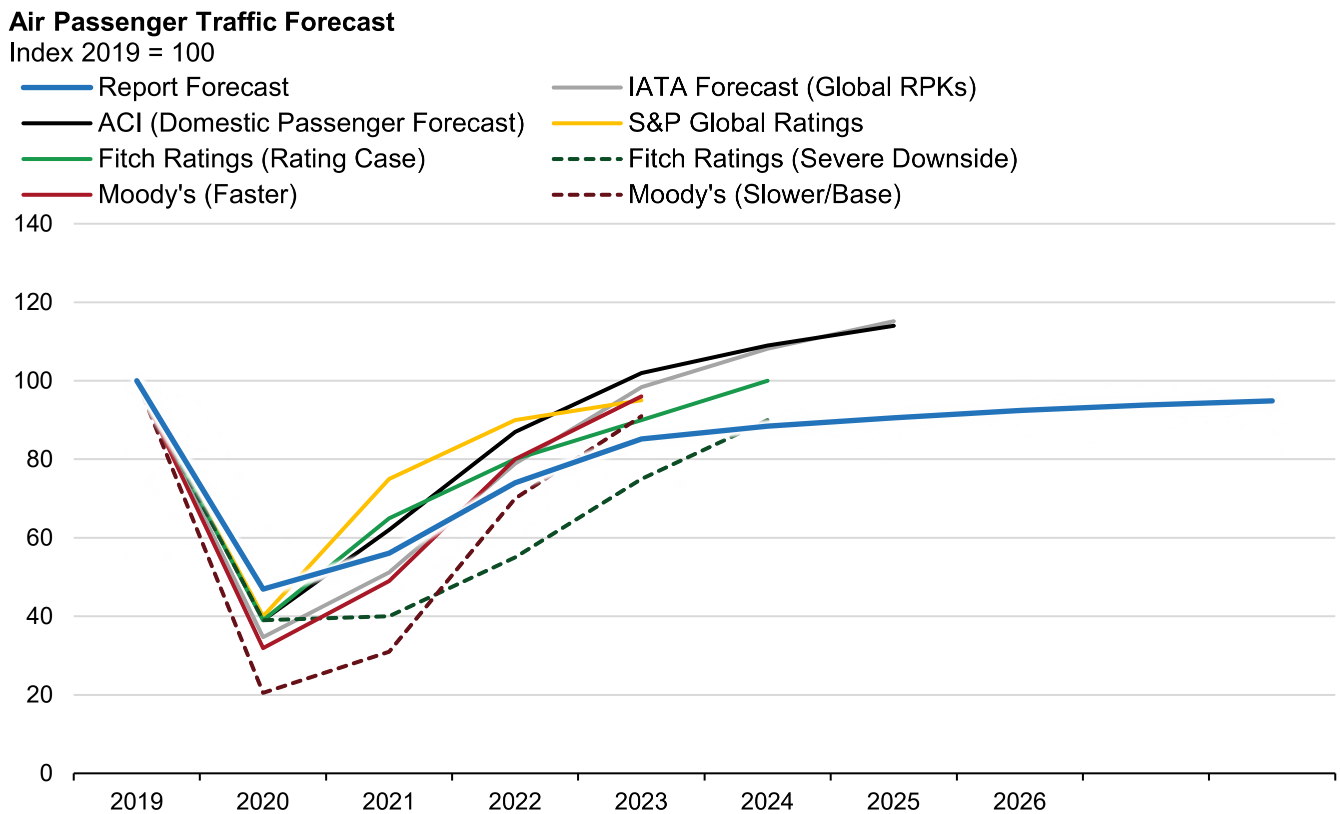
Fiscal Year		Enplaned Passengers (in thousands)			
		Domestic	International	Total	Percent of 2019
Actual	2019	12,556	534	**13,090**	100.0%
	2020	9,713	382	**10,096**	77.1%
Estimate	2021	6,884	162	**7,046**	53.8%
Projected	2022	11,137	370	**11,507**	87.9%
	2023	12,014	508	**12,522**	95.7%
	2024	12,541	529	**13,070**	99.8%
	2025	12,876	542	**13,418**	102.5%
	2026	13,142	552	**13,695**	104.6%
	2027	13,391	562	**13,953**	106.6%
	2028	13,563	568	**14,132**	108.0%
Range		**Compound Annual Growth Rate**			
2019-20		-22.6%	-28.5%	**-22.9%**	
2020-21		-29.1%	-57.6%	**-30.2%**	
2021-28		10.2%	19.6%	**10.5%**	
2019-28		0.9%	0.7%	**0.9%**	

Note: This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.

Source: Salt Lake City Department of Airports, Air Traffic Statistics (actual data).
Landrum & Brown (estimate and projections).

Figure 3-14 compares the enplaned passengers projection with a selection of recovery forecasts from ACI, Fitch Ratings, IATA, Moody's Investor Service, and S&P Global Ratings on a CY basis.[71] As shown, the projection for the Airport is somewhat more favorable in the early years of the recovery as compared to the other industry forecasts, which is indicative of the Airport performing better than the nation as a whole thus far during the recovery. The projection for the Airport is somewhat more conservative in its assumption of a recovery to 2019 levels by 2024 than the ACI and IATA forecasts and similar to the Fitch (Rating Case) and S&P forecasts. This projection is somewhat more favorable than the Fitch Ratings (Severe Downside) and Moody's (Slower/Base) scenarios. However, a slower recovery projection scenario for the Airport is also presented later in this Chapter.

Figure 3-14 Comparison of Enplaned Passenger Projections



Note: This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.

Sources: IATA, Deep Losses Continue Into 2021, November 24, 2020. ACI, State of the Airport Industry - COVID-19 Impact and Outlook, December 20, 2020. Fitch Ratings, North American Airport and Airline Pressures to Ease, Accelerating Recovery Later This Year", March 11, 2021. Moody's Analytics, 2021 outlook negative with high degree of traffic uncertainty, airline financial health, December 1, 2020. S&P Global Ratings, Updated Activity Estimates for U.S. Transportation Infrastructure Show Public Transit and Airport Operators Still Face A Long Recovery". January 13, 2021.

[71] The projections for the Airport were converted to CY for comparison purposes.

3.4.4 Aircraft Landed Weight Projection

It was assumed that the passenger airlines' average landed weights will generally follow the enplaned passenger trends described above. As described previously, all-cargo airlines' landed weights actually increased during the COVID-19 pandemic and are projected to remain relatively stable. **Table 3-18** presents a summary of the aircraft landed weight projection by segment.

Table 3-18 Landed Weight Projection (FY 2019 – FY 2028)

Fiscal Year		Landed Weight (in million-pound units)			
		Passenger Airlines	All-Cargo	Total	Percent of 2019
Actual	2019	14,264	1,201	**15,465**	100.0%
	2020	12,315	1,246	**13,562**	87.7%
Estimate	2021	12,147	1,391	**13,538**	87.5%
Projected	2022	13,012	1,375	**14,387**	93.0%
	2023	13,651	1,389	**15,040**	97.3%
	2024	14,249	1,402	**15,651**	101.2%
	2025	14,629	1,416	**16,045**	103.8%
	2026	14,930	1,431	**16,361**	105.8%
	2027	15,211	1,445	**16,656**	107.7%
	2028	15,407	1,459	**16,866**	109.1%
Range		**Compound Annual Growth Rate**			
2019-20		-13.7%	3.7%	**-12.3%**	
2020-21		-1.4%	11.6%	**-0.2%**	
2021-28		3.5%	0.7%	**3.2%**	
2019-28		0.9%	2.2%	**1.0%**	

Note: This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.

Source: Salt Lake City Department of Airports, Air Traffic Statistics (actual data).
Landrum & Brown (estimate and projections).

3.4.5 Slower Recovery Enplaned Passengers Projection

Given the uncertainty with the level and duration of the recovery from the impacts associated with the COVID-19 pandemic, L&B prepared a slower recovery projection for enplaned passengers at the Airport. The financial impacts associated with this enplaned passenger scenario will be analyzed in Chapter 5. The following summarizes the assumptions and presents the results of the slower recovery projection.

- **Slow-Adoption of Vaccine:** The slow-adoption timeline assumes that a portion of the population is hesitant to take the vaccine for various reasons. Under this case, it is assumed that those wanting to be vaccinated will be by the third quarter of 2022.

Long-Term GDP Recovery: In the July release of its GDP forecast, the CBO projected that GDP would recover to fourth quarter of 2019 levels by the third quarter of 2021. It was assumed for the purposes of the slower recovery that it will take until the third quarter of 2022 for the U.S. GDP to recover, and that the Air Service Area's recovery will be generally consistent with this timeline.

- **Loss of Business Travelers:** Under the baseline projection, it was assumed that there would be an 8% loss in business traffic during the projection period. For the purposes of the slower recovery projection, this loss was assumed to be 15% during the projection period.
- **Reduced Connecting Traffic:** In 2019, 40.9% of domestic enplaned passengers at the Airport were connecting. For the purposes of the slower recovery projection, it was assumed that the Airport would experience a loss of approximately 20% of connecting traffic during the projection period. At this time and as presented earlier in this chapter, the loss of connecting traffic does not appear likely; however, it has been assumed for the purposes of preparing a hypothetical slower recovery scenario.

Table 3-19 presents the results of the slower recovery projection as compared to the baseline. As shown, under the baseline, enplaned passengers are projected to reach over 14.1 million in FY 2028. Under the slower recovery scenario, enplaned passengers are projected to reach approximately 12.7 million in FY 2028.

Table 3-19 Enplaned Passengers Slower Recovery Projection (FY 2019 – FY 2028)

Fiscal Year		Enplaned Passengers (in thousands)		
		Baseline	Slower Recovery	Slower Recovery as a Percent of Baseline
Actual	2019	13,090	13,090	100.0%
	2020	10,096	10,096	100.0%
Estimate	2021	7,046	7,046	100.0%
Projected	2022	11,507	8,660	75.3%
	2023	12,522	11,035	88.1%
	2024	13,070	11,686	89.4%
	2025	13,418	12,002	89.4%
	2026	13,695	12,253	89.5%
	2027	13,953	12,487	89.5%
	2028	14,132	12,650	89.5%
Range		Compound Annual Growth Rate		
2019-20		-22.9%	-22.9%	
2020-21		-30.2%	-30.2%	
2021-28		10.5%	8.7%	
2019-28		0.9%	-0.4%	

Note: This projection is based on current expectations and information and is not intended as a representation of facts or guarantee of results.

Source: Salt Lake City Department of Airports, Air Traffic Statistics (actual data).
Landrum & Brown (estimate and projections).

4 Airport Facilities and Capital Program

This Chapter provides an overview of existing Airport facilities and describes the New SLC and other planned capital improvements at the Airport, referred to as Other Capital Projects for the purposes of this Report.

4.1 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 4-1**.

Figure 4-1 Airport Layout (As of November 2020 – see note)

Note: Since November 2020, the former terminal building, airside concourses, and parking garage have been demolished.

Source: Airport management records

4.1.1 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.[72]

- **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, former 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. 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. Construction of the NCP began in January 2018. In September 2020, the terminal and western portion of Concourse A of the TRP opened. In October 2020, the western portion of Concourse B opened.

4.1.2 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.

[72] Salt Lake City Department of Airports website (https://www.slcairport.com/about-the-airport/airport-overview/airport-history/), accessed June 2016.

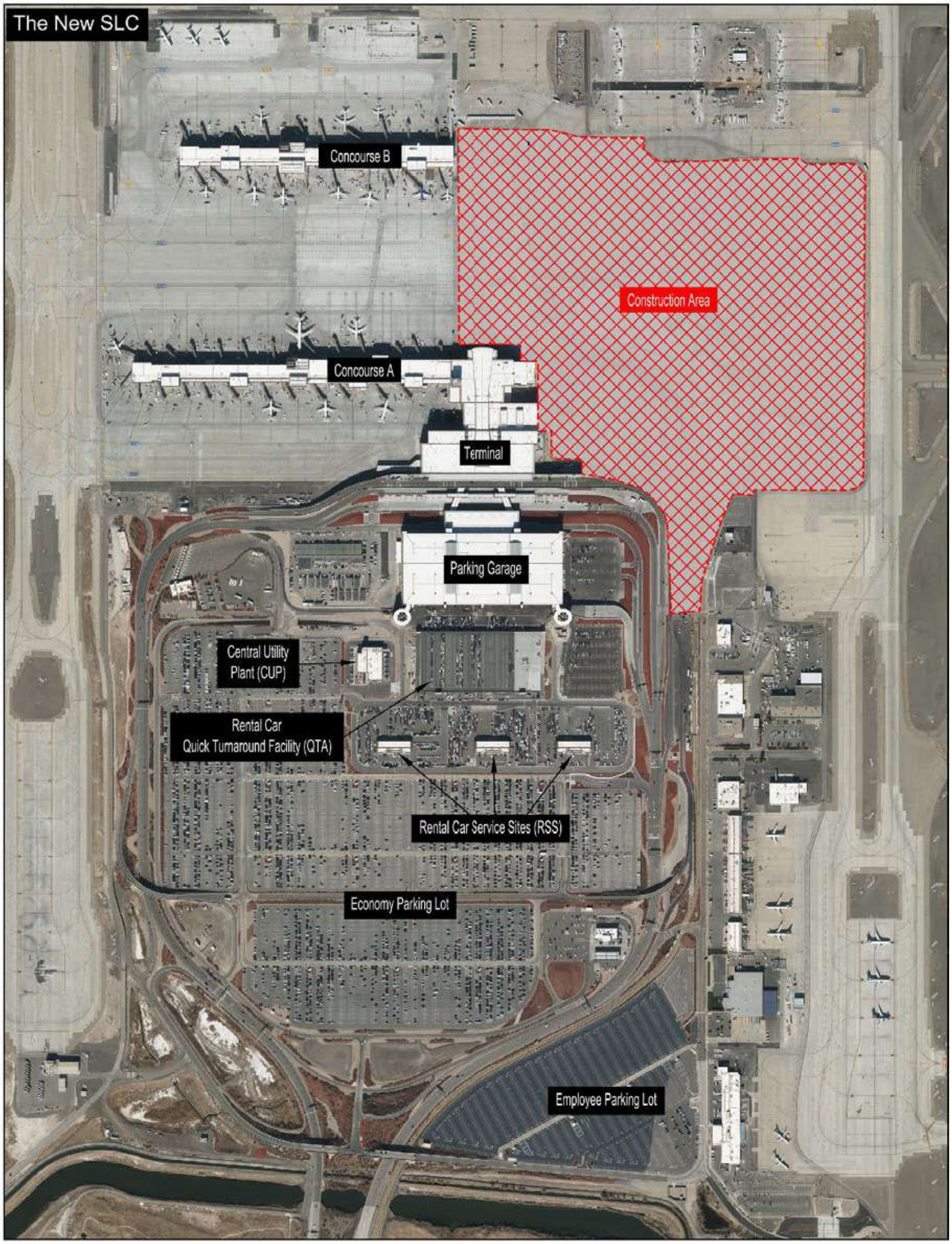
4.1.3 Terminal Facilities

The current terminal and western airside concourses were completed as part of the New SLC program and opened in the fall of 2020. The passenger terminal complex consists of a consolidated passenger terminal, one attached airside concourse (Concourse A – formerly referred to as South Concourse), and one remote airside concourse (Concourse B – formerly referred to as North Concourse) comprising over 1.7 million square feet of total space. An approximately 1,000 linear-foot underground tunnel connects the western portions of the airside concourses. This tunnel area provides pedestrian access to Concourse B from Concourse A. Ultimately, this tunnel is planned to be closed to passenger access when a new central tunnel is completed as part of the New SLC. After its closure, the current tunnel will be primarily used as a utility corridor and for baggage systems. The terminal is also connected to the parking garage via the Gateway Center. **Figure 4-2** illustrates the Airport's terminal complex and shows the general area for future facilities that are under construction.

