

Signatory Airline Use and Lease Agreement

For

Corpus Christi International Airport

BY AND BETWEEN

THE CITY OF CORPUS CHRISTI

AND

NOVEMBER 1, 2024

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THIS AGREEMENT is made and entered into by and between the City of Corpus Christi, a municipal corporation and political subdivision of the state of Texas, hereinafter referred to as "City," and _____, Inc, a corporation organized and existing under the laws of the state of Delaware and authorized to do business in the state of Texas, hereinafter referred to as "Airline."

WHEREAS, City is the owner of the Corpus Christi International Airport, located in Corpus Christi, Texas, hereinafter referred to as the "Airport";

WHEREAS, City is responsible for the operation, maintenance and improvement of the Airport;

WHEREAS, City has the right to lease and license the use of property and facilities on the Airport and has full power and authority to enter into this Signatory Airline Use and Lease Agreement, hereinafter referred to as "Agreement"; and

WHEREAS, Airline is a corporation primarily engaged in the business of scheduled transportation by air of persons, property, mail and/or cargo;

WHEREAS, Airline desires to obtain certain rights 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, the intent of the parties hereto is to enter into an agreement which will more definitively specify the rights and obligations of the parties with respect to the operation of the Airport by City and the use and occupancy of the Airport by Airline, and this Agreement is responsive to and in accordance with that intent; and

WHEREAS, this Agreement is intended to be a multilateral agreement, to be signed in substantially similar form by other Signatory Airlines, as defined herein, and to provide non-discriminatory access to the Airport but is intended to differ in the premises to be leased and facilities to be used by each Signatory 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:

Affiliate Airline (or “Affiliate”) means any Air Transportation Company that (i) operates flights under the designator code of an Airline, as designated in writing by Airline from time to time; (ii) operates under essentially the same trade name, or uses essentially the same livery, as Airline at the Airport; or (iii) is controlling, controlled by, or under common control with Airline.

Agreement means this Signatory Airline Use and Lease Agreement between City and Airline, as the same may be amended or supplemented from time to time.

Air Transportation Company means a company engaged in the business of scheduled or non-scheduled commercial transportation by air of persons, property, mail, and/or cargo.

Airfield means the runways, taxiways, taxilanes, Apron Area, and all other pavement used for the servicing and parking of aircraft and equipment.

Airline Airport Affairs Committee (or “AAAC”) means the committee consisting of a representative of each Signatory Airline.

Airport means the Corpus Christi International Airport, owned and operated by the City, , including all real property and easements, improvements and appurtenances thereto, structures, buildings, fixtures, machinery, equipment, vehicles, supplies and other tangible personal property, or interest in any of the foregoing, now or hereafter leased or acquired by City, less any thereof which may be consumed, sold or otherwise disposed of.

Airport Requirement means, for any Fiscal Year, the City's estimate of the following: (1) Operation and Maintenance Expenses; (2) Debt Service including coverage requirements but excluding Debt Service paid by passenger facility charges ("PFCs") and/or grants; (3) those amounts required to be deposited during the Fiscal Year to any fund created pursuant to the terms of the Master Bond Ordinance; (4) the amount of any judgment or settlement arising out of or as a result of the ownership, operation, or maintenance of the Airport or any City-owned or operated Airport-related facility payable by the City during said Fiscal Year, including, but not limited to, the amount of any such judgment or settlement arising out of or as a result of any claim, action, proceeding or suit alleging a taking of property or an interest in property without just or adequate compensation, trespass, nuisance, property damage, personal injury, or any other claim, action, proceeding, or suit based upon or relative to any environmental impact resulting from the use of the Airport for the landing and taking off of aircraft; (5) the amount less grants and applicable PFCs, if any, required to fund any eligible Capital Improvement on the Airport; and (6) any and all other sums, amounts, charges, or requirements of City related to the Airport to be recovered, charged, set aside, expensed, or accounted for during such Fiscal Year under City's accounting system or this Agreement; provided, however, that the Airport Requirement shall not include any amounts included in (1) through (6) that are (i) chargeable to a special facility, (ii) a direct charge to a specific Air Transportation Company as a result of the terms of this Agreement, or (iii) incurred in connection with a tenant improvement.

APPS means airport passenger processing system(s), formerly known as common use systems.

Apron Area means those parts of the aircraft parking area immediately adjacent to the Terminal, as designated by the City, that are used for the parking of aircraft and active ground service equipment, and the loading and unloading of aircraft as shown on **Exhibit D**.

BIDS means the Baggage Information Display System.

Bonds means any financing or debt instrument or obligation of the City issued for the

purposes of improving the Airport.

Capital Improvement means the Net Capital Cost to acquire, purchase or construct capital item(s) or project(s) for the purpose(s) of improving, maintaining, or developing the Airport including expenses for development, design, permitting, construction management, analysis, review or planning efforts with a cost greater than one hundred thousand dollars (\$100,000). A Capital Improvement shall be amortized over the useful life of the asset.

Capital Improvement Plan means the capital projects on the near term project list submitted to the FAA and attached hereto as **Exhibit H**.

Debt Service means that portion of the principal and interest due on debt obligations created by the Master Bond Ordinance and all other Airport debt obligations.

Deplaned Passenger means any passenger disembarking from an Air Transportation Company aircraft at the Terminal.

Director means the Director of the Department of Aviation and shall include such person or persons as may from time to time be authorized by City or by the Director or applicable law to act for the Director with respect to any or all matters pertaining to this Agreement.

Enplaned Passenger means any passenger boarding an Air Transportation Company aircraft at the Terminal.

Environment means any ambient air, surface water, groundwater or lands.

Environmental Laws/Environmental Laws and Regulations means all applicable laws intended for the protection of the environment, or that govern, control, restrict, or regulate the use, handling, treatment, storage, discharge, disposal, or transportation of Hazardous Materials. Environmental Laws, specifically include but are not limited to, the National Environmental Policy Act, 42 U.S.C. § 4321, et seq.; the Comprehensive Environmental Response, Compensation and Liability Act; and as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. § 9601, et seq.; the Safe

Drinking Water Act, 42 U.S.C. § 300f, et seq.; the Oil Pollution Control Act of 1990, 33 U.S.C. § 2701, et. seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq.; , the Hazardous Materials Transportation Act, 49 U.S.C. § 5101, et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601, et seq.; the Clean Water Act, 33 U.S.C. § 1251 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq., 29 C.F.R. 1910.1200, et seq.; Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. § 136; the Endangered Species Act, 16 U.S.C. § 1531 et seq., and Emergency Planning & Community Right-to-Know Act, 42 U.S.C. § 1101, et seq.; and Texas equivalents.

Exclusive Use Premises means those portions of the Terminal consisting of the airline ticket offices and operations space leased by Airline in the Terminal, as shown on **Exhibit B**, to which Airline shall have exclusive use.

FAA means the Federal Aviation Administration, or its authorized successor(s).

Fiscal Year means the annual accounting period of City for its general accounting purposes which, at the time of entering into this Agreement, is the period of twelve consecutive months, beginning with the first day of October of any year.

Gate Use Fee means the per turn facility use charge assessed to an Air Transportation Company for the ad hoc use of a gate holdroom and associated Apron Area.

Hazardous Materials means all substances whose use, handling, treatment, storage, disposal, discharge, or transportation is governed, controlled, restricted, or regulated by Environmental Laws, that have been defined, designated or listed by any responsible governmental authority with competent jurisdiction as being hazardous waste, hazardous substance, toxic, or radioactive. Hazardous Materials specifically include, without limitation, asbestos and asbestos-containing materials, petroleum products, solvents, and pesticides and other agricultural chemicals

Joint Use Premises means the areas in the Terminal consisting of the baggage claim, tug drive, and security check point areas, as shown on **Exhibit C**, which all Airlines use and share in the cost per the Joint Use Charges Formula.

Joint Use Charges Formula means that formula which prorates the total cost of Joint Use Premises among all Airlines based upon each Airline's and its Affiliate Airlines' proportionate share of Enplaned Passengers.

Leased Premises means Exclusive Use Premises and Preferential Use Premises, as shown on **Exhibits B and C**.

Master Bond Ordinance means City's master bond ordinance number 024163 or any successor master bond ordinance that authorizes City to issue bonds or other debt instruments for the benefit of the Airport, attached hereto as **Exhibit K**.

Maximum Gross Landed Weight means the maximum certificated gross landing weight, as stated in each Air Transportation Company's flight operations manual, at which each category of aircraft type operated at the Airport by each Air Transportation Company is certificated by the FAA.

MII means approval by one or more Signatory Airline representing fifty percent (50%) or more of the total Terminal Rents and Landing Fees paid by the Signatory Airlines.

MUFIDS means Multi-User Flight Information Display System.

Net Capital Cost means the aggregate cost of any Capital Improvement less amounts used from the proceeds of: (i) grants-in-aid; (ii) PFCs; (iii) Bonds for which the Debt Service will not be paid from Rentals, Fees, and Charges; (iv) Bonds for which the Debt Service is to be paid for by PFCs, or (v) other financing by City for which the Debt Service will not be paid from Rentals, Fees, and Charges.

Non-Signatory Airline means any Air Transportation Company providing service at the Airport that has not signed this Agreement or a substantially similar agreement, and such Non-Signatory Airline shall pay one hundred twenty five percent (125%) of all applicable Rentals, Fees, and Charges.

Operating Agreement means an agreement entered into by and between the City and any designated Affiliate Airline, or any ground handling company acting on behalf of Airline, operating at the Airport that shall define the operational and liability requirements between the parties consistent with the terms and conditions of this Agreement.

Operation and Maintenance Expenses (or “O&M Expenses”) means, for any Fiscal Year, the costs incurred by the City in operating and maintaining the Airport during such Fiscal Year, either directly or indirectly, whether similar or dissimilar, which under generally accepted accounting principles, are properly chargeable as expenses to the Airport, excluding depreciation but including expenses allocated to the Airport by the City in accordance with practices and procedures of the City in accordance with the adopted budget, as may be revised by the City, and taxes payable by the City, if applicable, which may be lawfully imposed upon the Airport by entities other than the City.

Passenger Facility Charge (or “PFC”) means the passenger facility charge that the Airport is authorized to collect, impose and use pursuant to 49 U.S.C. §40117 and 14 C.F.R. Part 158, as the same may be amended from time to time.

Preferential Use Premises means those portions of the Terminal leased by Airline in the Terminal, including ticket counters and allocated queue space, the baggage make-up belt and support space, and gate holdroom (including associated Apron Area, as shown on **Exhibit D**) to which Airline shall have priority over all other users including for remain overnight use and irregular operations. as provided in Section 16.02.

Release means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the Environment and “threat of Release” shall mean a substantial likelihood of a Release that requires action to prevent or mitigate damage to the Environment that may result from such Release.

Rentals, Fees, and Charges means the rentals, fees, and charges payable by Airline pursuant to Article 7.

Revenue Landing means any landing at the Airport of an aircraft except (i) an aircraft which (without being scheduled to do so) lands at the Airport because of mechanical or operating causes, or any emergency or precautionary reason; (ii) inspection flights; or (iii) an aircraft owned or operated by the United State government and its agencies, including, but not limited to, military operations.

Revenue Sharing means the credit by the City to the Terminal and Landing Fee Net Requirements according to the revenue sharing calculation shown in **Exhibit G - Table G-4**.

Revenues means income accrued by the City in accordance with generally accepted accounting practices, 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 but specifically excluding: (i) non-operating income (and receipts) from the sale of assets or the amount from insurance claims, (ii) federal, state or local grants-in-aid or reimbursements, and (iii) PFC revenues.

Remain Overnight (RON) means any aircraft parked on the terminal apron overnight.

Signatory Airline means an Air Transportation Company that has executed this Agreement or a substantially similar agreement.

Term means the period beginning on the Effective Date and, except as otherwise set forth herein, terminating on the date set forth in Article 3.

Terminal means the airline passenger terminal building owned and operated by City at the Airport the boundaries of which are more particularly shown on **Exhibit A**.

Terminal Equipment means all equipment provided and maintained by the City that is used by the Airline in the processing of Enplaned Passengers and Deplaned Passengers including, but not limited to, APPS, MUFIDS, BIDS, baggage claim system, podium back wall screens, passenger loading bridges (including wheelchair hoists) and gate baggage handling devices, supplemental power systems, and the public address system.

Additional words and phrases used in this Agreement but not defined herein shall have their usual and customary meaning. Singular means plural and vice versa, in context.

ARTICLE 2: EFFECTIVE DATE

- 2.01 Effective Date. The Effective Date of this Agreement is November 1, 2024 .
- 2.02 Termination of Prior Agreement. On the Effective Date, the Signatory Airline Use and Lease Agreement dated October 1, 2017, as amended, between Airline and City shall terminate. However, any terms, conditions or provisions specifically intended to survive the expiration or termination of that agreement, as set forth therein, shall continue in effect.

ARTICLE 3: TERM

- 3.01. Term. The Term of this Agreement begins on the Effective Date set forth in Article 2 and shall remain in effect for a period of three (3) years, terminating at 11:59 pm on October 31, 2027, subject to earlier termination and extension as herein provided.
- 3.02. Holdover. Upon expiration of the Term or any Extension Period (as defined in Section 3.03), any occupancy of the Leased Premises by Airline will be considered a holdover and such occupancy will constitute and be construed as a tenancy from month-to-month. During such month-to-month tenancy, City and Airline will continue to be bound by all of the terms and conditions of this Agreement, except (i) Airline shall pay Rentals, Fees and Charges as a Non-Signatory thereafter unless Airline and City are engaged in good faith negotiations of a new agreement and (ii) Airline may give back a portion of its Leased Premises by providing the City thirty (30) day's written notice of Airline's intent to give back space.
- 3.03. Extension Period. So long as Airline is not in default of any terms of this Agreement beyond all applicable notice and cure periods, the Term of this Agreement may be

extended upon mutual agreement by City or Airline for two (2) two-year periods from November 1, 2027 through October 31, 2029 and November 1, 2029 through October 31, 2031 (each, an “Extension Period”, and collectively, the “Extension Periods”). The City or Airline shall give written notice to the other party of its intent to extend the Term of this Agreement no less than six (6) months prior to the expiration of the then-current Term of this Agreement. If Airline or City is willing to extend, Airline or City will provide the other party written notice of its intent within sixty (60) calendar days from receipt of the notice of intent to extend. If Airline or City does not provide such written notice and Airline continues to occupy the Leased Premises, Airline will be considered to be in a holdover period pursuant to Section 3.02.

ARTICLE 4: PREMISES

4.01 Airline’s Leased Premises.

- A. City does hereby lease and demise to Airline, and Airline does hereby lease and accept from City, the Leased Premises as set forth in **Exhibits B and C.**
- B. Any relocation or square footage changes to Airline’s Leased Premises to be made by Airline after commencement of this Agreement requires the prior written approval of the Director, which may be withheld in the Director’s sole judgement. Upon acceptance by the Director, the changes shall be evidenced with revised exhibits. Such revised exhibits may be substituted herein without the necessity for a formal amendment of this Agreement.

4.02 Employee Parking. City will make available the designated employee parking area at the Airport, which may be adjusted from time to time at the sole discretion of the Director, for vehicular parking for Airline’s employees based at the Terminal. The City may establish and charge Airline a reasonable parking fee for all employee parking. Employee parking permits are for Airline’s employees use only and are not transferable.

- 4.03 International Arrivals Facility. The City has developed an international arrivals facility in the Terminal to be used by agencies of the United States Government, based upon demand, for the inspection of passengers and their baggage, and for the exercise of the responsibilities of said agencies with respect to the movement of persons and property to and from the United States. Airline shall provide advance notice to the Director of its need to use the international arrivals facility and all its employees operating in the international arrivals facility area of the Terminal shall have the appropriate Customs and Border Patrol (“CBP”) designation on their Airport access badge. Each airline must maintain a sufficient number of employees with such CBP access to accommodate any of its irregular operations or international diversions.
- 4.04 Terminal Equipment. The City has acquired Terminal Equipment for use by Airline. The Terminal Equipment shall be maintained by the City in good working order and remain the property and under the control of the City. The cost of providing and maintaining the Terminal Equipment shall be included in the O&M Expenses. Airline shall ensure that all personnel using the Terminal Equipment are properly trained in the use and operation of the Terminal Equipment. If the Terminal Equipment is damaged by Airline, the City will repair or replace the damaged Terminal Equipment and invoice Airline for all costs incurred by the City. **Except to the extent prevented by Texas’ Workers’ Compensation law and except to the extent caused by the sole negligence or willful misconduct of City, Airline shall indemnify the City from any and all claims for damages made against the City due to injury, death, or damage to persons or property resulting from use of Terminal Equipment by Airline, its agents, employees, or officers.**
- 4.05 Joint Use Premises. Airline shall have the right to use the Joint Use Premises as shown on **Exhibit C**, subject to compliance with the Terminal Operations Manual attached hereto as **Exhibit F**.

**ARTICLE 5: USE, OPERATION AND MAINTENANCE OF THE AIRPORT AND
RELATED FACILITIES**

5.01 Airline Rights and Privileges. Subject to the terms of this Agreement, Airline shall have the right to conduct Airline's air transportation business at the Airport and to perform the following operations and functions as are reasonably necessary to or in support of the conduct of such business at the Airport:

- A. The landing, taking off, flying over, taxiing, towing, and conditioning of Airline's aircraft and, in areas designated by City, the extended parking, servicing, loading or unloading, storage or maintenance of Airline's aircraft and ground service equipment. Such ground service equipment, whether owned by Airline or its ground handler, must be in workable condition and used on a frequent basis in accordance with airport industry practices. City may, at Airline's cost and following written notice to Airline, remove any ground service equipment deemed by the Director to be abandoned.

Airline shall not permit the use of the Airfield by any aircraft operated or controlled by Airline which exceeds the load bearing design strength or capability of the Airfield as described in the FAA-approved Airport Layout Plan ("ALP"), the Airport Certification Manual, latest FAA Form 5010, or other engineering evaluations made available to Airline.

- B. The sale of air transportation tickets and services, the processing of passengers and their baggage for air travel, and the sale, handling, and providing of mail, freight and express services.
- C. 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 unreasonably hamper or interfere with the use of the Airport and its facilities

by others. The City reserves the right to restrict or prohibit such training and testing operations as it deems interferes with the use of the Airport.

- D. The sale, disposition or exchange of Airline's aircraft, engines, accessories, gasoline, electricity, oil, grease, lubricants, fuel or other similar equipment or supplies; provided, however, Airline shall not sell aviation fuels or propellants except (i) to such Air Transportation Company which is a successor company to Airline, (ii) an Air Transportation Company which is a wholly owned subsidiary or Affiliate Airline of Airline or (iii) when a comparable grade and type of fuel desired by others is not available at the Airport except from Airline. Airline may not sell, dispose of or exchange new or used gasoline, oil, greases, lubricants, fuel, or other propellants unless disposed of in a manner meeting all local, state, and federal regulations for those products requiring disposal.

- E. The purchase at the Airport or elsewhere, of fuels, lubricants and any other supplies and services, from any person or company, shall be subject to subsection D above and to the 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, nothing herein shall be construed to permit Airline to store aviation fuels at the Airport. The granting of the right to store aviation fuels shall be subject to the execution of a separate agreement between Airline and City.

- F. The servicing by Airline or its suppliers of aircraft being utilized at the Airport by Airline at Airline's Preferential Use Premises or such other locations as may be designated by the Director. Servicing at the Preferential Use Premises shall be limited to light maintenance supporting active flights. Maintenance on aircraft for flights that have been cancelled due to mechanical reasons may, at the discretion of the Director, be required to be

towed away from the Terminal to a location designated by the Director.

- G. The loading and unloading of persons, property, cargo, and mail by motor vehicles or other means of conveyance approved by City on Airline's Preferential Use Premises or such other locations as may be designated by the Director.
- H. The installation and maintenance, at Airline's expense, of identifying signs in Airline's Preferential Use Premises or the public facing areas of Exclusive Use Premises shall be subject to the prior written approval of the Director. Nothing herein shall be deemed to prohibit Airline's installation on the walls behind ticket counters identification and company logo signs as are customarily installed by Airline in such areas at comparable airport facilities. Airline shall not install any promotional signage in the Preferential Use Premises or public facing areas of the Exclusive Use Premises without the prior written consent of the Director or Airport Marketing Manager.
- I. The installation, maintenance and operation, at no cost to City, of such radio communication, computer, meteorological and aerial navigation equipment and facilities in Airline's Leased Premises as may be necessary for the operation of its air transportation business; provided, however, that the location of such equipment and facilities, method of installation and type of equipment shall be subject to the prior written approval of the Director. City may disapprove or require modification, removal, or relocation of such equipment if it interferes with other communication, meteorological, or aerial navigation systems operated by City, other tenants, or governmental agencies. City shall have the right to charge a reasonable fee, surcharge, or rental charge for any location outside of Airline's Leased Premises and shall be entitled to any revenues generated directly from the operation of such equipment. Upon abandonment or removal of any such system, Airline shall restore the Leased Premises or any other premises where the equipment is installed to its original condition, normal wear and tear excepted.

- J. Such rights of way as may reasonably be required by Airline for communications, computer equipment, telephone, interphone, conveyor systems and power and other transmission lines in areas not leased by Airline, subject to the availability of space and/or ground areas as determined by the Director. All communication cables are to be installed in cable trays (or otherwise properly supported) and shall be in compliance with all applicable building codes. Communication cable and internal electrical wires installed by Airline are the responsibility of Airline from the demarcation point and electrical wiring installed by Airline is the responsibility of Airline from the metered source.
- K. Airline shall provide real time electronic flight arrival and departure information through the City-installed MUFID and BID systems or by any other method to which Airline and the City agree.
- L. Airline shall have the right to use, in common with others so authorized, the public address system serving the Terminal. Airline shall not install, cause to be installed, or use any other public address system . The City reserves the right to establish a charge for the use of such system.
- M. The installation of personal property, including furniture, furnishings, supplies, machinery, equipment, and self-ticketing machines in Airline's Leased Premises as Airline may deem necessary or prudent for the operation of its air transportation business. Title to such personal property shall remain with Airline, subject to the provisions of this Agreement. Upon expiration or termination of this Agreement or the abandonment or removal of any such personal property, Airline shall restore the Leased Premises or any other premises where the personal property was installed to its original condition, normal wear and tear excepted.
- N. Airline shall have the right to ingress and egress to and from the Airport and Airline's Leased 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 (1) 49 CFR Part 1542 Airport Security and all other applicable rules and regulations, including random or complete aviation worker screening programs, and (2) the City's right to establish Rules and Regulations governing (i) 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 furnisher of services.

- O. The City reserves the right to, from time to time, temporarily or permanently restrict the use of any roadway or other area at the Airport. In the event of such restrictions, and as necessary, the City shall ensure the availability of a reasonably equivalent means of ingress and egress. The City will consult with the AAAC prior to any such closing which would adversely affect the Signatory Airlines' operations at the Airport unless such closing is necessitated by circumstances which, in the sole discretion of the Director, pose an immediate threat to the health or safety of persons using the Airport. Airline hereby releases and discharges the City, its successors and assigns, from any and all claims, demands or causes of action which Airline may have arising from the fact that such areas have been closed in accordance herewith.

5.02 Exclusions and Reservations.

- A. 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 at the Airport.
- B. Airline shall not use or permit the use of any portion of Airline's Leased Premises for the purpose of selling, offering for sale, dispensing or providing any merchandise, food and beverages, products, services, or advertising. Airline may install vending machines in the non-public facing areas of Airline's Exclusive Use Premises for its employees use only. Further, nothing

contained herein is intended to or shall be construed to authorize or permit the Airline to conduct any activity or to operate any direct or indirect business operation which in any manner competes with an Airport concession without the prior written approval of the Director and, at the discretion of the Director, the payment to the City of concession fees. In the event of irregular operations, where Airline has a designated flight delay program, Airline shall have the right to provide complimentary light snacks and bottled water to its passengers within the Airline's Preferential Use Premises. Further, if during such irregular operations, the food and beverage concessionaire(s) operating in the Terminal are unable to provide food and beverage services, then Airline may, in accordance with its designated flight delay program, provide food and beverages to its passengers.

- C. Airline shall not 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 and sewerage system, water system, communications systems, fire protection system, or other part of the utility, electrical, or other systems installed or located from time to time at the Airport; and Airline shall not engage in any activity prohibited by any future approved 14 CFR Part 150 program, or existing noise abatement procedures of FAA or as such may be amended from time to time, except in cases of emergencies or safety concerns.

- D. As soon as possible after release from proper authorities, Airline shall remove any of its disabled aircraft from the Airfield, shall place any such disabled aircraft only in such storage areas as may be designated by the Director (or at the discretion of Airline, in an off-Airport location), and shall store such disabled aircraft only upon such terms and conditions as may be established by the Director if stored upon the Airport. Overnight fees will apply for a disabled aircraft. In the event Airline shall fail to remove any of its disabled aircraft within forty-eight (48) hours after notice to remove, the Director may, but shall not be obligated to, cause the removal of such disabled aircraft; provided however, the Director shall give Airline prior written notice of its intent

to do so and Airline shall pay to City, upon receipt of invoice, the costs incurred for such removal.

- E. Airline shall not do or permit to be done anything, either by act or failure to act, that shall (1) cause the cancellation or violation of the provisions, or any part thereof, of any policy of insurance for the Airport or (2) cause a hazardous condition so as to increase the risks normally attendant upon operations permitted by this Agreement. If such Airline act, or failure to act, shall cause cancellation of any policy or an increase in the City's insurance premium for the Airport, then Airline shall immediately, upon written notification by City, do whatever shall be necessary to cause reinstatement of said insurance or shall pay the increase in the premium associated with such act.

- F. City may, at its sole option, install or cause to be installed advertising and revenue generating devices, including vending machines, in Airline's Preferential Use Premises or the Joint Use Premises; provided, however, that such installations shall not unreasonably interfere with Airline's operations authorized hereunder or substantially diminish the square footage contained in Airline's Preferential Use Premises. City may also, at its sole option, install traveler amenities in any part of the Terminal; provided, however, installation of such devices in Preferential Use Premises shall be with Airline's prior consent, which consent shall not unreasonably be withheld or delayed. City shall be entitled to all income generated by such advertising, revenue generating devices or amenities and to reasonable access upon Airline's Preferential Use Premises to install or service such advertising, amenities or devices. City will not install any advertising on Airline's ticket counter backwall or holdroom gate podium backwall or any advertisement of another airline.

- G. Airline must comply with, and require its officers and employees, contractors, and any other persons over whom it has control to comply with, such rules and regulations governing the use of Airport facilities pursuant to this Agreement as may from time to time be adopted and promulgated by City

including, but not limited to, health, safety, environmental concerns, sanitation, and good order, and with such amendments, revisions, or extensions thereof as may from time to time be adopted and promulgated by City provided that such rules and regulations do not contravene the terms of this Agreement.

- H. Airline must coordinate training flights and other nonscheduled flight activities into and out of Airport with the Director. If requested by City, Airline must restrict all such activities to certain hours established by the Director so as to not unreasonably interfere with scheduled flight activities of other Air Transportation Companies using the Airport.
- I. Airline must comply with all applicable requirements of the Americans with Disabilities Act (“ADA”), as it may be amended, including without limitation paying for the cost of removing all of Airline’s tenant improvement barriers within Airline’s Leased Premises, necessary to gain access to the Airline’s Leased Premises. Further, Airline shall comply, at its own expense, with all applicable laws to airlines relating to the boarding or deplaning of passengers with disabilities, including, but not limited to, 49 U.S.C. Section 41704 and 14 C.F.R. Section 382.
- J. The rights and privileges granted Airline pursuant to this Article 5.01 and Article 5.02 shall be subject to any and all reasonable rules and regulations established by City and to the provisions of Article 7. In case of a conflict between provisions of this Agreement and the Airport rules and regulations, the provisions of this Agreement shall prevail and control.
- K. 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 City's Operation and Maintenance Obligations.

- A. City shall with reasonable diligence, prudently develop, improve, and at all times maintain and operate the Airport with adequate qualified personnel and keep the Airport in good repair, unless such maintenance, operation or repair shall be Airline's obligation pursuant to **Exhibit E**.
- B. City shall be responsible for those maintenance, operation and repair obligations that are designated as City's responsibility pursuant to **Exhibit E**.
- C. City shall not be liable to Airline for temporary failure to furnish all or any of such services to be provided by City in accordance with **Exhibit E** when due to mechanical breakdown or any other cause beyond the reasonable control of City.

5.04 Airline's Operation and Maintenance Obligations.

- A. Airline shall, at all times and at its own expense, preserve and keep Airline's Leased Premises in an orderly, clean, neat and sanitary condition in accordance with Airline's obligations pursuant to **Exhibit E**. **This includes removal of any stanchions, sign holders, equipment, or property that is not in use or are broken.**
- B. Airline shall maintain, at its own expense, its Leased Premises as free as reasonably possible of any Release of fuel, oil and debris. Airline agrees to comply with all applicable Environmental Laws to Airline's operations on or in the vicinity of the Airport. Airline must not knowingly use, store, generate, treat, or dispose of any Hazardous Material or regulated substances or waste on or near the Airport without first obtaining all required permits and approvals from all authorities having competent jurisdiction over Airline's

operations at the Airport. If Airline determines at any time through any means that any Release, discharge, spill, or deposit of any Hazardous Material substance, has occurred or is occurring as a result of Airline's operations, which in any way affects or threatens to affect the Airport, or the persons, structures, equipment, or other property thereon, Airline must notify as soon as reasonably possible by verbal report in person or by telephone, to be promptly confirmed in writing to, (1) the Director, (2) the Airport's Public Safety Office, and (3) Emergency response centers and environmental or regulatory agencies, to the extent required by law or regulation, and must follow such verbal report with written report to the extent required by law. Airline agrees to cooperate fully with the City in promptly responding to, reporting, and remedying any threat of potential harm to the Environment, resulting from any Release or threat of Release of Hazardous Materials or regulated substance from Airline's operations into the Environment, as required by applicable Environmental Laws. Airline will undertake all required remediation and all reasonable costs associated therewith, resulting from Airline's failure to materially conform to all applicable Environmental Laws, rules, regulations, orders and/or permits. The rights and obligations set forth in this section survive the termination of this Agreement.

- C. Airline must dispose of its trash, including without limitation, construction debris and other waste materials-including petroleum products, either directly or through an approved and permitted independent contractor.
- D. Airline will provide and maintain hand fire extinguishers for all Exclusive Use Premises in accordance with applicable safety codes.
- E. Airline will repair, at its cost, or at City's option reimburse City for the cost of repairing, replacing, or rebuilding any damages to Airline's Leased Premises caused by the acts or omissions of Airline, its sublessee, or its or their respective officers, employees, agents, contractors, or business invitees, including without limitation customers. Any repairs made by Airline

are subject to inspection and approval by City.

- F. Should Airline fail to perform its obligations hereunder, the City shall have the right to enter the Airline's Leased Premises and perform such activities; provided, however, other than in a case of emergency, the City shall give to Airline reasonable advance written notice of non-compliance, a minimum of ten (10) calendar days, prior to the exercise of this right. If such right is exercised, Airline shall pay to the City, upon receipt of invoice, the cost of such services plus a fifteen percent (15%) administrative fee.
- G. In addition to the obligations of Airline and City set forth in Sections 5.03 and 5.04, responsibilities for maintenance, cleaning and operation of the Airport shall be as set forth in **Exhibit E** attached hereto and made a part hereof.

ARTICLE 6: CAPITAL IMPROVEMENTS

6.01 General.

- A. It is contemplated by the parties that from time to time during the Term of this Agreement, the City may undertake Capital Improvements at the Airport, subject to D below.
- B. In conjunction with submission of its annual budget, Director will notify Airline of its proposed Capital Improvements, including a sources and uses of funds plan, for the ensuing Fiscal Year, any anticipated impacts on Airline's Leased Premises or operations and City's estimates of the effect of such Capital Improvements, if any, on the Rentals, Fees, and Charges paid by Signatory Airlines.
- C. The City shall meet collectively or conduct a conference call with the Signatory Airlines within thirty (30) calendar days after notification to Airline of said annual budget to further discuss the Capital Improvements subject

to D below.

- D. Capital Improvements not identified on the Capital Improvement Plan attached hereto as **Exhibit H** with a Net Capital Cost of greater than \$5,000,000 shall be subject to an MII.

6.02 Grants-In-Aid.

City will use its best efforts to obtain the maximum available development grants-in-aid (federal, state or otherwise) in order to minimize the impact of Capital Improvements on Rentals, Fees, and Charges paid by Signatory Airlines.

ARTICLE 7: RENTALS, FEES, AND CHARGES

- 7.01 General. Airline shall pay City rentals for use of Airline's Leased Premises, and fees and charges for the other rights, licenses, and privileges granted hereunder during the Term of this Agreement. For each Fiscal Year, such Rentals, Fees, and Charges payable by all Signatory Airlines and their designated Affiliate Airlines for the Airfield, Apron Area, and Terminal shall be calculated as set forth in **Exhibit G**. The City shall notify the Signatory Airlines for each Fiscal Year of the actual Rentals, Fees, and Charges pursuant to the provisions of Article 8.
- 7.02 Landing Fees. Airline shall pay to City fees for Revenue Landings at the Airport. Signatory Airlines' landing fees shall be calculated to include all allocated portions of the Airport Requirement associated with the Airfield as shown on **Exhibit G - Table G1**. The Airfield shall receive an allocation of the Revenue Sharing amount, if any, calculated as shown on **Exhibit G - Table G4**. These landing fees will be determined as the product of the associated landing fee rate and the Signatory Airlines' total landed weight. Signatory Airlines' landed weight shall be determined as the resulting product of the Maximum Gross Landed Weight of each Signatory Airline's landing aircraft times the number of Revenue Landings of each of Signatory Airline's aircraft.

- 7.03 Terminal Rentals. Airline shall pay to City rentals for use of its Leased Premises and Joint Use Premises at the Airport. Signatory Airlines' rentals shall be calculated to include all allocated portions of the Airport Requirement associated with the Terminal to arrive at a Terminal requirement as shown on **Exhibit G - Table G2**. The Terminal shall receive an allocation of the Revenue Sharing amount, if any, calculated as shown on **Exhibit G - Table G4**. The Terminal requirement will be divided by all Signatory Airlines' Leased Premises and Joint Use Premises to determine the Terminal rental rate. Each Signatory Airline's Terminal rentals are the result of its Exclusive Use Premises and Preferential Use Premises times the Terminal rental rate. Further, each Signatory Airline's Terminal rentals are the result of the total Terminal revenue due associated with the Joint Use Premises times its proportionate share per the Joint Use Charges Formula.
- 7.04 Gate Use Fees. Airline shall pay to City Gate Use Fees for each ad hoc use of a gate that is not preferentially leased by Airline. Such Gate Use Fee shall be calculated in accordance with **Exhibit G - Table G3**. Airline shall report to the City on a monthly basis all such gate uses for the previous month using the format in **Exhibit L**.
- 7.05 RON fees: Terminal remain overnight (RON) fees will be applicable to all aircraft parked on the terminal apron overnight. Airline shall report to the City on a monthly basis all such RON activities for the previous month using the format in **EXHIBIT L**.
- 7.06 Non-Signatory Fees. A Non-Signatory Airline shall pay 1.25 times the applicable rate paid by a Signatory Airline on the Landing Fee, Terminal Rentals, Joint Use Fees and Gate Use Fees.
- 7.07 Other Fees and Charges.
- A. City expressly reserves the right to assess and collect the following:
- (1) Airline must report to City all charter flights handled or operated by Airline

as follows: (i) if the charter flight is handled by Airline with its own aircraft or the aircraft of a designated Affiliate Airline in Airline's Leased Premises, Airline will pay the Signatory landing fees, Gate Use Fees, and Terminal rentals for Joint Use Premises; (ii) if the charter flight is an aircraft owned and operated by a Non-Signatory Airline and is handled in Airline's Exclusive Use Premises or Preferential Use Premises, Airline must report the charter activity and the Non-Signatory Airline must pay the Non-Signatory Airline Terminal rentals for the Joint Use Premises; or (iii) if the charter flight is an aircraft owned and operated by a Non-Signatory Airline and handled outside Airline's Exclusive Use Premises or Preferential Use Premises, Airline must report the activity to City and the Non-Signatory Airline must pay the Non-Signatory Airline Rentals, Fees, and Charges as established by the City, subject to adjustment from time to time.

