

Michael L. Covey Jr.
11301 South Fulton Avenue
Tulsa, Oklahoma 74137
(918) 878-5547: Telephone
(918) 878-5704: Facsimile
michael.covey@vintagetul.com

September 12, 2005

The Honorable Bill LaFortune
Office of the Mayor
200 Civic Center
Tulsa, OK 74103

Tulsa City Council
200 Civic Center
Tulsa, OK 74103

Re: Potential Resolution of Toll Bridge Issues

Dear Mayor LaFortune and Tulsa City Councilors:

The purpose of this letter is to advise you of three proposals that I have developed to resolve the issues surrounding the location, construction and financing of the proposed toll bridge (the "Bridge") spanning the Arkansas River from 121st and Yale Avenue to 131st and Yale Place. However, before I expand on these proposals, I must tell you that I personally believe that (1) the Bridge should be a public, non-toll bridge, (2) the Bridge should not be constructed until all of the safety and infrastructure needs in the applicable area have been addressed and are in place, and (3) the Bridge should be financed, constructed and maintained by an appropriate public agency or political subdivision. With that said, if the Parties, as defined below, collectively agree that the Bridge is needed today and that tolls are the only way to finance the construction and operation of the Bridge, then I offer the following proposals to help resolve the current Bridge controversy. The first proposal is that the City of Tulsa should build the Bridge. The second proposal is that the City of Tulsa should be the major beneficiary of a public trust. And, the third proposal is that the City of Tulsa should lease the land to the County, as defined below.

Each of these proposals will address the concerns of the citizens of south Tulsa, the City of Tulsa, the City of Jenks, the City of Bixby and the County of Tulsa (the "County") (individually a "Party" or collectively the "Parties"). While these proposals may appear to be simple, the implementation of any one of these proposals will be multifaceted and will require the cooperation of all the Parties. A detailed explanation of the steps necessary to implement each of these proposals is as follows:

Proposal No. 1
The City of Tulsa Should Build The Bridge

The County would terminate its toll bridge agreement (the “IVI Agreement”) with Infrastructure Venture I, L.L.C. (“IVI”) regarding the Bridge. The City of Tulsa would move the northern location of the Bridge to 121st Street and Riverside Parkway. The City of Tulsa would annex the riverbeds where the Bridge is to be located into the City of Tulsa. The City of Tulsa would construct and operate the Bridge through revenue bonds that are secured by tolls from the Bridge. Throughout the operational life of the Bridge, the City of Tulsa would take 7% of the net toll revenues off the top and retain and earmark those funds for bridge repair and replacement. For the first ten years of Bridge operation, the City of Tulsa would retain the remaining 100% of the net toll revenues. Beginning with the eleventh year of Bridge operation, the City of Tulsa would retain 82% of the remaining net toll revenues and pay 12% of the remaining net toll revenues to the County and 6% of the remaining net toll revenues to the River Parks Authority. Over 75 years, this proposal would net approximately \$611 million to the City of Tulsa, \$89 million to the County and \$44 million to the River Parks Authority.*

Proposal No. 2
The City of Tulsa Should Be The Major Beneficiary Of A Public Trust

The County would terminate the IVI Agreement. The County, the City of Tulsa and the City of Jenks would form a public trust (the “Trust”) for the purpose of financing, constructing and operating the Bridge. The Trust would move the northern location of the Bridge to 121st Street and Riverside Parkway. The City of Tulsa would assign to the Trust that portion of the City of Tulsa’s property needed to connect the northern portion of the Bridge into 121st Street and Riverside Parkway. The City of Jenks would assign to the Trust that portion of the City of Jenks’ property needed to connect the southern portion of the Bridge into 131st and Yale Place. The Trust would construct and operate the Bridge through revenue bonds that are secured by tolls from the Bridge. Throughout the operational life of the Bridge, the Trust would take 7% of the net toll revenues off the top and retain and earmark those funds for bridge repair and replacement. For the first ten years of Bridge operation, the Trust would pay 100% of the remaining net toll revenues to the City of Tulsa. Beginning with the eleventh year of Bridge operation, the Trust would pay 82% of the remaining net toll revenues to the City of Tulsa, 12% of the remaining net toll revenues to the County and 6% of the remaining net toll revenues to the River Parks Authority. Over 75 years, this proposal would net approximately \$611 million to the City of Tulsa, \$89 million to the County and \$44 million to the River Parks Authority.*

* These numbers are based upon the future traffic projections across the Bridge as determined by Wilbur Smith Associates. A copy of the traffic projections is enclosed with this letter as Exhibit A. These numbers are also based on the financial analysis prepared by George K. Baum and Company regarding the public financing of the Bridge. A copy of the financial analysis is enclosed with this letter as Exhibit B.