Level 1 of the Terminal contains a federal inspection services (FIS) area, international baggage claim and recheck area, tenant administrative offices, a centralized security checkpoint for dedicated employee access, ground transportation counters, and also serves commercial curbs and other ground transportation functions. Level 2 provides passenger circulation areas and connects landside and airside components of the facility. Public areas prior to the security checkpoint provide for baggage claim and airline baggage service offices, an expansive meeter-greeter area, food and beverage and retail concessions, and a centralized security screening checkpoint. Areas beyond security screening include the main terminal plaza area consisting of 79,000 square feet of concessions, seating, and circulation space. Level 3 contains the ticketing area for departing passengers, a 30,000-square foot Delta SkyClub, a conference center and administrative offices for the Department and other tenants at the Airport. Departing passengers being dropped off at the Airport arrive on the Level 3 curb. 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.

There is also a remote hardstand facility to serve aircraft in overflow situations where all contact gates are occupied. Delta and its regional affiliate partners operate from both airside concourses, while all other airlines at the Airport operate on Concourse B. As of April 2021, the existing airside concourses and hardstand facilities provide for a total of 66 aircraft parking positions, associated passenger waiting areas and security screening facilities. Of the 66 positions, 46 have passenger loading bridges and the 20 remote hardstand positions are served through a busing operation and have aircraft access directly on the apron without passenger loading bridges. **Table 4-1** presents the current number of aircraft gate positions at the Airport by concourse and used by the Signatory Airlines. Section 4.6 of this Report describes future gate counts planned as part of the New SLC.

Figure 4-2 SLC Terminal Complex



Source: Airport management records, April 2021

Table 4-1 Aircraft Gate Use at the Airport (As of June 2021)

Airline	Concourse A	Concourse B	Hardstand	Total
Alaska	-	1	-	2
American	-	2	-	2
Delta	25	7	15	47
Frontier	-	1	-	1
JetBlue	-	1	-	1
Southwest	-	4	-	6
United	-	2	-	3
Department (common use)	-	3	5	2
Total	**25**	**21**	**20**	**66**

Source: Salt Lake City Department of Airports management records

4.1.4 Public Parking Facilities

Public parking facilities currently located at the Airport consist of the new five level, short-term parking garage near the terminal complex that opened as part of the New SLC in September 2020 and long-term economy surface parking lots. As part of the TRP, the economy lots have also been reconfigured. In total, these facilities comprise about 152 acres, including the five levels of the garage, and have 14,401 public parking spaces. The short-term parking garage has 3,469 public parking spaces on levels two through five and is located adjacent to the passenger terminal. The first floor is dedicated to rental car operations and contains approximately 1,200 ready/return parking spaces. Upper floors are served via two helical ramps. Current pricing for the short-term parking garage is $35 per day or $55 per day for the Premium Reserved Parking service.

In addition to the new Parking Garage, the Airport also has a substantial amount of surface parking available for Airport patrons, including a new surface parking area located east of the new parking structure. The surface lot has 384 parking spaces. 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.

To help reduce vehicle traffic congestion in the terminal area, the Department maintains a 132-space Park and Wait lot and adjacent Touch n' Go service plaza located west of Terminal Drive, just south of the terminal, 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.

4.1.5 Rental Car Facilities

Rental car operations at the Airport currently are located on the ground floor of the new parking garage adjacent to the terminal building and include approximately 1,200 ready/return parking spaces Nine rental car brands are currently located at the Airport: Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless and Thrifty. In addition, six brands are located off-Airport and their customers must use shuttle bus services.

The rental car service facilities were placed in service in March 2016. These facilities consist of a 'quick-turn-around' (QTA) facility for fueling and washing cars and three facilities for performing light vehicle maintenance. 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 Rental Car Service Site (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.

4.1.6 Transportation Network Companies

The Airport is served by several transportation network companies (TNCs), including both Uber and Lyft. The Department has set aside dedicated curb space at the Airport for TNC pick-ups, but TNC drivers are required to wait for customers off-Airport. TNC operations at the Airport have grown substantially since FY 2016, when TNC operations were first permitted at the Airport and 209,800 transactions were reported. During FY 2020, there were approximately 1.26 million TNC transactions reported.

4.1.7 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 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. In April 2018, Atlantic Aviation, one of the Airport's FBOs, opened a new 12,700 square-foot terminal and two new 30,000 square-foot heated hangars. [73]
- **FAA**: The FAA occupies the Airport Traffic Control Tower (ATCT) and handles all flight arrivals and departures as well as ground movement.
- **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 cargo facility at the Airport constructed in recent years 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.

4.2 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 lighted 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

[73] *Atlantic Unveils New Salt Lake City FBO Complex*, AIN Online, April 19, 2018, https://www.ainonline.com/aviation-news/business-aviation/2018-04-19/atlantic-unveils-new-salt-lake-city-fbo-complex, accessed June 2018.

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 MIRLs. Threshold lights are located at each end as well as runway end identifier lights for the Runway 35 approach. Four light PAPIs service the 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. The Bureau of Land Management maintains a Single Engine Air Tanker base at Tooele Valley Airport. 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 5 of this Report).

4.3 Summary of Capital Projects

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

The New SLC: The New SLC consists of both the TRP and NCP as described below:

- **The Terminal Redevelopment Program**: The TRP is the major capital program currently under construction that upon completion will have replaced and rebuilt the Airport's landside and terminal facilities and is currently replacing its airside concourse facilities over the next few years in conjunction with the NCP. The western portion of the airside concourse (Concourse A) was opened in September 2020 and is operational. The TRP has been funded, in part, with proceeds of the Series 2017 Bonds and the Series 2018 Bonds, and will be funded, in part, with proceeds of the Series 2021 Bonds and additional Bonds along with other funding sources to be described below. In addition, the Department has entered into a short-term revolving credit facility with JPMorgan Chase Bank, National Association, pursuant to which the City can access up to $300 million (Line of Credit). The Line of Credit is currently intended to be used as an interim funding facility. The capital and operating costs associated with the TRP have been included in the financial analysis in this Report and are further described in Chapter 5.

- **The North Concourse Program**: The NCP is also currently under construction and includes the development of a midfield airside concourse (Concourse B) to the north of the new airside concourse to be developed simultaneously with the TRP (i.e., Concourse A). The western portion of Concourse B opened in October 2020 and is currently operational. The eastern portion of Concourse B is anticipated to be opened during the fourth quarter of 2024 with full operation of Concourse B by the fourth quarter of 2025. The NCP has been funded, in part, with proceeds of the Series 2017 Bonds and the Series 2018 Bonds, and will also be funded, in part, with proceeds of the Series 2021 Bonds, the Line of Credit as an interim funding source, and additional Bonds along with other funding sources to be described herein. The capital and operating costs associated with the NCP have been included in the financial analysis in this Report and are further described in Chapter 5.

Other Capital Projects: These projects are in addition to the elements of the New SLC and are the other Airport System capital projects that currently are anticipated by the Department to be undertaken over the projection period, or from FY 2022 through FY 2028. 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.

4.4 The New SLC

The New SLC is a comprehensive capital program that is currently under construction to completely redevelop and replace the existing landside and terminal complex of the Airport. The New SLC is comprised of two capital programs known as the TRP and the NCP. A significant portion of the New SLC has been completed and is currently operational. Remaining portions of the New SLC currently under construction primarily consist of airside concourse development, the new central passenger tunnel, and associated airside improvements. **Figure 4-3** illustrates the New SLC and shows the facilities that are complete and in operation and the future airside concourse elements currently under construction. The next several sections provide additional details on the TRP and the NCP.

Figure 4-3 The New SLC

Source: Airport management records, April 2021

4.4.1 The Terminal Redevelopment Program

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. As described later in Chapter 5 of this Report, Delta has executed an extension of the AUA through June 30, 2034. Terms and conditions of the AUA are described later in this Report in Chapter 5.

The TRP is estimated to cost approximately $2.72 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 $2.21 billion of project costs have already been incurred through March 2021. **Table 4-2** 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 4-2 TRP Project Costs by Element (thousands of dollars)

TRP Element	Current Budget[1]	Planned CY Quarter of Operation
South Economy Parking Lot	$14,344	Operational
Rental Car Facilities: QTA and RSS	95,457	Operational
Central Utility Plant	59,535	Operational
Terminal Facility[2]	915,696	Operational
Gateway Center	126,153	Operational
Concourse A (West)	422,742	Operational
Parking Garage	241,872	Operational
Terminal Roadway System	110,343	Operational
Concourse A (East)	389,078	Q2 2023 (west half) Q4 2023 (east half)
Terminal Apron, Fuel Hydrant System, and Taxilanes	277,360	Various
Miscellaneous Landside/Parking Lot Improvements	9,143	Operational
Owner Reserve	57,378	Ongoing
Total	$2,719,101	

Notes: 1 Approximately $2.21 billion of project costs have been incurred through March 2021.
Amounts may not add because of rounding.
2 Includes baggage handling system

Source: Airport records, May 2021

The eastern section of Concourse A is currently under construction and is the only remaining portion of the TRP to be completed. This facility continues the configuration of Concourse A and is comprised of approximately 376,000 square feet of space that will be contiguous with the terminal facility. Level 1 of the Concourse A 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 expanded food and beverage and retail concessions. In total, the eastern portion of Concourse A will ultimately accommodate 22 aircraft gate positions.

The eastern section of Concourse A is currently planned to be completed by the fourth quarter of CY 2023. Because of the substantial decreases in air traffic resulting from the impacts associated with the COVID-19 pandemic that temporarily reduced the need for aircraft gates, the Department was able to accelerate the demolition of its former airside concourses. The demolition of these former airside concourses has essentially cleared the site for the development of Concourse A and simplified its construction phasing. The demolition of the former facilities has accelerated the planned opening of all the aircraft gates on Concourse A by nearly two years.

4.4.2 The North Concourse Program

The NCP consists of a planned 31-gate midfield concourse on the north side of Figure 4-3, of which 21 gates opened in October 2020. There is also future capacity for an additional 15-gates (beyond the planned 31 gates) when demand warrants, and the development of underground mid-concourse connecting tunnel from Concourse A. It is currently estimated that the NCP will cost approximately $1.73 billion. **Table 4-3** presents project costs of the NCP by element in chronological order for when each element is planned to be operational. A description of the major project elements of the NCP follows the table.

Table 4-3 NCP Project Costs by Element (thousands of dollars)

TRP Element	Current Budget[1]	Planned CY Quarter of Operation
Concourse B (west)	$398,450	Operational
Concourse B (east)	412,272	Q4 2024
Baggage Handling System	70,820	Phased
Central Tunnel	147,562	Q4 2024
Mid Concourse Tunnel	22,534	Operational
Apron/Taxilanes	355,471	Phased
Hydrant Fueling System	53,175	Phased
Concourse A (east) Modifications	89,363	Q4 2023
Concourse A (east) Hardstand/Rephase	95,306	Q4 2023
RON Airfield Pavement	9,436	Operational
BHS Cold Bag Storage	35,862	Q4 2023
Owners Reserve	42,622	Ongoing
Total	**$1,732,873**	

Notes: 1 Approximately $637.0 million of project costs have been incurred through March 2021.
Amounts may not add because of rounding.
Source: Airport records, May 2021

The first phase of the NCP was opened in October 2020, about one month after the terminal and the Concourse A (west). This initial phase was the west portion of Concourse B and includes 21 aircraft gate positions and comprises approximately 361,000 square feet of space.

The second phase of the NCP will add an additional 10 aircraft gate positions. The second phase is planned to be approximately 246,000 square feet of building space. The Central Tunnel connecting Concourse B to Concourse A 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 and the mid-concourse tunnel will be closed. This final phase of the NCP is currently planned to be initially operational in the fourth quarter of CY 2024 and fully operational by the fourth quarter of CY 2025.

As shown on Figure 4-3, there is additional area east of the NCP available for further buildout of a future extension of Concourse B. It is currently estimated that an additional 15 aircraft gates could be built in this area as future demand warrants.

4.4.3 New SLC Aircraft Gate Positions

Prior to construction of the New SLC, the Airport had 56 aircraft gates with loading bridges and 30 aircraft gates without loading bridges on Concourse E. As described earlier, the Airport currently has 66 aircraft positions with 46 of these having loading bridge access to aircraft, and the remaining 20 ground-loaded positions on the remote aircraft hardstand facility are without loading bridges. The construction phasing plan for the New SLC has been developed to maintain active aircraft gate positions throughout construction. When completed, the New SLC is planned to provide 78 aircraft gate positions at the Airport. Each of these gates will be served by a loading bridge and is planned to accommodate the expected future aircraft fleet mix. As compared to the former facilities, the Airport is planned to have 32 more loading bridge capable gates upon completion of the New SLC to accommodate future requirements more efficiently and effectively. **Table 4-4** presents the current plan for aircraft parking positions through various phases of the New SLC construction.