- (2) Reasonable and non-discriminatory fees and charges for services or facilities not enumerated in this Agreement, but provided by City including, but not limited to, Federal Inspection Services ("FIS") fee, Airport based employee vehicle parking fees, non-airport based employee/contractor parking fees, remote aircraft parking fees, security badging fees, excess ground service equipment parking fees, security fees, and any other fee that may be adopted to recover costs as a result of the requirement to remain compliant with FAA, Department of Homeland Security, or any other governmental body that has jurisdiction over the Airport requirements.
- B. Airline shall pay charges for other services or facilities requested by Airline and provided by City to Airline. Such services or facilities may include, but are not limited to, special maintenance of Airline's Leased Premises including janitorial services or equipment/vehicle storage areas. The fees for these services shall be established by the Director.
 - C. Airline shall pay the required fees for all permits and licenses necessary for the conduct of Airline's air transportation business at the Airport. Airline shall pay all electricity, gas, and water and sewerage fees and charges for its

Leased Premises.

- D. Airline shall also pay all taxes, assessments, and charges which, during the Term of this Agreement, may become a lien or which may be levied by the state, county, or any other tax levying body, upon any taxable interest by Airline acquired in this Agreement, or any taxable possessory right which Airline may have in or to the premises or facilities leased hereunder, or the improvements thereon, by reason of its occupancy thereof, or otherwise, as well as taxes, assessments, and/or charges on taxable property, real or personal, owned by Airline in or about said premises. Upon any termination of tenancy, all taxes then levied or a lien on any of said property, or taxable interest therein, shall be paid in full and without pro-ration by Airline forthwith, or as soon as a statement thereof has been issued by the tax collector, if termination occurs during the interval between attachment of the lien and issuance of statement. However, Airline shall not be deemed to be in default under this Agreement for failure to pay taxes pending the outcome of any proceedings instituted by Airline to contest the validity or the amount of such taxes, provided that such failure to pay does not result in any forfeiture.

7.08 Payments.

- A. Payments of one-twelfth (1/12) of the total annual rentals for Airline's Leased Premises, not including Joint Use Premises, shall be due in advance, without demand, on the first calendar day of each month. Said rentals and charges shall be deemed delinquent if payment is not received by the fifteenth (15th) calendar day of the month.
- B. Payment of fees for Landing Fees, RON fees, and Gate Use Fees are due, without demand, on the thirtieth (30th) calendar day of each month following the month in which such activity occurs based on the information provided in accordance with Section 7. Said fees shall be deemed delinquent if payment is not received on the date due. Should the parties agree to a

different method of calculating landing weights and billing, such as using technology (for example, Vector) to generate a report, this section and Section 7.08 will be updated by letter from the Director to Airline outlining the new procedures.

- C. Payment for all other fees and charges due hereunder that are subject to invoice shall be due to City within thirty (30) calendar days of the date of such invoice.
- D. City shall provide written notice of any and all payment delinquencies, including payments due to an audit performed pursuant to Section 7.08.D. A late fee of \$200.00 per month shall accrue against any and all payment delinquencies from the date each payment is due until the date the payment is received by City. This provision shall not preclude City from exercising its rights pursuant to Article 12 or from exercising any other rights contained herein or provided by law.
- E. In the event Airline's obligations with respect to Airline's Leased Premises or rights, licenses, services or privileges granted hereunder shall commence or terminate on any date other than the first or last calendar day of the month, Airline's Rentals, Fees, and Charges shall be prorated on the basis of the number of calendar days such premises, facilities, rights, licenses, services, or privileges were enjoyed during that month.
- F. All payments due and payable hereunder shall be paid in lawful money of the United States of America, without set off, by electronic funds transfer or by check made payable to the City of Corpus Christi and delivered to:

City of Corpus Christi
P. O. Box 9257
Corpus Christi, TX 78469-9257

7.09 Information to be Supplied by Airline.

- A. Not later than ten (10) calendar days after the end of each month, Airline shall file with the City a written report in the format as set forth in **Exhibit L** for activity conducted by Airline and its designated Affiliate Airline(s) during said month and for activity handled by Airline for other Air Transportation Companies not having a signatory agreement with City providing for its own submission of activity data to City. The activity report shall include at a minimum the following information: (i) name of Airline; (ii) period of time covered; (iii) actual number of landings by aircraft type including diversions; (iv) number of times Airline used remain overnight parking positions; (v) number of times Airline used gate not leased to Airline pursuant to this Agreement; (vi) total seats available; (vii) total number of enplaned and deplaned passengers including revenue and non-revenue passengers; and (viii) total number of pounds of enplaned and deplaned cargo including mail and freight. The activity report must be signed by a representative of the Airline. A late fee of \$25.00 per day shall accrue from the date the report is due until the date the report is accepted by City.

- B. City shall have the right to rely on said activity reports in determining Rentals, Fees, and Charges due hereunder; provided, however, Airline shall have full responsibility for the accuracy of said reports including the sum and product totals. Payment deficiencies due to incomplete or inaccurate activity reports shall be subject to late charges as set forth in Section 7.08.D.

- C. Airline shall at all times maintain and keep books, ledgers, accounts or other records, wherein are accurately kept all entries reflecting the activity statistics to be reported pursuant to Section 7.07. Such records shall be retained by Airline for a period of three (3) years subsequent to the activities reported therein, or such other retention period as set forth in 14 CFR Part 249, and made available at Corpus Christi, Texas, for audit and/or examination by City or its authorized representative during normal business hours. Airline shall produce such books and records at Corpus Christi,

Texas, within thirty (30) calendar days of written notice to do so or pay all reasonable travel-related expenses including, but not limited to, transportation, food and lodging necessary for an auditor selected by City to audit said books and records at a place selected by Airline.

- D. The cost of audit, with the exception of the aforementioned expenses, shall be borne by City as O&M Expenses; provided however, the total cost of said audit shall be borne by Airline if either of the following conditions exist:
- (1) The audit reveals an underpayment of more than ten percent (10%) of Rentals, Fees, and Charges due hereunder, as determined by said audit; or
 - (2) Airline has failed to maintain true and complete books, records, accounts, and supportive source documents.

7.10 Security for Payment.

- A. Unless Airline has provided regularly scheduled flights to and from the Airport during the eighteen (18) months prior to the Effective Date of this Agreement without the occurrence of any act or omission that would have been an event enumerated in Section 12.01 of this Agreement, if this Agreement had been in effect during that period, Airline shall provide City on the Effective Date of this Agreement with a contract bond, irrevocable letter of credit or other similar security acceptable to City ("Contract Security") in an amount equal to the estimate of three (3) months' Rentals, Fees, and Charges payable by Airline pursuant to this Article 7, to guarantee the faithful performance by Airline of its obligations under this Agreement and the payment of all Rentals, Fees, and Charges due hereunder. Airline shall be obligated to maintain such Contract Security in effect until the expiration of eighteen (18) consecutive months during which period Airline commits no event enumerated in Section 12.01 of this Agreement. In the event the City draws from the Contract Security during the eighteen (18) month period due to past due payments due from Airline to the City, Airline

shall replenish such amount within five (5) business days upon written notice. Such Contract Security shall be in a form and with a company reasonably acceptable to City. In the event that any such Contract Security shall be for a period less than the full period required by this section or if Contract Security shall be canceled, Airline shall provide a renewal or replacement Contract Security for the remaining required period at least sixty (60) calendar days prior to the date of such expiration or cancellation.

- B. Notwithstanding subsection A above, City shall have the right to waive such Contract Security requirements for a Signatory Airline which has not provided regularly scheduled flights to and from the Airport during the eighteen (18) months prior to the Effective Date of its Signatory Airline agreement. Any such waiver by City shall be conditioned upon said Signatory Airline having provided regularly scheduled flights at three (3) other airports with activity levels and characteristics similar to Airport during the most recent eighteen (18) month period without committing any material default under the terms of the respective lease and use agreements at each of the three (3) facilities and without any history of untimely payments for rentals, fees and charges. The burden shall be on Airline to demonstrate to the City its compliance with these requirements by providing written documentation from three (3) other airports selected by City.
- C. If Airline is delinquent in any debt due to the City for a period greater than ninety (90) calendar days and/or repeatedly delinquent over a period of six (6) months, the City shall impose or re-impose the requirements of subsection A above on Airline.
- D. Upon the occurrence of any Airline act or omission that is an event enumerated in Section 12.01, or upon election to assume this Agreement under Federal Bankruptcy Rules and Regulations, as such may be amended, supplemented, or replaced, City, by written notice to Airline given at any time within ninety (90) calendar days of the date such event becomes known to City, may impose or reimpose the requirements of Section 7.09.A

on Airline. In such event, Airline shall provide City with the required Contract Security within ten (10) calendar days from its receipt of such written notice and shall thereafter maintain such Contract Security in effect until the expiration of a period of eighteen (18) consecutive months during which Airline commits no additional event enumerated in Section 12.01.

- E. If Airline fails to obtain and/or keep in force such Contract Security required hereunder, such failure is grounds for termination of this Agreement pursuant to Section 12.01. City's rights under this Section 7.09 shall be in addition to all other rights and remedies provided to City under this Agreement.

7.11 Passenger Facility Charge.

- A. The City reserves the right to assess and collect PFCs subject to the terms and conditions set forth in 49 U.S.C. §40117 and 14 C.F.R. Part 158 ("PFC Statute and Regulations"), as supplemented or amended from time to time. Airline will collect and timely remit to the City all PFCs for which Airline is responsible under the PFC Statute and Regulations.
- B. If Airline fails to remit PFC revenue to City within the time limits established by the PFC Statute and Regulations, Airline shall be deemed to be in default pursuant to Section 12.01. Any late payment of PFCs shall be subject to late fees in accordance with Section 7.08 D.
- C. All PFC payments due and payable hereunder shall be paid in lawful money of the United States of America, without set off, by electronic funds transfer or by check made payable to The City of Corpus Christi and delivered to:

Corpus Christi International Airport
Attn: Finance Department
1000 International Drive
Corpus Christi, Texas 78406

- 7.12 Capitalized Interest on Bonds. Bonds issued by the City will provide for the capitalization of interest, by project, during the construction period for each respective project; and the City intends for Debt Service on Bonds to be capitalized until substantial completion of projects financed, in part, from the proceeds of Bonds; provided however, that in the event any Debt Service applicable for Bonds shall become payable from Revenues prior to substantial completion of projects, the Debt Service will be allocated to cost centers in the same manner as the related project costs (net of any PFC funding or grants-in-aid) are allocated to cost centers.
- 7.13 Continuation of Rentals. If Airline ceases service at the Airport prior to the end of the Term of the Agreement or any Extension Period agreed to by Airline in accordance with Section 3.03, Airline will continue to pay rentals on Exclusive Use Premises and Preferential Use Premises until the end of the Term of the Agreement or agreed upon extension thereof while vacant. However, in no event shall the annual amount due from Airline be less than the dollar equivalent of twenty percent (20%) of the total annual Joint Use Premises rentals divided by the total number of Signatory Airlines immediately prior to the time Airline ceases service at the Airport while the Exclusive Use Premises and Preferential Use are vacant.
- 7.14 Charges for Services. The provisions contained in this Article 7 shall not preclude the City from seeking reimbursement from Airline or any Air Transportation Company for the cost of services provided to Airline or any Air Transportation Company in compliance with any federal law, rule or regulation which is enacted or amended subsequent to the execution of this Agreement, or for any services or facilities provided subsequent to the execution date of this Agreement at the request of Airline, the cost of which is not currently included in the estimated requirement used to calculate Rentals, Fees, and Charges under this Agreement. Further, nothing shall preclude the City from imposing fees for additional uses, equipment, facilities and services, or from imposing fines, penalties, and assessments for the enforcement of City's rules and regulations.

- 7.15 Extraordinary Coverage. Airline shall pay extraordinary coverage protection payments in the rates for Rentals, Fees, and Charges at the Airport in any Fiscal Year in which the amount of Revenues less O&M Expenses is projected to be less than the minimum coverage required on Debt Service as may be required by the applicable debt covenants, including any Debt Service on Bonds held by the City on behalf of the Airport. Any amounts which must be collected for such extraordinary coverage protection payments will be allocated to the Airfield and Terminal on the basis of the Airport Requirement of such cost centers.
- 7.16 No Further Charges. Except as stated in this Article 7 or as detailed elsewhere in this Agreement, no further Rentals, Fees and Charges shall be charged by the City to Signatory Airline, for use of Signatory Airline's Leased Premises and the rights, licenses, and privileges granted to Signatory Airline.

ARTICLE 8: CHANGES IN RATES FOR RENTALS, FEES, AND CHARGES

8.01 Annual Rate Changes.

- A. Except for the initial Fiscal Year of this Agreement, no later than sixty (60) calendar days prior to the end of each Fiscal Year, City shall notify Airline of the proposed schedule of rates for Rentals, Fees, and Charges for the ensuing Fiscal Year. Said rates shall be calculated in accordance with and pursuant to Article 7. For the initial Fiscal Year, the Rentals, Fees and Charges will be provided to Airline in writing within two weeks of City's execution of this Agreement.
- B. The Signatory Airlines, through the AAAC, shall have the right to review and comment upon the proposed operating budget and annual Capital Improvement projects. No later than thirty (30) calendar days after the forwarding of the proposed schedule of rates for Rentals, Fees, and Charges, the City agrees to meet or arrange a conference call with the AAAC at a mutually convenient time for the purpose of discussing such Rentals, Fees, and Charges, as well as any proposed Capital Improvement projects. In advance of that meeting/call, the City shall make available to the

AAAC any reasonably requested additional information relating to the determination of the proposed rates and Capital Improvement projects. The City agrees to fully consider the comments and recommendations of the Signatory Airlines prior to finalizing its plans for any Capital Improvements and the schedule of rates for Rentals, Fees, and Charges for the ensuing Fiscal Year.

- C. Following such meeting/call, the City shall notify Airline of the rates for Rentals, Fees and Charges to be established for the ensuing Fiscal Year.
- D. If calculation of the new rates for Rentals, Fees, and Charges is not completed by the City and the notice provided in subsection C above is not given prior to the end of the then current Fiscal Year, Airline will be provided written notice that rates for Rentals, Fees, and Charges then in effect shall continue to be paid by Airline until such calculations are concluded and such notice is given. Upon the conclusion of such calculations and the giving of such notice, City shall determine the differences, if any, between the actual Rentals, Fees, and Charges paid by Airline to date for the then current Fiscal Year and the rates for Rentals, Fees, and Charges that would have been paid by Airline if said rates had been in effect beginning on the first calendar day of the Fiscal Year. Those differences shall be applied to the particular Rentals, Fees, and Charges for which any differences in rates resulted in an overpayment or underpayment and shall be remitted by Airline or credited or refunded by the City in the month immediately following the calculation of the new Fiscal Year's rates for Rentals, Fees, and Charges.

8.02 Other Rate Changes.

- A. Rates for Rentals, Fees, and Charges may be changed up to once per Fiscal Year at any time that unaudited monthly Airport financial data indicates that total Rentals, Fees, and Charges payable pursuant to the then current rate schedules are estimated and anticipated by the City to vary by more than ten percent (10%) from the total Rentals, Fees, and Charges that would be

payable based upon the use of the projected monthly financial data then available for said Fiscal Year.

- B. Nothing herein will limit the ability of the City to adjust Rentals, Fees, and Charges from time to time in order meet the requirements of the Master Bond Ordinance, including, without limitation, reserve funds, the rate covenant, and flow of funds requirement.
- C. In the event of an emergency safety situation at the Airport, the Rentals, Fees, and Charges also may be changed within thirty (30) calendar days following consultation with the AAAC.
- D. In the event of any changes to the Rentals, Fees, and Charges as provided in this Section 8.02, the Signatory Airlines' total Rentals, Fees, and Charges payable to City shall be allocated to Airline in accordance with this Agreement.

8.03 Reconciliation.

Within one hundred eighty (180) calendar days following the close of each Fiscal Year, or as soon as audited financial data for said Fiscal Year is available, Landing Fees and Terminal Rentals for the preceding Fiscal Year shall be recalculated using audited financial data in accordance with the example set forth in **Exhibit G**. The resulting amount due to the Air Transportation Companies or due from the Air Transportation Companies shall be applied through an adjustment to the Landing Fees and Terminal Rentals in the then-current Fiscal Year. The City shall notify each airline's AAAC representative of any such adjustment and shall make the adjustment no later than sixty (60) calendar days after completion of the audit.

8.04 City Covenants.

The City shall operate the Airport in the same manner as a reasonably prudent airport operator of an airport of substantially similar size, use and activity as the Airport and in a manner so as to produce revenues from concessionaires, tenants and other users of the Airport of a nature and amount which would be produced by a reasonably prudent operator of an airport of substantially similar size, use and

activity, with due regard for the interests of the public.

ARTICLE 9: AIRLINE IMPROVEMENTS

9.01 Airline Improvements.

- A. In accordance with Section 9.01.E below, Airline may construct and install, at Airline's sole expense, improvements in its Leased Premises as Airline deems to be necessary for its operations; provided, however, that the plans and specifications, location, and construction schedule for such improvements shall be subject to the advance written approval of the Director, through the tenant alteration form(s).

- B. Prior to the commencement of any improvements greater than one hundred thousand dollars (\$100,000), the City shall have the right to require Airline to obtain, or cause to be obtained, a contract surety bond in a sum equal to the full amount of any construction contract awarded by Airline for the improvements. Said contract security bond shall name the City as an obligee thereunder and shall be drawn in a form and issued by such company reasonably acceptable to City; shall guarantee the faithful performance of necessary construction and completion of improvements in accordance with approved final plans and detailed specifications; and shall protect City against any losses and liability, damages, expenses, claims and judgments caused by or resulting from any failure to perform completely the work described. City reserves the right also to require that Airline acquires or causes to be acquired a payment bond with any contractors of Airline as principal, in a sum equal to the full amount of the construction contract awarded by Airline for the improvements. Said bond shall name the City as an obligee thereunder and shall guarantee payment of all wages for labor and services engaged and of all bills for materials, supplies and equipment used in the performance of said construction contract. Any work associated with such construction or installation shall not unreasonably interfere with the operation of the Airport or otherwise unreasonably interfere with the permitted activities of other Terminal tenants and users. Upon completion

of approved construction and within sixty (60) calendar days of Airline's receipt of a certificate of occupancy, a complete set of "as built" drawings shall be delivered to the Director for the permanent record of the City.

- C. Airline shall furnish or require contractors to furnish satisfactory evidence of statutory workers' compensation insurance, comprehensive general liability insurance, comprehensive automobile insurance and physical damage insurance on a builder's risk form with the interest of City endorsed thereon in such amounts and in such manner as City may reasonably require. City may require additional insurance for any alterations or improvements approved hereunder in such limits as City reasonably determines to be necessary.
- D. Any construction or installation by or on behalf of Airline shall be at the sole risk of Airline and shall be in accordance with all applicable state and local codes and laws and subject to inspection by the Director and all other applicable governmental agencies.
- E. All improvements made to Airline's Leased Premises and additions and alterations thereto made by Airline, except those financed by City, shall be and remain the property of Airline until the termination of this Agreement. Upon termination of this Agreement, said improvements, additions and alterations shall become the property of City; provided, however, that any trade fixtures, signs, equipment, and other moveable personal property of Airline not permanently affixed to Airline's Exclusive Use Premises and Preferential Use Premises shall remain the property of Airline, subject to the terms of Article 14.

9.02 Requirements for Alterations to Leased Premises

When constructing, altering or repairing an improvement to Airline's Leased Premises, Airline shall execute or cause its contractor to execute (i) a payment bond that conforms to Subchapter I, Chapter 53, Property Code; and (ii) a performance bond in amount equal to the amount of the contract for the protection

of the governmental entity and conditioned on the faithful performance of the contractor's work in accordance with the plans, specifications, and contract documents. Further, Airline shall provide to the City Notice of Commencement consistent with Section 2252.909 of Subchapter Z, Chapter 2252, Government Code at least ninety (90) days before the date of such construction, alteration or repair. Such Notice of Commencement must: (1) identify the public property where the work will be performed; (2) describe the work to be performed; (3) state the total cost of work to be performed; (4) include copies of the performance and payment bonds required pursuant to this section of the Agreement; and include a written acknowledgement signed by the contractor stating that copies of the required performance and payment bonds will be provided to all subcontractors not later than the fifth (5th) day after the date a subcontract is executed. On or before the tenth (10th) day after the date the City received such Notice of Commencement, the City may notify the Airline that the construction, alteration or repair may not proceed. Airline understands that a person commits an offense if the person materially misrepresents information in the Notice of Commencement. Such offense is a Class A misdemeanor.

ARTICLE 10: DAMAGE OR DESTRUCTION

10.01 Partial Damage. If any part of Airline's Leased Premises, or adjacent facilities directly and substantially affecting the use of Airline's Leased Premises, shall be partially damaged by fire or other casualty other than that caused by Airline, but said circumstances do not render Airline's Leased Premises untenable as reasonably determined by the City, the same shall be repaired to usable condition with due diligence by the City, or by Airline if agreed to by both parties, as hereinafter provided and limited. No abatement of rentals shall accrue to Airline so long as Airline's Leased Premises remain tenantable. Any partial damage caused by Airline shall be repaired by the City to similar conditions existing prior to the partial damage, and the cost of such repair not otherwise covered by insurance proceeds received by City shall be invoiced directly to Airline and is due and payable within thirty (30) calendar days of Airline's receipt.

10.02 Substantial Damage. If any part of Airline's Leased Premises, or adjacent facilities directly and substantially affecting the use of Airline's Leased Premises, shall be so extensively damaged by fire or other casualty, other than that caused by Airline, as to render any portion of Airline's Leased Premises untenable but capable of being repaired, as reasonably determined by City, the same shall be repaired within a reasonable period to usable condition with due diligence by City as hereinafter provided and limited. In such case, the rentals payable hereunder with respect to affected Airline Leased Premises shall be paid up to the time of such damage and shall thereafter be abated equitably in proportion as the part of the area rendered untenable bears to the total Leased Premises until such time as such affected Airline's Leased Premises shall be restored adequately for use. City shall use "commercially reasonable" efforts to provide Airline with comparable alternate facilities to continue its operation while repairs are being completed at a rental rate not to exceed that provided for in this Agreement for the Airline's existing space. Any substantial damage caused by Airline shall be repaired by the City and the cost of such repair not otherwise covered by insurance proceeds received by City shall be invoiced directly to Airline, due and payable upon receipt.

10.03 Destruction.

- A. If any part of Airline's Leased Premises, or adjacent facilities directly and substantially affecting the use of Airline's Leased Premises, shall be damaged by fire or other casualty, and is so extensively damaged as to render any portion of Airline's Leased Premises incapable of being repaired within ninety (90) calendar days, as reasonably determined by the City, the City shall notify Airline of its decision whether to reconstruct or replace said space; provided, however, the City shall be under no obligation to replace or reconstruct such premises. The rentals payable hereunder with respect to the affected Airline's Leased Premises shall be paid up to the time of such damage and thereafter shall abate until such time as replacement or reconstructed space becomes available for use by Airline. If this occurs, Airline may terminate this Agreement, effective as of the date of written

notice to the City. Any destruction caused by Airline shall be repaired by the City and the cost of such repair not otherwise covered by insurance proceeds received by City shall be invoiced directly to Airline, due and payable upon receipt.

- B. In the event the City elects to reconstruct or replace the affected Airline's Leased Premises, the City shall provide Airline with comparable alternate facilities to continue its operation while reconstruction or replacement is being completed at a rental rate not to exceed that provided for in this Agreement for the Airline's existing space.
- C. In the event the City elects to not reconstruct or replace the affected Airline's Leased Premises, the City shall meet and consult with Airline on ways and means to permanently provide Airline with adequate replacement space for the affected Airline's Leased Premises. In such event, the City agrees to amend this Agreement to reflect related additions and deletions to Airline's Leased Premises. Airline is not bound to accept the replacement space and may terminate this Agreement, as described in Section 10.03.A, above.

10.04 Damage Caused By Airline.

Notwithstanding the provisions of this Article 10, in the event that due to the acts or omissions of Airline, its employees, contractors, its agents, or licensees, Airline's Leased Premises shall be damaged or destroyed by fire, other casualty or otherwise, there shall be no abatement of rentals during the repair or replacement of the Airline's Leased Premises. To the extent that the costs of repairs 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 reasonable costs to City due and payable upon demand.

10.05 City's Responsibilities.

City shall maintain adequate levels of insurance; provided however, that City's obligations to repair, reconstruct, or replace affected premises under the provisions of this Article 10 shall in any event be limited to restoring the affected Airline's Leased Premises to substantially the same condition that existed at the date of damage or destruction, including any subsequent improvements made by City, and shall further be limited to the extent of insurance proceeds and other funds available to City for such repair, reconstruction, or replacement; provided further, that City shall in no way be responsible for the restoration or replacement of any equipment, furnishings, personal property, real property improvements, signs, or other items installed and/or owned by Airline in accordance with this Agreement, unless Airline proves that the damage or destruction is caused by the negligence or willful act or omission of City, its officials, agents, or employees acting within the course or scope of their employment.

ARTICLE 11: INDEMNIFICATION AND INSURANCE

11.01 Indemnification.

A. Airline shall indemnify, save, hold harmless, and defend City, its officials, agents and employees, its successors and assigns, individually or collectively, from and against any claim, action, loss, damage, injury, liability, and the cost and expense of whatsoever kind or nature (including, but not limited to, reasonable attorney fees, disbursements, court costs, and expert fees) based upon injury to persons, including death, or damage to property to the extent arising out of, resulting from, or incident to Airline's performance of its obligations under this Agreement, or in conjunction with Airline's use and occupancy of Airline's Leased Premises or use of the Airport, except to the extent such injury or damage is occasioned by the sole negligence or willful

misconduct of City, its officers, employees, or agents.

- B. Airline shall indemnify, save, hold harmless, and defend City, its officials, agents and employees, its successors and assigns, individually or collectively, from and against any claim, action, loss, damage, injury, liability, and the cost and expense of whatsoever kind or nature (including, but not limited to, reasonable attorney fees, disbursements, court costs, and expert fees) and any fines in any way arising from or based upon the violation of any federal, state, or municipal laws, statutes, resolutions, or regulations, including rules or regulations of the City by Airline, its agents, employees, or successors and assigns in conjunction with Airline's use and/or occupancy of Airline's Leased Premises or the Airport except to the extent such injury or damage is occasioned by the negligence or willful misconduct of City, its officers, employees, or agents.**
- C. The provisions of this Section 11.01 shall survive the expiration or termination of this Agreement.**

11.02 Insurance.

- A. Without limiting or expanding Airline's obligation to indemnify City, as provided for in Section 11.01, Airline shall procure and maintain in force at all times during the Term of this Agreement comprehensive Airport premises liability and aviation insurance to protect against personal injury, bodily injury liability and property damage liability. The limits for Signatory Airlines shall be in an aggregate amount of not less than \$250,000,000 per occurrence, combined single limit; provided, however, coverage for non-passengers shall be not less than an aggregate amount of \$25,000,000 per occurrence. In addition, Airline shall procure and maintain in force during the Term of this Agreement liability insurance applicable to the ownership,

maintenance, use or operation of any automobile, mobile equipment or other ground vehicle at the Airport (including owned, non-owned, or hired) in an amount of not less than \$5,000,000 per occurrence.

- B. The aforesaid amounts and types of insurance shall be reviewed from time to time by City and may be adjusted by City if City reasonably determines such adjustments are necessary to protect City's interests and agreed to by Airline. Airline shall furnish City prior to the Effective Date a certificate or certificates of insurance as evidence that such insurance is in force. City reserves the right to require a certified copy of each certificate upon request. Airline shall name City as an additional insured on such insurance policy or policies to the extent of the obligations assumed under Section 11.01. Said policies shall be issued by insurance companies of recognized financial responsibility and, in a form and content reasonably satisfactory to City, and shall provide for thirty (30) calendar days advance written notice to City prior to the cancellation of or any adverse material change in such policies and ten (10) calendar days' notice for non-payment of premium, except for cancellation or modification in the event of war and/or nuclear detonation. Failure to provide and/or maintain the required insurance coverage as set forth herein is grounds for immediate termination of this Agreement.
- C. Airline shall procure and maintain in force during the Term of this Agreement workers' compensation coverage in accordance with state law and employers' liability in an amount not less than \$1,000,000 each accident and each disease through a licensed insurance company. The contract for coverage must be written on a policy and endorsements approved by the Texas Department of Insurance. The workers' compensation coverage provided must be in an amount sufficient to ensure that all workers' compensation obligations incurred by the Airline will be promptly met.

11.03 Waiver of Subrogation. City and Airline hereby mutually waive any and all rights of recovery against the other party arising out of damage or destruction of the buildings, Airline's Leased Premises, or any other

property from causes included under any property insurance policies to the extent such damage or destruction is covered by the proceeds of such policies and whether or not such damage or destruction shall have been caused by the parties, their officers, employees or agents, but only to the extent that the insurance policies then in force permit such waiver. All policies of insurance shall contain, to the extent available, this waiver of subrogation provision and the cost of such provision shall be borne by the primary insured.

ARTICLE 12: TERMINATION BY CITY

12.01 Events of Default. The events described below shall be deemed events of default by Airline:

- A. Upon the occurrence of any one of the following events of default, City may give thirty (30) calendar days' written notice as provided in Section 12.03.
 - (1) The appointment of a trustee, custodian, or receiver of all or a substantial portion of Airline's assets or the subletting of Airline's Leased Premises without City Council authorization except as permitted under Article 15.
 - (2) The divestiture of Airline's estate herein by operation of law, by dissolution, or by liquidation.
 - (3) The Airline shall take the benefit of any present or future insolvency statute, or shall make a general assignment for the benefit of creditors, or shall seek a reorganization or the readjustment of its indebtedness under any law or statute of the United States or of any state thereof.
 - (4) The voluntary discontinuance for a period of at least sixty (60) consecutive days by Airline of its operations at the Airport unless otherwise approved by City in writing, except when discontinuance is due to fire, earthquake, strike, governmental action, default of the City, or other cause beyond Airline's

control, and except when discontinuance is due to a consented assignment or sublease pursuant to Article 15.

- (5) The failure to cure a default in the performance of any of the material terms, covenants and conditions required herein within thirty (30) calendar 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) calendar 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) calendar days following such written notice, or having so commenced, shall fail thereafter to continue as promptly as reasonably practical the curing thereof; provided however, Airline's performance under this Section 12.01 shall be subject to the provisions of Section 18.25 of this Agreement. Airline shall have the burden of proof to demonstrate to the City's satisfaction (i) that the default cannot be cured within thirty (30) calendar 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.
- B. Upon the occurrence of any one of the following events of default, City may immediately issue written notice of default:
- (1) The failure by Airline to pay any part of the Rentals, Fees, and Charges, PFCs or any other sum due hereunder and the continued failure to pay said amounts in full within ten (10) calendar 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.
 - (2) The failure by Airline to maintain the minimum required insurance coverage as required by Section 11.02; provided, the City shall have the right to immediately suspend Airline's right to operate at the Airport until Airline has

obtained the minimum required insurance coverage.

- (3) If any act occurs through the fault or neglect of Airline which by law operates to deprive Airline permanently of the rights, power and privileges necessary for the lawful conduct and operation of its business at the Airport.

12.02 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 by Airline of any covenant of this Agreement. Furthermore, unless City elects to terminate this Agreement, at its sole discretion, Airline shall remain liable for and promptly pay all Rentals, Fees, and Charges accruing hereunder until termination or expiration of this Agreement as set forth in Article 3 or until this Agreement is terminated by Airline pursuant to Article 13.

12.03 City's Remedies. Upon the occurrence of any event enumerated in Section 12.01.A, the following remedies shall be available to City:

- A. City may exercise any remedy provided by law or in equity including, but not limited to, the remedies hereinafter specified.
- B. City may terminate this Agreement, effective upon the date specified in the notice of termination. For events enumerated in Section 12.01.A, such date shall be not less than thirty (30) calendar days from said date of receipt of notice. Upon such date, Airline shall be deemed to have no further rights hereunder and City shall have the right to take immediate possession of Airline's Leased Premises.
- C. City may reenter Airline's Leased Premises and may remove all of Airline's persons and property from same upon the date of reentry specified in City's written notice of reentry to Airline. For events enumerated in Section 12.01.A, reentry shall be not less than thirty (30) calendar days from the date of notice of reentry. Upon any removal of Airline property by City

hereunder, Airline's property may be stored at Airline's sole risk, cost and expense or if abandoned, sold and the proceeds applied to any damages incurred by the City.

- D. City may re-let Airline's Leased Premises and any improvements thereon, or any part thereof, at such lease rates and upon such other terms and conditions as City, in its sole discretion, may deem advisable, with the right to make alterations, repairs or improvements on Airline's Leased Premises. In re-letting Airline's Leased Premises, City shall be obligated to make a good faith effort to obtain terms no less favorable to City than those contained herein and otherwise seek to mitigate any damages it may suffer as a result of Airline's event of default.

- E. In the event that City relets Airline's Leased Premises, Rentals, Fees, and Charges received by City from such re-letting shall be applied in the following order of priority: (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 re-letting; 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. If that portion of such Rentals, Fees, and Charges received from such re-letting and applied to the payment of Rentals, Fees, and Charges is less than the Rentals, Fees and Charges payable during applicable periods by Airline hereunder, then Airline shall pay such deficiency to City. Airline shall also pay to City, as soon as ascertained, any costs and expenses incurred by City in such re-letting not covered by the Rentals, Fees, and Charges received from such re-letting.

- F. Airline shall pay to City all other costs incurred by City in the exercise of any remedy in this Article 12 including, but not limited to, reasonable attorneys' fees, disbursements, court costs, and expert fees.