Proposal No. 3
The City of Tulsa Should Lease The Land To The County

The County would terminate the IVI Agreement. The County would move the northern location of the Bridge to 121st Street and Riverside Parkway. The County would lease from the City of Tulsa that portion of the City of Tulsa's property needed to connect the northern portion of the Bridge into 121st Street and Riverside Parkway. The County would construct and operate the Bridge through revenue bonds that are secured by tolls from the Bridge. Throughout the operational life of the Bridge, the County would take 7% of the net toll revenues off the top and retain and earmark those funds for bridge repair and replacement. For the first ten years of Bridge operation, the County would pay 100% of the remaining net toll revenues to the City of Tulsa. Beginning with the eleventh year of Bridge operation, the County would retain 12% of the remaining net toll revenues and pay 82% of the remaining net toll revenues to the City of Tulsa and 6% of the remaining net toll revenues to the River Parks Authority. Over 75 years, this proposal would net approximately \$611 million to the City of Tulsa, \$89 million to the County and \$44 million to the River Parks Authority.*

Two additional implementation requirements for each of these proposals are that (1) the Parties would have to work together to address all of the current safety and infrastructure issues associated with the construction of the Bridge and (2) the Parties would have to work together to secure funding for the immediate "responsible" widening of 121st Street from Riverside Parkway to Memorial Drive and Riverside Parkway from 121st Street to the Creek Turnpike. These funds could potentially be obtained from the Oklahoma Transportation Authority or through the issuance of additional revenue bonds secured by tolls from the Bridge.

As you can see from the expanded explanations, each of these proposals addresses the concerns of all the Parties. The City of Bixby and the City of Jenks receive their Bridge in a timely manner. This is exactly what these cities will receive under the IVI Agreement—nothing more and nothing less. The County will receive \$89 million* in net toll revenues over 75 years. This is exactly what the County will receive under the IVI Agreement—nothing more and nothing less. The River Parks Authority will receive \$44 million* in net toll revenues over 75 years. This is exactly what the River Parks Authority will receive under the IVI Agreement—nothing more and nothing less. The City of Tulsa will however receive no less than \$611 million* in net toll revenues. This is \$611 million* more than the City of Tulsa is currently receiving under the IVI Agreement. Simply put, each of these proposals puts over half a billion dollars of future net revenue into the City of Tulsa that would otherwise go to private investors. The City of Tulsa could use these funds for police, fire and infrastructure needs throughout the entire city, not just south Tulsa, and the City of Tulsa could use these funds to develop the Arkansas River corridor. Last but not least, the citizens of south Tulsa receive what they have always wanted—for the north side of the Bridge to connect into Riverside Parkway, for the necessary safety and infrastructure needs to be funded and put into place in a timely manner and for the land that has been earmarked for a public park to remain earmarked for that purpose.

There are numerous questions that still need to be addressed. Can the County terminate the IVI Agreement? Can the County or City of Tulsa issue revenue bonds that are secured only by toll revenues from the Bridge? Will the County or City of Tulsa need to submit these proposals to a vote of the people? Will the County or City of Tulsa need to put the construction of the Bridge out for free and open competitive bidding? I submit to you that the answers to all of these questions are in the affirmative and I would be more than willing to meet with the Parties to discuss the detail behind these answers.

The purpose of this letter is not to put forth the answers to every possible question that may arise. The purpose of this letter is to put forth a number of proposals for the responsible building of a bridge. Proposals that benefit not only the City of Jenks, the City of Bixby, the County and the River Parks Authority, but also the City of Tulsa and the citizens of south Tulsa. Proposals that encourage economic growth south of the river, while at the same time providing compensation to the City of Tulsa for its police, fire and infrastructure needs and for its future economic development of the Arkansas River.

If the Parties collectively agree that the Bridge is needed today and that tolls are the only way to finance the construction and operation of the Bridge, then I call for a cooperative effort of the Parties to investigate the potential of these proposals. I call for the Parties to work together to build the Bridge in a responsible manner, because the scenario under the IVI Agreement is not responsible. The IVI Agreement soaks the citizens of Tulsa County out of over half a billion dollars in future net revenues.

Before proceeding, I do, however, recommend that the City of Tulsa engage its own independent market research firm to determine the financial and economic impact the Bridge will have on the City of Tulsa as a whole and that the City of Tulsa independently verify IVI's future traffic projections across the bridge. It is my understanding that INCOG's future traffic projections are substantially less than IVI's. If you have any questions regarding this letter, please feel free to contact me at your convenience.

Very truly yours,

Michael L. Covey Jr.

cc: Tulsa County Commissioners
Tulsa River Parks Authority
Tulsa Park & Recreation Board
Tulsa Metro Chamber of Commerce
Tulsa Fraternal Order of Police
Tulsa Firefighters
The Honorable Joe Williams
Bixby City Council

The Honorable Bill LaFortune and Tulsa City Council

September 12, 2005

Page 5

Bixby Chamber of Commerce

The Honorable Vic Vreeland

Jenks City Council

Jenks Chamber of Commerce

Oklahoma Department of Transportation

South Tulsa Citizens Coalition, L.L.C.