Table 4-4 Planned Aircraft Parking Positions During the New SLC Construction

Date	Conc. C	Conc. D	Conc. E[1]	Conc. F[2]	Conc. G[3]	Conc. A (west)	Conc. A (east)	Conc. B	Hard-Stand[4]	Total with LB[5]	Total
Before Construction of New SLC	13	13	30	22	8	0	0	0	0	56	86
Current	0	0	0	0	0	25	0	21	20	46	66
May 2023	0	0	0	0	0	25	4	21	20	50	70
November 2023	0	0	0	0	0	25	22	16	7	63	70
February 2024	0	0	0	0	0	25	22	21	7	68	75
October 2024	0	0	0	0	0	25	22	26	0	73	73
October 2025	0	0	0	0	0	25	22	31	0	78	78

Notes:
1 Concourse E did not provide loading bridge access to aircraft.
2 Formerly Concourse B
3 Formerly Concourse A
4 The aircraft hardstand does not provide loading bridge access.
5 Loading bridge (LB)

Source: Airport management records, accessed March 2021.

4.4.4 The New SLC Program Management Team

Program management for the New SLC is comprised of a selected staff of professionals chosen from 10 companies of which 41 personnel were engaged as of May 4, 2021. At the peak of construction 68 full-time personnel were 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 New SLC is HOK (formerly known as Helmuth, Obata & Kassabaum, Inc.), which has multiple sub-consultant firms engaged on various engineering and design efforts. In October 2013, the Department selected Holder-Big-D, 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. Big-D Construction is a local Salt Lake City based company and Holder Construction Company is Georgia-based. In April 2017, the Department selected Austin Okland Aviation as the CMAR for the NCP. The

CMAR Contract with AOJV was terminated for convenience following the reduction in passengers associated with the impacts of the COVID-19 pandemic and AOJV has de-mobilized. HDJV is expected to add the second phase of the NCP to its existing CMAR.

The New SLC has been broken down into 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 the CMAR will construct the elements of the New SLC 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 the CMAR, as applicable, to provide specified pre-construction and general conditions services during its term. As of March 2021, 100% of the TRP project costs and approximately 79.1% of the NCP project costs are subject to an executed CGMP.

Each CGMP is designed and bid separately. All subcontracts must be competitively awarded, and the subcontracts are held by the CMAR, as applicable, 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 the CMAR, as applicable, before any legal action may be commenced.

4.5 Other Capital Projects

Other Capital Projects currently anticipated by the Department to be undertaken or completed during the projection period that are not part of the New SLC are shown in Exhibit A. Preliminary cost estimates for the Other Capital Projects total approximately $308 million through FY 2028. Projects expected to be undertaken include rehabilitation of taxiways as well as improvements at Tooele and South Valley Airports. 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 projection 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 New SLC.

4.5.1 Financial Impact for Other Capital Projects

Sources of funding for the Other Capital Projects are described below 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 projection period, the Department may consider other potential future Airport improvements not planned at this time. However, it is assumed that 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.

4.6 Plan of Finance

Exhibit A presents the total project costs along with estimated funding sources for the New SLC 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 New SLC 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 $2.72 billion, the NCP is estimated to cost $1.73 billion, and the Other Capital Projects are estimated to cost $308.1 million. Additional detail regarding the estimated funding sources for the New SLC and Other Capital Projects is presented in this section.

4.6.1 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 $3.8 million in FY 2020 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 $204.0 million in federal grants are anticipated to fund a portion of the New SLC and the Other Capital Projects.

4.6.2 Passenger Facility Charge Revenues

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 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 2021 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, the Series 2018 Bonds, the Series 2021 Bonds, and additional Bonds.

As of March 31, 2021, the Department is authorized by the FAA, to impose and use approximately $2.2 billion of PFC revenues (at the $4.50 level) for various projects. The Department received approval from the FAA on June 3, 2020 of its amendment request to increase its PFC funding for the TRP by $72.3 million. The FAA's estimated charge-expiration date is April 1, 2037. As of March 31, 2021, the Department had collected approximately $936.8 million of its total approved collection and had disbursed approximately $916.5 million on approved projects. The Department received approval for its PFC Application number 16 in February 2016 for the TRP. The application and subsequent amendment was approved at the PFC collection rate of $4.50 for a total approved use of approximately $1.38 billion.

As presented in Exhibit A, the Department has planned for approximately $332.8 million of PFCs to fund TRP project costs on a pay-as-you-go basis. At this time, the Department does not expect to fund any additional costs of the TRP with PFC revenues on a pay-as-you-go 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.

4.6.3 Department Funds

The Department 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. There is no prohibition for the use of Amortization for NCP.

As presented in Exhibit A, the Department is currently planning to apply internally generated Department funds to the New SLC of approximately $489.1 million. The Department intends to use approximately $294.1 million of Department funds for Other Capital Projects.

4.6.4 Outstanding Bonds, Series 2021 Bonds, and Future Bonds

The remaining portions of the New SLC are planned to be funded with proceeds of Bonds. The Department has issued the Series 2017 Bonds, the Series 2018 Bonds, and plans to issue the Series 2021 Bonds to pay the costs of implementing a portion of the New SLC. Currently, the Department also is planning to issue additional Bonds over the next several years to fund remaining portions of the New SLC based on future timing and cash flow needs. As presented on Exhibit A, approximately $925.7 million of Series 2017 Bonds proceeds (including interest earnings) have been used to fund project costs of the New SLC, approximately $798.8 million of Series 2018 Bonds proceeds have been used to fund project costs of the New SLC, approximately $1.5 billion of future Bonds (including the Series 2021 Bonds) proceeds are planned to fund project costs of the New SLC. Of the future Bonds proceeds approximately $898.2 million are Series 2021 Bonds proceeds and approximately $601.5 million are future Bonds proceeds. The Department also expects to use its $300 million Line of Credit as an interim funding source. Assumptions related to the issuance of the Series 2021 Bonds and future Bonds are provided in Section 5.4.

4.6.5 Customer Facility Charges

On July 1, 2011, the Department began requiring the rental car companies at the Airport to charge a customer facility charge (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 current rate of $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 portions of the TRP that are used by rental cars. As shown on Exhibit A, the Department intends to fund approximately $201.8 million of rental car-related improvements of the TRP from CFC revenues. The Department has expended approximately $199 million of CFC eligible project costs through March 2021. The Department has already constructed the QTA, RSS, rental car portion of the parking garage, and rental car portion of the Gateway Center, 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.

5 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 plan for funding sources, including the use of proceeds of the Series 2017 Bonds, the Series 2018 Bonds, the planned Series 2021 Bonds, and future Bonds, along with Debt Service projections, Operating Expenses, Revenues projections, 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 2020, and projections for FY 2021 through FY 2028, also referred to as the projection period.

5.1 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 11-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.

5.2 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 nine Divisions: Operations; Maintenance; Finance; Engineering; Planning and Environmental; Administration and Commercial Services; Communication and Marketing; Information Technology; and Operational Readiness, Activation, and Transition for the New SLC. In addition, the executive team of the Department is comprised of the Chief Operating Officer, to whom the Director of Operations reports, along with Airport police and firefighting. The executive team of the Department is a full-time staff of professional and technical personnel located at the Airport.

5.3 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 5.3.2 below, funds 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 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.

5.3.1 Accounting Structure

Pursuant to the AUA for the Airport, the Department has 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 modified commercial compensatory basis that includes financial incentives for additional enplaned passengers. 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, the Series 2018 Bonds, and the Series 2021 Bonds are payable on a parity 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, remote aircraft parking aprons, 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, FIS facilities, 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, rental car operations, and taxi and transportation network companies (TNCs).
- **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 based on share of expenses among the Direct Cost and Revenue Centers.
- **Roads**: Expenses associated with Airport roadways are allocated to the Department's Direct Cost and Revenue Centers based on amounts specified in the AUA.

5.3.2 Master Indenture

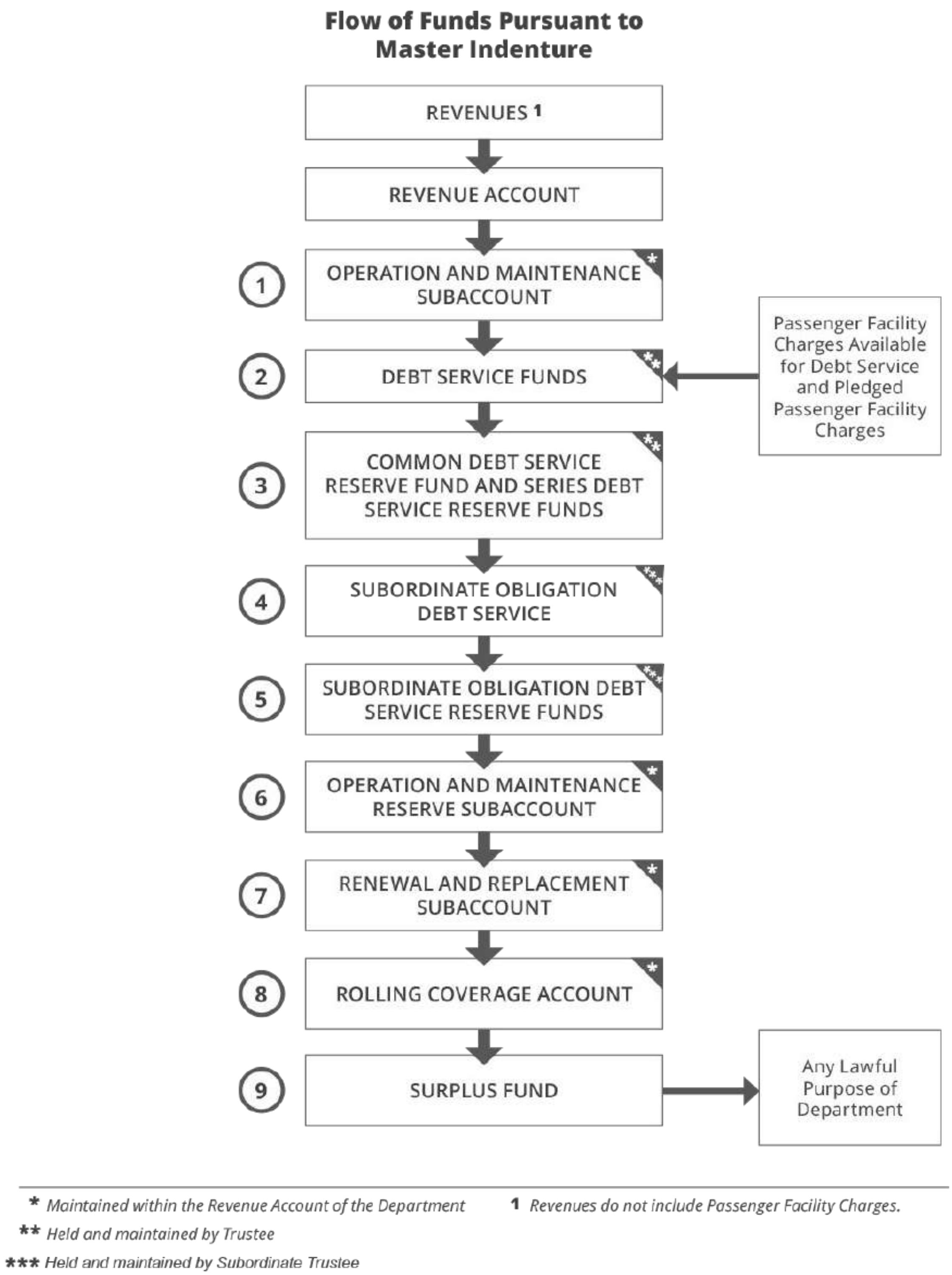
The Master Trust Indenture, referred to as the Master Indenture, dated as of February 1, 2017 by and between the City and Wilmington Trust, National Association, as Trustee, authorizes the issuance of airport revenue bonds to pay the costs of acquiring and constructing Airport System improvements, among other items. The Series 2017 and Series 2018 Bonds were issued pursuant to the Master Indenture and the First and Second Supplemental Trust Indentures and the Series 2021 Bonds are being issued pursuant to the provisions of the Master Indenture and the Third Supplemental Trust Indenture to be dated as of August 1, 2021, referred to as the Third Supplemental Indenture, by and between the City and the Trustee. The Master Indenture and the Third Supplemental Indenture are collectively referred to as the Indenture. The Series 2021 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. As of July 2, 2021, the Department had $1.849 billion of Bonds Outstanding.

Pursuant to the Master Indenture, the City has pledged Net Revenues to the payment of the Bonds issued thereunder. 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.

Flow of Funds

The Master Indenture and the Subordinate Obligation Trust Indenture (as described below) established 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 5-1** illustrates the flow of funds as set forth in the Master Indenture and the Subordinate Obligation Trust Indenture (as described below).

Figure 5-1 Flow of Funds



Source: Master Indenture and Subordinate Obligation Trust Indenture

As long as there are Outstanding Bonds and Subordinate Obligations, 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:

1. Operation and Maintenance Subaccount
2. Debt Service Funds
3. Common Debt Service Reserve Fund and Series Debt Service Reserve Funds
4. Subordinate Obligation Debt Service
5. Subordinate Obligation Debt Service Reserve Funds
6. Operation and Maintenance Reserve Subaccount
7. Renewal and Replacement Subaccount
8. Rolling Coverage Account
9. Surplus Fund

Rate Covenant

In the Master Indenture, the City covenants, 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 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 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, including the Series 2021 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 be required to meet this test with respect to the Series 2021 Bonds. L&B is providing this Report along with a certificate described in clause (ii) above with respect to the Series 2021 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 Outstanding Bonds, the planned Series 2021 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 Outstanding Bonds, Series 2021 Bonds, or any additional Bonds.

5.3.3 Subordinate Obligation Trust Indenture

The Master Subordinate Trust Indenture, referred to as the Subordinate Obligation Trust Indenture, dated as of March 1, 2021, by and between the City and Zions Bancorporation, National Association, as Subordinate Trustee (the “Subordinate Trustee”), authorizes the issuance of Subordinate Obligations to pay the costs of acquiring and constructing Airport System Improvements, among other items. Pursuant to the Subordinate Obligation Trust Indenture, Subordinate Obligations will be secured by a pledge of and lien on Subordinate Revenues. Subordinate Revenues include Net Revenues less all amounts required to pay debt service and reserve replenishment on and related to the Bonds.

Rate Covenant

In the Subordinate Obligation Trust Indenture, the City covenants, while any Subordinate Obligations 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 principal of and interest 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;
- the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Indenture;
- the annual debt service on any outstanding Subordinate Obligations required to be funded by the City in such FY as required by the Subordinate Obligation Trust Indenture or any supplemental subordinate obligation indenture with respect to the outstanding Subordinate Obligations;
- the required deposits to any debt service reserve fund which may be established by a supplemental subordinate obligation indenture;
- the reimbursement owed to any credit provider or liquidity provider as required by a supplemental Subordinate Obligation Trust Indenture;
- 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 and outstanding Subordinate Obligations; and
- funding of any debt service reserve funds created with respect to any indebtedness of the Department, other than Outstanding Bonds and Subordinate Obligations.