ARTICLE 13: TERMINATION BY AIRLINE

13.01 Events of Default. The events described below shall be deemed events of default by City:

- A. City fails to keep, perform or observe any term, covenant or condition herein contained to be kept, performed, or observed by City and such failure continues for thirty (30) calendar days after receipt of written notice from Airline; or, if by its nature such default cannot be cured within such thirty (30) calendar day period, City shall not commence to cure or remove such default within said thirty (30) calendar days and to cure or remove the same as promptly as reasonably practicable; provided, however, City's performance under this Section shall be subject to the provisions of Section 18.25 of this Agreement.
- B. Airport is closed to flights in general for reasons other than weather, acts of God, or other reasons beyond City's control, or to the flights of Airline for reasons other than those circumstances within Airline's control, and Airport fails to be reopened to such flights within sixty (60) consecutive days from such closure.
- C. The Airport is permanently closed as an air carrier airport by act of any federal, state, or local government agency having competent jurisdiction; or Airline is unable to use Airport for a period of at least ninety (90) consecutive days due to any law, order, rule or regulation of any governmental authority having jurisdiction over the operations of the Airport; or any court of competent jurisdiction issues an injunction preventing City or Airline from using Airport for airport purposes, for reasons other than those circumstances within Airline's control, and such injunction remains in force for a period of at least ninety (90) consecutive days.
- D. The United States Government or any authorized agency of the same (by executive order or otherwise) assumes the operation, control or use of the

Airport in such a manner as to substantially restrict Airline from conducting its operations, if such restriction remains in force for a period of sixty (60) consecutive days or more.

- 13.02 Airline's Remedy. Upon the occurrence of any events of default enumerated in Section 13.01, Airline shall be permitted to terminate this Agreement; provided, however, Airline termination, due to events of default under the provisions of Section 13.01, shall not be effective unless and until at least thirty (30) calendar days, or such longer period as provided in Section 13.01, have elapsed after written notice to the City specifying the date upon which such termination shall take effect and the reason for such termination. In the event of termination, Airline shall surrender the Airline's Leased Premises in accordance with Article 14 hereof.

ARTICLE 14: SURRENDER OF AIRLINE PREMISES

- 14.01 Surrender and Delivery. Upon termination of this Agreement, Airline shall promptly and peaceably surrender to City Airline's Leased Premises and all improvements thereon to which City is entitled, without destruction or waste, and return the Leased Premises in a rentable condition; provided, however, nothing in this section shall be construed to modify the obligations of the parties set forth elsewhere in this Agreement, including but not limited to **Exhibits B and C**.
- 14.02 Removal of Property. Airline shall have the right at any time during the Term of this Agreement to remove from the Airport its aircraft, tools, equipment, trade fixtures, and other personal property, title to which shall remain in Airline unless otherwise set forth in this Agreement, and shall remove such aircraft, tools, equipment, trade fixtures, and other personal property within thirty (30) calendar 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. Notwithstanding anything to the contrary contained herein, City hereby waives any statutory or contractual lien it may now have or hereafter have with respect to Airline's aircraft. 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 thirty (30) calendar days following the date of termination of this Agreement shall, at the option of the City, (i) become the property of the City at no cost to the City; (ii) be stored by the City, at no cost to the City; or (iii) be sold at public or private sale at no cost to the City. All of Airline's personal property located on Airline's Leased Premises is at the risk of Airline only, and the City is not liable for damage to said personal property in, at or on Airline's Leased Premises or to Airline. Except as may be agreed to otherwise by the 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, less reasonable wear and tear, at Airline's expense.

ARTICLE 15: ASSIGNMENT AND SUBLETTING AGREEMENTS

15.01 Assignment and Subletting by Airline.

- A. Except for an assignment to a parent, corporate affiliate, or subsidiary, which is hereby authorized, Airline may not at any time assign, transfer, convey, sublet, mortgage, pledge, or encumber its interest under this Agreement or any part of Airline's Leased Premises without the prior written consent of the City, which consent will not be unreasonably withheld. The above prohibition does not apply with respect to any company with which Airline may merge or consolidate, or which may acquire substantially all of Airline's assets.

In the event that Airline shall, directly or indirectly, assign, sell, hypothecate or otherwise transfer this Agreement, or any portion of Airline's Leased Premises, without the prior written consent of the City except as allowed above, the City, in its sole discretion may terminate this Agreement.

- B. Airline shall not sublease Airline's Leased Premises without the prior written consent of City, which consent may be withheld if City has substantially similar space available, but unleased, or if City can make such space available for lease within a reasonable time. Use of Airline's Exclusive Use

Premises or Preferential Use Premises or any part thereof, by anyone other than Airline or an Air Transportation Company being handled by Airline shall be deemed a sublease.

- C. Airline shall include with its request for consent to assign or sublease, a copy of the proposed assignment or sublease agreement, if prepared. In the event such proposed agreement has not been prepared, a written summary of the material terms and conditions to be contained in such agreement shall be included with Airline's request for consent by the City. The assignment or sublease agreement or written summary submitted with Airline's request shall include the following information: (i) the term; (ii) the area or space to be assigned or subleased; (iii) the sublease rentals to be charged; and (iv) the provision that assignee or sublessee must execute a separate Operating Agreement with City. 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 consent before occupancy of Airline's Leased Premises, or any portion thereof, by the assignee or sublessee.

- D. In the event the Rentals, Fees, and Charges for subleased premises exceed the Rentals, Fees, and Charges payable by Airline for said premises pursuant to this Agreement, Airline shall pay to City the excess of the Rentals, Fees, and Charges received from the sublessee over that specified to be paid by Airline herein; provided however, Airline may charge a reasonable fee for administrative costs, not to exceed fifteen percent (15%) of the specified sublease rental, and such fee shall not be considered part of excess Rentals, Fees, and Charges. Airline may also charge a reasonable fee to others for the use of Airline's capital equipment and to charge for use of utilities and other services being paid for by Airline.

- E. Nothing in this Article 15 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.

ARTICLE 16: AVAILABILITY OF ADEQUATE FACILITIES

- 16.01 Declaration of Intent. The parties acknowledge the objective of the City to offer to all Air Transportation Companies desiring to serve Airport access to the Airport and to provide adequate gate positions and space in the Terminal and Apron Area. Recognizing that physical and financial limitations may preclude timely expansion of the Terminal and Apron Area areas in order to meet the stated requests of Airline and/or such other Air Transportation Companies for additional facilities, the City hereby states its intent to pursue the objective of achieving an optimum balance in the overall utilization of gates.
- 16.02 Utilization Requirement. Preferential status of gate lounges and the associated Apron Area and passenger boarding bridges will require a minimum of four turns per day, at least four times a week. The City will periodically determine whether Airline is meeting the minimum utilization using Airline's published schedule available for sale during the upcoming ninety (90) day period. The City shall provide written notice ninety (90) days in advance of any revocation of such preferential status with respect to any of Airline's gate lounges, associated Apron Area and passenger boarding bridges, for failure to meet such minimum operational requirements provided another Air Transportation Company has requested a gate lounge and the City has determined it necessary to revoke Airline's preferential status with respect to such gate lounge, associated Apron Area and passenger boarding bridge to accommodate such other Air Transportation Company. Further, Airline shall be provided ninety (90) days to adjust its schedules in order to meet such minimum operational requirements.
- 16.03 Accommodation of Requesting Airline. City shall not require Airline to accommodate a requesting Air Transportation Company if City has unleased gates and facilities which can reasonably accommodate the needs of requesting Air Transportation Company ("Requesting Company"). Airline shall cooperate with City to accommodate the needs of the Requesting Company by permitting such

Requesting Company to utilize Airline's Preferential Use Premises for the time period necessary to permit passenger loading and unloading operations in conjunction with the scheduled operations of such Requesting Company at times when the use of such facilities shall not interfere with Airline's (or its Affiliate Airlines') planned operations, including irregular operations and remain overnight operations. In determining if Airline shall be required to accommodate a Requesting Company, the City shall consider Airline's capabilities, capacity, and facilities, after taking into account Airline's own requirements and contractual obligations, the compatibility of Requesting Company's proposed operations with those of Airline, and the need for labor harmony. During the period of and in connection with any such accommodation, the use by the Requesting Company shall be subject to the following:

- (i) Requesting Company shall pay the applicable Per Turn Fees charged by the City, and Airline shall be entitled to a credit from the City in the amount of such Per Turn Fees against the Airline's monthly Terminal Rentals;
- (ii) Indemnify the City and Airline in the manner and to the extent required of Airline pursuant to Section 11.01 herein;
- (iii) Carry the same types and amounts of insurance as required by Airline pursuant to Sections 11.02 and 11.03 herein; and
- (iv) Requesting Company shall acknowledge these obligations, and such other obligations as the City may reasonably require, in writing to the City in the form required by the City.

Airline shall not be obligated to accommodate a Requesting Company until the City provides written notice that it has received the acknowledgement of the obligations in (i) through (iii) above from the Requesting Company.

16.04 Relocation of Airline. With regard to Airline's Leased Premises, the City reserves the right to relocate Airline in order to maintain the most efficient use of the Terminal as determined by the Director. The City shall consult with Airline and shall provide the Airline with ninety (90) days written notice prior to any such relocation. Upon any such relocation, the City will provide replacement space that is

comparable in size, finish and utility to that which is to be vacated and to coordinate any such relocation with Airline. In the event that such a request is made by City, the City will fund the reasonable improvement and relocation related costs for any relocation to match what was in existence and Airline shall not be required to pay a greater total rental amount for the relocated space; provided, however, Airline's total rental amount shall be reduced if the replacement space is smaller than the space so vacated.

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, 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 of other airports receiving such funds. City agrees to provide Airline written advance notice of any provisions which would adversely modify the material terms of this Agreement. City covenants that, as of the Effective Date, it has no existing agreements with the United States Government or other governmental authority in conflict with the express provisions 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
- A. During the performance of this Agreement, Airline, for itself, its assignees

and successors in interest agrees to comply with the non-discrimination statutes and authorities, including but not limited to those set forth in **Exhibit J** hereto.

- B. Airline acknowledges that the provisions of 49 CFR, Part 23, Disadvantaged Business Enterprises (“DBE”), as said regulations may be amended, and such other similar regulations as may be enacted, may be applicable to the activities of Airline under the terms of this Agreement, unless exempted by said regulations, and hereby agrees to comply with the FAA and the U.S. Department of Transportation in reference thereto. These regulations may include, but not be limited to, compliance with DBE participation goals, the keeping of certain records of good faith compliance efforts which would be subject to review by the various agencies, the submission of various reports and, if so directed, the contracting of specified percentages of goods and services contracts to Disadvantaged Business Enterprises.

- C. In the event of breach of any of the above nondiscrimination covenants, City shall have the right to terminate this Agreement after such action as the United States Government may direct to enforce this covenant has been followed and completed, including exercise or expiration of appeal rights.

17.04 Security Airline must comply with, and require compliance by its assignees and sublessees, if any, and both its and their respective contractors, suppliers of materials and furnishers of services, employees, agents, and business invitees (excluding passengers) with, all present, amended, and future laws, rules, regulations, and ordinances promulgated by the City, the Airport Security Plan (“ASP”), the FAA, Transportation Security Administration (“TSA”) or other governmental agencies to protect the security and integrity of the Secured Area (“SA”), the Air Operations Area (“AOA”), and the Security Identification Display Area (“SIDA”), as defined by the City, the FAA, and TSA, and to protect against access to the SA, AOA, and SIDA by unauthorized persons. Subject to the approval of the Director, Airline must adopt procedures to control and limit access to the SA, AOA, and SIDA by Airline, its assignees and sublessees, and its and their respective agents, contractors, suppliers of materials and furnishers of

services, employees, and business invitees (excluding passengers) in accordance with all present and future ASP, FAA, and TSA laws, rules, regulations, and ordinances. **Airline further agrees to indemnify, hold harmless, and defend the City, its officers, agents, and employees against the risk of legal liability for death, injury, or damage to persons or property, or fees and expenses, direct or consequential, arising from entry of the SA or SIDA permitted, allowed or otherwise made possible by Airline, its sublessees or its or their respective agents, contractors, suppliers of materials and furnishers of services, employees, business invitees (excluding passengers), agents, or any person under the direction of Airline, which entry violates the City, ASP, FAA, or TSA laws, rules, regulations, or ordinances or Airline's Director-approved procedures for controlling access to the SA or SIDA as provided hereinabove.** Airline must obtain employee identification badges for all personnel authorized by Airline to have access to the SA, AOA, and SIDA in accordance with the provisions of Federal Aviation Regulations, 49 CFR Part 1542, and other applicable laws, rules, regulations and ordinances. Airline must pay all fines associated with security breaches/infractions by Airline and its sublessees and its and their respective agents, officers, business invitees (excluding passengers), and employees in the SA, AOA, and SIDA, regardless of whether the fine is assessed to the City, Airport or Airline and/or its sublessees, and it's or their respective agents, officers, business invitees (excluding passengers), or employees; however, Airline may contest such fine in accordance with administrative procedures of the agency issuing the fine.

ARTICLE 18: GENERAL PROVISIONS

18.01 Subordination to Master Bond Ordinance

- A. This Agreement and all rights granted to Airline hereunder are expressly subordinated and subject to the lien and provisions of the pledges, transfer, hypothecation, and assignments made by City in the Master Bond

Ordinance. City expressly reserves the right to make such pledges and grant such liens and enter into covenants as it may deem necessary or desirable to secure and provide for the payment of any bonds issued pursuant to the Master Bond Ordinance, provided that City will not take any actions that would be inconsistent with the terms and conditions of this Agreement.

- B. With respect to any bonds issued pursuant to the Master Bond Ordinance, the interest on which is intended to be excludable from gross income for the holders of such bonds for federal income tax purposes under the Internal Revenue Code of 1986, Airline agrees that it will not act, or fail to act with respect to the use of the Airport and the Leased Premises, if the act or failure to act may cause the City to be in non-compliance with the provisions of the Internal Revenue Code of 1986 as they may be amended, supplemented, or replaced, or the regulations or ruling issued hereunder, nor will Airline take, or persist in, any action or omission which may cause the interest on the tax-exempt bonds either (i) not to be excludable from the gross income of the holders thereof for federal income tax purposes; or (ii) to become subject to the alternative minimum tax (AMT) for federal income tax purposes.

18.02 Non-waiver. 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 terminate this Agreement as provided herein.

18.03 Rights Non-Exclusive. Notwithstanding anything herein contained that may be or appear to the contrary, the rights, privileges and licenses granted under this Agreement, except Exclusive Use Premises, are “non-exclusive” and the City reserves the right to grant similar privileges to others.

18.04 Quiet Enjoyment.

- A. 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 Airline's Leased Premises and all rights, privileges and licenses of the Airport, its appurtenances and facilities granted herein, subject to the terms and conditions herein contained.
- B. Consistent with the nature of Airline's business, Airline agrees that occupancy of Airline's Leased Premises will be lawful and quiet and that it will not knowingly use or permit the use of Airline's Leased 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. The City reserves unto itself, 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 Airline's Leased Premises, for navigation or flight in the said airspace for landing on, taking off from, or operating at the Airport.

18.07 Rules and Regulations.

- A. Airline, its officers, employees, agents and others under its control shall observe and obey all laws, rules, regulations, ordinances, and orders of the federal, state, county and municipal governments which may be applicable

to Airline's operations at the Airport.

- B. The City may from time to time adopt, amend or revise reasonable and non-discriminatory rules, regulations and minimum standards for the conduct of operations at the Airport for reasons of safety, health, preservation of the property or for the maintenance of the good and orderly appearance of the Airport. Airline, its officers, employees, agents, and others under its control shall faithfully comply with and observe such rules, regulations and minimum standards, except as they may conflict with the terms and provisions of this Agreement or the regulations of another governmental authority having appropriate jurisdiction. These rules and regulations can be found in the Terminal Operations Manual set forth in **Exhibit F**.

- C. 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 at the Airport.

18.08 Inspection. Airline shall allow the City's authorized representatives access to Airline's Leased Premises for the purpose of examining and inspecting said premises; for purposes necessary, incidental to, or connected with the performance of its obligations under this Agreement, for operational need to coordinate with Airline agents, or, in the exercise of its governmental functions. Except in the case of an emergency, upon reasonable advance notice, the City shall conduct such inspections during reasonable business hours with reasonable notice and in the presence of Airline's representative.

18.09 No Individual Liability. No official, officer, agent, director, or employee of the 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.

- 18.10 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.
- 18.11 Capacity to Execute. Each of the parties hereto warrants and represents that the execution and delivery of this Agreement by the undersigned representative(s) has been duly authorized by all necessary corporate or municipal action, as applicable.
- 18.12 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 open negotiations between the parties and shall not be construed against the City by reason of the preparation of this Agreement by the City.
- 18.13 Successors and Assigns Bound. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.
- 18.14 Incorporation of Exhibits. All exhibits and attachments referred to in this Agreement are intended to be and are hereby specifically made a part of this Agreement.
- 18.15 Titles. Section titles are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope or extent of any provision of this Agreement.
- 18.16 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 the City or Airline in their respective rights and obligations contained in the valid covenants, conditions or provisions of this Agreement.

18.17 Amendments. This Agreement constitutes the entire agreement between the parties. Except as provided herein, no amendment, modification or alteration of the terms of this Agreement shall be binding unless the same be in writing, dated subsequent to the date hereof, and executed by the parties.

18.18 Most Favored Nations. The City agrees not to enter into any Agreement with any other 14 CFR Part 121 Air Transportation Companies conducting similar operations at the Airport after the Effective Date of this Agreement that contains more favorable terms and conditions, landing fees, rentals or other charges than those provided in this Agreement. Such "similar operations at the Airport" means regularly scheduled commercial airline service that shall be conducted at the Terminal. Notwithstanding the foregoing, the City may offer incentives or discounts consistent with FAA guidelines and/or policies in setting Rentals, Fees, and Charges with any Air Transportation Company.

18.19 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 agreement or contract between City and Airline authorizing the use of the Airport, its facilities and appurtenances.

18.20 Affiliate Airline. All Affiliates must execute an Operating Agreement with the City prior to the designation by Airline as an Affiliate. Airline shall be responsible for the actions and any and all charges of any such designated Affiliate Airline while such designated Affiliate Airline operates at the Airport on behalf of Airline. Airline must provide City with a listing in writing of all of Airline's designated Affiliate Airlines and the relationship each Affiliate Airline has with Airline which meets the definition of Affiliate. Airline shall give City thirty (30) calendar days' written notice of any change to the Affiliate designation and, if such notice request removes the "affiliate" designation from an Air Transportation Company, Airline will no longer

be a guarantor of that former Affiliate Airline. During the period of time that an airline is an Affiliate in accordance with the terms hereof, such Affiliate (i) will have the same rights to use Airline's Leased Premises and the Airport as Airline; and (ii) will be charged at the same rates as Airline without payment of any Non-Signatory Premiums. An Affiliate will not be entitled to an MII vote as a result of its Affiliate relationship with Airline; however Airline's landed weight with respect to flying by the Affiliate on behalf of Airline will be added to those of Airline for purposes of Airline's participation in an MII vote.

18.21 Approvals

- A. Whenever this Agreement calls for approval by the City, such approval shall be evidenced by the written approval of the Director.
- B. Any approval required by either party to this Agreement shall not be unreasonably withheld or delayed unless otherwise specified in the Agreement.

18.22 Notice.

- A. All notices, requests, consents and approvals served or given under this Agreement shall be served or given by the parties in writing by certified mail. If intended for the City, notices shall be delivered to:

Director of Aviation
City of Corpus Christi
1000 International Drive
Corpus Christi TX 78406

or to such other address as may be designated by the City by written notice to Airline as stipulated above.

B. Notices to Airline shall be delivered in the manner set out above to:

or to such other address as may be designated by Airline by written notice to the City as stipulated above.

18.23 Agent For Service. It is expressly understood and agreed that if Airline is not a resident of the state of Texas, is an association or partnership without a member or partner resident of said state, or is a foreign corporation not licensed to do business in Texas, then, in any such event, Airline shall appoint an agent for the purpose of service of process in any court action between it and the City arising out of or based upon this Agreement. Airline shall immediately notify the 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 Texas 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 Texas by the certified mailing of such service at the address set forth in Section 18.22.

18.24 Governing Law. This Agreement is to be read and construed in accordance with the laws of the state of Texas. The parties agree that any court of proper jurisdiction presiding in or over Nueces County, Texas (specifically including the United States District Court for the Southern District of Texas), shall be the forum for any actions brought hereunder.

18.25 Force Majeure. Except as herein provided, neither the City nor Airline shall be deemed to be in default hereunder if either party is prevented from performing any of the obligations, other than the payment of Rentals, Fees and Charges hereunder, by reason of strikes, boycotts, labor disputes, embargoes, shortages of energy or materials, acts of God, acts of the public enemy, weather conditions, government regulations or controls, riots, rebellion, war, acts of terrorism, or sabotage, or any other circumstances for which

it is not responsible or which are not within its control.

18.26 Entire Agreement. It is understood and agreed that this instrument contains the entire agreement between the parties. It is further understood and agreed by Airline and the City that the City, the City's agents, Airline and Airline's agents have made no representations or promises with respect to this Agreement or the making or entry into this Agreement except as expressly set forth and neither party shall be liable by reason of the breach of any representations or promises not expressly stated in this Agreement. Any other written or verbal agreement is expressly waived by Airline and the City.

[Signature Page Follows]

ATTEST

CITY OF CORPUS CHRISTI

Rebecca Huerta, City Secretary

Peter Zanoni, City Manager

APPROVED AS TO LEGAL FORM THIS _____ DAY OF _____, 2024

Elizabeth Hundley,
Assistant City Attorney
For Miles Risley, City Attorney

AIRLINE

By: _____

Name:

Title: _____

Date: _____

Exhibit A
Commerical Airline Lease

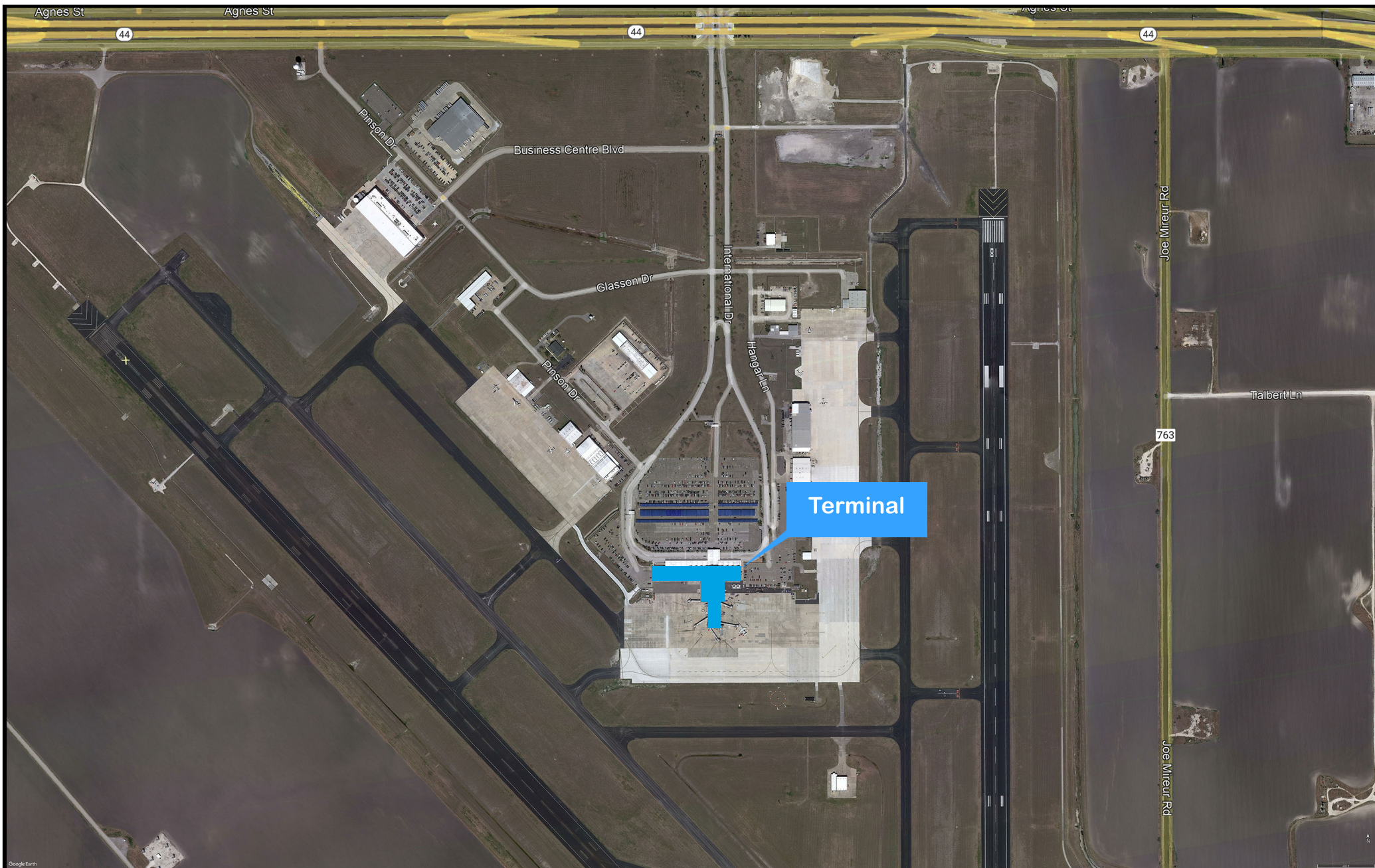
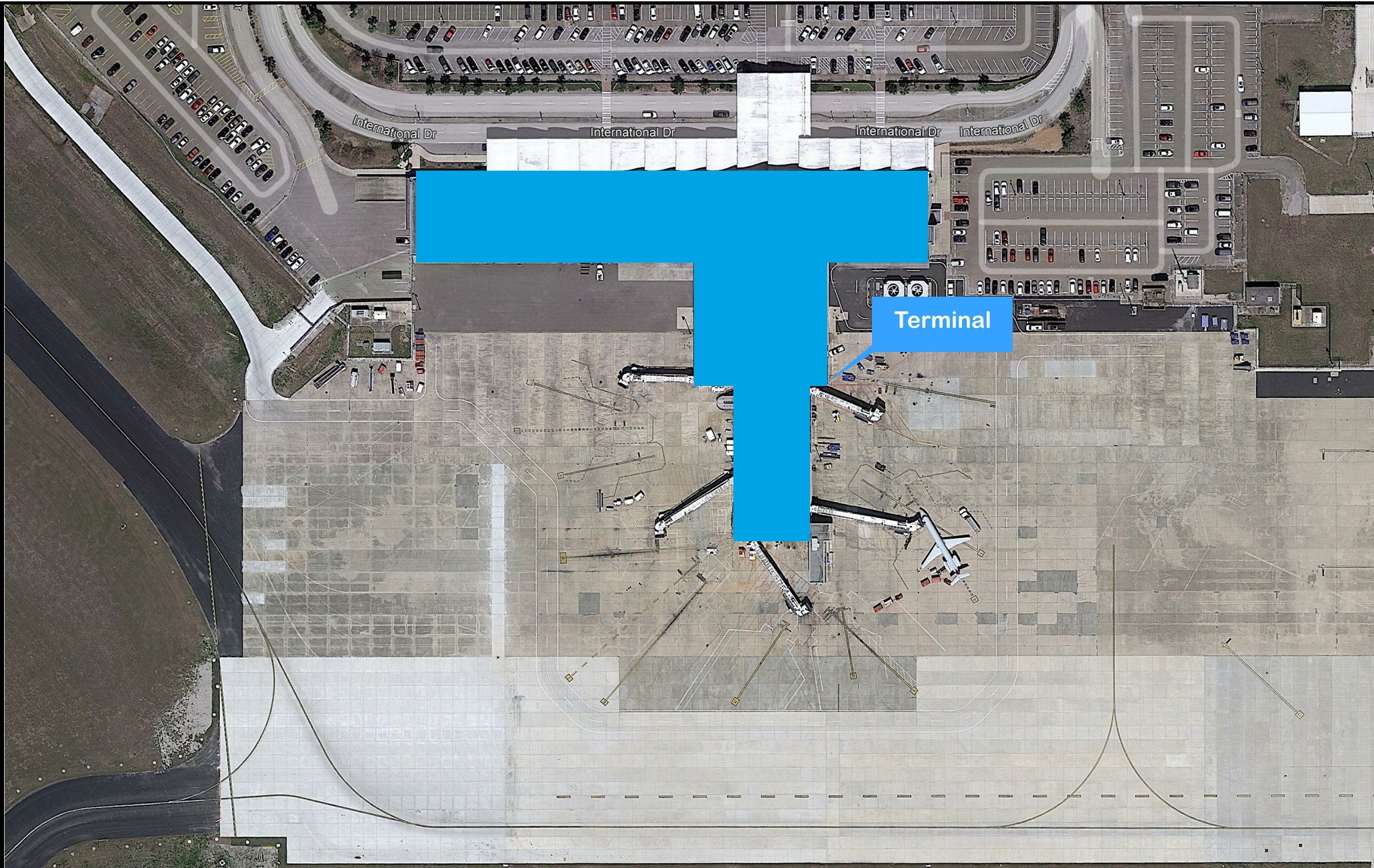


EXHIBIT A
COMMERCIAL AIRLINE LEASE
1000 International Drive

Not to Scale

Sheet No. 1 of 2

Prepared by:	Randy Schumann
Approved by:	Kevin Smith
Date:	07/09/2024



Terminal



EXHIBIT A
COMMERCIAL AIRLINE LEASE
1000 International Drive

Not to Scale

Sheet No. 2 of 2

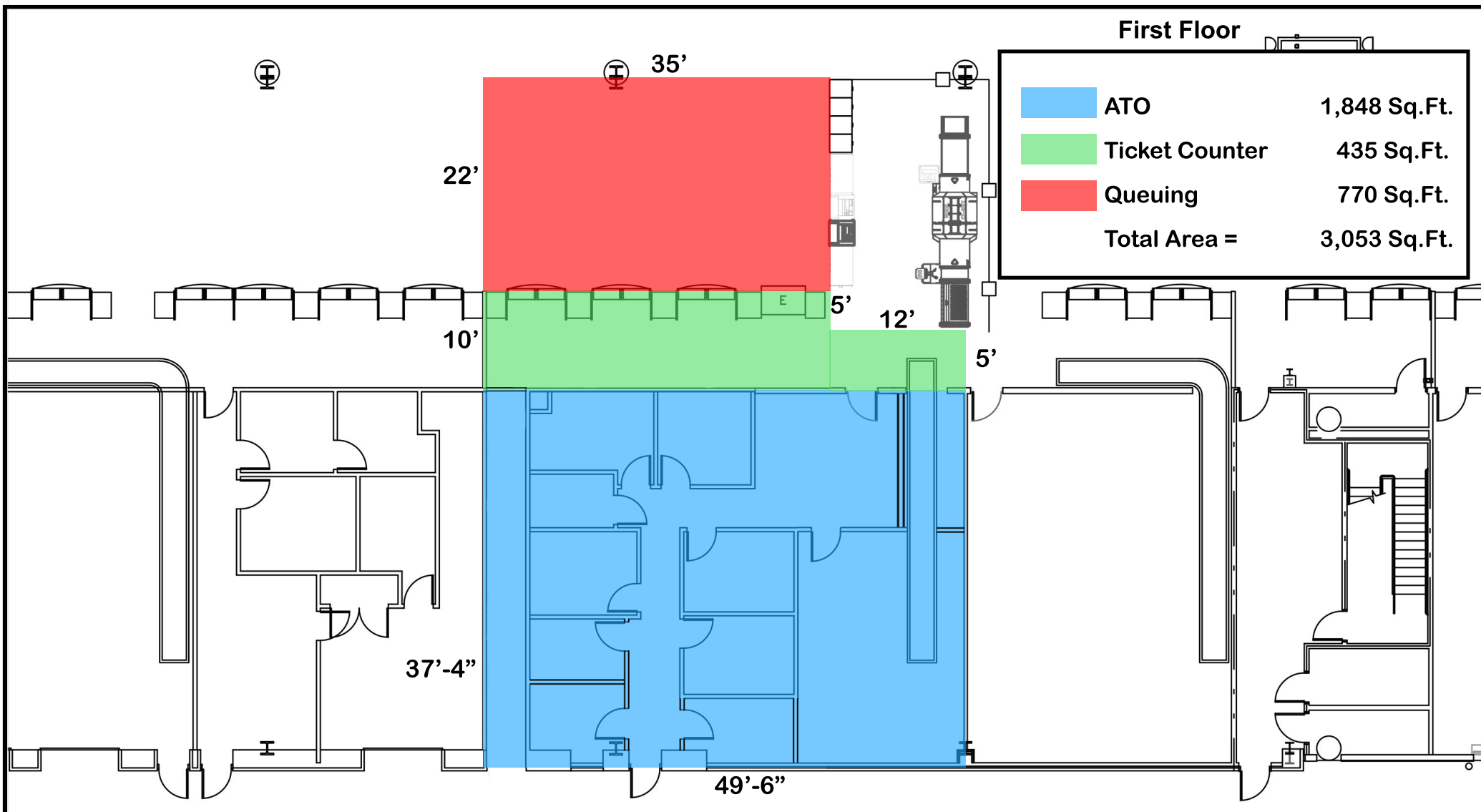
Prepared by: Randy Schumann

Approved by: Kevin Smith

Date: 07/09/2024

Exhibit B
Leased Premises- ATO, Ticket Counter, Queuing and Operations

Exhibit C
Terminal First and Second Floor



Not to Scale

EXHIBIT B
COMMERCIAL AIRLINE LEASE-SOUTHWEST AIRLINES
1000 International Drive

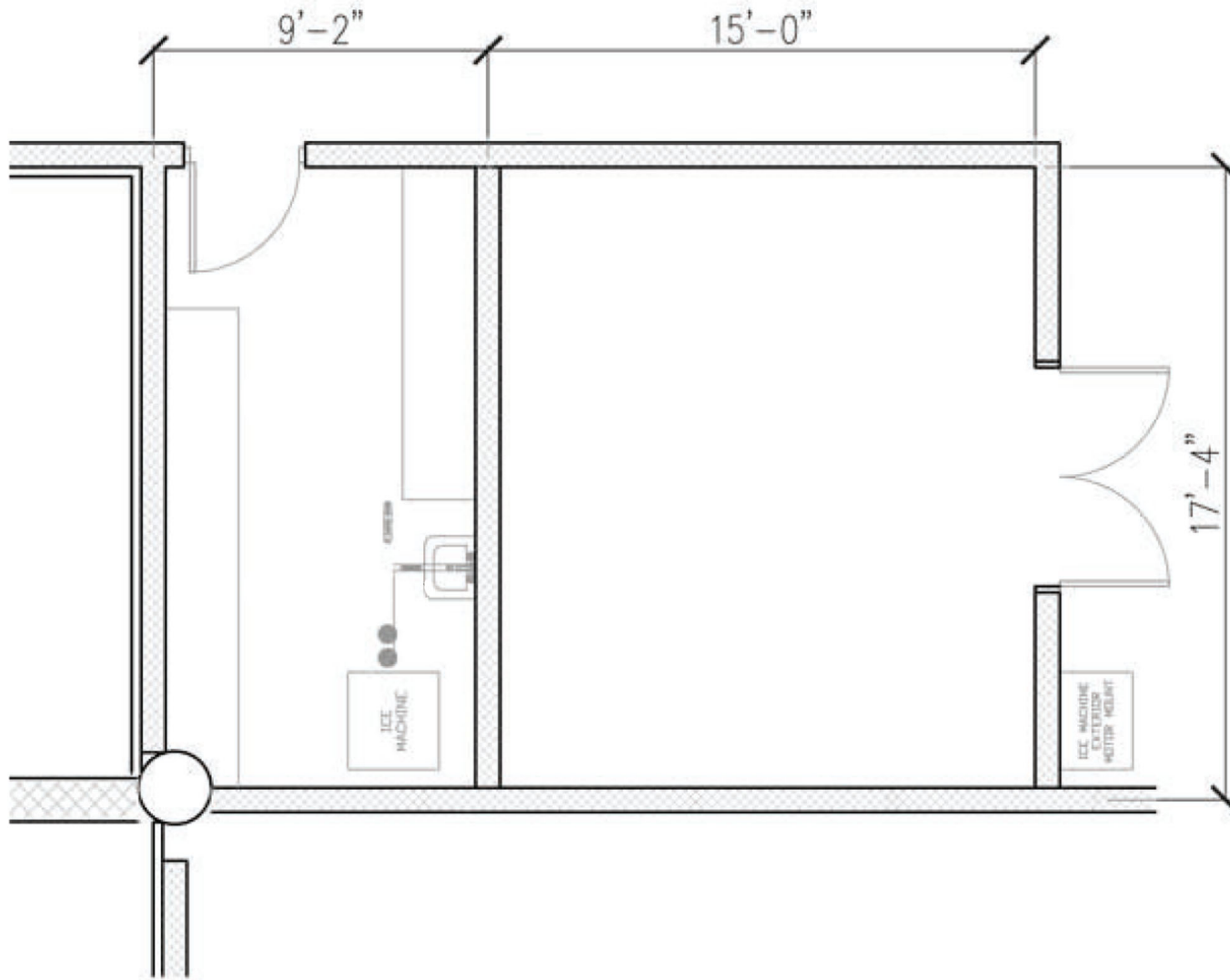
Sheet No. 1 of 2

Prepared by: Randy Schumann

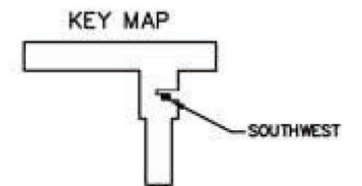
Approved by: Kevin Smith

Date: 07/09/2024

First Floor



**TOTAL AREA:
419 Sq.Ft.**



**EXHIBIT B
SOUTHWEST AIRLINES STORAGE**
1000 International Drive

Not to Scale




Sheet No. 2 of 2

Prepared by: Randy Schumann

Approved by: Kevin Smith

Date: 07/09/2024

First Floor

	ATO	1,269 Sq.Ft.
	Ticket Counter	340 Sq.Ft.
	Queuing	612 Sq.Ft.
Total Area =		2,221 Sq.Ft.

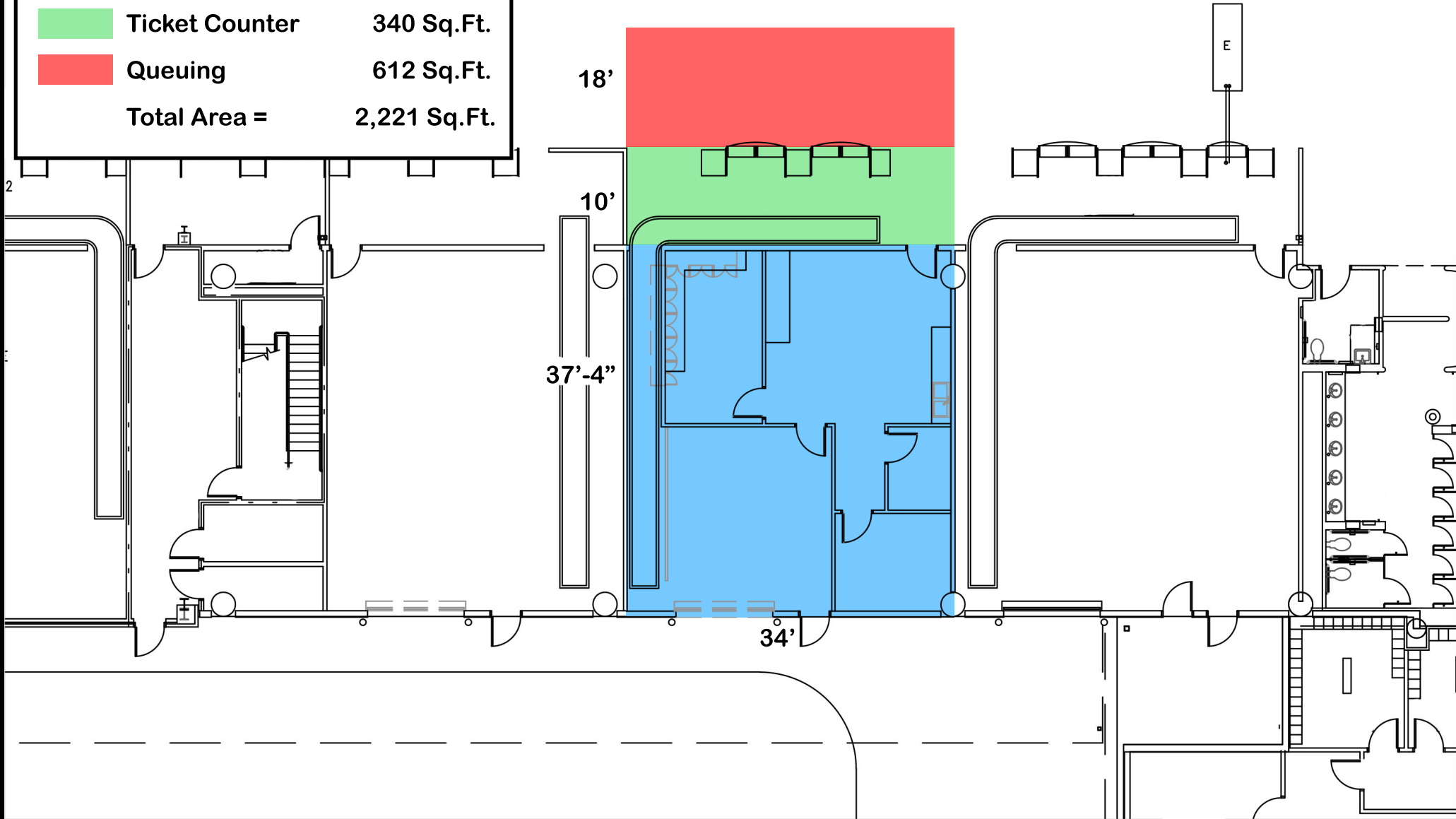


EXHIBIT B
COMMERCIAL AIRLINE LEASE-AMERICAN AIRLINES
1000 International Drive

Not to Scale

Sheet No. 1 of 2

Prepared by: Randy Schumann

Approved by: Kevin Smith

Date: 07/09/2024

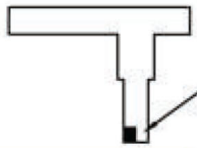
First Floor

25'

18'

TOTAL AREA:
450 Sq.Ft.

KEY MAP



AMERICAN



EXHIBIT B
AMERICAN AIRLINES OPERATIONS
1000 International Drive




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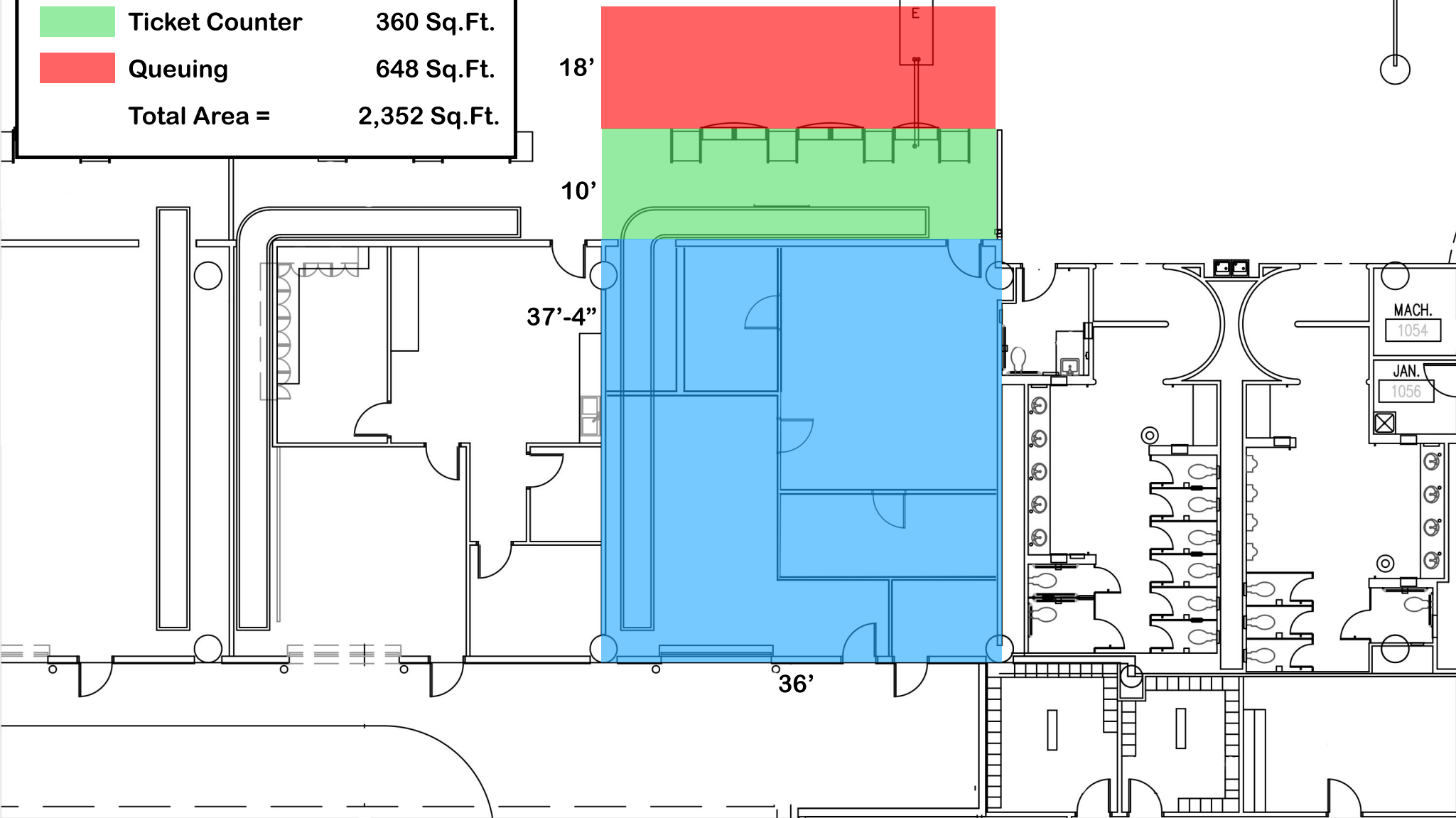
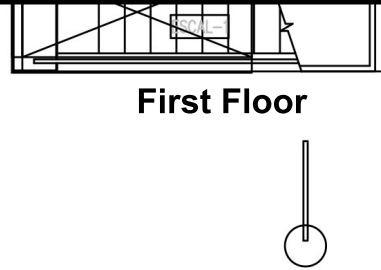
Sheet No. 2 of 2

Prepared by: Randy Schumann

Approved by: Kevin Smith

Date: 07/09/2024

	ATO	1,344 Sq.Ft.
	Ticket Counter	360 Sq.Ft.
	Queuing	648 Sq.Ft.
Total Area =		2,352 Sq.Ft.



Not to Scale

EXHIBIT B
COMMERCIAL AIRLINE LEASE-UNITED AIRLINES
 1000 International Drive

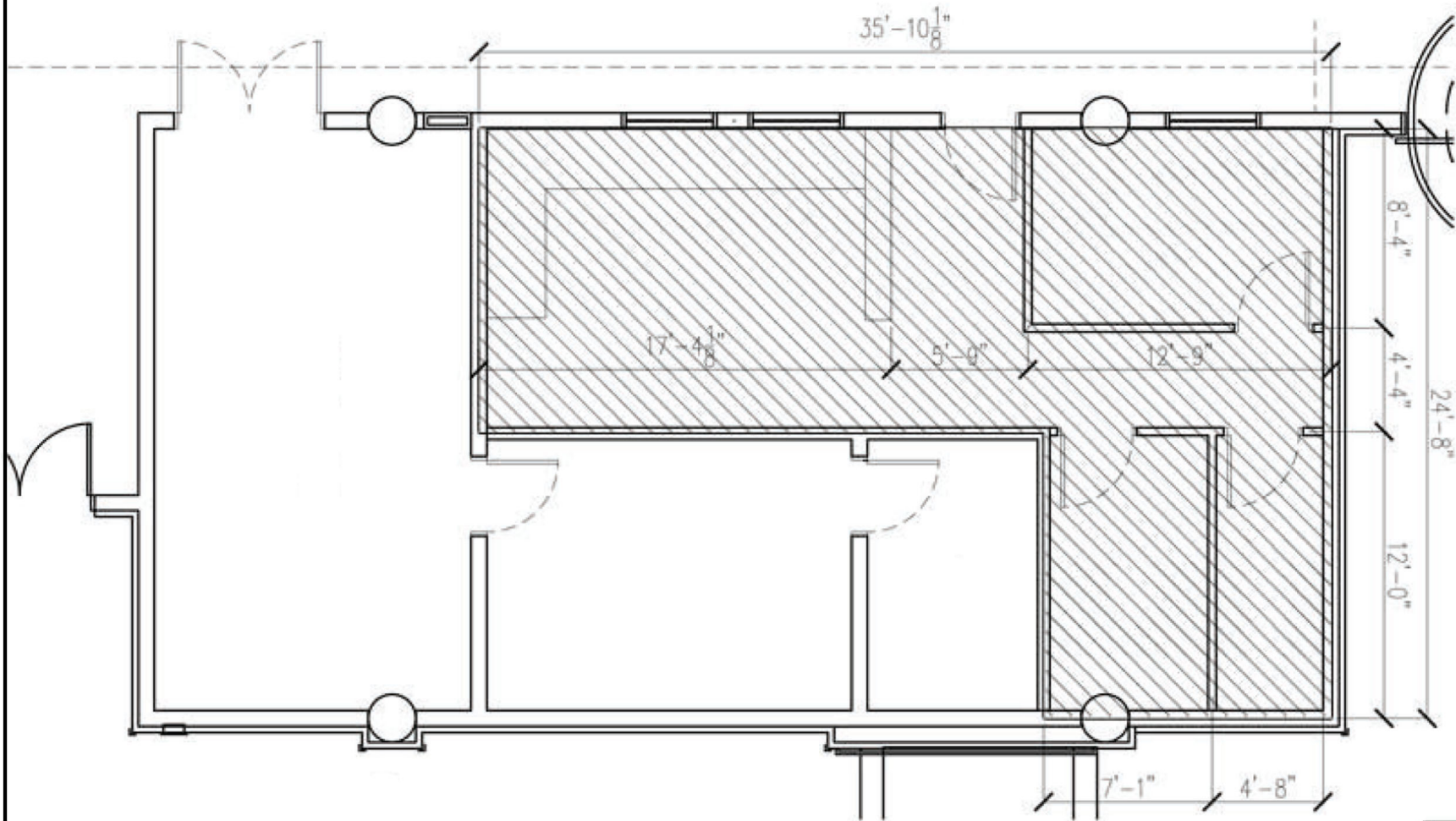
Sheet No. 1 of 2

Prepared by: Randy Schumann

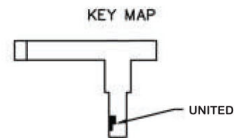
Approved by: Kevin Smith

Date: 07/09/2024

First Floor



**TOTAL AREA:
601 Sq.Ft.**



**EXHIBIT B
UNITED AIRLINES OPERATIONS**
1000 International Drive

Not to Scale

Sheet No. 2 of 2

Prepared by: Randy Schumann

Approved by: Kevin Smith

Date: 07/09/2024

First Floor

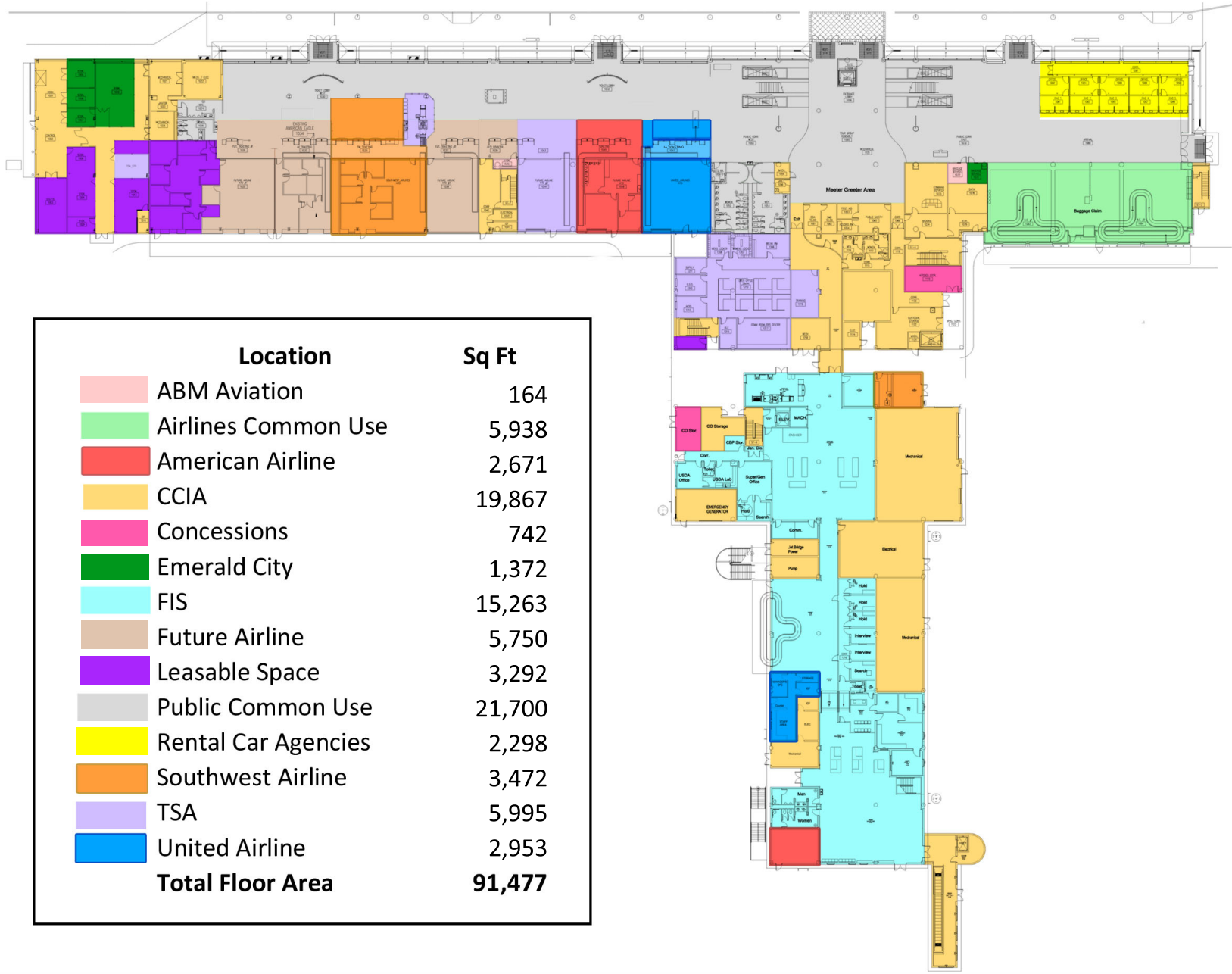


EXHIBIT C
COMMERCIAL AIRLINE LEASE-TERMINAL FIRST FLOOR
 1000 International Drive

Not to Scale

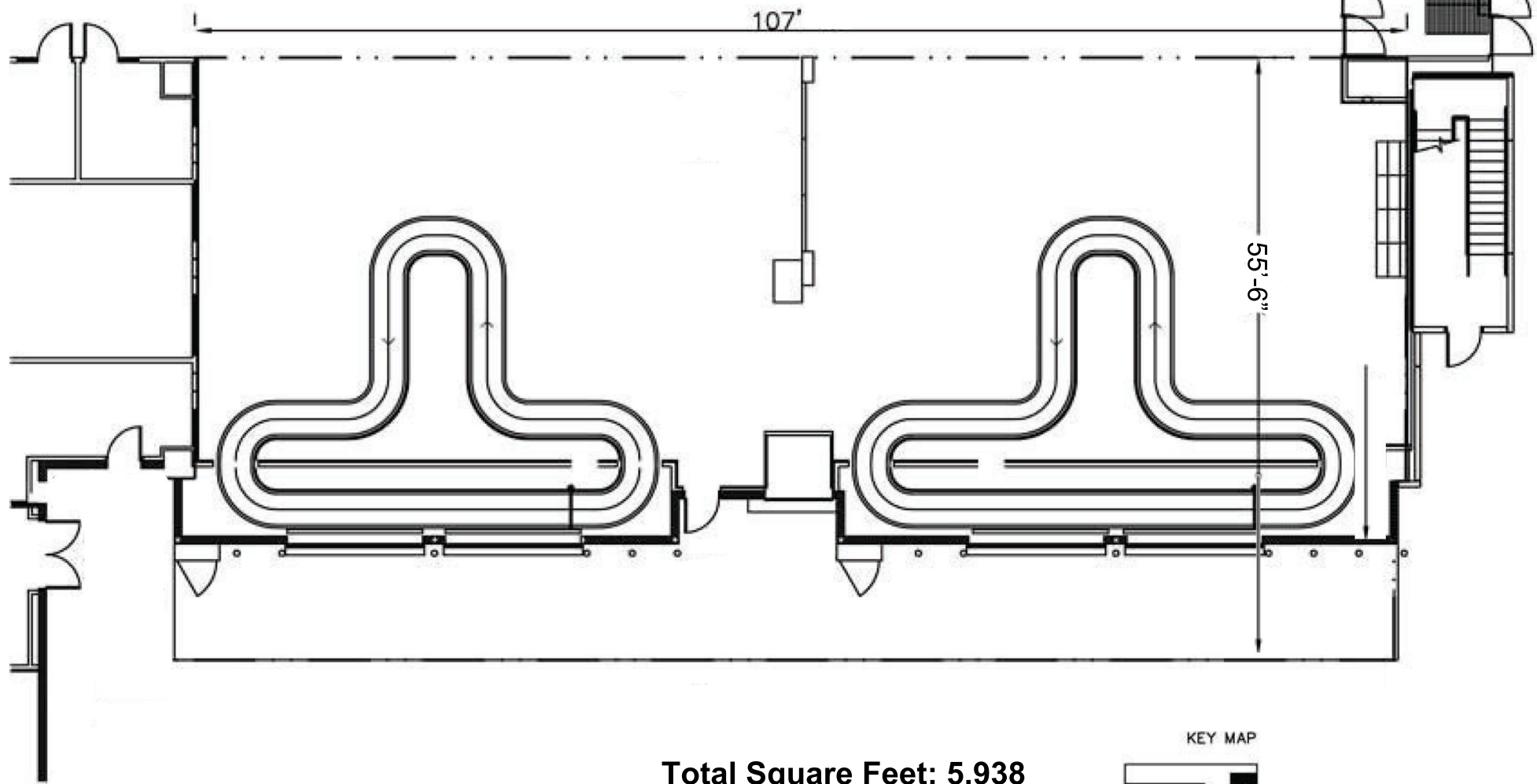
Sheet No. 1 of 5

Prepared by: Randy Schumann

Approved by: Kevin Smith

Date: 07/09/2024

First Floor



Total Square Feet: 5,938

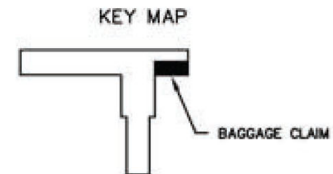


EXHIBIT C
COMMERCIAL AIRLINE LEASE-BAGGAGE CLAIM
1000 International Drive

Not to Scale

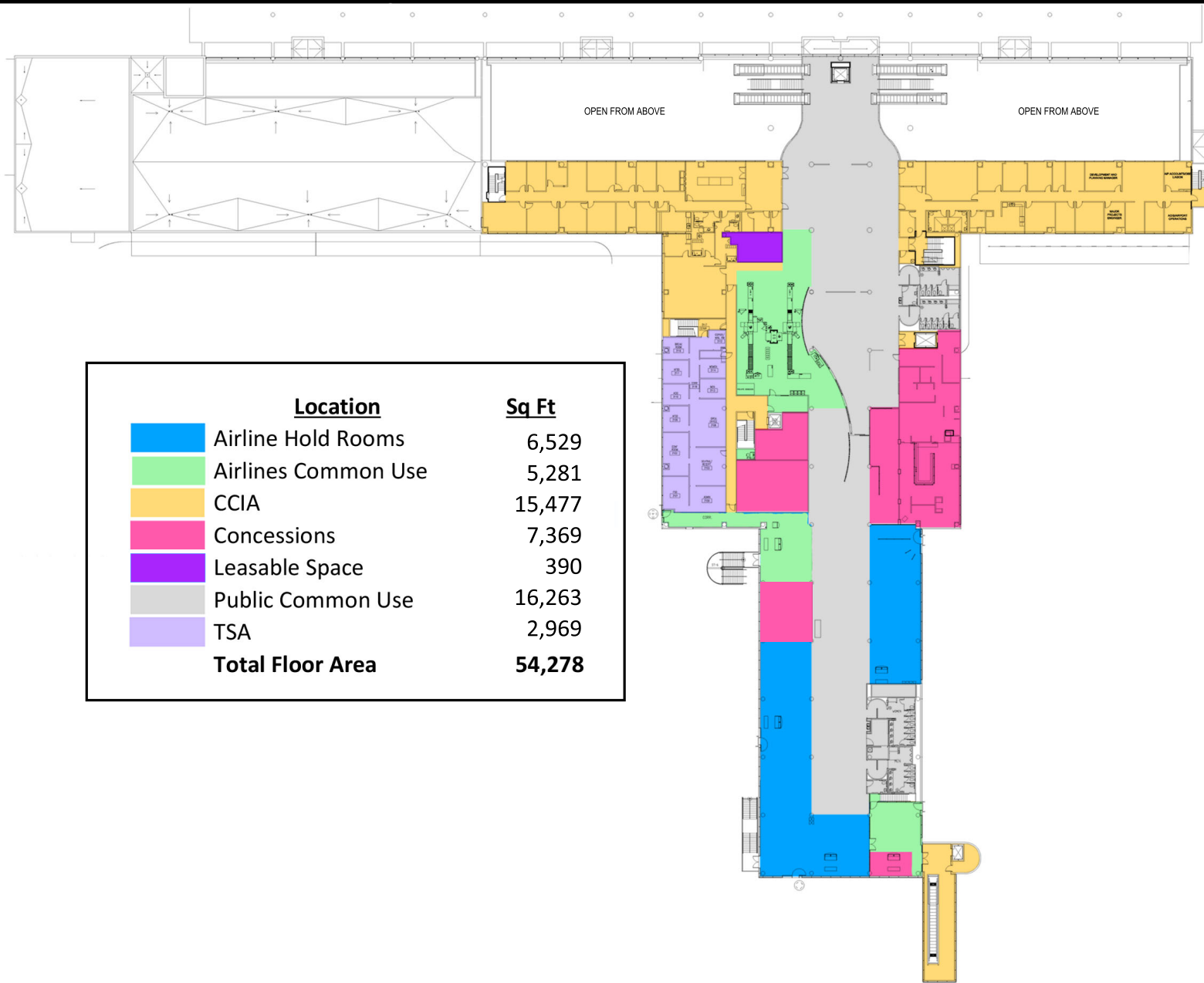
Sheet No. 2 of 5

Prepared by: Randy Schumann

Approved by: Kevin Smith

Date: 07/09/2024

Second Floor










Location	Sq Ft
 Airline Hold Rooms	6,529
 Airlines Common Use	5,281
 CCIA	15,477
 Concessions	7,369
 Leasable Space	390
 Public Common Use	16,263
 TSA	2,969
Total Floor Area	54,278



EXHIBIT C COMMERCIAL AIRLINE LEASE-TERMINAL SECOND FLOOR

1000 International Drive

Not to Scale

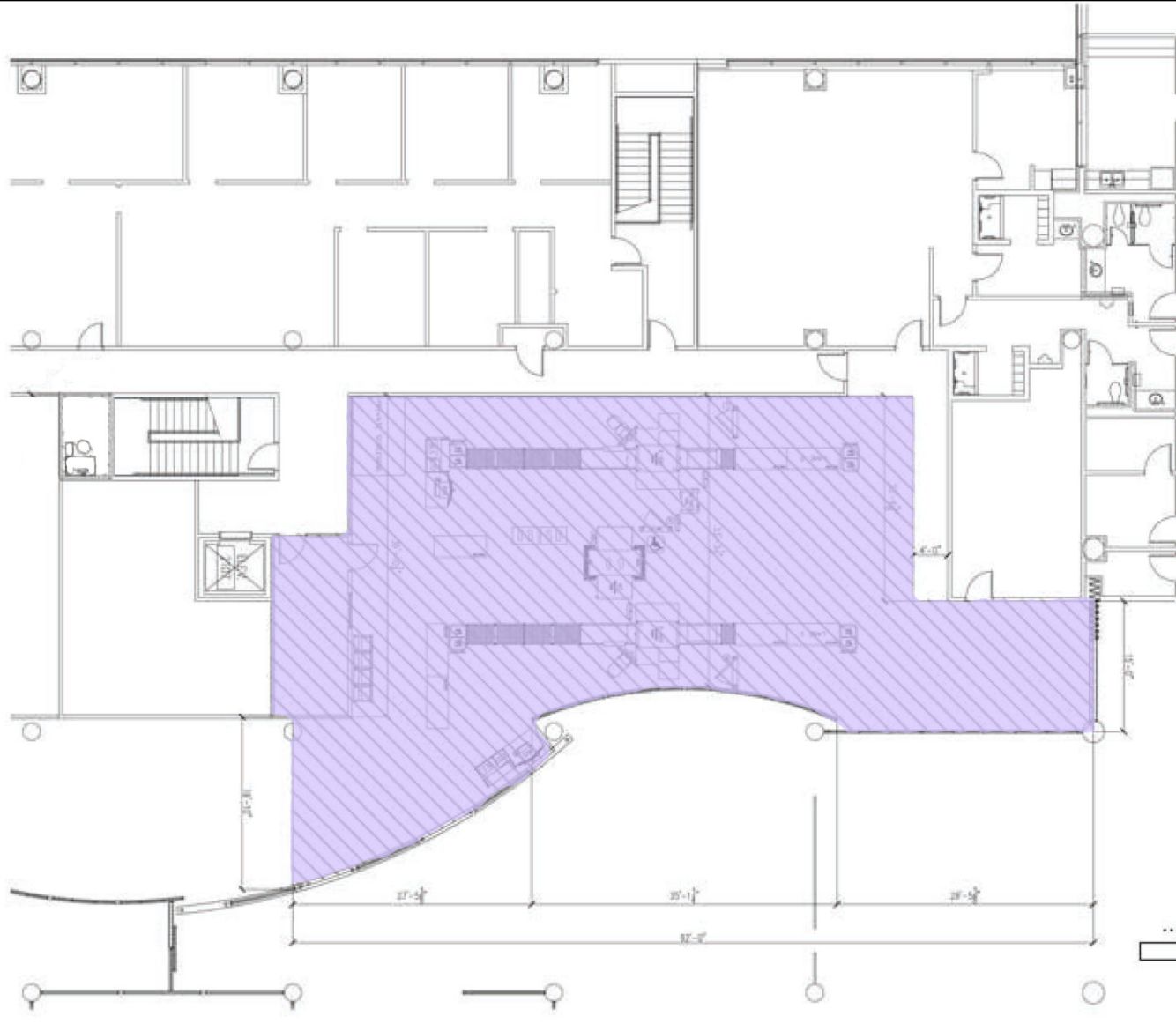
Sheet No. 3 of 5

Prepared by: Randy Schumann

Approved by: Kevin Smith

Date: 07/09/2024

Second Floor



Total Square Feet : 3,214



EXHIBIT C
TSA SECURITY CHECKPOINT
 1000 International Drive

Not to Scale

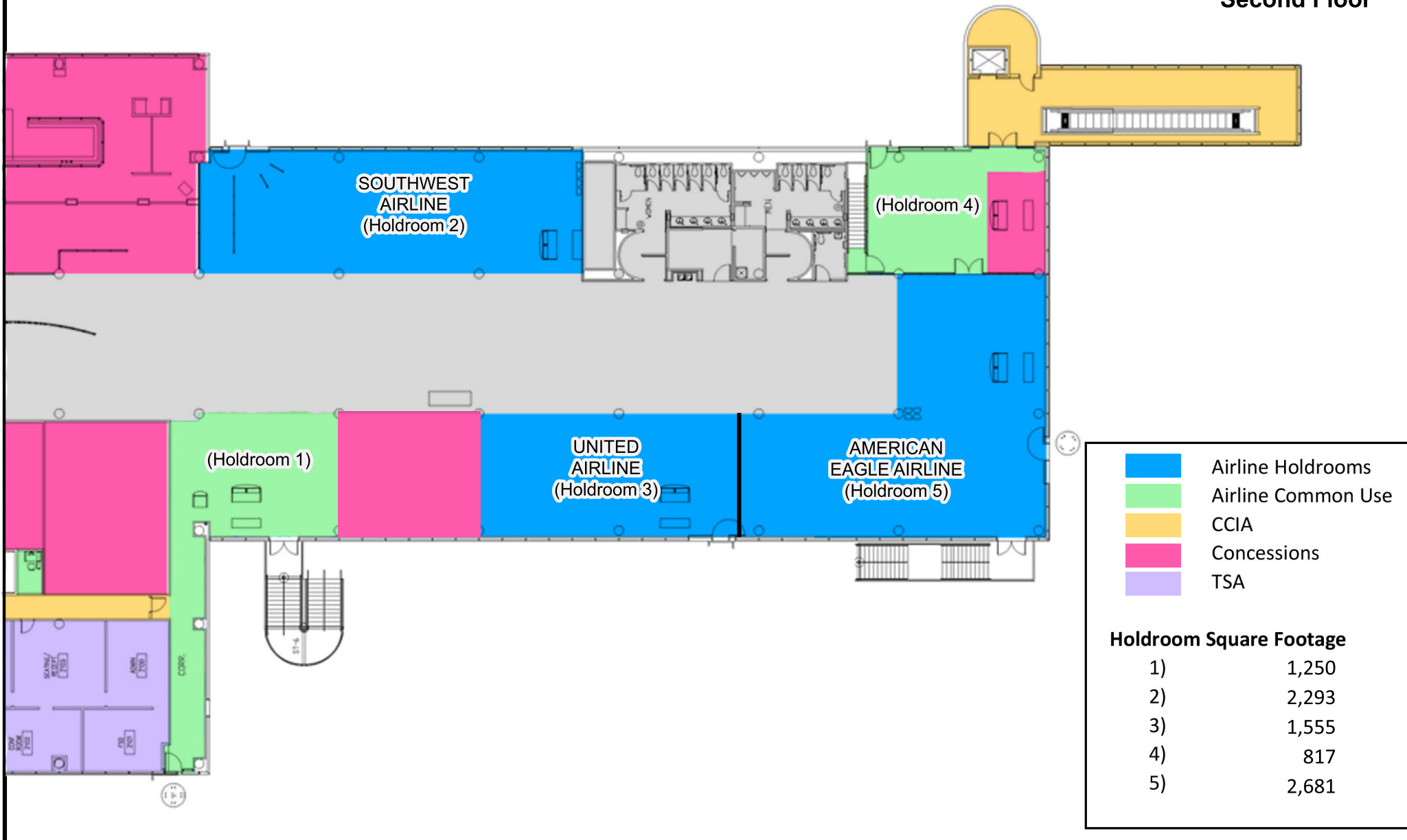
Sheet No. 4 of 5

Prepared by: Randy Schumann

Approved by: Kevin Smith

Date: 07/09/2024

Second Floor



Not to Scale

EXHIBIT C
COMMERCIAL AIRLINE LEASE-HOLDROOMS
 1000 International Drive

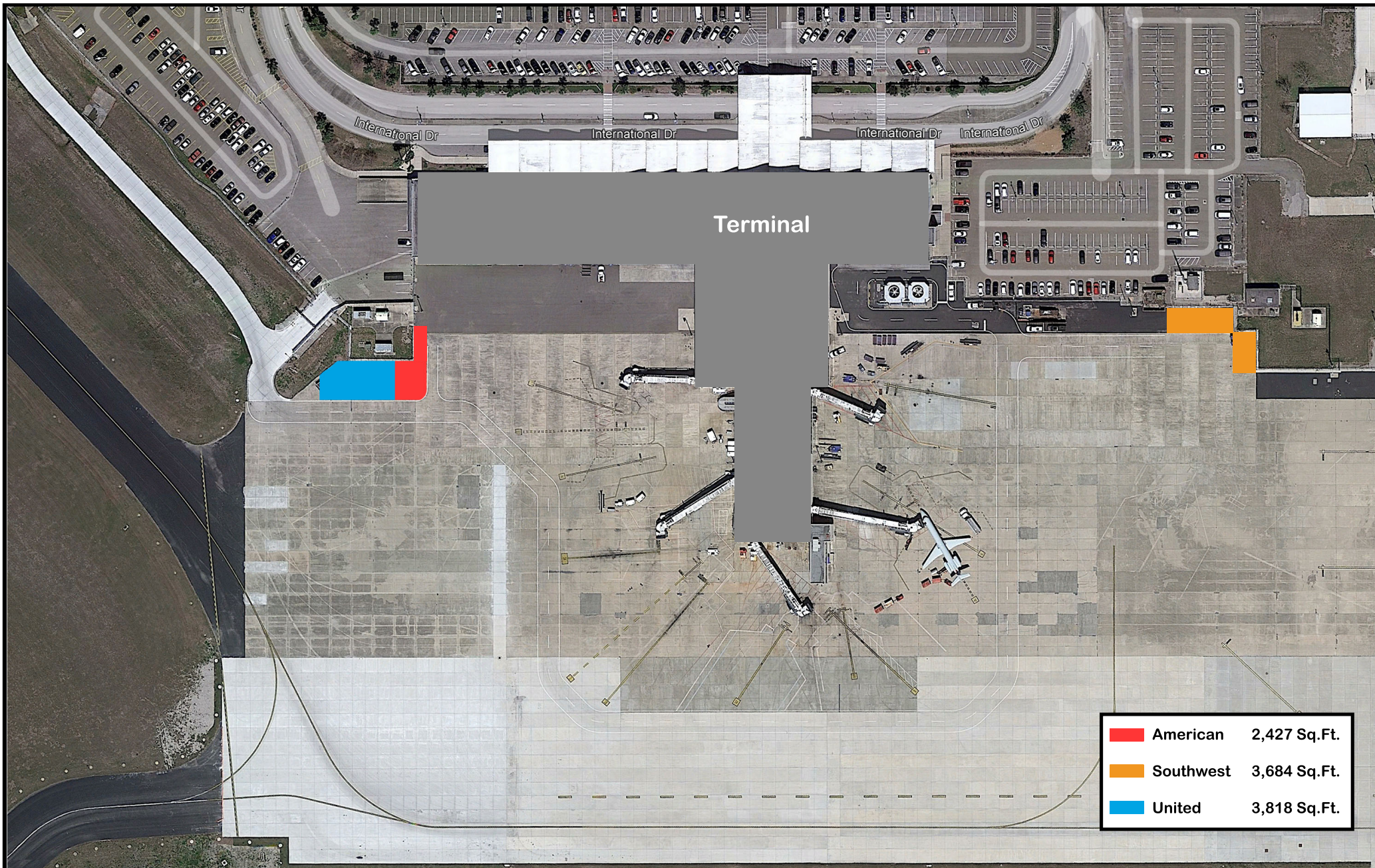
Sheet No. 5 of 5

Prepared by: Randy Schumann

Approved by: Kevin Smith

Date: 07/09/2024

Exhibit D
GSE Storage and Terminal Apron






	American	2,427 Sq.Ft.
	Southwest	3,684 Sq.Ft.
	United	3,818 Sq.Ft.