The City further covenanted 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 Subordinate Revenues, together with any transfer, will be equal to at least 115% of annual debt service on the outstanding Subordinate Obligations for such FY. For purposes of this subsection (b), the amount of any transfer taken into account shall not exceed 15% of annual debt service on the outstanding Subordinate Obligations in such Fiscal Year. When calculating annual debt service on the outstanding Subordinate Obligations for purposes of the rate covenants, annual debt service on the outstanding Subordinate Obligations 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 Subordinate Obligations

Additional Subordinate Obligations may be issued under the Subordinate Obligation Trust Indenture on parity with outstanding Subordinate Obligations, provided, among other things, there shall be delivered to the Subordinate Trustee either:

(i) a certificate, dated as of a date between the date of pricing of the Subordinate Obligations being issued and the date of delivery of such Subordinate Obligations (both dates inclusive), prepared by an authorized city representative showing that the Subordinate 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 Subordinate Obligations, together with any transfer for the most recently ended FY, were at least equal to 115% of maximum aggregate annual debt service with respect to all outstanding Subordinate Obligations and the proposed series of Subordinate Obligations, calculated as if the proposed series of Subordinate Obligations were then outstanding; or

(ii) a certificate, dated as of a date between the date of pricing of the Subordinate Obligations being issued and the date of delivery of such Subordinate Obligations (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 Subordinate Revenues for the last audited FY 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 Subordinate Obligations, together with any transfer for the most recently ended FY, were at least equal to 115% of the sum of the annual debt service due and payable with respect to all outstanding Subordinate Obligations for such applicable period; and

(B) for the period from and including the first full FY following the issuance of such proposed series of Subordinate Obligations during which no interest on such series of Subordinate Obligations is expected to be paid from the proceeds thereof through and including the later of: (1) the fifth full FY following the issuance of such series of Subordinate Obligations, or (2) the third full Fiscal Year during which no interest on such series of Subordinate Obligations is expected to be paid from the proceeds thereof, the estimated Subordinate Revenues, together with any estimated Transfer, for each such FY, will be at least equal to 115% of the aggregate annual debt service for each such Fiscal Year with respect to all outstanding Subordinate Obligations and calculated as if (y) the proposed series of Subordinate Obligations were then outstanding, and (z) any future series of Subordinate Obligations 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 15% of the aggregate annual debt service on the outstanding Subordinate Obligations, the proposed series of Subordinate Obligations and any future series of Subordinate Obligations included pursuant to subparagraph (ii)(B)(z) of the previous paragraph.

For purposes of subsections (ii)(B) above, in estimating Subordinate 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 Subordinate Revenues and shall also set forth the calculations of aggregate annual debt service, which calculations may be based upon information provided by another Consultant.

In certain circumstances, neither of the certificates described above under subsection (a) shall be required for the issuance of additional Subordinate Obligations. For instance, if Subordinate Obligations are being issued for the purpose of refunding then outstanding Subordinate Obligations and there is delivered to the Subordinate 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, Subordinate Obligations will not exceed maximum aggregate annual debt service prior to the issuance of such refunding Subordinate Obligations.

5.3.4 Airline Use Agreement

The Department entered into 10-year AUA with the Signatory Airlines operating at the Airport effective July 1, 2014. This original AUA is effective through June 30, 2024. As described below, the Department offered an extension of the AUA through June 30, 2034, which has been executed by Delta. 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 99.6% of enplaned passengers at the Airport in FY 2018.

In May 2018, the Department offered a 10-year extension to the AUA to all the Signatory Airlines operating at the Airport. This extends all existing terms and conditions of the AUA through June 30, 2034. Delta is the only airline that has executed the 10-year AUA extension. However, Delta is the largest airline operating at the Airport with approximately 70% of the enplaned passengers in FY 2018. At this time, no other airlines have executed the AUA extension; however, the Department is currently in discussions with the other Signatory Airlines regarding their execution of the AUA extension.

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 projecting 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 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 is a direct cost and revenue center, plus their allocated portions of the indirect cost centers. 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 centers.

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 New SLC, including debt service on Bonds, has received the required approvals from the Signatory Airlines pursuant to the AUA.

The AUA allows for the 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, excluding parking, 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 contemplated 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 including the NCP, and to include debt service, including the Series 2017 Bonds, the Series 2018 Bonds, the Series 2021 Bonds, and additional 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 applicable laws
- 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.

COVID-19 Financial Relief Measures

The significant declines in passenger traffic associated with the COVID-19 pandemic had a negative financial impact on the airline industry as presented previously. The Department received requests for financial relief from the airlines at the Airport early on during the COVID-19 pandemic. At its discretion to provide some relief to the airlines, the Department deferred airline landing fees and terminal rents for April 2020, May 2020, and June 2020. The repayment terms associated with the Department's deferral of airline rentals and fees were 50% of the balance in July 2020, and the remaining 50% in August 2020. The Department has received all outstanding balances from the airlines under this deferral program. The Authority also provided short-term financing to build out space in new facilities.

5.3.5 Other Principal Business Agreements

New in-terminal concession contracts commenced with the opening of the New SLC in the fall of 2020, and all former contracts terminated at that time with the full demolition of the former facilities. In-terminal concession contracts have been timed with the New SLC opening. New contracts constitute 59 locations in the initial phase opening of the New SLC, with approximately 63% of locations developed and operational as of the spring of 2021. Eight additional locations are under construction with openings planned to occur in the summer of 2021. The remaining locations open in the fall/winter of 2021, and in 2022 due to weakened demand and concessionaire financial constraints caused by the impacts associated with the COVID-19 pandemic. The Department intends to issue a second request for proposals (RFP) for the next phase of in-terminal concessions in the fall of 2021 for openings to coincide with Concourse A (east) gates opening in the fall/winter of 2023, and a third RFP in the fall of 2023 for openings to occur in 2025. Continuing on with practices in the initial phase, the Department intends to award locations in packages of varying, albeit smaller sizes, to existing and new concessionaire partners with successful proposals.

In regard to rental cars and as indicated previously, the following nine brands operate at the Airport: Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless, and Thrifty. All of these rental car companies pay privilege fees and must collect and remit 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 2021 are currently estimated at $5.4 million
- New contracts were initially planned to commence with the opening of the New SLC facilities in September 2020 and October 2020 for a term of 10 years, but were revised because of the COVID-19 pandemic impacts
- The 10-year term of the revised contracts will commence upon the sooner of achieving 90% of 2019 enplaned passenger levels for three consecutive months or July 1, 2023
- A second phase of concessions contracts is expected to be subject to a competitive process and scheduled to open commensurate with the facilities remaining to be completed as part of the New SLC.

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 2021 are currently estimated at $5.2 million
- New contracts were initially planned to commence with the opening of the New SLC facilities in September 2020 and October 2020 for a term of eight years, but were revised because of the COVID-19 pandemic impacts
- The term of the revised contracts will commence upon the sooner of achieving 90% of 2019 enplaned passenger levels for three consecutive months or July 1, 2023
- A second phase of concessions contracts is expected to be subject to a competitive process and scheduled to open commensurate with the facilities remaining to be completed as part of the New SLC.

Parking and Shuttle Management Agreement:

- Includes automobile parking facilities, shuttle bus operations, and aircraft hardstand bus operations
- Term of agreement with SP Plus Corporation is currently month-to-month
- The Department currently plans to issue request for proposals (RFPs) in the fall of 2021 and commence a new contract for these services

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 85% of prior year gross revenues or 103% of prior year MAG, whichever is greater, and it reset in September 2020 at the opening of new parking garage and continues at the greater value through term
- Total MAG amounts for 2021 are approximately $14.6 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

COVID-19 Financial Relief Measures

The significant declines in passenger traffic associated with the COVID-19 pandemic has also had a negative financial impact on non-airline businesses at the Airport. In March 2020, former Governor Herbert ordered restaurants and bars to suspend dine-in service. This order negatively affected full-service dine-in restaurants at the Airport. In the early stages of the pandemic, many concessionaires closed or reduced operations at the Airport.

The Department received requests for financial relief from Airport concessionaires, rental car companies, and other non-airline tenants at the Airport. A summary of the measures the Department implemented are as follows:

In-Terminal Concessions:

- Deferral of food and beverage and retail MAGs from April 1, 2020 through September 30, 2020 for existing concession contracts expiring September 14, 2020 and October 26, 2020 when the former terminals and airside concourses closed
- Percent rent was only charged during the above deferral period; however, the annual settlement was based on actual contract terms that contain MAG abatement provisions
- Allowing new food and beverage and retail concession contracts that start on September 15, 2020 and October 27, 2020 to pay percentage of rent (MAG deferral) until the Airport achieves 90% of 2019 enplaned passenger levels for three consecutive months or July 1, 2023, whichever occurs first
- Extended terms of concession agreements to commence upon achieving 90% of 2019 enplaned passengers levels over three consecutive months or July 1, 2023, whichever occurs first
- Allowed concessionaires to complete build-outs of locations as the pandemic subsides and traffic returns to pre-pandemic levels
- Allowing temporary closures, reduced operating hours, and scaled back menus of concessionaires without penalty
- Provided short-term financing for the build-out of space in new facilities

Rental Cars:

- Deferral of MAG from April 1, 2020 through September 30, 2020
- Percent rent was only charged during the deferral period; however, the annual settlement was based on actual contract terms that contain MAG abatement provisions
-
- Provided additional overflow parking from April 1, 2020 through September 30, 2020
- Provided short-term financing for the build-out of space in new facilities

5.3.6 CARES Act Grant Assistance

As described in Section 1.2 of this Report, the CARES Act was approved by the U.S. Congress and signed by President Trump on March 27, 2020. It is one of the legislative actions taken to address the crisis associated with the COVID-19 pandemic and includes among its relief measures direct aid in the form of grants for U.S. airports, as well as direct aid, loans and loan guarantees for passengers and cargo airlines.

The CARES Act provides $10 billion of grant assistance to airports. It generally includes the following provisions:

- $3.7 billion allocated among all U.S. commercial service airports based on number of enplanements in CY 2018;
- $3.7 billion allocated among all U.S. commercial service airports based on formulas that consider fiscal year 2018 debt service relative to other U.S. commercial service airports, and cash-to-debt service ratios;
- $2.0 billion apportioned in accordance with AIP entitlement formulas, subject to CARES Act formula revisions;
- $500 million to increase the federal share to 100% for FAA AIP grants awarded in FFY 2020; and
- $100 million reserved for general aviation airports.

The FAA announced in April 2020 that it had allocated approximately $82.5 million to the Department for the Airport System. The Department may draw on such funds, on a reimbursement basis, for any purpose for which airport revenues may be lawfully used in accordance with FAA rules and regulations.

The Department used approximately $3.9 million of CARES Act funds in FY 2020 for the reimbursement of Operating Expenses. For FY 2021, the Department is planning on using $66 million of CARES Act funds for the reimbursement of Operating Expenses. The Department intends to apply its remaining balance of CARES Act funds, or approximately $12.6 million, in FY 2022 for the reimbursement of Operating Expenses. For the purposes of the Rate Covenant and the test for Additional Bonds pursuant to the Master Indenture, Operating Expenses net of such reimbursement amounts are the amounts used in those calculations.

5.3.7 Coronavirus Response and Relief Supplemental Appropriation Act

On December 27, 2020, the Consolidated Appropriations Act, 2021 was signed. Division M of that Act is the CRRSAA. Title IV of CRRSAA provides approximately $2 billion in economic relief to airports to prevent, prepare for, and respond to the COVID-19 public health emergency, including funds set aside for relief from rent and MAGs for eligible airport concessions at primary airports.

The FAA announced on February 12, 2021 that it had allocated approximately $23.4 million to the Department. Of that amount, approximately $2.8 million must be used for concessionaire relief. Under the grant program, the Department may use these funds to retain its workforce, make debt service payments, or offset increased operational costs from enhanced mitigation efforts to limit the spread of COVID-19. Funds must be obligated by September 30, 2021. The Department is planning to apply all of this funding except for the amounts obligated to concession relief (approximately $20.6 million) for the reimbursement of Operating Expenses in FY 2022. As described above, for the purposes of the Rate Covenant and the test for Additional Bonds pursuant to the Master Indenture, Operating Expenses net of such reimbursement amounts are the amounts used in those calculations.

5.3.8 American Rescue Plan Act

On March 11, 2021, the President signed the ARPA, a $1.9 trillion economic stimulus package designed to help the United States' economy recover from the adverse impacts of the COVID-19 pandemic. In addition to other economic relief, ARPA includes financial relief for certain eligible airports. For eligible airports, ARPA appropriates $8 billion to assist such airports to prevent, prepare for, and respond to COVID-19, and such amounts remain available until September 30, 2024. ARPA requires that, of the $8 billion appropriated, not more than $6.492 billion will be made available for primary airports such as the Airport (provided such airport has not been allocated more than four years of operating funds to respond to COVID-19 in federal fiscal year 2020), for "costs related to operations, personnel, cleaning, sanitation, janitorial services, combating the spread of pathogens at the airport, and debt service payments." ARPA further appropriates not more than $608 million to pay a federal share of one hundred percent of the costs for any grant awarded in federal FY 2021 (or in federal FY 2020 with less than a one hundred percent federal share) for any airport redevelopment project (as defined therein), and provides for not more than $800 million for sponsors of primary airports to provide relief from rent and minimum annual guarantees to airport concessions. Of such $800 million for airport concessions, ARPA requires that at least $640 million be made available for small airport concessions, and at least $160 million be made available for large airport concessions located at primary airports.

The FAA announced on June 22, 2021 that it had allocated approximately $91.7 million to the Department. Of that amount, approximately $11.0 million must be used for concessionaire relief. For the purposes of this Report, the financial analysis currently assumes the Department will allocate these amounts not used for direct concessionaire relief, or approximately $80.7 million, to the reimbursement of Operating Expenses in FY 2022, FY 2023, and FY 2024.

It is important to note that the amounts and allocations by FY for the CARES Act, CRRSAA, and ARPA are still preliminary at this time and are subject to change. The Department will continue to monitor its budgeted plan and may, ultimately, apply a different amount of such funding at the Department's discretion.

5.4 Debt Service

The Department plans to issue the Series 2021 Bonds to (1) fund a portion of the costs of the New SLC, (2) repay the outstanding balance of the Line of Credit, (3) fund capitalized interest on the Series 2021 Bonds, (4) fund a deposit to the Common Debt Service Reserve Fund, and (5) pay the costs of issuance of the Series 2021 Bonds. **Table 5-1** presents a listing of estimated sources and uses of funds for the proposed Series 2021 Bonds. The estimated sources and uses of funds and debt service for the proposed Series 2021 Bonds were prepared by the Department's municipal advisor, PFM Financial Advisors LLC (PFM). **Table 5-2** presents the estimated sources and uses for the Series 2021 Bonds and future Bonds currently estimated to be required to fund the remaining portions of the New SLC.

Table 5-1 Series 2021 Bonds Estimated Sources and Uses (dollars in thousands)[1]

Sources	Total
Par Amount of Series 2021 Bonds	$861,685
Premium	173,956
Total Sources	**$1,035,641**
Uses:	
Construction Funds	$630,586
Repay Line of Credit	267,600
Capitalized Interest	74,412
Common Debt Service Reserve Fund	57,721
Cost of Issuance	5,321
Total Uses	**$1,035,641**

Notes: [1] Amounts in this table will not be updated to reflect the final terms of sale on the Series 2021 Bonds.
Amounts may not add because of rounding.
Source: PFM Financial Advisors LLC, May 2021

Table 5-2 Outstanding Bonds, Series 2021 Bonds and Future Bonds Estimated Sources and Uses (dollars in thousands)

Sources	Series 2021	Future Bonds	Total
Par Amount of Bonds	$861,685	$610,085	$1,471,770
Premium	173,956	67,509	241,465
Total Sources	**$1,035,641**	**$677,594**	**$1,713,235**
Uses:			
Construction Funds	$630,586	$601,459	1,232,045
Repayment of Line of Credit	267,600		267,600
Capitalized Interest	74,412	31,885	106,297
Common Debt Service Reserve Fund	57,721	40,198	97,919
Cost of Issuance	5,321	4,052	9,373
Total Uses	**$1,035,641**	**$677,594**	**$1,713,235**

Note: Amounts may not add because of rounding.
Source: PFM Financial Advisors LLC, May 2021

Exhibit B presents annual Debt Service for the projection period of FY 2021 through 2028. Series 2017 Bonds debt service, Series 2018 Bonds debt service, planned Series 2021 Bonds debt service, and future debt service, net of capitalized interest, is projected to be approximately $208.5 million in FY 2025 upon completion of the New SLC. Total annual debt service, net of PFC revenues applied to pay debt service on the Series 2017 Bonds, the Series 2018 Bonds, Series 2021 Bonds, and future Bonds, is estimated to be approximately $159.1 million by FY 2025 when all elements of the New SLC are expected to be operational, and approximately $179.0 million by FY 2028. Debt Service estimates were provided by PFM and are based on the assumptions included in **Table 5-3**.

Table 5-3 Assumptions for the Series 2021 Bonds and Future Bonds (dollars in millions)

Assumption	Series 2021	Future Bonds
Issuance Date	August 16, 2021	July 1, 2023
Par Amount	$861.7	$610.1
Project Fund Deposit [1]	$898.2	$601.5
Bond Yield	3.54%	4.17%
Final Maturity	July 1, 2051	July 1, 2053

1 Includes repayment of Line of Credit

Source: PFM Financial Advisors LLC, May 2021

5.5 Operating Expenses

Table 5-4 presents historical Operating Expenses and capital outlays of the Department for the last four FYs or for FY 2017 through FY 2021.[74] This period has been chosen to present trends prior to the COVID-19 pandemic (FY 2017 through FY 2019), trends immediately following the onset of the COVID-19 pandemic (FY 2020 versus FY 2019), and estimated trends for a full year of COVID-19 pandemic impacts (FY 2021 versus FY 2020). For the period of FY 2017 through FY 2019, total Operating Expenses increased from approximately $100.4 million in FY 2017 to approximately $108.1 million in FY 2019, a CAGR of approximately 3.8%. While the Department had budgeted a significant increase in Operating Expenses in FY 2020 of $120.4 million primarily due to the upcoming opening of the New SLC, it was able to stabilize Operating Expenses upon the arrival of the pandemic and limit increases such that they increased by 4.0% to $112.4 million. In FY 2020, the Department applied approximately $3.9 million of CARES Act grants to eligible Operating Expenses. With the opening of the initial phases of the New SLC in early FY 2021, Operating Expenses are estimated to increase from FY 2020 by 19.2% to approximately $134.0 million. The Department is planning to apply $66.0 million of its CARES Act grants to pay a portion of Operating Expenses in FY 2021.

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 Operating Expenses of the Department for the Airport System for the period of estimated FY 2021, budget FY 2022, and projected for FY 2023 through FY 2028.

74 Data for FY 2021 is estimated based on partial year data.

Table 5-4 Historical Operating Expenses and Capital Outlays (dollars in millions)[1]

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021[2]	CAGR 17-19	CAGR 19-20	CAGR 20-21
Salaries and Benefits	$48.3	$51.0	$48.7	$48.5	$50.9	0.4%	(0.4%)	4.9%
Materials and Supplies	11.7	11.3	12.6	12.4	10.1	3.7%	(1.8%)	(18.6%)
Services[3]	29.9	30.1	29.2	27.8	52.0	(1.1%)	(4.8%)	86.7%
Other Operating Expenses[4]	3.6	3.3	2.8	3.0	3.4	(11.9%)	6.6%	15.3%
Intergovernmental Charges	4.9	5.1	13.5	18.1	15.8	66.5%	33.8%	(12.9%)
Capital Outlays	2.0	1.2	1.2	2.6	1.9	(20.1%)	109.5%	(28.8%)
Total Operating Expenses & Capital Outlays	$100.4	$102.1	$108.1	$112.4	$134.0	3.8%	4.0%	19.2%
Federal Grants Credits[5]	0.0	0.0	0.0	(3.9)	(66.0)			
Net Operating Expenses & Capital Outlays	$100.4	$102.1	$108.1	$108.5	$68.0	3.8%	0.4%	(37.3%)

Notes: 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 Estimated results
3 Includes utilities
4 Includes insurance premiums
5 Includes amounts allocated to the Airport from the CARES Act and CRRSA Act that were used to reimburse the Department for eligible Operating Expenses.
Amounts may not add because of rounding.

Source: Airport records, May 2021

Key Operating Expenses categories and assumptions in projecting future growth are summarized below. These categories account for about 95% of the Airport System's total Operating Expenses for FY 2020.

- **Salaries and Benefits**: This expense category includes salaries, wages, and benefits associated with Department staff. It is the largest single category of Operating Expenses at the Airport System as it represented approximately 43% of total Operating Expenses at the Airport System for FY 2020. As presented above, these expenses increased at a CAGR of approximately 0.4% for the period FY 2017 through FY 2019. The Department was able to keep salaries and benefits expenses relatively flat in FY 2020 as compared to FY 2019 (-0.4%). The City and the Department agreed to transfer the Department's police officers to the City's Police Department in October 2018. These expenses for police services are now categorized as Intergovernmental Charges, which accounts for the majority of increases in that category and decreases in salaries and benefits as this change has been incorporated. In FY 2021, salaries and benefits expenses are estimated to be approximately $50.9 million for an increase of 4.9% from FY 2020. In FY 2022, these expenses are budgeted to increase by approximately 8.2% from FY 2021 (estimated) to approximately $55.1 million. Salaries and Benefits expenses are projected to increase at a CAGR of 4.9% from budget FY 2022 through FY 2028.

- **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 represented approximately 25% of total Operating Expenses at the Airport for FY 2020. This category of expenses decreased at a CAGR of approximately 1.1% for the period FY 2017 through FY 2019. In FY 2020, the Department was able to further decrease these expenses by 4.8% to $27.8 million. In FY 2021, services expenses are estimated to increase significantly to approximately $52.0 as maintenance contracts for the new terminal facilities and the busing operation for the aircraft hardstand operation was operational for a portion of the year. For FY 2022, services expenses are budgeted to increase to approximately $64.5 for additional service contracts and for the aircraft busing operation that will be in place for the entire fiscal year. Future services Operating Expenses are projected to increase at a CAGR of approximately 1.2% through FY 2028 reflecting the elimination of the aircraft hardstand operation when the full New SLC is operational.
- **Materials and Supplies**: Materials and supplies expenses of the Airport System comprised approximately 11% of total Operating Expenses for FY 2020. This category of expenses increased at a CAGR of approximately 3.7% for the period FY 2017 through FY 2019. In FY 2020, the Department was able to decrease these expenses by 1.8% to $12.4 million. In FY 2021, these expenses are estimated to decrease by 18.6% to 10.1 million. For FY 2022, materials and supplies expenses are budgeted to increase to approximately $14.9 million. Future material and supplies Operating Expenses are projected to increase at a CAGR of approximately 4.0% through FY 2028.
- **Intergovernmental Charges**: This expense category includes charges to the Department for the use of aircraft rescue and firefighting services, the use of the City's Police Department effective in October 2018, and for other allocable costs for the use of City services. Intergovernmental charges expenses at the Airport System comprised approximately 16% of total Operating Expenses at the Airport System for FY 2020. This category of expenses increased at a CAGR of approximately 66.5% for the period FY 2017 through FY 2019 as the City's Police Department services began to be accounted for as part of these charges during this period. In FY 2020, these expenses increased by another 33.8% to $18.1 million as it was the first full year with the police accounting change. In FY 2021, these expenses are estimated to decrease to $15.8 million. For FY 2022, intergovernmental charges are budgeted to increase by approximately $4.2 million to $20.0 million. Future intergovernmental Operating Expenses are projected to increase at a CAGR of approximately 2.3% through FY 2028.

Overall, the projection of Operating Expenses is based on historical trend reviews, the anticipated impacts of inflation, the recovery from the impacts associated with the COVID-19 pandemic, projected activity levels, and cost impacts associated with the New SLC and Other Capital Projects. Exhibit C presents Operating Expenses by category and cost center through FY 2028. Total Operating Expenses are projected to increase at a CAGR of approximately 3.4% over the projection period from budget FY 2022 to FY 2028.

5.6 Non-Airline Revenues

Table 5-5 presents historical non-airline revenues along with growth rates for the Airport System for the period of FY 2017 to FY 2021 (estimated).[75] As shown for FY 2020, the three primary categories of non-airline revenues (e.g., auto parking, car rental, and terminal concessions) accounted for approximately 70% of the Airport System's total non-airline revenues. Total non-airline revenues increased from approximately $106.7 million in FY

75 Data for FY 2021 is estimated based on partial year data as audited data is not available.

2017 to approximately $117.9 million in FY 2019, for a CAGR of approximately 5.1% over this period. Additionally, non-airline revenues per enplaned passenger remained somewhat flat over this period at around $9.

The significant decline in passenger traffic at the Airport associated with the COVID-19 pandemic has also had a major effect on non-airline revenues. In FY 2020, total non-airlines revenues declined from FY 2019 levels by 14.2% to $101.1 million. However, Airport non-airline revenues did not decrease as much as enplaned passengers and total non-airline revenue per enplaned passenger increased during this period from $8.96 to $10.00. In FY 2021, total non-airline revenues are estimated to decrease further to approximately $83.9 million because of the full-year impacts of the COVID-19 pandemic. As with FY 2020, total non-airline revenues are estimated to decrease at a rate of just under half of the decrease in enplaned passengers over this period (17.0% versus 33.7%, respectively). As a result, total non-airline revenues per enplaned passenger are estimated to increase in FY 2021 to $11.98.

Exhibit D presents non-airline revenues at the Airport System for estimated FY 2021, budgeted FY 2022, and projections for FY 2023 through FY 2028, including assumed incremental impacts associated with the TRP and NCP. Non-airline revenues, including Airfield and Terminal offsets to airline rates and charges, are budgeted at approximately $108.8 million in FY 2022 and are projected to increase to approximately $161.1 million in FY 2028. This increase in non-airline revenues between FY 2022 and FY 2028 represents a CAGR of approximately 6.8%. In general, the projection of non-airline revenues is based on historical trend reviews, projected activity levels, the recovery from the COVID-19 pandemic, and impacts associated with the New SLC. Non-airline revenues are further described in the following sections.

Table 5-5 Historical Airport Non-Airline Revenues (dollars in millions)[1]

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021[2]	CAGR 17-19	CAGR 19-20	CAGR 20-21
Auto Parking	$34.3	$35.3	$36.3	$28.0	$19.4	2.9%	(22.9%)	(30.5%)
Car Rental	27.2	29.2	29.9	25.4	24.2	4.8%	(15.1%)	(4.5%)
Terminal Concessions	18.1	19.2	20.5	16.7	10.9	6.4%	(18.5%)	(34.4%)
Other	27.1	30.2	31.3	31.1	29.3	7.4%	(0.5%)	(5.8%)
Total Non-Airline Revenues	$106.7	$113.9	$117.9	$101.1	$83.9	5.1%	(14.2%)	(17.0%)
Enplaned Passengers (millions)	11.9	12.4	13.1	10.1	7.0	5.1%	(22.9%)	(33.7%)
Non-Airline Revenues per Enplaned Passenger	$8.96	$9.19	$9.00	$10.00	$11.98	0.2%	11.3%	19.8%

Notes: 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 Estimated results.

Source: Airport records, May 2021

5.6.1 Auto Parking

Auto parking revenues historically have represented the largest component of non-airline revenues at the Airport System, accounting for approximately 28% of total non-airline revenues for FY 2020. However, in FY 2021, it is estimated that rental car revenues will be higher than parking revenues because of the impacts associated with the COVID-19 pandemic. As presented on Table 5-5, auto parking revenues increased at a CAGR of approximately 2.9% from FY 2017 to FY 2019 as they increased from approximately $34.3 million to $36.3 million. In FY 2020, parking revenues decreased to $28.0 million at a similar rate of the decrease in enplaned passengers due to the impacts associated with the COVID-19 pandemic. In FY 2021, parking revenues are estimated to decline further as a result of the impacts associated with the COVID-19 pandemic to approximately $19.4 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. The Department also opened Lot E on the eastern side of the new parking garage and QTA facility where customers can walk to the terminal. **Table 5-6** presents public parking rates at the Airport since FY 2015. 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. In addition, the new parking garage opened in September 2020, which essentially has doubled garage parking capacity. However, the ongoing COVID-19 pandemic has dampened Airport parking demand and revenues as described above.

As of April 2021, three primary off-airport parking companies also provide parking services to passengers, in competition with the Department.