EXHIBIT D
GROUND SERVICE EQUIPMENT STORAGE
1000 International Drive

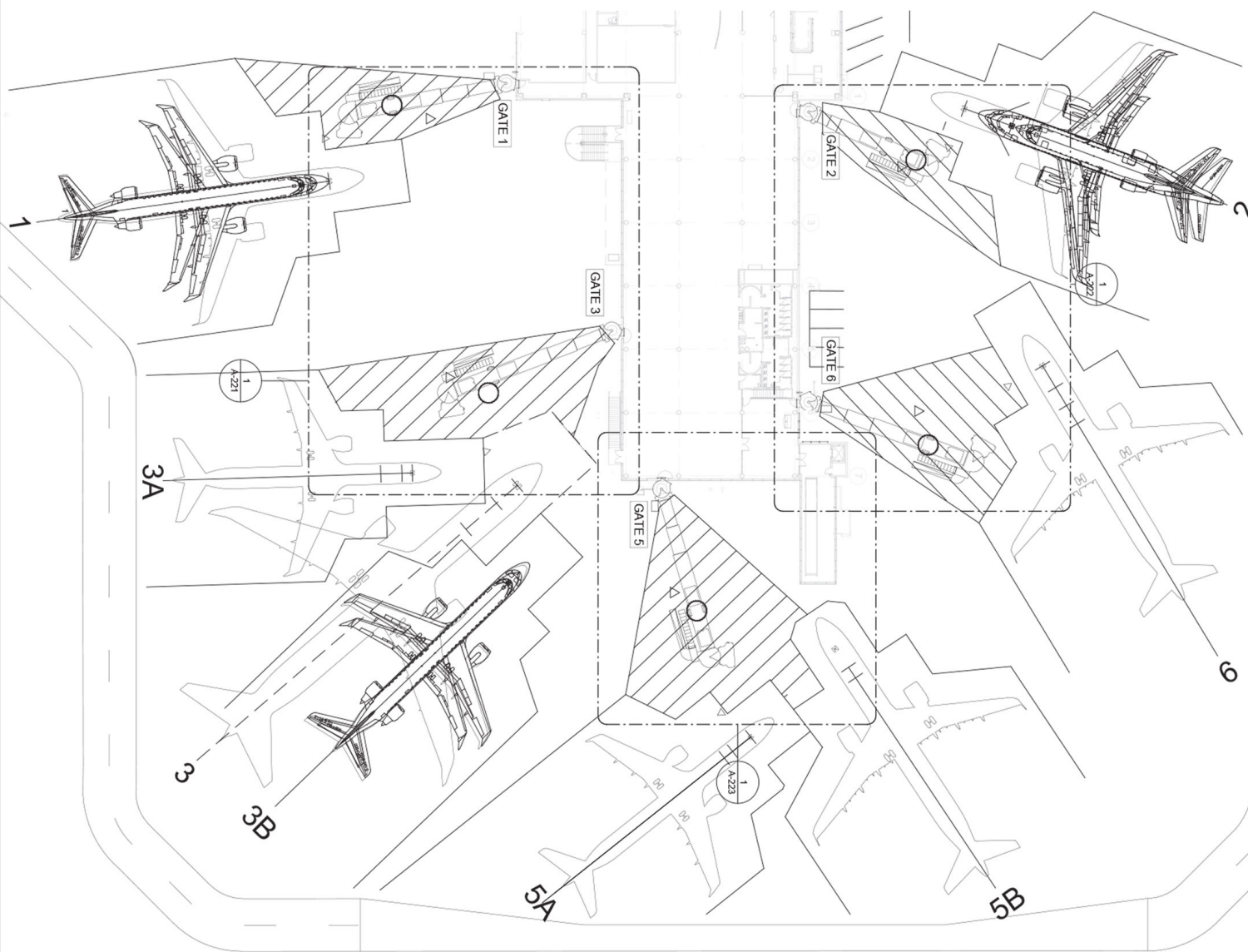
Not to Scale

Sheet No. 1 of 2

Prepared by: Randy Schumann

Approved by: Kevin Smith

Date: 07/09/2024



Preferential Use of Apron Positions		
Gate #	Airline	Type of Craft
1	CCIA	737 - 300, 500, 700, 800, 900 A 319,320,321 CRJ 200, 700, 900 ERJ 135, 145, 170, 175W, 190, 195
2	Southwest	737 ALL A 319, 320, 321 CRJ 200,700,900 ERJ 135, 145, 170, 175W, 190
3	United	737 - 100, 300, 500, 700, 800, 900 757 - 200, 300 767 - 300, 400 MD 88
3A	United	CRJ 200, 700, 900 ERJ 135, 145, 170, 175W, 190, 195
3B	United	CRJ 200, 700, 900 ERJ 135, 145, 170, 175W, 190, 195
5A	American	CRJ 200, 700, 900 ERJ 135, 145, 170, 175W, 190, 195
5B	American	737 -300, 500, 700, 800, 900 A 320, 321 CRJ 200, 700 ERJ 135, 145, 170, 175W, 190, 195
6	CCIA	737 - 300, 500, 700, 800, 900 A 319, 320, 321 CRJ 200, 700, 900 ERJ 135, 145, 170, 175W, 190, 195



EXHIBIT D
COMMERCIAL AIRLINE PREFERENTIAL USE OF APRON
1000 International Drive

Not to Scale

Sheet No. 2 of 2

Prepared by: Randy Schumann

Approved by: Kevin Smith

Date: 07/09/2024

Exhibit E
Designation of Responsibilities for Operation & Maintenance

EXHIBIT E

DESIGNATION OF RESPONSIBILITIES FOR OPERATION AND MAINTENANCE

	AIRLINE PREFERENTIAL USE SPACE	AIRLINE JOINT USE							
	Ticket Counters and Queue Area	Offices & Baggage Makeup	Airline Operations Area	Baggage Claim & Conveyor	Security Baggage Screening	Gates	Checkpoint	Loading Bridges	Apron Area
1. Air Conditioning									
a. Maintenance	C	C	C	C	C	C	C	C	N/A
b. Operation	C	C	C	C	C	C	C	C	N/A
c. Distribution	C	C	C	C	C	C	C	N/A	N/A
2. Heating									
a. Maintenance	C	C	C	C	C	C	C	C	N/A
b. Operation	C	C	C	C	C	C	C	C	N/A
c. Distribution	C	C	C	C	C	C	C	N/A	N/A
3. Lighting									
a. Bulb & Tube Replacement	C	A	A	C	C	C	C	C	C
b. Maintenance	C	C	C	C	C	C	C	C	C
4. Electrical									
Maintenance	C	C	C	C	C	C	C	C	C
5. Water									
a. Distribution	N/A	C	C	C	C	N/A	N/A	C	C
b. Fixtures	N/A	A	A	C	C	N/A	N/A	C	C
6. Sewage									
a. Distribution	N/A	C	C	C	C	C	N/A	N/A	N/A
b. Fixtures	N/A	A	A	C	C	C	N/A	N/A	N/A
7. Maintenance									
a. Other than Structure	A	A	A	C	C	C	C	C	N/A
b. Structure	C	C	C	C	C	C	C	C	C
c. Exterior	C	C	C	C	C	C	C	C	A
8. Custodial Service	C	A	A	C	C	C	C	C	A
9. Window Cleaning									
a. Exterior	N/A	C	C	C	C	C	N/A	C	N/A
b. Interior	N/A	A	A	C	C	C	N/A	C	N/A

A = AIRLINE

C - CITY OF CORPUS CHRISTI

NEW CONSTRUCTION AND DAMAGE REPAIR ARE NOT SUBJECT TO THIS MATRIX AND SHALL BE GUIDED BY THE LEASE DOCUMENT.

Exhibit F
Terminal Operations Manual



TERMINAL OPERATIONS MANUAL

Kevin Smith
Director of Aviation

Revision Log

Change #	Date of Change	Change Entered By	Change
1	December 2022	A. Bejarano	Implementation
2	January 2023	A. Bejarano	Taxi

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SECTION 1: INTRODUCTION

PURPOSE OF MANUAL

The purpose of the Terminal Operations Manual is to provide a central reference resource for users and Tenants of the Terminal at Corpus Christi International Airport regarding the rules, regulations and procedures related to terminals operations. It is intended to provide a user-friendly guide to available resources and services and to provide a single source of information regarding operations at the Terminal.

This Manual was designed to be consistent with the reasonable exercise by Tenants of rights or privileges expressly granted under an agreement with Corpus Christi International Airport. It is also intended to be consistent with the mandatory and valid rules and regulations of any state, local or federal agency having jurisdiction over the Tenant or its operations.

As with any reference Manual, the rules, regulations, procedures and protocols included in the Manual are intended to represent the general operational guidelines for those areas and activities identified. If you have questions or need additional information regarding any defined terms or a specific area or activity which is not addressed in this Manual, please refer to your agreement with Corpus Christi International Airport or you may contact Airport Operations Manager for further assistance.

The Manual is a compilation of many sources of information and, as such, is intended to be updated from time to time as needed to reflect current rules, regulations, procedures, and other pertinent information. Revisions to the Manual will be documented in a revision log and included in the updated Manual.

DEFINITIONS

Aircraft Operator – A person, organization, or enterprise engaged in, or offering to engage in, aircraft operations.

Airline – An Aircraft Operator that engages in transportation by aircraft of persons or property and includes, but is not limited to, all persons and entities employed, hired, or contracted by said Aircraft Operator to perform services at the Airport on behalf of, or for the benefit of, the Aircraft Operator or its patrons or invitees and such persons or entities shall be considered agents of such Aircraft Operator.

Airline Leased Space – These areas are locations within the Terminal which are leased or permitted for use by a specific Airline that has signed a lease agreement with CCIA. This space includes preferentially leased ticket counters, gates, and associated support facilities.

Airport Operations Area (AOA) – The area of an airport, including adjacent terrain and facilities and their accesses, where movement takes place and access is controlled.

Airside – The movement area of an airport, adjacent terrain, and buildings or portions thereof, access to which is controlled.

Commercial – shall mean any vehicle operator including the public operator of a military, church, school bus and/or other vehicle (except those specifically addressed and defined elsewhere) who utilize the CCIA facilities by entering and exiting via the commercial lane, toll plazas and/or parking booth

Common Use – The Common Use Premises are those areas within the Terminal that are not leased by an Airline but are used in common by multiple Airlines. These areas include common use ticket counters, gates, and associated support space not otherwise held under Lease or Permit.

Community – A political entity which has the authority to adopt and enforce laws and ordinances for the area under its jurisdiction. In most cases, the community is an incorporated town, city, township, village, or unincorporated area of a county. However, each state defines its own political subdivisions and forms of government.

Emergency – Any occasion or instance—such as a hurricane, tornado, storm, flood, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, fire, nuclear accident, or any other natural or man-made catastrophe—that warrants action to save lives and to protect property, public health, and safety.

Emergency Alert System (EAS) – A digital technology (voice/text) communications system consisting of broadcast stations and interconnecting facilities authorized by the Federal Communication Commission. The system provides the President and other national, state, and local officials the means to broadcast emergency information to the public before, during, and after disasters.

FIS Facilities – The FIS Facilities include the international areas of the Terminal utilized for processing international passengers and their baggage for purposes of clearing U.S. Customs and Immigration.

Ground Support Equipment (GSE) – Equipment used to service, maintain, and assist with aeronautical operations and related activities.

Hazard – Something that is potentially dangerous or harmful, often the root cause of an unwanted outcome.

Hazardous Material – Any substance or material that when involved in an accident and released in sufficient quantities, poses a risk to people’s health, safety, and/or property. These substances and materials include explosives, radioactive materials, flammable liquids or solids, combustible liquids or solids, poisons, oxidizers, toxins, and corrosive materials.

Hot Fueling – The act of refueling an aircraft while any of its main engines are running. Auxiliary Power Units (APU) are not considered main engines.

Non-Airline Tenant Space – These areas are locations within the Terminal which are permitted for use by non-Airline/support Tenants that have signed a lease with CCIA.

Non-Signatory Airline – shall mean a certificated air carrier which has not executed an agreement with the Board substantially similar to the Agreement.

Memorandum of Agreement (MOA) – A written agreement between parties.

Public Area – The Public Areas are those areas within the Terminal which are not included in any Airline Leased Premises, Non-Airline Tenant Premises, or Common Use Premises but are used for the operation, maintenance or security of the Terminals and are made available by CCIA from time to time for use by Passengers, Customers, Airline employees and other members of the public. Examples of Public Areas include sidewalks, concourse, corridors, lobbies, passageways, restrooms, elevator, escalators, and other similar spaces.

Safety Management System (SMS) – Safety Management System is a formal, top down, organizational-wide approach to managing safety risk and assuring the effectiveness of a safety risk controls.

Signatory Airline – shall mean a certificated air carrier that has entered and executed an Agreement with the City.

Standard Operating Procedure (SOP) – A set of instructions constituting a directive, covering those features of operations which lend themselves to a definite, step-by-step process of accomplishment.

Tenant – Tenant is a person or entity that has a lease or permit with CCIA to operate in the Terminal or is authorized by CCIA to use the Terminal.

Terminal – Terminals include the passenger terminal buildings and related facilities at the Airport as they now exist and as they will, from time to time, be constructed, renovated, improved and enlarged.

Terminal Aircraft Apron Area – The Terminal Aircraft Apron Area is the portion of the Terminals designated for the parking of passenger aircraft and support vehicles, and for the loading and unloading of passenger aircraft, among other things.

Transportation Network Company (TNC) – A company which provide prearranged transportation services for compensation using an online-enabled application or platform to connect drivers, using their personal vehicles, with passengers.

DESCRIPTION OF TERMINAL

CCIA has one main terminal, approximately 95,000 SqFt, with 5 passenger boarding bridges, 5 ticket counters, car rental counters, Federal Inspection Station and a TSA check point. Currently CCIA is serviced by 3 major airlines, Southwest, American, and United.

SECTION 2: RATES, FEES, & CHARGES

All rates are set either by the City of Corpus Christi Ordinances or through leases. While not all-inclusive, a summary of the primary rates, fees and charges associated with Airlines and Tenants operating at the Terminal include:

LANDING FEES

Fee assessed to each Airline based on a Signatory, Permittee, and Non-Signatory, Non-Permittee rate which is applied per 1,000 pounds maximum approved gross landed weight. Landing fees are only for aircraft 6,000 pounds and up.

TERMINAL RENTS

Terminal rates are calculated on per square foot and include but are not limited to costs associated with operations and maintenance expense, allocable share of debt service, overhead, and DPS expenses, less any credits or transfers.

COMMON USE FEES

CCIA has common use space identified as Baggage Claim and common use space identified as security checkpoint. Rates shall be calculated based on enplaned passengers. Baggage Claim/Terminal and Terminal Security areas have their own separate fees.

FEDERAL INSPECTION SERVICES FEES

FIS Facility Fees are charged on a per passenger basis for each deplaning passenger using the FIS Facility. Fees are not based on signatory or non-signatory bases.

INTERNATIONAL WASTE DISPOSAL FEE

International Waste Disposal fees are charged on a per passenger basis. Fees are based on signatory or non-signatory bases.

AIRCRAFT PARKING FEES

Ramp and Remain Overnight (RON) fees apply to ramps owned by CCIA and managed by the Fixed Base Operators (FBOs) and/or Specialize Aviation Services Operators (SASOs). All fees and charges may be adjusted periodically by the Director of Aviation.

GROUND TRANSPORTATION FEES

Commercial vehicles are required to use the CCIA commercial lane and must have either a valid (prepaid) monthly AVI tag OR pay a per trip charge. Payment for a permit must be made in advance and are due on or before the 1st of each month.

Transportation Network Company (TNC) shall have a valid agreement with CCIA as per City Ordinance and pay an annual fee plus per pick up fee.

GROUND AND FACILITY RENTALS

Parcel rates vary based on location and proximity to access the airfield. Facility rates vary based on location, proximity to airfield, access conditions, and size. Facility rentals encompass both ground and facility rates. CCIA appraises land parcels every five years. The most recent land parcel appraisal was completed on January 26, 2018.

CONFERENCE FACILITY RENTALS

CCIA has several conference rooms and board room with varying size and equipment for rent to the general public or airport tenants. These rates vary from room to room and equipment needed.

All fees, rates, and charges are located in the "Schedule of Fees and Charges" document located in the Airport Finance Department. The document is available to anyone who requests a copy. The fee schedule is updated annually by the airport Finance Department.

SECTION 3. MAIN TERMINAL USE

CCIA TERMINAL GATES

CCIA has six gate areas with five direct access to the sterile area via passenger boarding bridges and one gate at ground access to the FIS area.

- Gate 1: Common Use Gate
- Gate 2: Leased to airline
- Gate 3: Leased to airline
- Gate 4: Ground gate to FIS
- Gate 5: Leased to airline
- Gate 6: Common use/FIS access

LEASED/PREFERENTIAL USE GATES

Due to the limited number of gates the airport, during an emergency or IROP, may utilize any leased gate. Airport will communicate to the lessee of the change of condition. The airport will make every effort to restore the lessee back to their gate as soon as practical.

COMMON USE GATES

Airlines may request any of the common use gates space at any time for any reason. Request must be to Airport Operations. Requests will be denied if airline does not have fully qualified personnel to tow aircraft when requested by Airport Operations. Common use priorities are as follows:

Non IROPS: First come/first served
IROPS: Timed priority for DOT regulations

If approved, airline is responsible for all fees associated with a common use gate and airline must have qualified personnel to tow aircraft to hardstands when requested by Airport Operations.

If Airport Operations instructs an airline to move/use a common use gate, due to maintenance or safety issues, then no fees will be associated with the gate usage.

HARD STAND PARKING

CCIA has several hard stand locations on the commercial and east general aviation ramp which can support large aircraft. Airlines requesting overnight hard stand parking locations must be made to Airport Operations. Requests are first come/first served basis. Airlines are responsible for all fees associated with hard stand parking.

BAG BELTS

CCIA has several bag belts throughout the main terminal building. Two located at baggage claim and are shared by all airlines. Three locate at the ticket counter. Bag belts have timers to ensure usage of aging equipment is kept to a minimum while allowing the airline to operate without disruptions.

FLIGHT INFORMATION DISPLAY SYSTEM (FIDS)

FIDS equipment and services are provided by CCIA. Any airline may, at their cost, request to modify/enhance any of the FIDS equipment within their leased areas.

SECTION 4: MAIN TERMINAL PROCEDURES

LEASED SPACES

Tenants with current leases should refer to their signed lease for specific procedures or areas of operations if any disputes arise. Tenants must submit a tenant property alteration request form before any modification of leased areas. All modifications must be approved by CCIA.

TENANT ALTERATIONS/IMPROVEMENTS

Tenants shall not construct, install, cable, or make any structural or non-structural alterations, additions, or improvements to any portions of the Terminal, including, without limitation, the installation of trade fixtures without prior written consent of the Airport Management. Any work associated with construction and/or installation shall not unreasonably interfere with the operation of the Airport or unreasonably interfere with the permitted activities of other Tenants or users.

Any such improvements shall comply with the Rules and Regulations of CCIA, TSA processes, building codes, applicable fees, and other requirements that be promulgated by the Airport or City of Corpus Christi from time to time.

The Tenant property alteration process is the application, approval processes, and requirements established by CCIA, that Tenants shall be required to comply with before they are allowed to proceed with any installations, alterations, modifications, or improvements in, on, under, above, and or upon all or any portion of its leased premises, terminal areas, and/or other areas of the Airport.

SIGNAGE

All décor, design, and public signage at the Airport, including all public signage in any of the Leased or Permitted Premises, shall be determined by CCIA or, if installed by Tenant, shall be subject to the approval of CCIA in its sole discretion.

Tenants shall not place within the Leased Premises (including both interior and exterior surfaces of windows and doors) any signs, symbols, advertisements or the like that are visible from any Public Area and shall not place any signs, symbols, advertisements, or the like on any part of Terminal outside of the Leased Premises without the prior written consent of CCIA, which consent may be withheld in the sole discretion of CCIA. Notwithstanding the foregoing, Tenant acknowledges and agrees that CCIA, at the sole expense of Tenant, will install signs to identify the name and terminal location of Tenant in CCIA standard graphics at locations throughout the Airport.

CCIA will have the right to place advertisements, advertising devices, media displays, and flight information displays within the Leased Premises, provided it does not unreasonably interfere with Tenant's operations or advertise any product or service in competition with Tenant. CCIA will consult with Tenant as to the placement of any advertisements, advertising devices, media displays, concession kiosks and flight information displays within Tenant's Leased Premises and, in the Terminal, so not to interfere with Tenant's operation.

All signage requests should be submitted to CCIA Administration for approval. If desired signage requests modification of leased area a Tenant property alteration request form must be submitted to CCIA Administration.

EMPLOYEE PARKING

Employee parking lot is located on the west side of the terminal building. Access to the parking lot is granted by CCIA Public Safety and the Badging Office. It is the responsibility of the terminal Tenant to request an employee have access to the parking lot. It is the individual's responsibility to report any issues or damage to the employee parking lot gates. It is also the individual's financial responsibility should they cause any negligent damage to the parking lot gates. The airport may, without notice, revoke employee parking lot privileges or access. See appendix A for map.

DELIVERIES

Deliveries of good vary by location public area, sterile area, and cargo area. All delivery vehicles requiring delivery at the terminal must park in the commercial lane or use the truck docks. Tenants receiving packages or goods in the public area must ensure proper contact information is provided to CCIA should packages be miss delivered. Any packages or good needing to be delivered to the sterile area must be inspected through the TSA checkpoint and escorted by the individual company receiving the package or goods.

Truck docks are located on the west side of the airport in the cargo area. Deliveries needing a dock must contact Airport Operations for usage.

GROUND TRANSPORTATIONS AND TNC

All ground transportation, i.e. taxi's, limousines, charters buses, commercial transportation vehicles, must use the commercial lane and pay associated fees. Ground transportation vehicles must adhere to all signage and parking locations for each type of commercial activity. Ground transportation companies may apply for a ground transportation permit and AVI tag for a monthly fee. All commercial vehicles using the commercial lane must be properly marked with company logo. Any unmarked vehicle will be asked to move from the commercial lane.

Taxicab drivers must stay in or within 10 feet of their vehicles while waiting for a fare. Drivers may, when needed, use the terminal facilities (i.e. bathrooms, water fountain...) but may not loiter within the terminal building for any extended period of time. Any Driver found to be loitering in the terminal will be asked to return to their vehicle. Ground transportation permit may be revoked if loitering continues by any Driver and/or taxi company.

Third Network Companies, i.e. Uber, Lyft, etc., shall follow all City Ordinances. Staging/waiting area is located in the short-term lot. TNC passenger pick up area is located eastern most portion of curbside, marked with a "RIDE SHARE" sign and green curb. It is the individual's responsibility to pay the parking lot fees if the vehicle is in the lot over the allowed free time. See appendix B for map.

SECTION 5: PUBLIC SPACE AND PUBLIC PERCEPTION

CCIA public space should always be kept clean, orderly, and presentable to the customers, passengers, and airport guests. Each tenant is responsible for trash clean up and overall appearance. Tenant employees should pick up stray trash when walking the terminal or notify the Airport for large trash/spills that require custodial attention.

STANCHIONS

Stanchions are very important in assisting the Airport, Rental Car Companies, and Airlines with crowd control and organization. Stanchions will be the responsibility of the Tenant. The Tenant should contact Airport Management for approval of proposed locations and to obtain a list of requirements and vendors for the procurement of the additional stanchions. Existing stanchions that are broken, in disrepair, non-uniformed or in need of replacement must be removed immediately from public view.

LUGGAGE CARTS

The Airport maintains a contract for the installation, maintenance, management, and operation of a luggage cart concession. This contract covers the entire terminal at the Airport and provides luggage carts that are branded with the CCIA Logo.

The contracted vendor is responsible for providing, installing, operating and maintaining reliable service for all necessary equipment including luggage carts, credit card data lines and electrical connections.

Please contact Airport Maintenance via email, CCIAServicerequest@cctexas.com, to report any maintenance, collection, or other issues surrounding luggage carts.

DESIGNATED SMOKING/NO SMOKING AREAS

Smoking is only allowed in designated smoking areas outside the terminal. There are cigarette ash urns placed in these areas, and signage guiding smokers to these locations. It is strictly prohibited by the Fire Marshall to place cigarette butts anywhere other than ash urns (i.e. roadway, trash cans, and sidewalks). All areas not specifically designated as a Smoking Area is considered a No Smoking area.

Employees smoking inside a security area, other than the designated Smoking Area, will result in confiscation of airport badge.

CODE OF CONDUCT

Tenants shall conduct their operations in an orderly and proper manner, so as not to unreasonable annoy, disturb or be offensive to others and the public. Tenants shall require all of its employees working in the public view and about the terminal area to wear clean and neat attire and to display appropriate identification. Tenants shall, in and about the Airport and its leased premises, exercise reasonable control over the conduct, demeanor and appearance of its employees, invitees and other representatives. To so conduct in an orderly and proper manner so as not to harass, irritate, disturb or be offensive to the public and at all times act in accordance with the Rules and Regulations of each employer and the Airport security program. Upon objection by the Airport to the Tenant concerning the conduct, demeanor or appearance of any such persons or entities, Tenant shall take immediate and appropriate action and diligently pursue such action to remedy the cause of the objection. Tenant shall use its best efforts to require observance and obedience of its passengers, invitees and business visitors to conduct themselves in an orderly and proper manner, so not to harass, irritate, disturb or be offensive to the public while persons are in the general terminal areas. Tenants and its employees, as well as all employees operating within the Terminal environment shall not loiter and/or utilize Terminal areas intended for use by passengers and the traveling public, such as but not limited to, passenger hold room areas, family bathrooms, and other areas, services, and amenities within the Terminal areas primarily intended for passenger use.

Exceptions for tenant/airport employees to use terminal concessions/services:

- Tenant and its employees carrying out their primary employment duties
- Tenant and its employees purchasing goods and services from a concessionaire,
- Tenant and its employees, as well as all employees operating within the Terminal environment traveling through the Terminal areas as a passenger
- Unless utilization is for a specific business need and/or prior approval has been provided by the CCIA Airport Administrations or Airport Management.

STORAGE OF MATERIALS, SUPPLIES

Unless otherwise expressly authorized in writing by the CCIA, Tenants shall not store materials, supplies or equipment in areas exposed to the public. All materials, supplies or equipment stored, shall be stored and kept in a presentable, clean, safe, secure, sanitary, and orderly condition.

DISABLED EQUIPMENT AND/OR USUED EQUIPMENT

Tenants shall not store on their leased premises, ramp areas, or elsewhere at the Airport any equipment or property not being actively utilized in Tenants terminal operations or flight operations. At the CCIA's request, Tenant shall promptly and expeditiously remove all surplus or abandoned equipment or property, unused equipment, damaged equipment, disabled equipment, and/or mechanically non-operable motorized and/or non-motorized equipment from the leased premises and ramp areas. Failure to do so will result in the airport removing equipment at owners expense.

SECTION 6: TERMINAL OPERATIONS

PASSENGER BOARDING BRIDGES

Passenger boarding bridges are comprised of mechanical and electrical components, hydraulics, fixed tunnels and other components including 400 Hertz ground power unit, preconditioned air, and potable water. It excludes the physical gatehouse structure and the electrical feed and power to the passenger boarding bridge equipment. Each bridge is capable of omni directional movement including vertical elevation, rotation in a horizontal plane in addition to extension and retraction capability.

Operational Protocols

Operation and access of PBB is only authorized to those individuals that have received and passed training from Airport Operations. Operation to/from aircraft is to be performed only by person(s) that have received proper training and certification from their respective Airline/Company.

- Pre-Arrival Planning

The operator must check the position of the passenger boarding bridge and ensure that it is in the correct pre-positioned spot and at the correct height for the arriving aircraft. Additionally, Operator must ensure the area around the PBB is clear for arriving aircraft.

- Pushback

While the initial phase of the push is straight, it is imperative the passenger boarding bridge be safely cleared before any turns are initiated.

Pre-Conditioned Air (PCA)

Each gate is equipped with either a single hose system designed to provide cooling, heating and ventilation for the aircraft cabin. All Airline ramp personnel and authorized ground handlers must be trained on the use of the pre-conditioned air systems before operation. For all repairs and maintenance concerning the pre-conditioned air system, please contact Airport Operations 361-533-5820.

Ground Power Unit

The ground power cable is to supply operational power to the aircraft when it is parked and no power is being generated by the aircraft. The normal operational objective of this system is to have ground power available for the aircraft parked at gates 24 hours a day. In the event of an electrical outage, the alternatives are the use of portable/mobile Ground Power Unit (GPU) or the aircraft's Auxiliary Power Unit (APU). For repairs and maintenance associated with the ground power, please contact Airport Operations 361-533-5820.

Potable Water Cabinets

Potable Water is supplied to the aircraft via single from the portable water cabinet located at the base of the PBB. Water is supplied through a backflow and filtration device to the reel mounted in the portable water cabinet. The supply of drinking water for the aircraft tanks is processed via a standard aircraft coupler.

The backflow device prevents any water from backing up into the city's water supply that may be contaminated. Any back pressure from the hose at the aircraft that exceeds the supply pressure will dump onto the ground. A water filtration unit will further clean the water before entering the aircraft. The motorized unit will facilitate the operators in winding and unwinding the hose.

All Airline ramp personnel and authorized ground handlers must be trained on the potable water system prior to operation. For repairs and maintenance associated with the potable water system, please contact Airport Operations 361-533-5820.

TRITURATER

CCIA has one triturator located on the east side general aviation ramp next to AOA access gate 14G. Instructions on operation are located at the triturator site.

VEHICLES, MOTORIZED EQUIPMENT, AND GSE

Tenants will not bring or operate any vehicle or motorized equipment into or within any air operations area of the Airport, unless first having complied with all insurance provisions and requirements specified in their lease agreement or permit, as well as any driver training and security program for the Airport.

When operating within any air operations area all vehicles must be marked with company logo and have amber beacon/light bar. Tenant shall cause its vehicles and equipment to move directly to and from the leased premises area and the aircraft and shall not enter or move about any other non-movement area. Only properly trained and authorized personnel are allowed to drive vehicles or escort non-authorized vehicles and motorized equipment into the movement area.

GSE actively supporting aeronautical operations shall be temporary parked at the terminal gates awaiting flights to arrive or departures. All other GSE shall be parked in their GSE parking areas outlined in each tenants specific lease with CCIA.

GROUND SUPPORT EQUIPMENT MAINTENANCE

Tenant shall not perform major GSE maintenance on terminal/gate area. All major maintenance shall be conducted in the tenants leased space. Minor and/or preventative maintenance may be performed at the terminal/gate area so long as it does not interfere with other tenants, the airport, or cause a loss of operational capacity.

AIRCRAFT MAINTENANCE

Airline may perform minor line maintenance, but shall not perform any heavy maintenance, at the terminal/gate area. Any maintenance activities at the Airport shall only be performed at CCIA designated locations. Designated locations are hardstands, east side general aviation ramp and west side general aviation ramp.

Airline may perform emergency Airline maintenance and minor transit or turn around aircraft maintenance at the terminal/gate area with proper notification to Airport Operations.

IROPS/DIVERSIONS

Airlines must notify Airport Operations as soon as IROPS or diversions are expected. Airport Operations and the Airline will coordinate for parking locations and establish a plan to return to normal. Airlines requesting locations outside of leased areas or common use gates must have the ability to move/tow their aircraft at the request of Airport Operations. It is the responsibility of the Airline to ensure the tarmac delay plan is adhered to for Department of Transportation timelines.

Due to the limited number of gates the airport, during an emergency or IROP, may utilize any leased gate. Airport will communicate to the lessee of the change of condition. The airport will make every effort to restore the lessee back to their gate as soon as practical.

DEPLANING ON THE RAMP

All operations involving the deplaning of passengers on the terminal ramp, for non-emergency reasons, must be coordinated and approved by Airport Management.

HOT FUELING

Hot fueling is strickling prohibited on airport AOA.

FIS/CBP OPERATIONS

US Customs and Border Patrol will notify CCIA 24 hours before any international flight is scheduled to be cleared through the FIS to ensure the ramp and all other Airport Tenants are aware. CBP will arrive before the aircraft to escort passengers from the ramp to the FIS area. Aircraft taxiing to the FIS shall park in the gate 6 envelope. If gate 6 is occupied by another aircraft CBP/PIC will coordinate with Airport Operations for new parking area. CBP will ensure passengers are escorted at all times when walking the terminal ramp area and/or in the AOA.

GATE 4 FEDERAL INSPECTION STATION (RAMP AREA)

No GSE or equipment shall be stored or left unattended at the gate 4 ground loading area/FIS entrance.

SECTION 7: SAFETY AND SECURITY

EMERGENCY SERVICES

Call Airport Dispatch, 361-826-1785, in the event of an emergency that requires response by police, fire/rescue, emergency medical or security personnel.

An emergency is defined as a serious situation or occurrence that happens unexpectedly and demands immediate action or a condition of urgent need for action or assistance from CCIA Public Safety, CCPD, CCFD. For immediate assistance dial 9-1-1 to report emergencies for Fire, Emergency Medical Services or Police. Contact Airport Dispatch immediately after contacting 911.

In police matters, it is recommended that you not try to intervene, especially if a suspect is armed. The best option for your safety and those around you is to gather detailed information to pass on to the 911 operator and the first arriving officer.

Passenger/Customer Accident Reporting

In the event of an accident by a Passenger, Customers, Employees, and/or Guests CCIA Public Safety will be a first respondent. Courtesy telephones are available throughout the Terminal for passenger and Tenant use. CCIA Airport Operations will respond and complete an incident report. Any additional information that your organization may have may be requested at a later date.

AIRPORT BADGING OFFICE

CCIA Badging office provides its business partners and their employees with badging, fingerprinting and facility key issuance services that may be needed for the employees to work at the Airport. The process to request a new badge, delete a badge, and/or request an AOA vehicle movement/non-movement can be initiated calling the badging office at 361-826-1227 and booking an appointment.

Some badges may require U.S. Customs Clearance based on the job responsibilities of the employee; this clearance may be added to the CCIA badge.

KEY CONTROL

Keys issued by the CCIA Badging Office shall remain the property of the Airport. Keys are non-transferable, and unauthorized reproduction is not permitted. Each key is coded with a unique serial number for tracking/accountability purposes.

All key requests must come from employer signatory and must complete a key request form, Key request form must be completed with the employee signature, signatory signature, and CCIA Badging Office signature.

Employers/Employees shall immediately notify the Badging Office of keys that are lost, stolen, or not returned when an employee terminates employment or transfers to a position that no longer requires the key. Keys must be immediately returned to the key issuer when access is no longer required. Keys are also nontransferable. AOA gate keys shall be returned to the CCIA Badging Office.

TERMINAL AED AND BLEEDING CONTROL KITS

CCIA Public Safety is responsible for maintenance, testing, and replacement of units. Semi-annual inspections of each unit are carried out by trained personnel. No other testing should occur.

Procedures for the use of the units are clearly marked on the units and their cabinets. Removal of a unit from its cabinet will cause a local alarm to sound. Removal and use of a unit should be accompanied by a call to Airport Dispatch at 361-826-1785 for medical assistance.

Use of a unit will require replacement of its battery and electrode pads. This will normally be accomplished by Public Safety personnel following patient stabilization and transport. Problems with a unit or cabinet may be reported to the duty PSO at 361-533-5729, or an email to CCIAServicerequest@cctexas.com.

LOST AND FOUND

As a service for its passengers, the Airport maintains a Lost and Found list managed by Public Safety. The purpose of this procedure is to outline the steps to be followed with respect to dealing with lost and found articles.

Lost and Found office

Office is located in Public Safety Station #3 which is on the lower level in between baggage claim and the airline ticket counter. Office is staffed 24hrs a day 7 days a week.

Found articles

All articles that are found shall be brought to the Lost and Found office.

Claim/Disposal

A rightful owner must show proper photo identification and claim his/her property by attesting to the contents and description of the article. Found articles that are not claimed after 60 days will be disposed of.

Lost Articles

Anyone who has lost an article should either check directly with the Airline on which the person was traveling or go to the Lost and Found office to check if the article has been turned in.

Missing Baggage

If passengers have a complaint about missing baggage, they are directed to contact the Airline. Most Airlines recommend reporting missing bags at the airport within 24 hours and filling out an Air Carrier Claim Report within 30 to 45 days.

SAFETY MANAGEMENT SYSTEM (SMS)

CCIA has an active SMS program with includes systematic procedures, practices, and policies to manage risks in and around the airport. Safety is a core value at CCIA and will not be compromised in any way. All employees are encouraged to submit and safety concerns or issues to CCIASafety@cctexas.com. Safety submissions will be reviewed by the Safety Committee and any outcomes from the safety review will be enforced by CCIA. All tenants are included and represented at the CCIA Safety Committee.

SECTION 8: TERMINAL MAINTENANCE

CUSTODIAL SERVICES

Custodial services in terminal/customer areas are the responsibility of the Airport. Each tenant is responsible for custodial and cleanup in their respective leased areas or unless specified in lease agreement with CCIA. If you have an immediate need for custodial services in the terminal/customer area, please contact the Airport Dispatch through courtesy phone or at 361-826-1785. For all other inquiries, please contact Airport Management.

BUILDING MAINTENANCE

Building maintenance services in terminal/customer areas are the responsibility of the Airport. Each tenant is responsible for maintenance in their respective leased areas or unless specified in lease agreement with CCIA. CCIA may perform maintenance in a Tenants leasehold upon request but is subject to fees associated with such work. If you have a building maintenance issue in the terminal/customer area, please contact the Airport Dispatch through courtesy phone or at 361-826-1785. For all other inquiries, please contact Airport Management.

WORK ORDER/MAINTENANCE REQUEST

Any tenant or airport employee may request non-emergency maintenance to our building maintenance department by emailing CCIAServicerequest@cctexas.com. Contact Airport Dispatch at 361-826-1785 or Airport Operations at 361-533-5820 for emergency maintenance that may impact operational capacity or a danger to any person.

SECTION 9: ENVIRONMENTAL RESPONSIBILITIES

The Airport is committed to protecting the environment in which it operates. Currently CCIA is under the City of Corpus Christi Master Storm Water Pollution Prevention Plan (SWPPP). Each Tenant at the Airport is under the master SWPPP shall be required to follow all rules and regulation under this permit. Each Tenant and operator is responsible for understanding the applicable regulations and managing their activities accordingly. This section is meant as guidance only and do not supersede any applicable regulations.

SPILLS

This section addresses spills of cleaning fluids, fuels, hydraulic fluids, blue water, glycol, battery charging stations, and other hazardous or controlled materials. The Tenant and operator must follow spill prevention procedures including the use of spill prevention and containment equipment. Spills of any kind shall not be washed into any sewer system or waterway, or on to any soils.

Each Tenant must:

- Train all Tenant operator personnel in appropriate spill prevention and response procedures.
- Maintain adequate supplies of spill response equipment and materials in locations where spills are likely to occur.

Lavatory (i.e., blue water) spills, drips paper, etc. must be cleaned up immediately after aircraft departure.

To avoid breakage and spillage, no trash bags are to be dropped from the aircraft to the apron.

Fueling and fuel spills are to be cleaned immediately using best practices and proper disposal methods. Contact Airport Operations at 361-533-5820 for questions regarding the Airport SWPPP or Spills.

Airport Operations will make the final call whether the spill is fully cleaned or more cleaning is required.

SPILL REPORTING

For all spills, immediately report the situation by first calling Airport Operations at 361-533-5820. In addition, Airport Operations will conduct an investigation and complete an incident report. Airport Tenants are solely responsible for any cost associated with their spills.

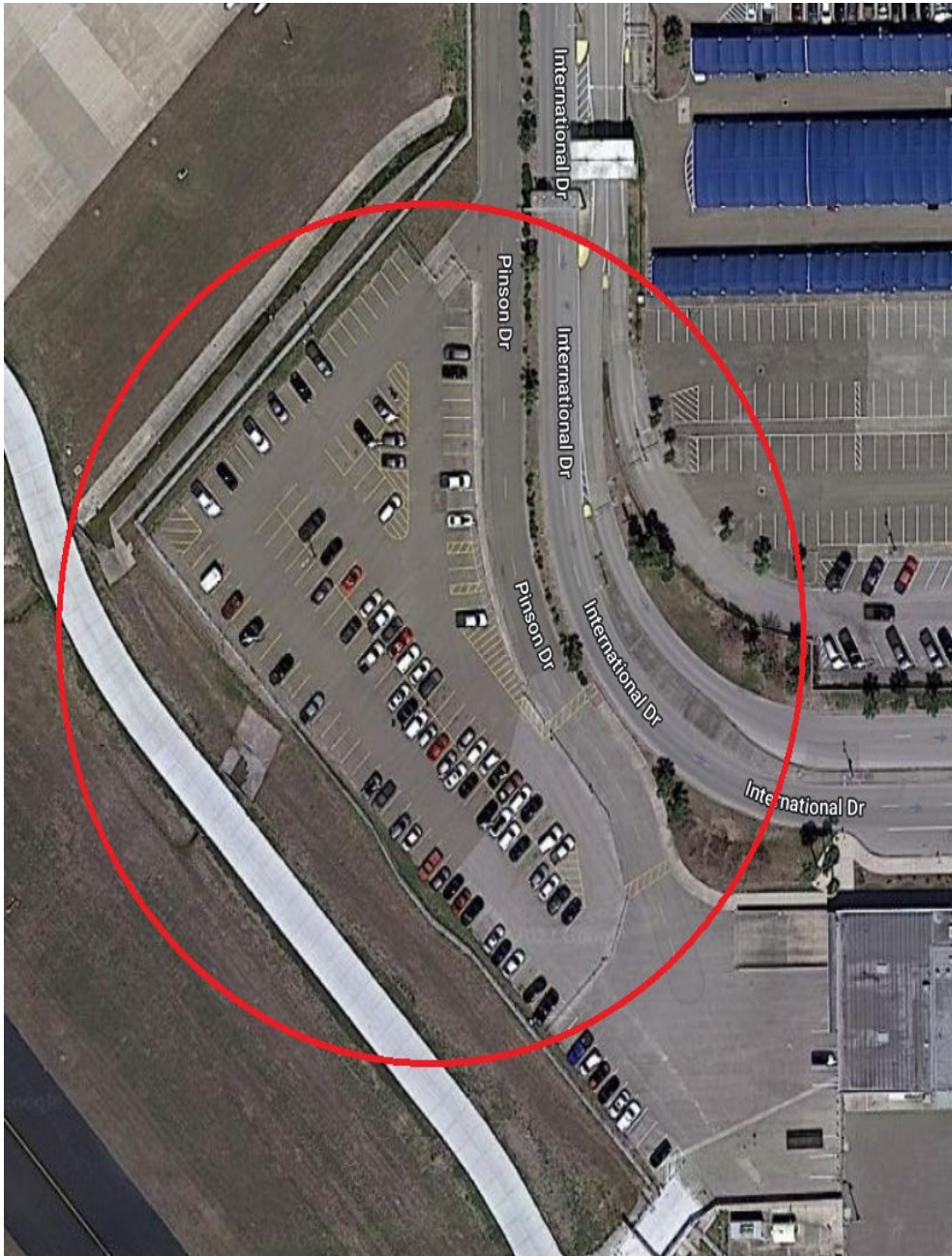
STORAGE OF HAZARDOUS MATERIALS

Each Tenant must maintain legible labels and markings, including required signage on all containers, tanks, and dispensing systems. Tenants must also follow SWPPP best management practices when handling or storing hazardous materials.

DE-ICING PROCEDURES

De-icing of aircraft is only allowed in the designated areas within the terminal ramp. Designated area will be discussed in the Winter Operations Pre Season Meeting. No de-icing material will be allowed near the PBB's, stormwater inlets, and/or grassy areas. Every de-icing event must be documented and reported to Airport Operations.

APPENDIX A EMPLOYEE PARKING MAP



Employee Parking Area

Entrance and Exit is on
Pinson Dr

APPENDIX B TNC PICK UP AREA MAP

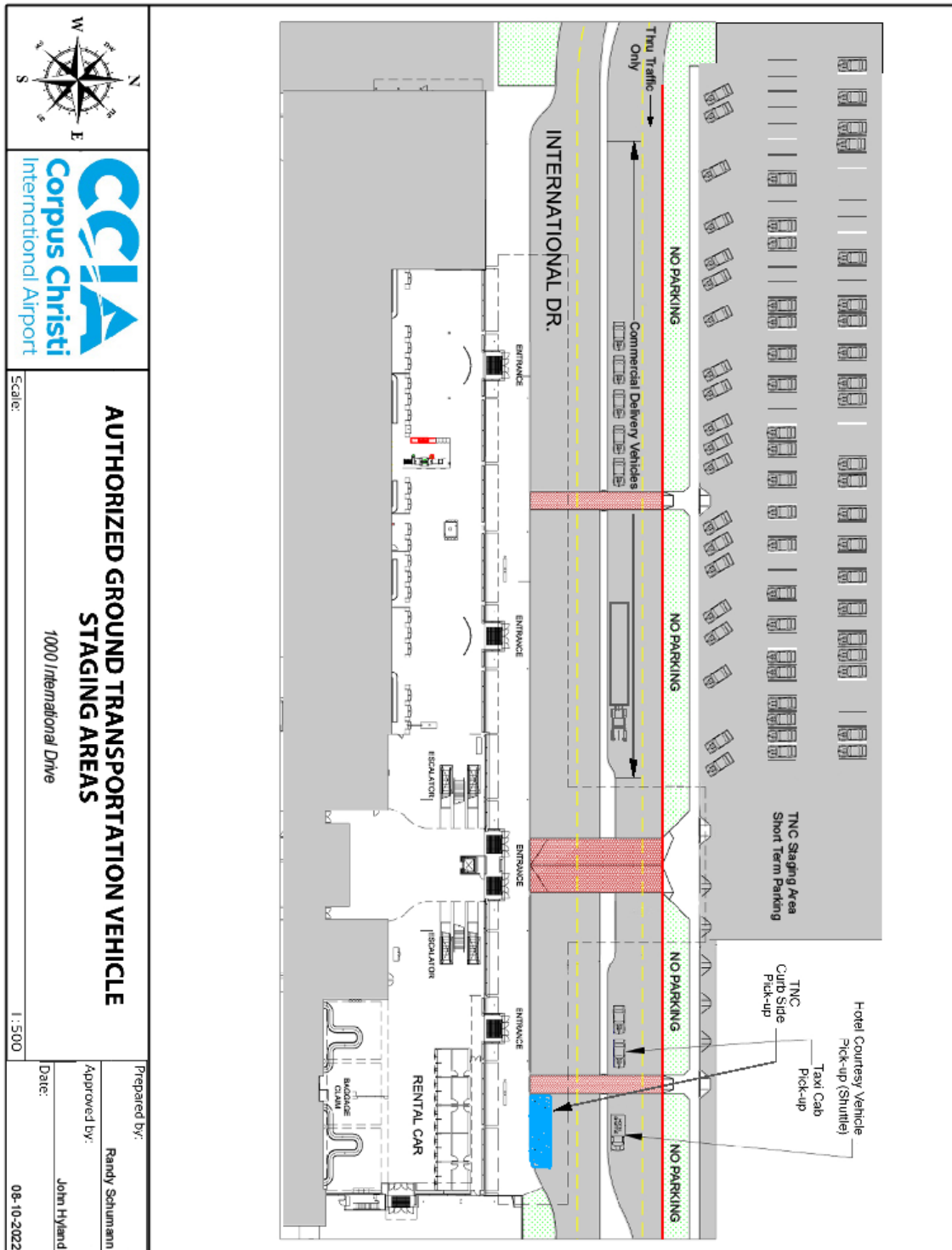


Exhibit G
Rates and Fee Schedule

Table G-1
City of Corpus Christi, Texas
Corpus Christi International Airport
Airline Negotiations
Landing Fee
September 4, 2024

	Source Table	Budget 2025
Expenditures		
Operating expenses & capital	A-5	\$2,650
City administrative allocation	A-6	116
Debt service	A-7	332
Local share of CIP	A-8	above
Apron expense requirement		214
Total expenditures		\$3,311
Less: non-airline revenues		
Security Service	A-9	0
Fuel Flowage Fees	A-9	(188)
RON fees		(309)
Total revenues		(\$497)
Net requirement		\$2,814
Landed weight	A-3	531
Landing fee rate		\$5.30
Less: revenue sharing	G-4	(1,466)
Adjusted net requirement		\$1,348
Adjusted landing fee rate		\$2.54
Landed weight	A-3	531
Landing fee revenue		\$1,348
Landing fee revenue by airline		
American		\$492
Southwest		494
United		362
Charter & cargo		0
Landing fee revenue		\$1,348

Table G-2
City of Corpus Christi, Texas
Corpus Christi International Airport
Airline Negotiations
Terminal Rental Rate (page 1 of 2)
September 4, 2024

	Source Table	Budget 2025
Expenditures		
Operating expenses & capital	A-5	\$4,831
City administrative allocation	A-6	188
Debt service	A-7	119
Local share of CIP	A-8	0
Total expenditures		\$5,137
Less: non-airline revenues		
Terminal Space Rental-other	A-9	(\$940)
Restaurant & gift shop	A-9	(544)
TSA-Check Point Fees	A-9	0
Advertising Space Concession	A-9	(128)
Resale - Electric Power - Term	A-9	(54)
Other	A-9	(31)
Total revenues		(\$1,696)
Net requirement		\$3,441
Airline leased space	A-1	24.8
Terminal rental rate		\$138.89
Airline leased space	A-1	24.8
Terminal rental revenue		\$3,441
Less: revenue sharing	G-4	(1,106)
Adjusted net requirement		\$2,335
Adjusted terminal rental rate		\$94.26
Type of space		
Exclusive/preferential	A-1	15.6
Joint use	A-1	9.2
		24.8
Terminal rental revenue		
Exclusive/preferential		\$1,473
Joint use		863
		\$2,335

Table G-2a
City of Corpus Christi, Texas
Corpus Christi International Airport
Airline Negotiations
Terminal Rental Rate - Exclusive/preferential Use
September 4, 2024

	Source Table	2025			
		American	Southwest	United	Airline Leased
Exclusive/preferential					
Airline Office/Counter	A-1	2,221	3,053	2,352	7,626
Operations	A-1	450	419	601	1,470
BSO	A-1	0	0	0	0
Holdroom	A-1	2,681	2,293	1,555	6,529
Total Exclusive/preferential leased		5,352	5,765	4,508	15,625
Terminal rental rate	G-2	\$94.26	\$94.26	\$94.26	\$94.26
Exclusive/preferential requirement					
Annual		\$504,455	\$543,383	\$424,904	\$1,472,741
Monthly		\$42,038	\$45,282	\$35,409	\$122,728

Table G-2b
City of Corpus Christi, Texas
Corpus Christi International Airport
Airline Negotiations
Terminal Rental Rate - Joint Use
September 4, 2024

	Source Table	2025	
		Annual Amount	Monthly Amount
Joint use			
Baggage Claim Public	A-1	5,938	
Security Checkpoint	A-1	3,214	
Total Joint use		9,152	
Terminal rental rate	G-2	\$94.26	
Joint use requirement		\$862,626	
Enplanements			
American	A-2	146,304	
Southwest	A-2	125,208	
United	A-2	89,645	
Total Enplanements		361,157	
Enplanement market share			
American		40.5%	
Southwest		34.7%	
United		24.8%	
Total		100.0%	
Joint use requirement			
American		\$349,447	\$29,121
Southwest		299,061	24,922
United		214,118	17,843
Total Joint use requirement		\$862,626	\$71,885

Table G-2
City of Corpus Christi, Texas
Corpus Christi International Airport
Airline Negotiations
Terminal Rental Rate (page 2 of 2)
September 4, 2024

	Source Table	Budget 2025
Exclusive/preferential by airline		
American		\$504
Southwest		543
United		425
Exclusive/preferential by airline		\$1,473
Enplanement market share		
American	A-2	40.5%
Southwest	A-2	34.7%
United	A-2	24.8%
Total		100.0%
Joint use by airline		
American		\$349
Southwest		299
United		214
Joint use by airline		\$863

Table G-3
City of Corpus Christi, Texas
Corpus Christi International Airport
Airline Negotiations
Gate Use Fee
September 4, 2024

	Source Table	Budget 2025
Adjusted terminal rental rate	G-2	\$94.26
Common use square feet		
Ticket counter	A-1	2.1
Holdroom	A-1	11.8
Total square feet		13.9
Per turn requirement		
Terminal requirement		\$1,311
Total gate use fee requirement		\$1,311
Commercial passenger operations	A-3	8.6
Signatory gate use fee		\$152.05
Non-signatory gate use fee		\$190.06

Table G-4
City of Corpus Christi, Texas
Corpus Christi International Airport
Airline Negotiations
Revenue Sharing Calculation
September 4, 2024

	Source Table	Budget 2025
Operating revenues		
Landing fee revenue (before revenue share)	G-1	\$2,814
Terminal rental revenue (before revenue share)	G-2	3,441
Non-airline revenues	A-9	9,150
Revenues available for revenue sharing		\$15,406
Expenditures		
Operating expenses & capital	A-4	\$12,022
City administrative allocation	A-6	\$480
Net debt service		\$332
Local share of CIP	A-8	in exp
Total capital		\$0
Total expenditures		\$12,834
Amount available to share		\$2,572
Airfield		\$1,466
Terminal		\$1,106

Table G-5
City of Corpus Christi, Texas
Corpus Christi International Airport
Airline Negotiations
Airline Cost per Enplanement
September 4, 2024

	Source Table	Budget 2025
Landing fee revenue by airline		
American	G-1	\$492
Southwest	G-1	494
United	G-1	362
		\$1,348
Terminal rental revenue		
Exclusive/preferential by airline		
American	G-2	\$504
Southwest	G-2	543
United	G-2	425
		\$1,473
Joint use by airline		
American	G-2	\$349
Southwest	G-2	299
United	G-2	214
		\$863
Gate use fee revenue by airline		
American	G-3	\$0
Southwest	G-3	0
United	G-3	0
		\$0
Total airline revenue		
American		\$1,346
Southwest		1,337
United		1,001
		\$3,684
Enplanements by airline		
American	A-2	146
Southwest	A-2	125
United	A-2	90
		361
Airline cost per enplanement		
American		\$9.20
Southwest		\$10.67
United		\$11.17
Airline cost per enplanement		\$10.20

Exhibit H
Capital Improvement Plan

Exhibit H

CAPITAL IMPROVEMENT PLAN (CIP)																				
		\$ -		Prior Year(s) Carryover Balance																
		\$ 2,508,995		Estimated Passenger and Cargo Entitlements																
FAA Match %	Plan Year	Entitlement Available	ODO Priority	ODO Project Component and/or Phase	Est. Total Project Cost	AIP y/n	Req' Sponsor Match	FAA Match y/n	FAA Match	PFC y/n		AIP				BIL		Sponsor		
												PFC	ENT	DI	Reobligation	BIL (AIG)	BIL (ATP)	Other	Local	
90%	24	\$ 2,508,995		Rehabilitate Terminal Building Phase III (Baggage System Design/Construction and Overages)	\$ 2,634,660	Y	\$ 239,515	Y	\$ 2,395,145	N			2,395,145					239,515		
				Airport Drainage Study	\$ 126,500	Y	\$ 12,650	Y	\$ 113,850	N				113,850					12,650	
				2024 Annual Subtotals:	\$ 2,761,160		\$ 252,165		\$ 2,508,995			Available for FY	\$ 2,508,995		\$ 2,719,206	\$ 0				
												Used in FY	\$ 0	\$ 2,508,995	\$ 0	\$ 0	\$ 0	Zero	\$ 252,165	
												Available After FY	\$ 0	\$ 2,508,995	\$ 0	\$ 2,719,206	\$ 0			
90%	25	\$ 2,508,995		International Drive (Design and Construction)	\$ 5,751,021	Y	\$ 522,820	Y	\$ 2,508,995	N			2,508,995		\$ 2,719,206			522,820		
						2025 Annual Subtotals:	\$ 5,751,021		\$ 522,820		\$ 2,508,995			Available for FY	\$ 2,508,995		\$ 5,438,412	Zero		
												Used in FY	\$ 0	\$ 2,508,995	\$ 0	\$ 0	\$ 2,719,206	\$ 0	Zero	\$ 522,820
												Available After FY	\$ 0	\$ 2,508,995	\$ 0	\$ 2,719,206	\$ 0			
90%	26	\$ 2,508,995		Taxiway Q Apron (Design and Construction)	\$ 5,751,021	Y	\$ 522,820	Y	\$ 2,508,995	N			2,508,995	\$ 0	\$ 2,719,206			522,820		
90%						2026 Annual Subtotals:	\$ 5,751,021		\$ 522,820		\$ 2,508,995			Available for FY	\$ 2,508,995		\$ 5,438,412	\$ -		
90%												Used in FY	\$ 0	\$ 2,508,995	\$ 0	\$ 0	\$ 2,719,206	\$ 0	\$ 522,820	
90%												Available After FY	\$ 0	\$ 2,508,995	\$ 0	\$ 2,719,206	\$ -			
90%	27	\$ 2,508,995		West Apron Expansion (Design and Construction)	\$ 5,751,021	Y	\$ 522,820	Y	\$ 2,508,995	N			2,508,995	\$ 0	\$ 2,719,206			522,820		
90%						2027 Annual Subtotals:	\$ 5,751,021		\$ 522,820		\$ 2,508,995			Available for FY	\$ 2,508,995		\$ 2,719,206	\$ -		
												Used in FY	\$ 0	\$ 2,508,995	\$ 0	\$ 0	\$ 2,719,206	\$ 0	\$ 522,820	
												Available After FY	\$ 0	\$ 2,508,995	\$ 0	\$ 2,719,206	\$ -			
90%	28	\$ 2,508,995		ARFF Building Improvements (Design and Construction)	\$ 2,759,895	Y	\$ 250,900	Y	\$ 2,508,995	N			2,508,995					250,900		
90%						2028 Annual Subtotals:	\$ 2,759,895		\$ 250,900		\$ 2,508,995			Available for FY	\$ 2,508,995		\$ 0	\$ -		
												Used in FY	\$ 0	\$ 2,508,995	\$ 0	\$ 0	\$ 0	\$ 250,900		
												Available After FY	\$ 0	\$ 2,508,995	\$ 0	\$ 0	\$ 0	\$ 0		
90%	29	\$ 2,508,995		Runway 18/36 Mill and Overlay (Design and Construction)	\$ 2,759,895	Y	\$ 250,900	Y	\$ 2,508,995	N			2,508,995					250,900		
90%						2029 Annual Subtotals:	\$ 2,759,895		\$ 250,900		\$ 2,508,995			Available for FY	\$ 2,508,995		\$ -	\$ -		
												Used in FY	\$ 0	\$ 2,508,995	\$ 0	\$ 0	\$ 0	\$ 250,900		
												Available After FY	\$ 0	\$ 2,508,995	\$ 0	\$ 0	\$ 0	\$ 0		
				5 Year CIP Totals:	\$ 25,534,012		\$ 2,322,424		\$ 15,053,970			Available for FY	\$ 0	\$ 15,053,970	\$ 0	\$ 16,315,236	\$ 0	\$ 0	\$ 2,322,424	

Exhibit J
Federal Requirements

Exhibit J

Title VI Clauses for Compliance with Nondiscrimination Requirements

During the performance of this Agreement, Airline, for itself, its assignees, and successors in interest agrees as follows:

- A. Compliance with Regulations
Airline (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this Agreement.
- B. Nondiscrimination
Airline, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of any subcontractors, including procurements of materials and leases of equipment. Airline will not participate directly or indirectly in the discrimination prohibited by the [Title VI] Nondiscrimination Acts and Authorities, including employment practices when the Agreement covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.
- C. Solicitations for Subcontracts, including Procurements of Materials and Equipment
In all solicitations either by competitive bidding or negotiation made by Airline for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by Airline of Airline's obligations under this Agreement and the [Title VI] Nondiscrimination Acts.
- D. Information and Reports
Airline will provide all information and reports required by the Acts, the Regulations, and the directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by Trust or the Federal Aviation Administration to be pertinent to ascertain compliance with such [Title VI] Nondiscrimination Acts and Authorities and instructions. Where any information required of Airline is in the exclusive possession of another who fails or refuses to furnish the information, Airline will so certify to Trust or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

E. Sanctions for Noncompliance

In the event of Airline's noncompliance with the nondiscrimination provisions of this Agreement, Trust will impose such contract sanction [in accordance with any applicable notice and cure provision provided for in this Agreement] as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

1. Withholding any payments to Airline under the Agreement until Airline complies; and/or
2. Cancelling, terminating, or suspending the Agreement, in whole or in part.

F. Incorporation of Provisions

Airline will include the provisions of [Paragraph 26.01, subparagraphs] A through F in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations, and directives issued pursuant thereto. Airline will take action with respect to any subcontract or procurement as Trust or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if Airline become involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, Airline may request Trust to enter into any litigation to protect the interests of Trust. In addition, Airline may request the United States to enter into the litigation to protect the interests of the United States.

Title VI List of Pertinent Nondiscrimination Acts and Authorities

During the performance of this Agreement, Airline, for itself, its assignees, and successors in interest agrees to comply with the following nondiscrimination statutes and authorities including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 USC § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin).
- 49 CFR part 21 (Non-discrimination in Federally-Assisted Programs of the Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 USC § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973, (29 USC § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR

- part 27 (Nondiscrimination on the Basis of Disability in Programs or Activities Receiving Federal Financial Assistance);
- The Age Discrimination Act of 1975, as amended, (42 USC § 6101 *et seq.*), (prohibits discrimination on the basis of age);
 - Airport and Airway Improvement Act of 1982, (49 USC § 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
 - The Civil Rights Restoration Act of 1987, (PL 100-259) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
 - Titles II and III of the Americans with Disabilities Act of 1990 (42 USC § 12101, *et seq*) (prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities) as implemented by U.S. Department of Transportation regulations at 49 CFR parts 37 and 38;
 - The Federal Aviation Administration’s Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
 - Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
 - Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [(70 Fed. Reg. at 74087(2005))];
 - Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC 1681 *et seq.*).

Property Acquired or Improved Under Airport Improvement Program

The following clause will be included in deeds, licenses, leases, permits, or similar instruments entered into by the Trust pursuant to the provisions of the Airport Improvement Program grant assurances.

The Airline for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on the property described in this Agreement for a purpose for which a Federal Aviation Administration activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, Airline will maintain and operate such facilities and services in compliance with all requirements imposed by the Nondiscrimination Acts and Regulations listed in the Title VI List of Pertinent Nondiscrimination Acts and Authorities (as may be amended) such that no person on the grounds of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.

Construction/Use/Access to Property Under Activity Facility or Program

The following clause will be included in deeds, licenses, permits, or similar instruments entered into by the Trust pursuant to the provisions of the Airport Improvement Program grant assurances.

Airline for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that: (a) no person on the ground of race, color, or national origin, will be excluded from participation in, 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 such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (c) that the Airline will use the premises in compliance with all other requirements imposed by or pursuant to the Title VI List of Pertinent Nondiscrimination Acts and Authorities.

Exhibit ?
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CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS :
COUNTIES OF NUECES AND SAN PATRICIO :
CITY OF CORPUS CHRISTI :

On this the 22nd day of August, 2000, the City Council of the City of Corpus Christi, Texas convened in Regular Meeting, with the following members of said Council present, to-wit:

Samuel L. Neal, Jr.	:	Mayor
Betty Jean Longoria,	:	
Melody Cooper,	:	
Arnold Gonzales, Ph.D.,	:	Councilmembers
Rex Kinnison,	:	
Henry Garrett,	:	
John Longoria,	:	
Javier D. Colmenero,	:	
Mark Scott	:	
David Garcia,		City Manager,
James Bray,		City Attorney,
Jorge Cruz-Aedo,		Director of Finance,
Armando Chapa,		City Secretary

with the following absent: Cooper, constituting a quorum, at which time the following among other business was transacted:

City Manager David Garcia presented for the consideration of the Council an ordinance authorizing the establishment of the general airport revenue financing program. The ordinance was read by the City Secretary. The motion to pass the ordinance was carried by the following vote.

AYES: All members of the City Council shown present above voted "Aye".

NAYS: None.

ABSENT WHEN VOTING: None.

The Mayor announced that the ordinance had been passed. The ordinance is as follows:

024163

INDEXED

Adopted 8/22/00

**MASTER ORDINANCE
ESTABLISHING THE GENERAL AIRPORT REVENUE BOND
FINANCING PROGRAM WITH RESPECT TO THE ISSUANCE OF
OBLIGATIONS BY THE CITY OF CORPUS CHRISTI, TEXAS
PAYABLE FROM GENERAL AIRPORT REVENUES**

024163

MASTER ORDINANCE
ESTABLISHING THE GENERAL AIRPORT REVENUE BOND
FINANCING PROGRAM WITH RESPECT TO THE ISSUANCE OF
OBLIGATIONS BY THE CITY OF CORPUS CHRISTI, TEXAS
PAYABLE FROM GENERAL AIRPORT REVENUES

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ORDINANCE NO. _____

**MASTER ORDINANCE ESTABLISHING THE
GENERAL AIRPORT REVENUE BOND FINANCING PROGRAM
WITH RESPECT TO THE ISSUANCE OF OBLIGATIONS
BY THE CITY OF CORPUS CHRISTI, TEXAS
PAYABLE FROM GENERAL AIRPORT REVENUES**

THE STATE OF TEXAS :
COUNTY OF NUECES :
CITY OF CORPUS CHRISTI :

WHEREAS, the City of Corpus Christi, Texas (the "City" or the "Issuer"), is a "home-rule municipality" operating under a home-rule charter adopted pursuant to Section 5 of Article XI of the Texas Constitution, with a population, according to the latest federal decennial census, in excess of 50,000; and

WHEREAS, the City possesses the legal authority under Chapter 22, Texas Transportation Code, to plan, establish, construct, improve, equip, maintain, operate, regulate, protect and police an airport and air navigation facilities in or outside of the City; and

WHEREAS, the City currently owns and operates the "Corpus Christi International Airport" (the "Airport"), which constitutes an "airport" as defined in Section 22.001, Texas Transportation Code; and

WHEREAS, Subchapter C of Chapter 22, Texas Transportation Code, authorizes the City to issue bonds for the purpose of paying, in whole or in part, the cost of planning, acquiring, establishing, constructing, improving, or equipping an airport or air navigation facility or the site of an air navigation facility or acquiring or eliminating airport hazards; and

WHEREAS, Chapter 1371, Texas Government Code, authorizes the City to issue obligations to pay the project costs associated with the acquisition or construction of or an improvement, addition, or extension to a public works, including a capital asset or facility incident and related to the operation, maintenance, or administration of the public works; and

WHEREAS, "public works" is defined in Section 1371.001, Texas Government Code, to include an "airport" as defined in Section 22.001, Texas Transportation Code; and

WHEREAS, in order to reduce costs, increase borrowing capacity, provide additional security to the credit markets, and provide the City with greater financial flexibility to meet the financing

needs of the Airport, the City deems it necessary and desirable to establish a financing structure for revenue supported indebtedness issued or incurred for the development of the Airport; and

WHEREAS, the terms used in this Ordinance and not otherwise defined shall have the meaning given in Exhibit A to this Ordinance attached hereto and made a part hereof;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CORPUS CHRISTI, TEXAS THAT:

Section 1. ESTABLISHMENT OF REVENUE FINANCING PROGRAM AND ISSUANCE OF PARITY OBLIGATIONS. There is hereby established the *City of Corpus Christi, Texas General Airport Revenue Bond Financing Program* for the purpose of providing a financing structure for revenue supported indebtedness issued or incurred for the development of the Airport. This Ordinance is intended to establish a master program under which revenue supported indebtedness attributable to the Airport and payable from Net Revenues can be incurred. It is hereby authorized that revenue supported indebtedness may be issued, incurred or assumed pursuant to the terms of a Supplement. Each Supplement shall provide for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, security, and any other matters related to Parity Obligations not inconsistent with the Constitution and laws of the State of Texas or the provisions of this Ordinance.