Table 5-6 Public Parking Rates at the Airport (daily maximum rates)

Parking Facility	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Economy Lot	$9	$9	$9	$9	$9	$10	$10
Lot E[1]	n/a	n/a	n/a	n/a	n/a	$21	$21
Parking Garage[2]	$28	$32	$32	$32	$32	$35	$35
Premium Reserved Parking	n/a	$50	$50	$50	$50	$55	$55

Notes: [1] Lot E opened in September 2020.
[2] The new parking garage opened in September 2020.
Source: Department records

For the period of FY 2022 through FY 2028, auto parking revenues are projected to increase at a CAGR of 9.1% reflecting the recovery of enplaned passengers and the increased capacity of the new parking garage. The projection assumes rate increases generally in line with inflationary trends and a one-time increase in parking revenues during the COVID-19 recovery period because of additional capacity not yet realized with the opening of the new parking garage.

5.6.2 Car Rental

Rental car concessions and facility rents increased at a CAGR of approximately 4.8% during the period of FY 2017 to FY 2019. In FY 2020, rental car revenues decreased primarily because of the impacts associated with the COVID-19 pandemic to $25.4 million. The car rental revenue rate of decline of 15.1% was more favorable than the rate of the decrease associated with enplaned passengers. In FY 2021, rental car revenues are estimated to decline further as a result of the impacts associated with the COVID-19 pandemic to approximately $24.2 million.

For the period of FY 2022 through FY 2028, car rental revenues are projected to increase at a CAGR of 5.1%. The projection assumes increases associated with the passenger recovery and inflationary trends.

5.6.3 Terminal Concessions

As shown on Table 5-5, terminal concessions increased at a CAGR of approximately 6.4% from FY 2017 to FY 2019 as they increased from approximately $18.1 million to $20.5 million. Over this period, the Department has restructured its terminal concession program, which has contributed to the improvement in revenue. In FY 2020, terminal concessions decreased primarily because of the impacts associated with the COVID-19 pandemic to $16.7 million. The revenue rate of decline of 18.5% was more favorable than the rate of the decrease associated with enplaned passengers. In FY 2021, terminal concessions are estimated to decline further as a result of the impacts associated with the COVID-19 pandemic to approximately $10.9 million.

Given the lack of space for terminal concessions during the period prior to COVID-19, additional revenue improvements are expected as concessions fully come back online. In addition to this, budgeted terminal concession revenues for FY 2022 are also expected to increase with inflation and increases in enplaned passengers. For the period of FY 2022 through FY 2028, terminal concession revenues are projected to increase at a CAGR of 10.9%. The projection assumes increases related to the passenger recovery, the opening of new concessions related to the New SLC, and inflationary trends.

5.6.4 Other

Other non-airline revenues primarily include a State of Utah aviation fuel tax, other tenant leases, ground transportation and TNC revenues, cargo building rents, hangar rents, fixed base operator rents, and other buildings at the Airport leased by the Department. TNC revenues at the Airport have been increasing since the Department started collecting these in September 2015. In FY 2017, TNC revenues were approximately $777,000 and grew to approximately $3.1 million in FY 2020. As of July 1, 2018, TNC operators pay a fee of $2.50 for each Airport vehicle trip that drops off and picks up passengers. For TNC vehicles with excess of nine passengers, the fee is $10 per vehicle trip. This updated fee schedule is an increase in rates as compared to prior fees which ranged from $1.13 to $2.46 per trip depending on vehicle size. Many of the other revenues in the category are not as impacted by air traffic activity as the other categories described above. In FY 2020, other revenues remained relatively flat from the prior year at $31.1 million. In FY 2021, other revenues are estimated to decline further as a result of the impacts associated with the COVID-19 pandemic to approximately $29.3 million.

The projection for other non-airline revenues assumes increases generally in line with inflationary trends.

5.7 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, projected Revenue Sharing consistent with the AUA is presented on **Exhibit G**. The business terms of the AUA are used as the basis for projecting airline revenues for the purposes of this Report.

5.7.1 Landing Fees

Exhibit E presents the calculation of Landing Fees for FY 2021 (estimated), budget FY 2022, and projections for FY 2023 through FY 2028. 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 projected 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 $2.46 for FY 2021 (estimated). Throughout the period, the Signatory Airline Landing Fee rate is projected to increase up to $5.04 by FY 2028.

Total Landing Fees are projected to increase from approximately $56.9 million in FY 2022 to approximately $85.0 million in FY 2028. This represents a CAGR of approximately 6.9%.

5.7.2 Terminal Rents

Exhibit F presents the calculation of Terminal Rents for FY 2021 (estimated), budget FY 2022, and projections for FY 2023 through FY 2028. Per the rate-setting methodology, the Department recovers Terminal Rents from the Signatory Airlines based on a modified commercial compensatory methodology. The conditioned terminal rental rate per square foot in 2021 (estimated) was $187.04. Over the projection period, the conditioned terminal rate is expected to increase to $236.11 in FY 2025 and further increase to $248.38 in FY 2028. Exhibit F presents the projected Terminal Rents over the projection period.

Total Terminal Rents are projected to increase from approximately $84.1 million in FY 2022 to approximately $165.7 million in FY 2028. This represents a CAGR of approximately 12.0% as the Terminal Rents include future debt service and increased operating expense impacts associated with the New SLC.

5.7.3 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 2021 (estimated) are approximately $7.0 million. Revenue Sharing is projected to be approximately $13.7 million in FY 2024 and decrease to about $6.8 million in FY 2025. For the period of FY 2026 through FY 2028, Revenue Sharing amounts are projected to range between $11.2 million to $9.6 million.

5.7.4 Signatory Airline Cost per Enplaned Passenger

A key indicator for airline costs at an airport is the average CPE. **Exhibit H** presents the projection 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 2021 (estimated) was $12.05. Over the projection period, Signatory Airline CPE is expected to increase as the elements of the New SLC become operational and the associated costs are included within the airline rate base. In FY 2025, CPE is projected to increase to $15.98 and peak in FY 2026 at $16.53. Signatory Airline CPE throughout this period is projected to remain at levels competitive with other Large Hub airports in the western U.S.

5.8 Application of Airport Revenues

Exhibit I presents the application of Revenues for the Airport System throughout the projection 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 projection period. The deposit to the Surplus Fund for FY 2021 (estimated) was approximately $38.7 million. Over the projection period, the annual deposit to the Surplus Fund is expected to fluctuate, with the largest projected deposit of approximately $56.0 million occurring in FY 2023. The annual deposit to the Surplus Fund is projected to decrease to approximately $22.5 million in FY 2026 and remain in the $30 million range throughout the rest of the projection period. Revenues deposited into the Surplus Fund are planned to be used to fund the ongoing New SLC and Other Capital Projects throughout the projection period.

5.9 Net Revenues and Debt Service Coverage

Exhibit J presents Net Revenues and debt service coverage ratio projections throughout the projection period. As presented, the Airport System Net Revenues are projected to increase from $113.0 million in FY 2021 (estimated) to $212.8 million in FY 2028. 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 New SLC. 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 projected to increase from approximately $128.9 million in FY 2021 (estimated) to approximately $257.6 million in FY 2028. As the City issues additional Bonds to fund the New SLC, debt service coverage ratios are projected to range from 2.21x in FY 2021 to 1.44x in FY 2028.

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 projected to satisfy the Rate Covenant requirement in each year.

In summary, **Table 5-7** presents projections of debt service coverage ratios and airline CPE under the baseline projection.

Table 5-7 Debt Service Coverage and Passenger Airline CPE Projections

Fiscal Year	Debt Service Coverage Ratio	Airline CPE
2022	1.47	$11.59
2023	1.90	$9.61
2024	1.77	$10.54
2025	1.52	$15.98
2026	1.49	$16.53
2027	1.45	$16.39
2028	1.44	$16.50

Source: Landrum & Brown, Inc.

5.10 Slower Recovery Scenario Financial Analysis

As presented in Chapter 3, L&B prepared a slower recovery enplaned passengers projection scenario in addition to the baseline projection. This scenario was prepared because of the ongoing uncertainty related to the level of impact and duration of the COVID-19 pandemic on air traffic recovery. The assumptions for this scenario are described in more detail in Section 3.4.5 of this Report. For the purposes of the financial analysis, key assumptions are as follows:

- Current Airline Agreements business terms and conditions remain in effect through the projection period.
- Funding and timing of the New SLC and the Other Capital Projects remain as assumed in the baseline financial analysis.
- Operating Expenses increase as projected in the baseline financial analysis.
- Non-airline revenues are assumed to remain at a consistent ratio of revenues per enplanement as the baseline financial analysis, however, projected non-airline revenues are reduced based on the assumed slower recovery of enplaned passengers.
- PFC revenues are lower as compared to the baseline financial analysis based on lower enplaned passengers projected.

Table 5-8 presents projected debt service coverage and airline CPE for the slower recovery scenario. As shown, under each scenario, the Department is projected to continue to satisfy its Rate Covenant set forth in the Master Indenture throughout the projection period. However, it should be noted that, given the uncertainty regarding the COVID-19 pandemic, it is possible that airline traffic recovery could be delayed beyond what is assumed under the slower recovery scenario. Such a scenario may require additional steps to be taken by the Department to reduce Operating Expenses or undertake other financial or operational measures beyond what is contemplated in this Report in order to continue to meet its Rate Covenant obligations and mitigate airline CPE.

Table 5-8 Sensitivity Analysis Results: Debt Service Coverage and Airline CPE

Fiscal Year	Enplaned Passengers	% of Baseline Enplaned Passengers	Debt Service Coverage Ratio	Airline CPE
2022	8,660	75.3%	1.36	$16.17
2023	11,035	88.1%	1.79	$10.82
2024	11,686	89.4%	1.65	$12.23
2025	12,002	89.4%	1.44	$18.25
2026	12,253	89.5%	1.42	$18.85
2027	12,487	89.5%	1.37	$18.70
2028	12,650	89.5%	1.36	$18.82

Source: Landrum & Brown.

As previously indicated, many of the factors affecting air travel demand are not necessarily quantifiable. As a result, all projections are subject to uncertainty. While the global COVID-19 pandemic is currently ongoing, other economic disturbances could occur over the projection period. Therefore, these projected financial results, as with any projection, should be viewed as a general indication of future results as opposed to a precise prediction. Actual future results are likely to vary from this projection, and such variances could be material.

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	Series 2017 Bonds (b)	Series 2018 Bonds (b)	Proposed Series 2021 Bonds	Future Bonds
Terminal Redevelopment Program (TRP)	$2,719,100	$101,623	$332,838	$201,793	$253,609	$776,588	$365,453	$583,561	$103,634
North Concourse Program (NCP)	1,732,873	102,350	0	0	235,532	149,161	433,380	314,625	497,825
Other Capital Projects	308,102	13,991	0	0	294,111	0	0	0	0
Total TRP, North Concourse Program, and Other Capital Projects	**$4,760,075**	$217,964	$332,838	$201,793	$783,253	$925,749	$798,833	$898,186	$601,459

Note: Amounts may not add due to rounding.

Sources: Salt Lake City Department of Airports (project costs); Landrum & Brown, Inc. (funding sources); PFM Financial Advisors LLC (Series 2017 Bonds, Series 2018 Bonds, Proposed Series 2021 Bonds and Future Bonds)

Compiled by: Landrum & Brown, Inc.

(a) Includes capital projects that have been paid for with Airport funds, PFC revenues and CFC revenues prior to March 31, 2021.

(b) Includes interest earnings from the Series 2017 Debt Service Fund and 2018 Debt Service Fund that is accrued prior to the first year of debt service.

Exhibit B

DEBT SERVICE — **SALT LAKE CITY DEPARTMENT OF AIRPORTS**

(Dollars in Thousands for Fiscal Years Ending June 30)

	Estimate	Budget	Projected					
	2021	2022	2023	2024	2025	2026	2027	2028
Debt service (a)								
Series 2017 Bonds	$51,140	$70,288	$48,926	$56,946	$61,425	$63,590	$71,034	$73,657
Series 2018 Bonds	33,224	33,224	57,224	49,578	59,563	59,558	59,558	59,560
Proposed Series 2021 Bonds	0	35,633	18,969	36,016	53,738	57,717	57,716	57,718
Debt service on future bonds (a)								
Planned Bonds	$0	$0	$0	$6,502	$33,817	$40,196	$40,193	$40,195
Line of Credit	0	2,100	0	0	0	0	0	0
Total debt service	$84,364	$141,245	$125,118	$149,040	$208,542	$221,061	$228,501	$231,130
Less: PFCs applied to debt service	($25,983)	($42,432)	($46,175)	($48,196)	($49,479)	($50,500)	($51,452)	($52,112)
Total net debt service	**$58,381**	**$98,813**	**$78,943**	**$100,845**	**$159,063**	**$170,561**	**$177,049**	**$179,019**
Allocation of debt service to Cost Centers								
Airfield	$5,381	$12,633	$7,980	$14,931	$20,892	$22,146	$22,891	$23,155
Terminal	48,578	79,634	64,405	81,480	131,967	141,838	147,360	148,988
Landside	4,422	6,546	6,558	4,434	6,204	6,577	6,798	6,876
Total net debt service	**$58,381**	**$98,813**	**$78,943**	**$100,845**	**$159,063**	**$170,561**	**$177,049**	**$179,019**

Note: Amounts may not add because of rounding.

Source: Airport records (estimate and budget); PFM Financial Advisors LLC (Series 2017 Bonds, Series 2018 Bonds, Proposed Series 2021 Bonds, and Planned Bonds)

Compiled by: Landrum & Brown, Inc.

(a) Debt service is net of capitalized interest.