Section 2. SECURITY AND PLEDGE. The Parity Obligations are and shall be secured by and payable from a first lien on and pledge of the Net Revenues, in accordance with the terms of this Ordinance and any Supplement; and the Net Revenues are further pledged to the establishment and maintenance of the Debt Service Fund as provided in accordance with the terms of this Ordinance and the Funds and Accounts as provided in accordance with the terms of any Supplement. The Parity Obligations are and will be secured by and payable only from the Net Revenues, and are and will not be secured by or payable from a mortgage or deed of trust on any properties, whether real, personal, or mixed, constituting any portion of the Airport. The owners of the Parity Obligations shall never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than specified in this Ordinance or any Supplement.

Section 3. RATE COVENANT. The City covenants that it will at all times fix, charge, impose and collect rentals, rates, fees and other charges for the use of the Airport and, to the extent it legally may do so, revise the same as may be necessary or appropriate, in order that in each Fiscal Year the Net Revenues will be at least sufficient to equal the greater of either:

- (i) all amounts required to be deposited in such Fiscal Year to the credit of (A) the Debt Service Fund, (B) the Debt Service Reserve Fund, (C) the Operating Reserve Fund and (D) the Subordinated Debt Fund, or
- (ii) an amount not less than 1.25 times the Annual Debt Service Requirements for the Parity Obligations for such Fiscal Year.

If the Net Revenues in any Fiscal Year are less than the amounts specified above, the City, promptly upon receipt of the annual audit for such Fiscal Year, shall request an Airport Consultant to make its recommendations, if any, as to a revision of the City's rentals, rates, fees and other charges, its Operating Expenses, or the method of operation of the Airport in order to satisfy as quickly as practicable the foregoing rate covenant. Copies of such request and the recommendation of the Airport Consultant, if any, shall be filed with the City Secretary. So long as the City substantially complies in a timely fashion with the recommendation of the Airport Consultant, the City will not be deemed to have defaulted in the performance of its duties under this Ordinance even if the resulting Net Revenues are not sufficient to be in compliance with the rate covenant set forth above, so long as the Annual Debt Service Requirements on the Parity Obligations are paid when due.

Section 4. **GENERAL COVENANTS.** While any Parity Obligation is Outstanding, the City further covenants and agrees that in accordance with and to the extent required or permitted by law:

(a) **Performance.** It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance and any Supplement; it will promptly pay or cause to be paid the principal amount of and interest on every Parity Obligation, on the dates and in the places and manner prescribed in a Supplement and such Parity Obligations; and it will, at the time and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Funds and Accounts as provided in accordance with this Ordinance and any Supplement.

(b) **City's Legal Authority.** It is a duly created and existing home rule municipality and is duly authorized under the laws of the State of Texas to issue and incur Parity Obligations; that all action on its part to issue or incur Parity Obligations shall have been duly and effectively taken, and that the Parity Obligations in the hands of the owners thereof are and will be valid and enforceable special obligations of the City in accordance with their terms.

(c) **Title.** It has or will obtain lawful title, whether such title is in fee or lesser interest, to the lands, buildings, structures and facilities constituting the Airport, that it warrants that it will defend the title to all the aforesaid lands, buildings, structures and facilities, and every part thereof, for the benefit of the owners of the Parity Obligations, against the claims and demands of all Persons whomsoever, that it is lawfully qualified to pledge the Net Revenues to the payment of the Parity Obligations in the manner prescribed herein, and has lawfully exercised such rights.

(d) **Liens.** It will from time to time and before the same become delinquent pay and discharge all taxes, assessments and governmental charges, if any, which shall be lawfully imposed upon it, or the Airport; it will pay all lawful claims for rents, royalties, labor, materials and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens granted in accordance with the terms of this Ordinance, so that the priority of the liens granted in accordance with the terms of this Ordinance shall be fully preserved in the manner provided herein, and it will not create or suffer to be created any mechanic's, laborer's,

materialman's or other lien or charge which might or could be prior to the liens granted in accordance with the terms of this Ordinance, or do or suffer any matter or thing whereby the liens granted in accordance with the terms of this Ordinance might or could be impaired; provided however, that no such tax, assessment or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the City.

(e) *Further Encumbrance.* It will not additionally encumber the Net Revenues in any manner, except as permitted in this Ordinance and any Supplement in connection with Parity Obligations, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of this Ordinance and any Supplement; but the right of the City to issue or incur Subordinated Debt payable in whole or in part from a subordinate lien on the Net Revenues is specifically recognized and retained.

(f) *Sale, Lease, or Encumbrance of Airport.* Except for the use of the Airport or services pertaining thereto in the normal course of business, neither all nor a substantial part of the Airport shall be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Parity Obligations have been paid in full, or unless provision has been made therefor, and the City shall not dispose of its title to the Airport or to any useful part thereof, including, without limitation, any property necessary to the operation and use of the Airport, other than (i) in connection with the execution of leases, licenses, easements, or other agreements in connection with the operation of the Airport by the City, or in connection with any Special Facilities thereat, (ii) in connection with any pledges of and liens on revenues derived from the operation and use of the Airport or any part thereof, or any Special Facilities pertaining thereto, for the payment of Parity Obligations, Subordinated Debt, Special Facilities Debt, and any other obligations pertaining to the Airport and (iii) except as otherwise provided in the next three paragraphs.

The City may sell, exchange, lease, or otherwise dispose of, or exclude from the Airport any property constituting a part of the Airport which the Aviation Director certifies (i) to be no longer useful in the construction or operation of the Airport, or (ii) to be no longer necessary for the efficient operation of the Airport, or (iii) to have been replaced by other property of at least equal value. The net proceeds of the sale or disposition of any Airport property (or the fair market value of any property so excluded) pursuant to this paragraph shall be used for the purpose of replacing properties at the Airport, shall be paid into the Airport Fund, or shall be applied to retire or pay Annual Debt Service Requirements of Parity Obligations.

The preceding provisions to the contrary notwithstanding, the City will not enter into any lease of, or sell or otherwise dispose of, any part of the Airport or enter into a management or other similar operating agreement for the operation of any part of the Airport if, as a result of such lease, sale or other disposition, the interest income on any of the Parity Obligations would become includable in gross income of the recipients thereof for federal income tax purposes. Without limiting the generality of the foregoing, the City (i) will not take any action that would cause any part of the Airport financed with the proceeds of Tax-Exempt Debt to cease to be "owned by" the City

(as the term "owned by" is used in section 142(b)(1)(A) of the Code), (ii) will require, as a condition to the leasing of any part of the Airport, or the entering into of any management or other similar operating agreement for the operation of any part of the Airport, that the lessee or the other party to such management or other similar operating agreement, as the case may be, make an irrevocable election, in accordance with the provisions of section 142(b)(1)(B) of the Code and the regulations issued thereunder, not to claim depreciation or an investment credit with respect to the property leased to it by the City, or in the case of a management or other similar operating agreement, the property managed or operated by it, (iii) will not enter into any lease, management or other similar operating agreement with respect to any portion of the Airport if such lease, management or other operating agreement has a term of eighty percent (80%) or more of the reasonably expected economic life of the property subject to such lease, management or other similar operating agreement within the meaning of section 142(b)(1)(B)(ii) of the Code, and (iv) will not enter into any lease, management or other similar operating agreement if the lessee or other party to a management or other similar operating agreement has an option to purchase any portion of the Airport for a price other than the fair market value of such property at the time such option is exercised. The foregoing notwithstanding, the City shall not be obliged to comply with the aforesaid requirements of the Code during the term of Tax-Exempt Debt if the failure to comply with such requirements would not adversely affect the tax-exempt status of such Debt.

Nothing herein prevents any transfer of all or a substantial part of the Airport to another body corporate and politic (including, but not necessarily limited to, a joint action agency or an airport authority) which assumes the City's obligations under this Ordinance and in any Supplement, in whole or in part, if (i) in the written opinion of an Airport Consultant, the ability to meet the rate covenant under this Ordinance and in any Supplement are not materially and adversely affected and (ii) in the written opinion of Bond Counsel, such transfer and assumption will not cause the interest on any Outstanding Parity Obligations that are Tax-Exempt Debt to be includable in gross income of the owners thereof for federal income tax purposes. In such event, following such transfer and assumption, all references to the City, any City officials, City ordinances, City budgetary procedures and any other officials, actions, powers or characteristics of the City shall be deemed references to the transferee entity and comparable officials, actions, powers or characteristics of such entity. In the event of any such transfer and assumption, nothing therein shall prevent the retention by the City of any facility of the Airport if, in the written opinion of an Airport Consultant, such retention will not materially and adversely affect nor unreasonably restrict the transferee entity's ability to comply with the requirements of the rate covenant and the other covenants of this Ordinance and any Supplement.

(g) **Special Facilities.** The City may finance Special Facilities from the proceeds of Special Facilities Debt issued by or on behalf of the City without regard to any requirements of this Ordinance with respect to the issuance of Parity Obligations, subject, however, to the following conditions:

(i) Such Special Facilities Debt shall be payable solely from rentals derived by or on behalf of the City under a lease entered into between the City (or an entity acting on behalf

of the City) and the person, firm or corporation which will be utilizing the Special Facilities to be financed; and

(ii) In addition to all rentals with respect to the Special Facilities to be financed, a fair and reasonable rental for the land upon which said Special Facilities are to be constructed shall be charged by the City, and said ground rent shall be deemed Gross Revenues not available for the payment of such Special Facilities Debt.

(h) **Books, Records and Accounts.** It shall keep proper books, records and accounts relating to the Airport separate and apart from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Airport, and the City shall cause said books and accounts to be audited annually as of the close of each Fiscal Year by an Accountant (which may be part of the City's comprehensive annual financial report).

(i) **Audits.** After the close of each Fiscal Year while any Parity Obligation is Outstanding, an audit will be made by an Accountant of the books and accounts relating to the Airport and the Net Revenues (which may be included in the City's comprehensive annual financial report). As soon as practicable after the close of each such Fiscal Year, and when said audit has been completed and made available to the City, a copy of such audit for the preceding Fiscal Year shall be mailed to the Municipal Advisory Council of Texas, any Bond Insurer or Credit Provider, and to any owner of any then Outstanding Parity Obligations who shall so request in writing promptly after it is readily available to the general public. Such annual audit reports shall be open to the inspection of the owners of the Parity Obligations and their agents and representatives at all reasonable times during regular business hours of the City.

(j) **Annual Budget.** Not less than five Business Days prior to the beginning of each Fiscal Year, the City will adopt an Annual Budget for the Airport (which may be included in the City's general annual budget) for the ensuing Fiscal Year. Such budget is required to contain, among other items, the following: estimated Gross Revenues, Operating Expenses and Net Revenues for such Fiscal Year, the estimated amounts to be deposited during such Fiscal Year in each of the Funds and Accounts established in this Ordinance and any Supplement, and the estimated expenditures during such Fiscal Year for the replacement of Capital Improvements. A copy of the Annual Budget shall be filed with any Bond Insurer or Credit Provider promptly after it is readily available to the general public.

(k) **Insurance.** (1) It shall cause to be insured such parts of the Airport as would usually be insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents or casualties against which and to the extent insurance is usually carried by corporations operating like properties, including, to the extent reasonably obtainable, fire and extended coverage insurance, insurance against damage by hurricanes, floods, tornados and windstorms and use and occupancy insurance. Public liability and property damage insurance shall also be carried unless the City Attorney gives a written opinion to the effect that the City is not liable for claims which would be protected by such insurance. Notwithstanding the foregoing, in the event

the City determines that any policy of insurance required by this Ordinance is not reasonably available, the City may elect to be self-insured in whole or in part against the risk or loss that would otherwise be covered by such policy, in which case the City will establish a reserve for such risk or loss in such amount as the City deems appropriate. At any time while any contractor engaged in construction work shall be fully responsible therefor, the City shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the Holders and their representatives at all reasonable times during regular business hours of the City. Upon the happening of any loss or damage covered by insurance from one or more of said causes, the City shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the City. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the City for repairing the property damaged or replacing the property destroyed.

(2) The annual audit required by this Ordinance shall contain a section commenting on whether the City has complied with the requirements of this subsection (k) with respect to the maintenance of insurance, and listing the areas of insurance for which the City is self-insuring, all policies carried, and whether all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(3) For purposes of this subsection (k), a series of Parity Obligations shall include any Credit Agreement declared by the City to be a Parity Obligation.

(l) **Governmental Agencies.** It will comply with all of the terms and conditions of any and all grants and assurances, franchises, permits and authorizations applicable to or necessary with respect to the Airport, and which have been obtained from any governmental agency; and the City has or will obtain and keep in full force and effect all franchises, permits, authorization and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation and maintenance of the Airport.

(m) **Rights of Inspection.** The owner of \$100,000 in Outstanding Principal Amount of Parity Obligations shall have the right at all reasonable times during regular business hours of the City to inspect all records, accounts and data of the City relating to the Airport, and upon request the City shall furnish to such owner, at the cost of such owner, such financial statements, reports and other information relating to the City and the Airport as such owner may from time to time reasonably request.

(n) **Legal Holidays.** In any case where the date of maturity of interest on or principal of the Parity Obligations or the date fixed for redemption of any Parity Obligations or any other payment obligation under a Parity Obligation not be a Business Day, then payment of interest or principal need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption and no interest shall accrue for the period from the date of maturity or redemption to the date of actual payment.

(o) **Bondholders' Remedies.** This Ordinance and any Supplement shall constitute a contract between the City and the owners of the Parity Obligations from time to time outstanding and this Ordinance and the Supplement authorizing the issuance of Parity Obligations shall be and remain irrevocable until the Parity Obligations and any interest thereon shall be fully paid or discharged or provision therefor shall have been made as provided in a Supplement. In the event of a default in the payment of the principal of or interest on any Parity Obligation or a default in the performance of any duty or covenant provided by law or in this Ordinance, the owner or owners of any Parity Obligation may pursue all legal remedies afforded by the Constitution and laws of the State of Texas to compel the City to remedy such default and to prevent further default or defaults. Without in any way limiting the generality of the foregoing, it is expressly provided that any owner of any Parity Obligation may at law or in equity, by suit, action, mandamus, or other proceedings filed in any court of competent jurisdiction, enforce and compel performance of all duties required to be performed by the City under this Ordinance and any Supplement, including the making of reasonably required rates and charges for the use and services of the Airport, the deposit of the Gross Revenues into the Funds and Accounts provided in this Ordinance and any Supplement, and the application of such Gross Revenues in the manner required in this Ordinance and any Supplement.

Section 5. **AIRPORT FUND.** There has been established and maintained on the books of the City, and accounted for separate and apart from all other funds of the City, a separate fund designated as the Airport Fund. All Gross Revenues shall be credited to the Airport Fund immediately upon receipt. All Operating Expenses shall be paid (to the extent permitted) from the Gross Revenues credited to the Airport Fund as a first charge against same.

Section 6. **DEBT SERVICE FUND.** (a) **Debt Service Fund Established.** For the sole purpose of paying the principal amount of, premium, if any, and interest on, and other payments (other than Operating Expenses) incurred in connection with Parity Obligations, there is hereby created and there shall be established and maintained on the books of the City, and accounted for separate and apart from all other funds of the City, a separate fund designated as the Debt Service Fund. Moneys in the Debt Service Fund shall be deposited and maintained in an official depository bank of the City.

(b) **Supplement May Contain Additional Terms and Conditions.** The City reserves the right in any Supplement to (i) establish within the Debt Service Fund various Accounts to facilitate the timely payment of Parity Obligations as the same become due and owing and (ii) provide other terms and conditions with respect to payment obligations with respect to a Parity Obligation not inconsistent with the provisions of Section 11 of this Ordinance.

Section 7. **DEBT SERVICE RESERVE FUND.** (a) **Debt Service Reserve Fund Established.** There is hereby created and there shall be established and maintained on the books of the City, and accounted for separate and apart from all other funds of the City, a separate fund designated as the Debt Service Reserve Fund. Except as provided below, the Debt Service Reserve Fund shall be maintained for the benefit of the owners of Parity Obligations. There shall be deposited into the Debt Service Reserve Fund any Reserve Fund Obligations so designated by the

City. Reserve Fund Obligations in the Debt Service Reserve Fund shall be deposited and maintained in an official depository bank of the City. Reserve Fund Obligations in the Debt Service Reserve Fund shall be used for the purpose of retiring the last of the Parity Obligations to which the City designates Reserve Fund Obligations, in accordance with the terms of a Supplement, as they become due, or for paying principal of and interest on the Parity Obligations to which the City designates Reserve Fund Obligations, in accordance with the terms of a Supplement, when and to the extent the amounts in the Debt Service Fund are insufficient for such purpose. The Debt Service Reserve Fund shall be maintained in an amount equal to the Required Reserve Amount. The Designated Financial Officer, acting on behalf of the City may, at the option thereof, withdraw and transfer to the Airport Fund all surplus in the Debt Service Reserve Fund over the Required Reserve Amount. The City, in accordance with the terms of a Supplement, may establish that the Debt Service Reserve Fund shall not secure the Parity Obligations to be issued or incurred under such Supplement.

(b) *Use of Credit Facility.* The City may satisfy its covenant to maintain the Debt Service Reserve Fund in an amount equal to the Required Reserve Amount with a Credit Facility that will provide funds, together with other Reserve Fund Obligations, if any, credited to the Debt Service Reserve Fund, at least equal to the Required Reserve Amount. The City may replace or substitute a Credit Facility for all or a portion of the cash or Eligible Investments on deposit in the Debt Service Reserve Fund or in substitution for or replacement of any existing Credit Facility. Upon such replacement or substitution, cash or Eligible Investments on deposit in the Debt Service Reserve Fund which, taken together with the face amount of any existing Credit Facilities, are in excess of the Required Reserve Amount may be withdrawn by the City, at the option of the Designated Financial Officer, and transferred to the Airport Fund; provided that at the option of the Designated Financial Officer, acting on behalf of the City, the face amount of any Credit Facility may be reduced in lieu of such transfer.

(c) *Withdrawals from Debt Service Reserve Fund.* If the City is required to make a withdrawal from the Debt Service Reserve Fund for any of the purposes described in this Section, the Designated Financial Officer, acting on behalf of the City, shall promptly notify the issuer of such Credit Facility of the necessity for a withdrawal from the Debt Service Reserve Fund for any such purposes, and shall make such withdrawal FIRST from available moneys or Eligible Investments then on deposit in the Debt Service Reserve Fund, and NEXT from a drawing under any Credit Facility to the extent of such deficiency. Should there be more than one provider of Credit Facilities that are on deposit in the Debt Service Reserve Fund, the order of priority with respect to the drawings on such Credit Facilities shall be determined by the City and the providers of the Credit Facilities prior to any such drawings being made thereunder.

(d) **Deficiencies.** In the event of a deficiency in the Debt Service Reserve Fund, such that the Debt Service Reserve Fund contains less than the Required Reserve Amount, then the City shall, after making required deposits to the Debt Service Fund in accordance with the terms of this Ordinance and any Supplement, shall satisfy the Required Reserve Amount by depositing Reserve Fund Obligations into the Debt Service Reserve Fund in no more than twelve (12) monthly installments of not less than one-twelfth (1/12th) of the amount of such deficiency on or before the 15th day of each month following such deficiency to restore the Debt Service Reserve Fund to the Required Reserve Amount. In the event the Required Reserve Amount is funded through the use of a Credit Facility, and the Credit Facility specifies a termination or expiration date that is prior to the final maturity of the Parity Obligations so secured thereby, the City shall provide that such Credit Facility shall be renewed at least twelve (12) months prior to the specified termination or expiration date or in the alternative provide that any deficiency that will result upon the termination or expiration of such Credit Facility will be accounted for either by (i) obtaining a substitute Credit Facility no sooner than twenty-four (24) months or no later than twelve (12) months prior to the specified termination or expiration date of the then existing Credit Facility or (ii) by depositing cash into the Debt Service Reserve Fund in no more than twenty-four(24) monthly installments of not less than one-twenty fourth (1/24th) of the amount of such deficiency on or before the 15th day of each month, commencing on the 15th day of the month which is twelve (12) months prior to such termination or expiration date, to restore the Debt Service Reserve Fund to the Required Reserve Amount.

(e) **Redemption or Defeasance.** In the event of the redemption or defeasance of any Parity Obligation, any Reserve Fund Obligations on deposit in the Debt Service Reserve Fund in excess of the Required Reserve Amount may be withdrawn and transferred, at the option of the City, to the Airport Fund, as a result of (i) the redemption of the Parity Obligations, or (ii) funds for the payment of the Parity Obligations having been deposited irrevocably with the paying agent or place of payment therefor in the manner described in a Supplement, the result of such deposit being that such Parity Obligations no longer are deemed to be Outstanding under the terms of this Ordinance and such Supplement.

(f) **Credit Facility Draws.** In the event there is a draw upon the Credit Facility, the City shall reimburse the issuer of such Credit Facility for such draw, in accordance with the terms of any agreement pursuant to which the Credit Facility is issued, from Net Revenues, however, such reimbursement from Net Revenues shall be subject to the provisions of Section 7 (d) hereof and shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on Parity Obligations.

Section 8. OPERATING RESERVE FUND; AVIATION CAPITAL RESERVE FUND.

(a) **Operating Reserve Fund.** For the purposes hereinafter described, there is hereby created and there shall be established and maintained on the books of the City, and accounted for separate and apart from the other funds of the City, a separate fund designated as the Operating Reserve Fund. There shall be credited to the Operating Reserve Fund cash and Eligible Investments so designated by the Designated Financial Officer, acting on behalf of the City, and such cash and Eligible

Investments shall be deposited and maintained in an official depository bank of the City. Moneys credited to the Operating Reserve Fund shall be applied (i) to the payment of Operating Expenses to the extent that sufficient funds are not otherwise available in the Airport Fund to pay all Operating Expenses when due or (ii) to the payment of the principal of or the interest then due on Parity Obligations or the redemption price then due with respect to any Parity Obligations subject to a mandatory sinking fund redemption, as provided in any Supplement, but only to the extent that amounts credited to the Debt Service Fund and the Debt Service Reserve Fund, in the order named, shall not be sufficient to pay such principal, interest or redemption price.

(b) **Aviation Capital Reserve Fund.** There has been established and maintained on the books of the City, and accounted for separate and apart from all other funds of the City, a separate fund designated as the Capital Reserve Fund. The Capital Reserve Fund shall be maintained in an amount at least equal to the Minimum Capital Reserve, and is available solely for major construction projects at the Airport or for the replacement of large equipment used at the Airport. The Capital Reserve Fund shall be funded as provided in Section 11(e) hereof, to the extent Net Revenues are available after making the transfers described in subsections (a), (b), (c) and (d) of Section 11 hereof. The City hereby represents that the Capital Reserve Fund is funded in an amount at least equal to the Minimum Capital Reserve.

Section 9. **SUBORDINATED DEBT FUND.** (a) **Subordinated Debt Fund Established.** For the sole purpose of paying the principal amount of, premium, if any, and interest on, and other payments (other than Operating Expenses) incurred in connection with Subordinated Debt, there is hereby created and there shall be established and maintained on the books of the City, and accounted for separate and apart from all other funds of the City, a separate fund designated as the Subordinated Debt Fund. Moneys in the Subordinated Debt Fund shall be deposited and maintained in an official depository bank of the City.

(b) **Airport GO Debt Account Established.** Within the Subordinated Debt Fund there is hereby created and there shall be established and maintained on the books of the City, and accounted for separate and apart from the other funds of the City, an account designated as the Airport GO Debt Account. On the first Business Day of each Fiscal Year, for so long as the Airport GO Debt is outstanding, the Designated Financial Officer shall certify in writing to the City Council the aggregate debt service on the Airport GO Debt payable in such Fiscal Year. Upon receipt of such certification, the City shall cause Net Revenues to be credited to the Airport GO Debt Account, on the dates and in the manner described in Section 11 hereof, to the extent Net Revenues are available after making the transfers described in subsections (a), (b) and (c) of Section 11 hereof. Moneys in the Airport GO Debt Account shall be used for the payment of scheduled debt service on the Airport GO Debt as the same shall come due. Once the Airport GO Debt is no longer outstanding in accordance with its terms, the Designated Financial Officer shall promptly deliver a written certificate to the City Council stating that transfers of Net Revenues to the credit of the Airport GO Debt Account are no longer required to contribute toward the payment of debt service on Airport GO Debt. If moneys are on deposit in the Airport GO Debt Account after such certificate is delivered, such moneys shall be transferred to the credit of the Airport Fund. The City hereby

declares that the transfer of Net Revenues in support of Airport GO Debt constitutes a Subordinated Debt for purposes of this Ordinance.

(c) **Additional Accounts.** The City may create, establish and maintain on the books of the City additional Accounts within the Subordinated Debt Fund from which moneys can be withdrawn to pay the principal of and interest on Subordinated Debt which hereafter may be issued or incurred.

Section 10. **CONSTRUCTION FUND AND REBATE FUND.** The City, in a Supplement, hereafter may create, establish and maintain on the books of the City a separate Fund or Account for use by the City for payment of all lawful costs associated with the construction, improvement and equipping of the Airport, and for making payments to the United States of America pursuant to section 148 of the Code.

Section 11. **FLOW OF FUNDS.** Moneys in the Airport Fund not required for paying Operating Expenses during each month shall be applied by the City in the order of priority with respect to the Funds and Accounts that such applications are hereinafter set forth in this Section.

(a) **Debt Service Fund** - To the credit of the Debt Service Fund, in the following order of priority, to-wit:

(i) such amounts, as more fully described in the Supplement authorizing the issuance or incurrence of Parity Obligations, as will be sufficient, together with other amounts, if any, in the Debt Service Fund available for such purpose (including specifically moneys on deposit in an Account in which capitalized interest is deposited and dedicated thereto), to pay the interest scheduled to come due on Parity Obligations on the next succeeding interest payment date;

(ii) such amounts, as more fully described in the Supplement authorizing the issuance or incurrence of Parity Obligations, as will be sufficient, together with other amounts, if any, in the Debt Service Fund available for such purpose, to pay the principal scheduled to mature on Parity Obligations on the next succeeding principal payment date; and

(iii) such amounts, as more fully described in the Supplement authorizing the issuance or incurrence of Parity Obligations, to pay scheduled mandatory sinking redemption amounts of such Parity Obligations which constitute "Term Bonds" to be redeemed in accordance with the terms of such Supplement.

(b) **Debt Service Reserve Fund.** To the credit of the Debt Service Reserve Fund, in the event the Debt Service Reserve Fund is not fully funded on the date of issuance or incurrence of Parity Obligations, as more fully described in the Supplement authorizing such Parity Obligations, such amounts, deposited in no more than sixty approximately equal monthly installments, commencing during the month in which the Parity Obligations are delivered or the month thereafter if delivery is made after the 15th day thereof, equal to not less than one-sixtieth (1/60th) of the

Required Reserve Amount, until such time as such amounts together with other amounts, if any, in the Debt Service Reserve Fund, equal the Required Reserve Amount. When and so long as the Reserve Fund Obligations in the Debt Service Reserve Fund are not less than the Required Reserve Amount, no deposits need be made to the credit of the Debt Service Reserve Fund. When and if the Debt Service Reserve Fund at any time contains less than the Required Reserve Amount due to any cause or condition other than the issuance of Parity Obligations then, subject and subordinate to making the required deposits to the credit of the Debt Service Fund, commencing with the month during which such deficiency occurs, such deficiency shall be made up from the next available Net Revenues or from any other sources available for such purpose, in the manner provided in Section 7(d) of this Ordinance. Reimbursements to a provider of a Credit Facility made in accordance with the terms of Section 7(f) of this Ordinance shall constitute the making up of a deficiency to the extent that such reimbursements result in the reinstatement, in whole or in part, as the case may be, of the amount of the Credit Facility. If the Debt Service Reserve Fund contains less than the Required Reserve Amount due to the issuance of Parity Obligations, monthly deposits shall be made to the Debt Service Reserve Fund in the manner described in the first sentence of this subsection, commencing during the month and in the amounts required by this Ordinance and the Supplement pursuant to which such Parity Obligations are to be issued or incurred, unless Reserve Fund Obligations are credited to the Debt Service Reserve Fund in an amount necessary to cause the sum of money and the Value of Investment Securities and any other Credit Facilities in the Debt Service Reserve Fund to equal the Required Reserve Amount.

(c) **Operating Reserve Fund.** If on the 15th day of any month, there is on deposit in the Operating Reserve Fund an amount less than one-sixth (1/6th) of the estimated total Operating Expenses for the then current Fiscal Year as set forth in the then current Annual Budget, the City shall credit to the Operating Reserve Fund, out of moneys in the Airport Fund after paying Operating Expenses and making the required payments for such month into the Debt Service Fund and the Debt Service Reserve Fund as described above, there shall be deposited to the credit of the Operating Reserve Fund, in no more than twelve (12) monthly installments, an amount equal to not less than one-twelfth (1/12th) of the difference between one-sixth (1/6th) of the estimated total Operating Expenses for said Fiscal Year as set forth in the then current Annual Budget and the amount then on deposit in the Operating Reserve Fund.

(d) **Subordinated Debt Fund.** To the credit of the Subordinated Debt Fund, for deposit in any Account established therein, including specifically the Airport GO Debt Account, such amounts, as more fully described in any ordinance hereafter adopted authorizing the issuance or incurrence of Subordinated Debt, as will be sufficient, together with other amounts, if any, in the Subordinated Debt Fund available for such purpose, to make scheduled payments with respect to Subordinated Debt on the next succeeding date payment is due. The foregoing notwithstanding, with respect to deposits to the credit of the Airport GO Debt Account, such deposits shall commence during the month in which the first issue of Parity Obligations issued under this Ordinance and the Supplement authorizing such Parity Obligations is delivered or the month thereafter if delivery of such Parity Obligations is made after the 15th day thereof.

(e) *Surplus*. Should there be any surplus moneys available in the Airport Fund from Gross Revenues deposited to the credit of the Airport Fund during the then current Fiscal Year, following the payment in such Fiscal Year of Operating Expenses and such payments and transfers to the Debt Service Fund, the Debt Service Reserve Fund, the Operating Reserve Fund and the Subordinated Debt Fund as described above, such surplus may be used by the City, at the discretion of the Aviation Director (consistent with the terms of the use agreements with the airlines operating at the Airport), for any lawful purpose relating to the ownership and operation of the Airport including, without limitation, funding any deficiencies in the Capital Reserve Fund and the payment of future debt service on Parity Obligations and Subordinated Debt.

Section 12. **ISSUANCE OF ADDITIONAL OBLIGATIONS.** (a) *Parity Obligations*. The City reserves the right to issue or incur, for any lawful purpose, pursuant to this Ordinance and a Supplement (other than a Supplement adopted concurrently with this Ordinance), additional Parity Obligations; provided, however, that no such Parity Obligations shall be delivered unless:

- (i) *No Default*. The Designated Financial Officer and the Aviation Director certify that, upon incurring, issuing or otherwise becoming liable in respect to such Parity Obligations, the City will not be in default under any term or provision of this Ordinance, any Parity Obligations then Outstanding or any Supplement pursuant to which any of such Parity Obligations were issued or incurred.
- (ii) *Proper Fund Balances*. The Designated Financial Officer certifies that, upon the issuance of such Parity Obligations, the Debt Service Fund will have the required amounts on deposit therein and that the Debt Service Reserve Fund will contain the applicable Required Reserve Amount or so much thereof as is required to be funded at such time. Upon the issuance of such Parity Obligations, any additional amounts necessary to cause the Debt Service Reserve Fund to be funded in the Required Reserve Amount may be funded over a 60-month period in the manner provided for in Section 11(b) of this Ordinance.
- (iii) *Projected Coverage*. An Airport Consultant provides a written report setting forth projections which indicate that the estimated Net Revenues of the Airport for each of three consecutive Fiscal Years beginning in the earlier of
 - (A) the first Fiscal Year following the estimated date of completion and initial use of all revenue producing facilities to be financed with Parity Obligations, based upon a certified written estimated completion date by the consulting engineer for such facility or facilities, or
 - (B) the first Fiscal Year in which the City will have scheduled payments of interest on or principal of the Parity Obligations to be issued for the payment of which provision has not been made as indicated in the report of such Airport Consultant from proceeds of such Parity Obligations, investment

income thereon or from other appropriated sources (other than Net Revenues).

are equal to at least 1.25 times of the Annual Debt Service Requirements on all Parity Obligations scheduled to occur during each such respective Fiscal Year after taking into consideration the additional Annual Debt Service Requirements for the Parity Obligations then being issued or incurred.

- (iv) Alternative Coverage for Parity Obligations. In lieu of the certification in clause (iii) above, the Designated Financial Officer may provide a certificate showing that, for either the City's most recent complete Fiscal Year or for any consecutive 12 out of the most recent 18 months, the Net Revenues of the Airport were equal to at least 1.25 times of the maximum Annual Debt Service Requirements on all Parity Obligations scheduled to occur in the then current or any future Fiscal Year after taking into consideration the Parity Obligations proposed to be issued or incurred.

(b) **Refunding Obligations.** If Parity Obligations are being issued for the purpose of refunding less than all Outstanding Parity Obligations, neither of the certifications described in subsections (a) (iii) or (a) (iv) of this Section are required so long as the Designated Financial Officer provides a certificate showing that the aggregate debt service requirements of such refunding Parity Obligations will not exceed the aggregate debt service requirements of the Parity Obligations being refunded.

(c) **Completion Obligations.** The City reserves the right to issue or incur Parity Obligations to pay the cost of completing any Capital Improvements for which Parity Obligations have previously been issued.