Exhibit C

OPERATING EXPENSES AND CAPITAL OUTLAYS **SALT LAKE CITY DEPARTMENT OF AIRPORTS**

(Dollars in Thousands for Fiscal Years Ending June 30)

	Estimate	Budget	Projected					
	2021	2022	2023	2024	2025	2026	2027	2028
Operating Expenses and Capital Outlays								
Salaries and benefits	$50,878	$61,868	$60,270	$62,681	$65,188	$67,796	$70,508	$73,328
Materials and supplies	10,084	14,875	15,469	16,088	16,732	17,401	18,097	18,821
Services	51,963	64,480	67,060	69,742	61,604	64,069	66,631	69,297
Other Operating Expenses	3,433	7,004	7,284	7,576	7,879	8,194	8,522	8,862
Intergovernmental charges	15,785	19,961	20,760	19,590	20,374	21,189	22,036	22,918
Capital Outlays	1,858	1,466	1,524	1,585	1,648	1,714	1,783	1,854
Subtotal Operating Expenses and Capital Outlays	$134,001	$169,653	$172,367	$177,262	$173,425	$180,362	$187,577	$195,080
Less:								
CARES Act grants	($66,000)	($12,610)	$0	$0	$0	$0	$0	$0
CRRSAA grants	0	($20,585)	0	0	0	0	0	0
ARPA grants	0	(6,800)	(36,935)	(36,935)	0	0	0	0
Incremental TRP, NCP, and Other Capital Projects impact	$0	$0	$0	$3,209	$3,469	$3,607	$3,752	$3,902
Total Operating Expenses and Capital Outlays	**$68,001**	**$129,657**	**$135,432**	**$143,536**	**$176,894**	**$183,970**	**$191,328**	**$198,982**
Allocation of Operating Expenses and Capital Outlays to Cost Centers								
Airfield	$20,806	$41,034	$42,862	$44,732	$55,260	$57,470	$59,769	$62,160
Terminal	30,122	55,684	58,164	62,673	77,109	80,194	83,401	86,737
Landside	9,570	18,496	19,320	20,499	25,271	26,282	27,334	28,427
Aux. Airports	2,743	4,962	5,183	5,370	6,643	6,908	7,185	7,472
Other	2,909	4,937	5,157	5,343	6,614	6,878	7,153	7,440
General Aviation	574	2,143	2,239	2,320	2,872	2,986	3,106	3,230
Support	1,278	2,402	2,507	2,599	3,125	3,251	3,381	3,516
Total Operating Expenses and Capital Outlays	**$68,001**	**$129,657**	**$135,432**	**$143,536**	**$176,894**	**$183,970**	**$191,328**	**$198,982**

Note: Amounts may not add because of rounding.
Source: Airport records (estimate and budget); Landrum & Brown, Inc. (projected)
Compiled by: Landrum & Brown, Inc.

Exhibit D

NONAIRLINE REVENUES AND AIRFIELD AND TERMINAL OFFSETS **SALT LAKE CITY DEPARTMENT OF AIRPORTS**

(Dollars in Thousands for Fiscal Years Ending June 30)

	Estimate	Budget	Projected					
	2021	2022	2023	2024	2025	2026	2027	2028
Airfield offsets								
Fuel farm	$1,170	$1,805	$3,929	$8,500	$8,500	$8,500	$8,500	$8,500
Cargo ramp use fee	262	293	320	344	435	461	488	513
Flight kitchen	1,162	1,351	1,491	1,578	1,644	1,703	1,760	1,809
State aviation fuel tax	1,357	2,000	2,091	2,176	2,230	2,274	2,315	2,345
Fuel oil royalties	648	523	543	562	577	591	606	619
Glycol recycling sales	212	240	249	258	265	272	278	284
Other Airfield Revenues (a)	805	741	769	796	815	832	848	861
Subtotal Airfield offsets	$5,616	$6,953	$9,390	$14,213	$14,466	$14,632	$14,795	$14,931
Terminal offsets								
Jet bridges	$1,559	$1,745	$1,823	$1,888	$2,338	$2,432	$2,529	$2,630
Hardstand Passenger Boarding revenue	0	6,540	7,521	3,134	0	0	0	0
CRDC Revenue	1,636	1,210	1,246	1,283	1,322	1,361	1,402	1,444
IAB use fees	646	1,698	1,774	1,838	2,276	2,367	2,462	2,560
Shared tenant telephone fees	116	62	64	66	68	70	72	74
Leased site areas	1,315	1,160	1,160	1,160	1,160	1,160	1,160	1,160
EDS utilities and janitorial	539	547	564	581	598	616	635	654
Other Terminal Revenues (b)	469	465	477	490	502	516	529	543
Subtotal Terminal offsets	$6,280	$13,427	$14,629	$10,440	$8,264	$8,521	$8,788	$9,065
Other Nonairline Revenues								
Car rental - commissions (c)	$16,969	$19,791	$22,737	$25,403	$26,340	$27,152	$27,941	$28,582
Car rental - fixed rents (c)	7,261	7,492	7,605	7,719	7,834	7,952	8,071	8,192
Auto parking	19,444	28,719	38,559	42,259	44,035	45,618	47,175	48,497
Ground transportation	2,987	3,348	4,373	6,237	6,497	6,728	6,955	7,147
General aviation hangars	1,172	1,182	1,217	1,254	1,291	1,330	1,370	1,411
FBO hangars	20	21	21	22	23	23	24	25
Cargo buildings	1,471	1,484	1,529	1,574	1,622	1,670	1,720	1,772
Other buildings	4,107	3,892	4,009	4,129	4,253	4,381	4,512	4,648
Office space	1,788	1,984	2,044	2,105	2,168	2,233	2,300	2,369
Food service (c)	6,591	9,869	12,869	15,684	16,336	16,917	17,488	17,971
Vending/Public telephone	143	162	179	189	197	204	211	217
News & gifts (c)	3,804	5,086	8,361	8,783	9,148	9,474	9,793	10,064
Leased site areas	2,539	2,653	2,733	2,815	2,899	2,986	3,076	3,168
Advertising media fees (c)	407	250	265	275	282	289	297	303
Other revenues	3,312	2,499	2,538	2,578	2,629	2,671	2,713	2,755
Subtotal Other Nonairline Revenues	$72,015	$88,434	$109,037	$121,025	$125,556	$129,629	$133,645	$137,120
Total Nonairline Revenues and Airfield and Terminal offsets	**$83,912**	**$108,814**	**$133,056**	**$145,678**	**$148,286**	**$152,783**	**$157,228**	**$161,116**

Note: Amounts may not add because of rounding.

Source: Airport records (estimate and budget); Landrum & Brown, Inc. (projected)

Compiled by: Landrum & Brown, Inc.

(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)

	Estimate	Budget	Projected					
	2021	2022	2023	2024	2025	2026	2027	2028
Airfield Revenue Requirement								
Operating Expenses and Capital Outlays	$20,806	$41,034	$42,862	$44,732	$55,260	$57,470	$59,769	$62,160
Net debt service	5,381	12,633	7,980	14,931	20,892	22,146	22,891	23,155
Rolling Coverage Amount	1,345	742	529	(283)	549	1,458	288	163
Amortization	9,553	7,592	12,860	13,283	13,434	13,847	14,113	14,087
Reserve Requirements (a)	1,234	1,882	305	312	1,755	368	383	398
Less: Airfield offsets	(5,616)	(6,953)	(9,390)	(14,213)	(14,466)	(14,632)	(14,795)	(14,931)
Less: Adjustments-to-Actual	594	(24)	0	0	0	0	0	0
Total Airfield Revenue Requirement	**$33,296**	**$56,905**	**$55,146**	**$58,760**	**$77,423**	**$80,657**	**$82,649**	**$85,031**
Landed Weight (million-pound units)	13,538	14,387	15,040	15,651	16,045	16,361	16,656	16,866
Landing Fee (per 1,000-pound unit)	$2.46	$3.96	$3.67	$3.75	$4.83	$4.93	$4.96	$5.04
Signatory Airline Landing Fee revenue	$29,648	$51,561	$49,967	$53,242	$70,151	$73,082	$74,887	$77,045
Non-signatory Airline Landing Fee revenue	3,649	5,345	5,179	5,519	7,272	7,575	7,762	7,986
Total Landing Fee revenue	**$33,296**	**$56,905**	**$55,146**	**$58,760**	**$77,423**	**$80,657**	**$82,649**	**$85,031**

Note: Amounts may not add because of rounding.

Source: Airport records (estimate and budget); Landrum & Brown, Inc. (projected)

Compiled by: Landrum & Brown, Inc.

(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)

	Estimate	Budget	Projected					
	2021	2022	2023	2024	2025	2026	2027	2028
Net Terminal Revenue Requirement								
Operating Expenses and Capital Outlays	$30,122	$55,684	$58,164	$62,673	$77,109	$80,194	$83,401	$86,737
Net debt service	48,578	79,634	64,405	81,480	131,967	141,838	147,360	148,988
Rolling Coverage Amount	12,167	7,172	7,334	(3,926)	4,764	12,664	2,501	1,411
Reserve Requirements (a)	1,787	2,554	413	751	2,406	514	535	556
Amortization	11,992	4,502	17,426	16,650	17,441	17,540	17,432	17,331
Less: Terminal offsets	(6,280)	(13,427)	(14,629)	(10,440)	(8,264)	(8,521)	(8,788)	(9,065)
Less: Adjustments-to-Actual	128	(1,377)	0	0	0	0	0	0
Total Net Terminal Revenue Requirement	**$98,492**	**$134,741**	**$133,115**	**$147,188**	**$225,423**	**$244,228**	**$242,440**	**$245,959**
Total rentable space (s.f.)	875,486	887,183	899,594	1,083,715	1,206,010	1,248,081	1,252,466	1,252,466
Average Terminal rental rate	$112.50	$151.88	$147.97	$135.82	$186.92	$195.68	$193.57	$196.38
Airline rented space (b)								
Conditioned space (s.f.)	345,535	345,535	348,277	419,153	471,315	486,979	490,546	490,546
Unconditioned space (s.f.)	208,210	208,210	216,151	303,499	336,712	353,319	353,319	353,319
Total Airline rented space (s.f.)	553,745	553,745	564,428	722,652	808,028	840,298	843,865	843,865
Airline Net Terminal Revenue Requirement	**$62,296**	**$84,100**	**$83,520**	**$98,149**	**$151,034**	**$164,432**	**$163,347**	**$165,718**
Weighted Airline rented space								
Conditioned space (s.f.)	345,535	345,535	348,277	419,153	471,315	486,979	490,546	490,546
Unconditioned space (s.f.)	104,105	104,105	108,075	151,750	168,356	176,660	176,660	176,660
Total weighted Airline rented space (s.f.)	449,640	449,640	456,352	570,902	639,672	663,638	667,206	667,206
Airline rented space								
Conditioned space (s.f.)	345,535	345,535	348,277	419,153	471,315	486,979	490,546	490,546
Unconditioned space (s.f.)	208,210	208,210	216,151	303,499	336,712	353,319	353,319	353,319
Total Airline rented space (s.f.)	553,745	553,745	564,428	722,652	808,028	840,298	843,865	843,865
Airline Terminal rental rate - conditioned space	$138.55	$187.04	$183.02	$171.92	$236.11	$247.77	$244.82	$248.38
Airline Terminal rental rate - unconditioned space	$69.27	$93.52	$91.51	$85.96	$118.06	$123 89	$122.41	$124.19
Airline Terminal Rents - conditioned space	$47,873	$64,629	$63,740	$72,061	$111,283	$120,660	$120,097	$121,840
Airline Terminal Rents - unconditioned space	14,423	19,472	19,779	26,089	39,751	43,771	43,250	43,878
Total Airline Terminal Rents (c)	**$62,296**	**$84,100**	**$83,520**	**$98,149**	**$151,034**	**$164,432**	**$163,347**	**$165,718**

Note: Amounts may not add because of rounding.

Source: Airport records (estimate and budget); HOK (projected space); Landrum & Brown, Inc. (projected)

Compiled by: Landrum & Brown, Inc.

(a) Includes deposits to the Operation and Maintenance Reserve and the Renewal and Replacement subaccounts.

(b) Airline space assumptions are based on HOK space drawings.

(c) Assumes that all Terminal Rents are reflective of Signatory Airlines.

Exhibit G

REVENUE SHARING CALCULATION **SALT LAKE CITY DEPARTMENT OF AIRPORTS**

(Dollars in Thousands for Fiscal Years Ending June 30)

		Estimate 2021	Budget 2022	Projected 2023	2024	2025	2026	2027	2028
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		$38,714	$7,772	$56,029	$45,655	$22,506	$37,271	$31,810	$32,018
Percent required of Net Remaining Revenues		30%	30%	30%	30%	30%	30%	30%	30%
30% of Net Remaining Revenues	[A]	$11,614	$2,332	$16,809	$13,696	$6,752	$11,181	$9,543	$9,605
2. Total Annual Adjusted Gross Revenues for Selected Concessions	[B]	$35,175	$42,651	$52,015	$58,052	$60,139	$61,989	$63,800	$65,329
3. Calculated Revenue Sharing Amount									
Enplanement Detail for Credit in Future Agreement									
Signatory Enplaned Passengers		7,046	11,507	12,522	13,070	13,418	13,695	13,953	14,132
Growth in Enplaned Passengers from 2015 base Enplaned Passengers		(29.1%)	15.9%	26.1%	31.6%	35.1%	37.9%	40.5%	42 3%
Enplaned Passengers over 10,000,000 (a)		0	1,507	2,522	3,070	3,418	3,695	3,953	4,132
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
Revenue sharing rate for Enplaned Passengers over 10,000,000 (a)		0.71	1.16	1.26	1.32	1.35	1.38	1.40	1.42
Calculated Revenue Sharing Amount									
First 10,000,000 Enplaned Passengers		7,046	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Enplaned Passengers over 10,000,000 (a)		0	1,746	3,179	4,039	4,617	5,094	5,553	5,879
Total calculated Revenue Sharing Amount	[C]	$7,046	$11,746	$13,179	$14,039	$14,617	$15,094	$15,553	$15,879
Total Revenue Sharing Amount to be used	[Minimum of A, B, or C]	**$7,046**	**$2,332**	**$13,179**	**$13,696**	**$6,752**	**$11,181**	**$9,543**	**$9,605**

Note: Amounts may not add because of rounding.

Source: Airport records (estimate and budget); Landrum & Brown, Inc. (projected)

Compiled by: Landrum & Brown, Inc.

(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)

	Estimate	Budget	Projected					
	2021	2022	2023	2024	2025	2026	2027	2028
Signatory Airline Terminal Rents	$62,296	$84,100	$83,520	$98,149	$151,034	$164,432	$163,347	$165,718
Signatory Airline Landing Fee revenue	29,648	51,561	49,967	53,242	70,151	73,082	74,887	77,045
LESS: Revenue Sharing	(7,046)	(2,332)	(13,179)	(13,696)	(6,752)	(11,181)	(9,543)	(9,605)
Net passenger Signatory Airline Revenue Requirement	**$84,898**	**$133,329**	**$120,307**	**$137,694**	**$214,433**	**$226,332**	**$228,691**	**$233,158**
Signatory Airline Enplaned Passengers (000s)	7,046	11,507	12,522	13,070	13,418	13,695	13,953	14,132
Passenger Signatory Airline Cost per Enplaned Passenger	**$12.05**	**$11.59**	**$9.61**	**$10.54**	**$15.98**	**$16.53**	**$16.39**	**$16.50**

Note: Amounts may not add because of rounding.

Source: Airport records (estimate and budget); Landrum & Brown, Inc. (projected)

Compiled by: Landrum & Brown, Inc.

Exhibit I

APPLICATION OF REVENUES **SALT LAKE CITY DEPARTMENT OF AIRPORTS**

(Dollars in Thousands for Fiscal Years Ending June 30)

	Estimate	Budget	Projected					
	2021	2022	2023	2024	2025	2026	2027	2028
Revenues								
Terminal Rents	$62,296	$84,100	$83,520	$98,149	$151,034	$164,432	$163,347	$165,718
Landing Fee revenue	33,296	56,905	55,146	58,760	77,423	80,657	82,649	85,031
Nonairline revenue	83,912	108,814	133,056	145,678	148,286	152,783	157,228	161,116
Revenue Sharing Amount	(7,046)	(2,332)	(13,179)	(13,696)	(6,752)	(11,181)	(9,543)	(9,605)
Interest income	8,517	3,000	7,420	7,971	8,586	9,165	9,354	9,525
Total Revenues	**$180,975**	**$250,488**	**$265,962**	**$296,862**	**$378,577**	**$395,855**	**$403,036**	**$411,785**
Application of Revenues (a)								
1. Operation and Maintenance Subaccount	$68,001	$129,657	$135,432	$143,536	$176,894	$183,970	$191,328	$198,982
2. Debt Service Funds (b)	58,381	98,813	78,943	100,845	159,063	170,561	177,049	179,019
3. Debt Service Reserve Funds	0	0	0	0	0	0	0	0
4. Subordinate Obligation Debt Service	0	2,100	0	0	0	0	0	0
5. Subordinate Obligation Debt Service Reserve Funds	0	0	0	0	0	0	0	0
6. O&M Reserve Requirement Subaccount	0	5,948	0	1,351	5,560	1,179	1,226	1,276
7. Renewal and Replacement Subaccount	0	0	0	0	0	0	0	0
8. Rolling Coverage Account	15,880	8,299	(4,442)	5,475	14,555	2,874	1,622	492
9. Surplus Fund	38,714	5,672	56,029	45,655	22,506	37,271	31,810	32,018
Total Application of Revenues	**$180,975**	**$250,488**	**$265,962**	**$296,862**	**$378,577**	**$395,855**	**$403,036**	**$411,785**

Note: Amounts may not add because of rounding.

Source: Airport records (estimate and budget); Landrum & Brown, Inc. (projected)

Compiled by: Landrum & Brown, Inc.

(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)

	Estimate	Budget	Projected					
	2021	2022	2023	2024	2025	2026	2027	2028
Revenues	$180,975	$250,488	$265,962	$296,862	$378,577	$395,855	$403,036	$411,785
Operating Expenses and Capital Outlays	68,001	129,657	135,432	143,536	176,894	183,970	191,328	198,982
Net Revenues	$112,974	$120,831	$130,530	$153,325	$201,683	$211,886	$211,708	$212,804
Plus: Rolling Coverage Account	15,880	24,178	19,736	25,211	39,766	42,640	44,262	44,755
Net Revenues & Rolling Coverage Account	$128,853	$145,009	$150,266	$178,537	$241,449	$254,526	$255,970	$257,559
Debt service (a)	$58,381	$98,813	$78,943	$100,845	$159,063	$170,561	$177,049	$179,019
Debt service coverage	**2.21**	**1.47**	**1.90**	**1.77**	**1.52**	**1.49**	**1.45**	**1.44**

Note: Amounts may not add because of rounding.

Source: Airport records (estimate and budget); Landrum & Brown, Inc. (projected)

Compiled by: Landrum & Brown, Inc.

(a) Net of PFC revenues applied to debt service and capitalized interest.

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APPENDIX C
FORM OF MASTER INDENTURE

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C-1

Execution Copy

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*," "*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.

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 (3rd) Business Day of each month, the City shall deposit Revenues to the Operation and Maintenance Subaccount in an amount equal to one-twelfth (1/12th) 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 (3rd) Business Day of the then current month and the second (2nd) 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 (3rd) 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 (3rd) 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 (3rd) 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 (3rd) 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 (3rd) 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 (3rd) 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 (3rd) 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;

(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

AIRLINE USE AGREEMENT

for

SALT LAKE CITY INTERNATIONAL AIRPORT

BY AND BETWEEN

SALT LAKE CITY CORPORATION

AND

DELTA AIR LINES, INC.

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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 Delta Air Lines, Inc., a corporation organized and existing under the laws of Delaware and authorized to do business in the State of Utah ("Airline").

WITNESSETH:

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.

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 10^{th} 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 (20^{th}) day of the preceding month. Said Terminal Rent shall be deemed delinquent if payment is not received by the first (1^{st}) 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 (20^{th}) day of each month and shall be deemed delinquent if not received by the first (1^{st}) 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.

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.

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, 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.

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 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.

[REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have set their hands and corporate seals on this 1st day of July, 2014.

SALT LAKE CITY CORPORATION

SALT LAKE CITY, UTAH
CORPORATE SEAL

[redacted]

MAUREEN RILEY
EXECUTIVE DIRECTOR
SALT LAKE CITY DEPARTMENT OF AIRPORTS

ATTEST:

[redacted]

Deputy CITY RECORDER

RECORDED
JUL 23 2014
CITY RECORDER

APPROVED AS TO FORM
Salt Lake City Attorney's Office
Date 21 July 2014
By [redacted]

DELTA AIR LINES, INC.

By [redacted]

Its VP- Corporate Real Estate

STATE OF Georgia)
: ss.
COUNTY OF Fulton)

On June 27, 2014, personally appeared before me

[redacted], who being by me duly sworn,
(Name of person signing Agreement)

did say that s/he is the Vice President
(Title of person signing Agreement)

DELTA AIR LINES, INC., 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.

[redacted]

NOTARY PUBLIC

Residing at ______

My commission expires 12/6/2016

LISA GAVIN
MY COMMISSION EXPIRES
NOTARY PUBLIC
DECEMBER 6, 2016
COBB COUNTY, GEORGIA

RECORDED

MAY 23 2018

CITY RECORDER

AMENDMENT NO. 1

THIS AMENDMENT NO. 1 (Amendment) is between SALT LAKE CITY CORPORATION, a municipal corporation of the state of Utah (City), and Delta Air Lines, Inc., a Delaware corporation (Airline), and is dated as of the date the City Recorder attests the applicable City signature, which shall be the recordation date, (Effective Date), wherein the parties agree to and do hereby amend that certain Airline Use Agreement dated July 1, 2014, (the Agreement), as follows:

RECITALS

WHEREAS, City and Airline are parties to the Agreement; and

WHEREAS, City has reviewed the cost estimates for the North Concourse Program (NCP) and their impact to the rates and charges model with the Airport-Airline Affairs Committee (AAAC). City believes a ten (10) year term extension of the current business agreement will ensure the financial feasibility of the current capital program, inclusive of the NCP; and

WHEREAS, City and Airline agree it is in the best interests of the parties to execute this Amendment to the Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the following mutual promises and considerations, the parties agree to the following:

1. Article 3 of the Agreement is hereby deleted in its entirety and replaced with the following:

3.01 *Termination Date.* This Agreement shall commence on the Effective Date and shall terminate at midnight on June 30, 2034, unless canceled sooner as provided herein.

2. Section 8.12 is hereby added to the Agreement as follows:

8.12 *Discussion of Early Repayment of Principal on Debt.*

8.12.1. City agrees to meet with Airline after December 31, 2025, to discuss the early repayment of airport debt if the following conditions are met: (a) the debt service coverage ratio exceeds 1.50; and (b) City's cash position in the audited financial statements at the end of the City's most recent fiscal year is in excess of One Hundred Million Dollars ($100,000,000) and also exceeds three hundred sixty-five (365) "days of cash on hand", as calculated by the City.

8.12.2. If all the threshold conditions in Section 8.12.1 are met, City will discuss with Airline whether and under what specific terms and conditions the City would be willing to apply airport funds that are not necessary to meet the thresholds in 8.12.1(a) and (b) to the early repayment of principal on Bonds, Subordinated Indebtedness, or Other Indebtedness. City shall have no obligation to make any such early repayments. In the event that City determines, in its sole discretion, to make such early repayments, the City shall have sole discretion to determine the levels and timing of the repayments and any other terms and conditions deemed appropriate by City.

3. REPRESENTATION REGARDING ETHICAL STANDARDS FOR CITY OFFICERS AND EMPLOYEES AND FORMER CITY OFFICERS AND EMPLOYEES

The Airline represents that it has not: (1) 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; (2) 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; (3) knowingly breached any of the ethical standards set forth in City's conflict of interest ordinance, Chapter 2.44, Salt Lake City Code; or (4) 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, Chapter 2.44, Salt Lake City Code.

EXCEPT AS MODIFIED HEREBY, said Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have signed this Amendment No. 1 to be effective as of the day and year first above written.

SALT LAKE CITY CORPORATION

[redacted]

BILL WYATT
EXECUTIVE DIRECTOR
SALT LAKE CITY DEPARTMENT OF AIRPORTS

RECORDED
MAY 2 3 2018
CITY RECORDER

ATTEST:

[redacted]

Assistant CITY RECORDER

SALT LAKE CITY, UTAH CORPORATE SEAL

APPROVED AS TO FORM
Salt Lake City Attorney's Office
Date 5/18/2018
Sign
Print MKUNZ

DELTA AIR LINES, INC.

by: [redacted]
Signature

Holden Shannon
Print Name

its: Senior Vice President
Print Title

STATE OF Utah)
: ss.
COUNTY OF Salt Lake)

On May 18, 2018 (Date), personally appeared before me Holden Shannon (Name of person signing Agreement), who being by me duly sworn, did say that s/he is the Senior Vice President (Title of person signing Agreement) of Delta Air Lines, Inc, a corporation validly existing under the laws of the state of DE; 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.

[redacted]

NOTARY PUBLIC
Residing at Salt Lake County
My commission expires 12/31/18

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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 Underwriters believe to be reliable, but neither the City nor the Underwriters take any responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2021 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 securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 Bond ("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 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

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

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

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 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 2021 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 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the 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 2021 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 2021 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 2021 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 2021 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 2021 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 2021 BONDS, OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE SERIES 2021 BONDS.

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 $776,925,000 Airport Revenue Bonds, Series 2021A (Non-AMT) (the "Series 2021A Bonds"), and its $127,645,000 Airport Revenue Bonds, Series 2021B (AMT) (the "Series 2021B Bonds" and, collectively with the Series 2021A 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 July 22, 2021.

"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 guidance 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, 2022 for the Annual Report for the Department's fiscal year ended June 30, 2021, 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 AIRLINE 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 (a) 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

(b) Commencing with Fiscal Year 2022, 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 Section (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;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a financial obligation of the Department, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Department, any of which affect Bondholders, if material; or

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Department, any of which reflect financial difficulties.

(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 or 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:
Title:

Dated: August __, 2021.

[Signature Page to Continuing Disclosure Agreement]

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 2021A (AMT) Airport Revenue Bonds, Series 2021B (Non-AMT)
Date of Bonds:	August __ , 2021

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 2021A (AMT) Airport Revenue Bonds, Series 2021B (Non-AMT)
Date of Bonds:	August __, 2021

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. ______ Incurrence of a financial obligation of the Department, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Department, any of which affect Bondholders, if material

16. ______ Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Department, any of which reflect financial difficulties

17. ______ Failure to provide annual financial information as required

18. ______ Other material event notice (specify)

19. ______ Financial Information: Please check all appropriate boxes:

CAFR (a) __ includes __ does not include Annual Financial Information
(b) __ audited __ unaudited

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: (   ) ______________

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APPENDIX G
FORM OF OPINION OF BOND COUNSEL

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[Closing Date]

Salt Lake City
Salt Lake City, Utah

$776,925,000	$127,645,000
Salt Lake City, Utah	Salt Lake City, Utah
Airport Revenue Bonds	Airport Revenue Bonds
Series 2021A	Series 2021B
(AMT)	(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 $776,925,000 Salt Lake City, Utah Airport Revenue Bonds, Series 2021A (AMT) (the "Series 2021A Bonds"), and $127,645,000 Salt Lake City, Utah Airport Revenue Bonds, Series 2021B (Non-AMT) (the "Series 2021B Bonds," and together with the Series 2021A Bonds, the "Series 2021 Bonds"). The Series 2021 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 Third Supplemental Trust Indenture, dated as of August 1, 2021 (the "Third Supplemental Indenture," and together with the Master Indenture, the "Indenture"), by and between the City and the Trustee. Issuance of the Series 2021 Bonds has been authorized by Resolution No. 21 of 2021, adopted by the City Council of the City on June 1, 2021 (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 2021 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 Third Supplemental Indenture; (d) certifications of the City, the Trustee, Citigroup Global Markets Inc., as representative of the underwriters of the Series 2021 Bonds (the "Underwriters"), and others; (e) an executed copy of the Tax Compliance Certificate, dated the date hereof, relating to the Series 2021 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 any parties, other than the City, thereto, 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 2021 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 2021 Bonds or the Indenture. We have not undertaken any responsibility for the accuracy, completeness or fairness of the Official Statement dated July 22, 2021 relating to the Series 2021 Bonds, or any other offering material relating to the Series 2021 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 issuance of the Series 2021 Bonds has been duly authorized and all legal conditions precedent to the delivery of the Series 2021 Bonds have been fulfilled.

2. The Series 2021 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.

3. The Master Indenture and the Third 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 2021 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.

4. The Series 2021 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 2021 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 2021 Bonds.

5. Under existing laws, regulations, rulings and judicial decisions, interest on the Series 2021A 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 2021A Bond for any period during which such Series 2021A Bond is held by a person who is a "substantial user" of the facilities financed or refinanced by the Series 2021A 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 2021A Bonds constitutes an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

6. Under existing laws, regulations, rulings and judicial decisions, interest on the Series 2021B Bonds is excluded from gross income for federal income tax purposes. Interest on the Series 2021B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

7. Under existing laws of the State of Utah, as presently enacted and construed, interest on the Series 2021 Bonds is exempt from State of Utah individual income taxes.

The opinions set forth in numbered paragraphs 5 and 6 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 2021 Bonds to be included in gross income retroactive to the date of issue of the Series 2021 Bonds. Although we are of the opinion that interest on the Series 2021 Bonds is excluded from gross income for federal tax purposes, the accrual or receipt of interest on the Series 2021 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 2021 Bonds has concluded with their issuance, and we disclaim any obligation to update, revise or supplement this opinion letter.

Very truly yours,

SALT LAKE CITY, UTAH • AIRPORT REVENUE BONDS, SERIES 2021A (AMT) AND SERIES 2021B (NON-AMT)

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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