Prior to the delivery of Completion Obligations, the City must provide, in addition to all of the applicable certificates required by subsection (a) of this Section (other than the certificates not required under the circumstances described below), the following documents:

- (i) a certificate of the consulting engineer engaged by the City to design the Capital Improvement for which the Completion Obligations are to be delivered stating that such Capital Improvement has not materially changed in scope since the most recent series of Parity Obligations was issued or incurred for such purpose (except as permitted in the Supplement authorizing such Parity Obligations) and setting forth the aggregate cost of the Capital Improvement which, in the opinion of such consulting engineer, has been or will be incurred; and
- (ii) a certificate of the Aviation Director (A) stating that all amounts allocated to pay costs of the Capital Improvement from the proceeds of the most recent series of Parity Obligations issued or incurred in connection with the Capital

Improvement for which the Completion Obligations are being issued or incurred were used or are still available to be used to pay costs of such Capital Improvement; (B) containing a calculation of the amount by which the aggregate cost of that Capital Improvement (furnished in the consulting engineer's certificate described above) exceeds the sum of the costs of the Capital Improvement paid to such date plus the moneys available at such date within any construction fund or other like account applicable to the Capital Improvement plus any other moneys which the Aviation Director, in the discretion thereof, has determined are available to pay such costs in any other fund; and (C) certifying that, in the opinion of the Aviation Director, it is necessary to issue or incur the Completion Obligations to provide funds for the completion of the Capital Improvement.

Completion Obligations may be issued or incurred for any Airport facility or project which shall be declared in the Supplement to be a Capital Improvement. Any such Supplement may contain such further provisions as the City shall deem appropriate with regard to the use, completion, modification or abandonment of such Capital Improvement. Anything herein to the contrary, the provisions of subsections (a) (iii) and (a) (iv) of this Section do not apply to Completion Obligations if the aggregate principal amount of the Completion Obligations then to be issued does not exceed 15% of the aggregate principal amount of the Parity Obligations initially issued to pay the cost of such Capital Improvement.

(d) ***Subordinated Debt and Special Facilities Debt.*** Subordinated Debt and Special Facilities Debt may be issued or incurred by the City without limitation. Subordinated Debt shall be payable from moneys deposited to the credit of the Subordinated Debt Fund. Special Facilities Debt is permitted to be issued, as described in Section 4(g) hereof, and shall not be secured by a lien on and pledge of Net Revenues.

(e) ***Credit Agreements.*** Payments to be made under a Credit Agreement may be treated as Parity Obligations if the governing body of the City makes a finding in the Supplement authorizing the treatment of the obligations of the City incurred under a Credit Agreement as a Parity Obligation that, based upon the findings contained in a certificate executed and delivered by a Designated Financial Officer, the City will have sufficient funds to meet the financial obligations of the Airport, including sufficient Net Revenues to satisfy the Annual Debt Service Requirements of the Airport and the financial obligations of the City relating to the Airport after giving effect to the treatment of the Credit Agreement as a Parity Obligation.

(f) ***Determination of Net Revenues.*** In making a determination of Net Revenues for any of the purposes described in this Section, the Airport Consultant or the Designated Financial Officer may take into consideration a change in the rates and charges for services and facilities afforded by the Airport that became effective at least 30 days prior to the last day of the period for which Net Revenues are determined and, for purposes of satisfying the Net Revenues tests described above, make a pro forma determination of the Net Revenues of the Airport for the period of time covered

by the certification or opinion based on such change in rates and charges being in effect for the entire period covered by the certificate or opinion.

Section 13. **DEFEASANCE.** The provisions relating to the terms and conditions upon which a defeasance of Parity Obligations shall be effected shall be contained in the Supplement authorizing such Parity Obligations.

Section 14. **AMENDMENT OF ORDINANCE.** (a) *Approval of Amendments.* The owners of a majority in Outstanding Principal Amount of the Parity Obligations shall have the right from time to time to approve any amendment to this Ordinance which may be deemed necessary or desirable by the City; provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in this Ordinance or in the Parity Obligations so as to:

- (i) Make any change in the maturity of any of the Outstanding Parity Obligations;
- (ii) Reduce the rate of interest borne by any of the Outstanding Parity Obligations;
- (iii) Reduce the amount of the principal payable on the Outstanding Parity Obligations;
- (iv) Modify the terms of payment of principal of, premium, if any, or interest on the Outstanding Parity Obligations or impose any conditions with respect to such payment;
- (v) Affect the rights of the owners of less than all of the Parity Obligations then Outstanding;
- (vi) Amend this subsection (a) of this Section; or
- (vii) Change the minimum percentage of the principal amount of Parity Obligations necessary for consent to any amendment;

unless such amendment or amendments be approved by the owners of all of the Parity Obligations then Outstanding.

(b) *Notice.* If at any time the City shall desire to amend this Ordinance under this Section, the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, and a newspaper of general circulation in the City, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the City and at the principal office of each Paying Agent or Registrar, as the case may be, for the Parity Obligations for inspection by all Holders of Parity Obligations. Such publication is not required, however, if notice in writing is given to each owner of Parity Obligations.

(c) *Adoption.* Whenever at any time not less than 30 days, and within one year, from the date of the first publication of said notice or other service of written notice the City shall receive an instrument or instruments executed by the owners of at least a majority in Outstanding Principal Amount of the Parity Obligations then Outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such

amendment in substantially the form of the copy thereof on file with each Paying Agent or Registrar, as the case may be, for the Parity Obligations, the governing body of the City may pass the amendatory ordinance in substantially the same form.

(d) **Ordinance Deemed Amended.** Upon the passage of any amendatory ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be amended in accordance with such amendatory ordinance, and the respective rights, duties and obligations under this Ordinance of the City and all the owners of then Outstanding Parity Obligations and all future Parity Obligations shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendments.

(e) **Consent Irrevocable.** Any consent given by the owner of a Parity Obligation pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Parity Obligation during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing written notice thereof with the Paying Agent or Registrar, as the case may be, for such Parity Obligation and the City, but such revocation shall not be effective if the owners of at least a majority in Outstanding Principal Amount of the then Outstanding Parity Obligations as determined in accordance with this Section have, prior to the attempted revocation, consented to and approved the amendment.

(f) **Amendments Without Consent.** The foregoing provisions of this Section notwithstanding, the City by action of its governing body may amend this Ordinance without the consent of any owner of a Parity Obligation for any one or more of the following purposes:

(i) To add to the covenants and agreements of the City in this Ordinance contained, other covenants and agreements thereafter to be observed, grant additional rights or remedies to the owners of the Parity Obligations or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City;

(ii) To make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in this Ordinance, or in regard to clarifying matters or questions arising under this Ordinance, as are necessary or desirable and not contrary to or inconsistent with this Ordinance and which shall not adversely affect the interests of the owners of the Parity Obligations then Outstanding;

(iii) To modify any of the provisions of this Ordinance in any other respect whatsoever, provided that (A) such modification shall be, and be expressed to be, effective only after all Parity Obligations outstanding at the date of the adoption of such modification shall cease to be outstanding, and (B) such modification shall be specifically referred to in the text of all Parity Obligations issued after the date of the adoption of such modification;

(iv) To make such amendments to this Ordinance as may be required, in the opinion of Bond Counsel, to ensure compliance with sections 103 and 141 through 150 of the Code and the regulations promulgated thereunder and applicable thereto;

(v) To make such changes, modifications or amendments as may be necessary or desirable in order to allow the owners of the Parity Obligations to thereafter avail themselves of a book-entry system for payments, transfers and other matters relating to the Parity Obligations, which changes, modifications or amendments are not contrary to or inconsistent with other provisions of this Ordinance and which shall not adversely affect the interests of the owners of the Parity Obligations;

(vi) To make such changes, modifications or amendments as may be necessary or desirable in order to obtain the approval of the Parity Obligations by the Office of the Attorney General of the State of Texas, to the extent such approval is required by law, or to obtain or maintain the granting of a rating on the Parity Obligations by a Credit Rating Agency, or to obtain or maintain a Credit Agreement or a Credit Facility; and

(vii) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Parity Obligations, in order, to the extent permitted by law, to facilitate the economic and practical utilization of interest rate swap agreements, foreign currency exchange agreements, or similar types of agreements with respect to the Parity Obligations.

Notice of any such amendment of the nature described in this subsection may be published by the City in the manner described in subsection (b) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory ordinance and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory ordinance.

(g) **Ownership.** For the purpose of this Section, the ownership and other matters relating to all Parity Obligations shall be determined as provided in each Supplement.

(h) **Amendments of Supplements.** Each Supplement shall contain provisions governing the ability of the City to amend such Supplement; provided, however, that no amendment may be made to any Supplement for the purpose of granting to the owners of Outstanding Parity Obligations under such Supplement a priority over the owners of any other Outstanding Parity Obligations.

Section 15. **DEFICIENCIES; EXCESS NET REVENUES.** (a) **Deficiencies.** If on any occasion there shall not be sufficient Net Revenues to make the required deposits into the Funds and Accounts established in accordance with this Ordinance and any Supplement, then such deficiency shall be made up as soon as possible from the next available Net Revenues, or from any other source available for such purpose.

(b) **Surplus.** Subject to making the required deposits to the credit of the Funds and Accounts established in accordance with this Ordinance and any Supplement, when and as required by this Ordinance and any Supplement, the excess Net Revenues may be used by the City for any lawful purpose, consistent with the provisions of Section 11 of this Ordinance and applicable provisions of federal law.

Section 16. **FUNDS SECURED.** Moneys in all Funds and Accounts created in accordance with this Ordinance and any Supplement shall be secured in the manner prescribed by law for securing funds of the City.

Section 17. **INVESTMENTS.** Moneys in any Fund or Account established pursuant to this Ordinance and any Supplement may, at the option of the City, be placed or invested in Eligible Investments. The value of any such Fund or Account shall be established by adding any money therein to the Value of Investment Securities. The value of each such Fund or Account shall be established no less frequently than annually during the last month of each Fiscal Year. Earnings derived from the investment of moneys on deposit in the various Funds and Accounts shall be credited to the Fund or Account from which moneys used to acquire such investment shall have come; provided, however, that transfers from the Debt Service Reserve Fund to the Airport Fund as described in Section 7 (b) shall be made at the discretion of the Designated Financial Officer. Eligible Investments credited to the Debt Service Reserve Fund shall have stated maturities, or be redeemable at the option of the holder thereof at a stated price and time, not later than seven years after the date of the investment therein or the date of last maturity of Parity Obligations, whichever date is earlier. Eligible Investments credited to the Debt Service Fund and the Operating Reserve Fund shall have stated maturities, or be redeemable at the option of the holder thereof at a stated price and time, not later than the date such moneys shall be needed to pay principal (including scheduled mandatory sinking fund redemption payments) and interest on Parity Obligations, or to pay Operating Expenses, as the case may be.

Section 18. **PREAMBLE.** The preamble of this Ordinance is hereby incorporated by reference, and is to be considered a part of the operative text of this Ordinance.

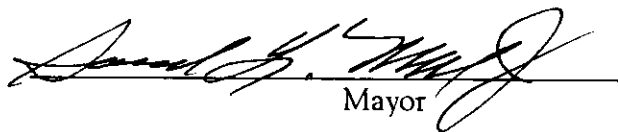
Section 19. **RULES OF CONSTRUCTION.** For all purposes of this Ordinance, unless the context requires otherwise, all references to designated Sections and other subdivisions are to the Sections and other subdivisions of this Ordinance. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision. Except where the context otherwise requires, terms defined in this Ordinance to impart the singular number shall be considered to include the plural number and vice versa. References to any named Person means that party and its successors and assigns. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Ordinance is adopted by the City and any future amendments thereto or successor provisions thereof. Any reference to the payment of principal in this Ordinance shall be deemed to include the payment of mandatory sinking fund redemption payments as described in a Supplement.

Section 20. **INTERPRETATIONS.** The titles and headings of the Sections and subsections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof.

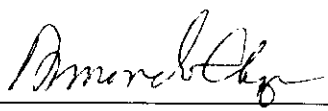
Section 21. **DELEGATION OF AUTHORITY.** In respect to the delegation by the City of any authority to an officer or employee of the City under Chapter 1371 to perform any duty or responsibility hereunder or in a Supplement, the City hereby finds that a finding or determination made by such officer or employee has the same force and effect as a finding or determination made by the governing body of the City.

Section 22. **IMMEDIATE EFFECT.** On request of the Mayor to find and declare an emergency due to the immediate need for the efficient and effective administration of City affairs by establishing the airport revenue bond financing program in conjunction with authorizing the issuance of Parity Obligations, such finding of an emergency is hereby specifically made and declared, requiring suspension of the Charter rule as to consideration and voting upon ordinances or resolutions at two regular meetings so that this Ordinance be passed and take effect upon first reading.

ADOPTED this 22nd day of August, 2000.


Mayor

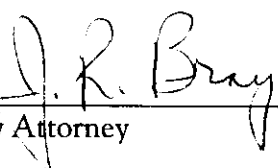
ATTEST:



City Secretary

(SEAL)

APPROVED AS TO FORM:



City Attorney

EXHIBIT A

DEFINITIONS

As used in the Ordinance, the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"Account" means any account created, established and maintained under the terms of any Supplement.

"Accountant" means a nationally recognized independent certified public accountant, or an independent firm of certified public accountants.

"Airport" means the Corpus Christi International Airport, together with all properties, facilities and services thereof, all additions, extensions, replacements, and improvements thereto, as well as any other facility that qualifies as an airport or an air navigation facility under Chapter 22 that the City hereafter declares to be within the meaning of "Airport" under the Ordinance; provided, however, the term "Airport" shall not include (a) the Industrial Properties and (b) the Special Facilities Properties.

"Airport Consultant" means an airport consultant or airport consultant firm or corporation having a wide and favorable reputation for skill and experience with respect to the operation and maintenance of airports, in recommending rental and other charges for use of airport facilities and in projecting revenues to be derived from the operation of airports, and not a full time employee of the City.

"Airport Fund" means the "City of Corpus Christi, Texas Airport Fund", the existence of which is confirmed in Section 5 of this Ordinance.

"Airport GO Debt" means the indebtedness of the City, supported by a pledge of ad valorem taxes of the City, for which the City transfers moneys from the Airport Fund in support of the payment thereof, including, but not limited to, certain of the debt service payments attributable to the City's General Improvement Bonds, Series 1986, Series 1987, Series 1990, Series 1992, Series 1993 and Series 1995. The transfers of Net Revenues in support of the Airport GO Debt constitutes Subordinated Debt under this Ordinance.

"Airport GO Debt Account" means the "City of Corpus Christi, Texas Airport GO Debt Account" within the Subordinated Debt Fund established pursuant to Section 9 of this Ordinance.

"Annual Budget" means the annual budget of the Airport (which may be included in the City's general annual budget), as amended and supplemented, adopted or in effect for a particular Fiscal Year.

"Annual Debt Service Requirements" means, for any Fiscal Year, the principal of and interest on all Parity Obligations coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the City on such Debt, or be payable in respect of any required purchase of such Debt by the City) in such Fiscal Year, less and except any such principal or interest for the payment of which provision has been made by (i) appropriating for such purpose amounts sufficient to provide for the full and timely payment of such interest or principal either from proceeds of bonds, notes or other obligations, from interest earned or to be earned thereon, from Airport funds other than Net Revenues, or from any combination of such sources and (ii) depositing such amounts (except in the case of interest to be earned, which shall be deposited as received) into a dedicated Fund or Account, the proceeds of which are required to be transferred as needed into the Debt Service Fund or directly to the Paying Agent for such Parity Obligations; and, for such purposes, any one or more of the following rules shall apply at the election of the City

(1) Committed Take Out. If the City has entered into a Credit Agreement constituting a binding commitment within normal commercial practice, from any bank, savings and loan association, insurance company, or similar institution to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such Debt is subject to required purchase, all under arrangements whereby the City's obligation to repay the amounts advanced for such discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharging or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added;

(2) Balloon Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the City) in any Fiscal Year either is equal to at least 25% of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein and throughout this Exhibit A as "Balloon Debt"), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

(3) Consent Sinking Fund. In the case of Balloon Debt, if a Designated Financial Officer shall deliver to the City a certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (3) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and provided further that this clause (3) shall not apply where the City has elected to apply the rule set forth in clause (2) above;

(4) Prepaid Debt. Principal of and interest on Parity Obligations, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt;

(5) Variable Rate.

(A) Except as hereinafter provided in this subparagraph, the rate of interest on Variable Rate Obligations then proposed to be issued shall be deemed to be the average for the then immediately preceding five years of the BMA Index, plus 20 basis points; provided, however, that (i) if, after the issuance of the Variable Rate obligations then proposed to be issued, more than 20% of the aggregate of the Parity Obligations Outstanding will bear interest at a variable rate and (ii) any Parity Obligation is then insured by a Bond Insurer, the rate of interest on Variable Rate Obligations then proposed to be issued shall be deemed to be the greater of (x) the most recently announced 30-year Revenue Bond Index published by The Bond Buyer, a financial journal published, as of the date the Ordinance was adopted, in The City of New York, New York, (y) the rate of interest then borne by any Variable Rate Obligations then Outstanding, and (z) 1.25 times the average variable rate borne by any Variable Rate Obligations then Outstanding during the then immediately preceding twelve-month period, or if no Variable Rate Obligations are then Outstanding, 1.25 times the average variable rate for similarly rated obligations with comparable maturities during the then

immediately preceding twelve-month period, and

(B) Except as hereinafter provided in this subparagraph, the rate of interest on Variable Rate Obligations outstanding at the time of such calculation shall be deemed to be the lesser of (i) the then current per annum rate of interest borne by such Variable Rate Obligations or (ii) the average per annum rate of interest borne by such Variable Rate Obligations during the then immediately preceding twelve-month period; provided, however, that for any period during which (a) more than 20% of the aggregate of the Parity Obligations then Outstanding bear interest at a variable rate and (b) any Parity Obligation is then insured by a Bond Insurer, the rate of interest on such Variable Rate Obligations shall be the greater of (x) the most recently announced 30 year Revenue Bond Index published by The Bond Buyer, a financial journal published, as of the date the Ordinance was adopted, in The City of New York, New York, (y) the rate of interest then in effect with respect to such Variable Rate Obligations in accordance with their terms, and (z) 1.25 times the average variable rate borne by such Variable Rate Obligations during the then immediately preceding twelve-month period;

(6) Credit Agreement Payments. If the City has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit Agreement (other than payments made by the City in connection with the termination or unwinding of a Credit Agreement), from either the City or the Credit Provider, shall be included in such calculation except to the extent that the payments are already taken into account under (1) through (5) above and any payments otherwise included above under (1) through (5) which are to be replaced by payments under a Credit Agreement, from either the City or the Credit Provider, shall be excluded from such calculation. With respect to any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, with respect to prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

"Aviation Director" means the director of the City's Department of Aviation, or the successor or person acting in such capacity.

"BMA Index" means the "high grade" seven-day index made available by The Bond Markets Association of New York, New York, or any successor thereto, based upon 30-day yield evaluation at par of bonds, the interest income on which is excludable from gross income of the recipients thereof for federal income tax purposes. In the event that neither The Bond Markets Association nor any successor thereto makes available an index conforming to the requirements of the preceding sentence, the term "BMA Index" shall mean an index determined by the City based upon the rate

for bonds rated in the highest short-term rating category by Moody's and Standard & Poor's, the interest income on which is excludable from gross income of the recipients thereof for federal income tax purposes, in respect of issuers most closely resembling the "high grade" component issuers selected by "BMA Index".

"**Bond Counsel**" means McCall, Parkhurst & Horton L.L.P., or other independent counsel selected by the City whose opinions respecting the legality or validity of securities issued by or on behalf of states or political subdivisions thereof are nationally recognized.

"**Bond Insurer**" means any insurance company insuring payment of municipal bonds and other similar obligations if such bond or obligations so insured by it are eligible for a rating by a Credit Rating Agency, at the time of the delivery of a Municipal Bond Insurance Policy, in one of its two highest rating categories.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which the City or the city in which the payment office of the Paying Agent is located is authorized by law to remain closed and is closed.

"**Capital Improvements**" means improvements, extensions and additions to the Airport (other than Special Facilities) that are properly chargeable to capital account by generally accepted accounting practice and includes, without limitations, equipment and rolling stock so chargeable and real estate (and easements and other interests therein) on, under or over which any such improvements, extensions or additions are, or are proposed to be, located.

"**Capital Reserve Fund**" means the "City of Corpus Christi, Texas Aviation Capital Reserve Fund", the existence of which is confirmed in Section 8(b) of this Ordinance.

"**Chapter 22**" means Chapter 22, Texas Transportation Code.

"**Chapter 1371**" means Chapter 1371, Texas Government Code.

"**Chapter 2256**" means Chapter 2256, Texas Government Code.

"**City**" and "**Issuer**" mean the City of Corpus Christi, Texas.

"**Code**" means the Internal Revenue Code of 1986, as amended, any successor federal income tax laws or any regulations promulgated or rulings published pursuant thereto.

"**Completion Obligations**" means any bonds, notes or other obligations issued or incurred by the City for the purpose of completing any Capital Improvement for which Parity Obligations have previously been issued or incurred by the City, as described in Section 12(c) of the Ordinance.

"**Credit Agreement**" means, collectively, a loan agreement, revolving credit agreement,

agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Parity Obligations, purchase or sale agreements, interest rate swap agreements, or commitments or other contracts or agreements authorized, recognized and approved by the City as a Credit Agreement in connection with the authorization, issuance, security, or payment of Parity Obligations and on a parity therewith.

"**Credit Facility**" means (i) a policy of insurance or a surety bond, issued by a Bond Insurer or an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a Credit Rating Agency having an outstanding rating on Parity Obligations would rate the Parity Obligations fully insured by a standard policy issued by the issuer in its highest generic rating category for such obligations; and (ii) a letter of credit or line of credit issued by any financial institution, provided that a Credit Rating Agency having an outstanding rating on the Parity Obligations would rate the Parity Obligations in its two highest generic rating categories for such obligations if the letter of credit or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the Parity Obligations and the interest thereon.

"**Credit Provider**" means any bank, financial institution, insurance company, surety bond provider, or other institution which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

"**Credit Rating Agency**" means (a) Moody's, (b) Standard & Poor's, (c) any successor to either of the foregoing by merger, consolidation or otherwise, and (d) any other nationally recognized municipal securities rating service from whom the City seeks and obtains a rating on any issue or series of Parity Obligations.

"**Debt**" of the City payable from Net Revenues means all:

(1) indebtedness incurred or assumed by the City for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of the City issued or incurred for the Airport (including, without limitation, Airport GO Debt, for which the Airport transfers funds to the City to make debt service payments thereon) that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet; and

(2) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations at the Airport that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss,

or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise.

For the purpose of determining the "Debt" payable from the Net Revenues, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. Except as may be otherwise provided above, no item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements of the City in prior Fiscal Years.

"Debt Service Fund" means the "City of Corpus Christi, Texas General Airport Revenue Parity Obligations Debt Service Fund" established pursuant to Section 6 of the Ordinance.

"Debt Service Reserve Fund" means the "City of Corpus Christi, Texas General Airport Revenue Parity Obligations Debt Service Reserve Fund" established pursuant to Section 7 of the Ordinance.

"Designated Financial Officer" means the City Manager, the Director of Finance, or such other financial or accounting official of the City so designated by the governing body of the City.

"Eligible Investments" means (i) those investments in which the City is now or hereafter authorized by law, including, but not limited to, Chapter 2256, to purchase, sell and invest its funds and funds under its control and (ii) any other investments not specifically authorized by Chapter 2256 but which may be designated by the terms of a Supplement as Eligible Investments under authority granted by Chapter 1371.

"Federal Payments" means those funds received by the Airport from the federal government or any agency thereof as payments for the use of any facilities or services of the Airport.

"Fiscal Year" means the successive twelve-month period designated by the City as its fiscal year of the City, which currently ends on July 31 of each calendar year.

"Fund" means any fund created, established and maintained under the terms of the Ordinance and any Supplement.

"Funded Debt" of the Airport means all Parity Obligations (and, for purposes of Section 12 (d) of the Ordinance, all Subordinated Debt) created or assumed by the City and payable from Net Revenues that mature by their terms (in the absence of the exercise of any earlier right of demand), or that are renewable at the option of the City to a date, more than one year after the original creation or assumption of such Debt by the City.

"Gross Revenues" means the revenues, receipts and funds now or hereafter derived by the City from the operation, leasing or sale of the Airport, as determined in accordance with generally accepted accounting principles applicable to the City as in effect from time to time, including, without limitation, (a) all income, receipts and moneys derived from the rates, rentals, fees and charges fixed, imposed and collected by the City for the use and services of the Airport or otherwise derived from or arising through the ownership, use, operation and management of the Airport by the City or derived from the rental by the City of all or any part of the Airport, or derived by the City from the sale or rental by the City of any commodities or goods in connection with the Airport, including specifically, but not by way of limitation, ground rental or other payments related to the use of the Airport paid by the lessees of either Industrial Properties or Special Facilities Properties, (b) proceeds of insurance or condemnation awards with respect to the Airport, to the extent the same may be applied to the payment of Operating Expenses or to the payment of principal of, premium, if any, and interest on the Parity Obligations, (c) grants, gifts and subsidies, to the extent the same may be applied to the payment of Operating Expenses or to the payment of the principal of, premium, if any, and interest on the Parity Obligations, (d) passenger facility charges or other similar charges to the extent permitted by law, to the extent the same may be applied to the payment of Operating Expenses or to the payment of principal of, premium, if any, and interest on the Parity Obligations or other payments related to the use of the Airport, (e) the interest earnings from the Airport Fund, the Debt Service Fund, the Debt Service Reserve Fund and the Operating Reserve Fund, and (f) transfers to the Airport Fund from the general fund of the City for Airport purposes; *provided, however*, that for the purpose of the definition of the term "Net Revenues", the term "Gross Revenues" shall not include (i) proceeds from the sale of the Airport or any part thereof, (ii) insurance or condemnation awards with respect to the Airport (except the proceeds of business interruption insurance), (iii) grants, gifts and subsidies (other than those described in (c) above), the use of which is limited by the grantor or donor to the construction or acquisition of Airport facilities, (iv) the interest earnings from any of the Debt Service Fund, the Debt Service Reserve Fund, the Operating Reserve Fund or the Subordinated Debt Fund (except to the extent that such earnings are deposited into the Airport Fund), (v) amounts credited to the Capital Reserve Fund or to a Rebate Fund, (vi) a termination payment paid in connection with the termination or unwinding of a Credit Agreement, (vii) sales and other taxes collected by the City on behalf of the State of Texas and any other taxing entities, or (viii) proceeds of any Parity Obligations or Subordinated Debt.

"Holder" or **"Bondholder"** or **"owner"** means the registered owner of any Parity Obligation registered as to ownership and the holder of any Parity Obligation payable to bearer, or as otherwise provided for in a Supplement.

"Industrial Properties" means (a) the real and personal properties situated at and around the Airport which are owned by the City and (i) leased to industrial or commercial tenants engaged in activities which are unrelated to the City's public airport operations, or (ii) held by the City for future industrial and commercial development and (b) any other real or personal property now owned or hereafter acquired by the City which is unrelated to the City's public airport operations.

"Maturity" when used with respect to any Debt means the date on which the principal of such

Debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

"**Minimum Capital Reserve**" means \$250,000.

"**Moody's**" means Moody's Investors Service, Inc.

"**Net Revenues**" means, for the period in question, Gross Revenues less Operating Expenses.

"**Operating and Maintenance Expenses**" or "**Operating Expenses**" means all reasonable and necessary current expenses of the City, paid or accrued as determined in accordance with generally accepted accounting principles applicable to the City as in effect from time to time, of operating, maintaining and repairing the Airport including, without limitation, those reasonably allocated City overhead expenses relating to the administration, operation and maintenance of the Airport; insurance and fidelity bond premiums; payments to pension and other funds and to any self-insurance fund; any general and excise taxes or other governmental charges imposed by entities other than the City; any required rebate of any portion of interest income to the federal government which is payable from Gross Revenues or the Airport Fund (other than any amounts deposited to a Rebate Fund or otherwise subject to payment to the United States of America as rebate pursuant to Section 148 of the Code); costs of contractual and professional services, labor, materials and supplies for current operations, including the costs of such direct City services rendered to the Airport as are requested from the City by the Airport and as are reasonably necessary for the operation of the Airport; costs of issuance of Debt for the airport (except to the extent paid from the proceeds thereof); fiduciary costs, costs of collecting and refunding Gross Revenues; utility costs; any lawful refunds of any Gross Revenues; and all other administrative, general and commercial expenses, but excluding:

- (1) any allowances for depreciation;
- (2) costs of capital improvements;
- (3) reserves for major capital improvements, Airport operations, maintenance or repair;
- (4) any allowances for redemption of, or payment of interest or premium on, Debt;
- (5) any liabilities incurred in acquiring or improving properties of the Airport;
- (6) expenses of lessees under Special Facilities Leases and operation and maintenance expenses pertaining to Special Facilities to the extent that they are required to be paid by such lessees pursuant to the terms of the Special Facilities Leases;
- (7) liabilities based upon the City's negligence or other ground not based on contract; and
- (8) to the extent Federal Payments may not be included as Gross Revenues, an amount of expenses that would otherwise constitute Operation and Maintenance Expenses for such period equal to the Federal Payments for such period.

"**Operating Reserve Fund**" means the "City of Corpus Christi, Texas Airport Operating Reserve Fund" established pursuant to Section 8 of this Ordinance.

"Opinion of Counsel" means a written opinion of counsel which shall be acceptable to the City.

"Ordinance" means this master ordinance establishing the General Airport Revenue Bond Financing Program.

"Outstanding" when used with respect to Parity Obligations means, as of the date of determination, all Parity Obligations theretofore delivered under this Ordinance and any Supplement, except:

(1) Parity Obligations theretofore cancelled and delivered to the City or delivered to the Paying Agent or the Registrar for cancellation;

(2) Parity Obligations deemed paid pursuant to the defeasance provisions as set forth in any Supplement;

(3) Parity Obligations upon transfer of or in exchange for and in lieu of which other Parity Obligations have been authenticated and delivered pursuant to the Ordinance and any Supplement; and

(4) Parity Obligations under which the obligations of the City have been released, discharged, or extinguished in accordance with the terms thereof;

provided, that, unless the same is acquired for purposes of cancellation, Parity Obligations owned by the City shall be deemed to be Outstanding as though it was owned by any other owner.

"Outstanding Principal Amount" means, with respect to all Parity Obligations or to a series of Parity Obligations, the outstanding and unpaid principal amount of such Parity Obligations paying interest on a current basis and the outstanding and unpaid principal and compounded interest on such Parity Obligations paying accrued, accreted, or compounded interest only at maturity as of any "Record Date" established by a Registrar in a Supplement or in connection with a proposed amendment of the Ordinance. For purposes of this definition, payment obligations of the City under the terms of a Credit Agreement that is treated as a Parity Obligation shall be treated as outstanding and unpaid principal.

"Parity Obligations" means all Debt of the City which may be issued, incurred or assumed in accordance with the terms of the Ordinance and a Supplement, and secured by a first lien on and pledge of the Net Revenues.

"Paying Agent" means each entity designated in a Supplement as the place of payment of a series or issue of Parity Obligations.

"Person" means any natural person, firm, partnership, association, corporation, or public

body.

"Rebate Fund" means a Fund created pursuant to a Supplemental Ordinance for purposes of making any payment to the United States in accordance with section 148 of the Code.

"Registrar" means each entity designated in a Supplement as the registrar of a series or issue of Parity Obligations.

"Required Reserve Amount" means an amount equal to the lesser of (a) 125% of the average Annual Debt Service Requirements of the Parity Obligations then Outstanding, (b) 100% of the Annual Debt Service Requirements of the Parity Obligations to be Outstanding in the Fiscal Year during which such Annual Debt Service Requirements are scheduled to be the greatest, or (c) 10% of the stated principal amount of the Parity Obligations, to the extent such Parity Obligations are to be secured by the Debt Service Reserve Fund in accordance with the terms and provisions of Section 7 of the Ordinance and any Supplement.

"Reserve Fund Obligations" means cash, Eligible Investments, any Credit Facility, or any combination of the foregoing.

"Special Facilities" and **"Special Facilities Properties"** mean structures, hangars, aircraft overhaul, maintenance or repair shops, heliports, hotels, storage facilities, garages, inflight kitchens, training facilities and any and all other facilities and appurtenances being a part of or related to the Airport the cost of the construction or other acquisitions of which is financed with the proceeds of Special Facilities Debt. Upon the retirement of Special Facilities Debt, the City may declare such facilities financed with such Special Facilities Debt to be within the meaning of "Airport," as hereinabove defined.

"Special Facilities Debt" means those bonds, notes or other obligations from time to time hereafter issued or incurred by or on behalf of the City pursuant to Section 12(e) of this Ordinance.

"Special Facilities Lease" means any lease or agreement, howsoever denominated, pursuant to which a Special Facility is leased by or on behalf of the City to the lessee in consideration for which the lessee agrees to pay (i) all debt service on the Special Facilities Debt issued to finance the Special Facility (which payments are pledged to secure the Special Facilities Debt) and (ii) the operation and maintenance expenses of the Special Facility.

"Standard & Poor's" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies.

"Stated Maturity" means, when used with respect to any Debt or any installment of interest thereon, any date specified in the instrument evidencing or authorizing such Debt or such installment of interest as a fixed date on which the principal of such Debt or any installment thereof or the fixed date on which such installment of interest is due and payable.

"**Subordinated Debt**" means any Debt which expressly provides that all payments thereon shall be subordinated to the timely payment of all Parity Obligations then Outstanding or subsequently issued.

"**Subordinated Debt Fund**" means the "City of Corpus Christi, Texas General Airport Revenue Subordinated Debt Fund" established pursuant to Section 9 of this Ordinance.

"**Supplement**" or "**Supplemental Ordinance**" mean an ordinance supplemental to, and authorized and executed pursuant to the terms of, the Ordinance.

"**Tax-Exempt Debt**" means Debt interest on which is excludable from the gross income of the Holder for federal income tax purposes under section 103 of the Code.

"**Term of Issue**" means with respect to any Balloon Debt, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or (ii) twenty-five years.

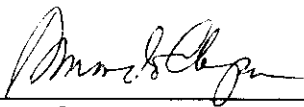
"**Value of Investment Securities**" and words of like import means the amortized value thereof; provided, however, that all United States of America, United States Treasury Obligations-- State and Local Government Series shall be valued at par and those obligations which are redeemable at the option of the holder shall be valued at the price at which such obligations are then redeemable. The computations made under this paragraph shall include accrued interest on the investment securities paid as a part of the purchase price thereof and not collected. For the purposes of this definition "amortized value", when used with respect to a security purchased at par, means the purchase price of such security.

"**Variable Rate Obligations**" means Parity Obligations that bear interest at a rate per annum which is subject to adjustment so that the actual rate of interest is not ascertainable at the time such Parity Obligations are issued; provided, however, that upon the conversion of the rate of interest on a Variable Rate Obligation to a fixed rate of interest (whether or not the interest rate thereon is subject to conversion back to a variable rate of interest), such Parity Obligation shall not be treated as a "Variable Rate Obligation" for so long as such Parity Obligation bears interest at a fixed rate.

THE STATE OF TEXAS :
COUNTIES OF NUECES AND SAN PATRICIO :
CITY OF CORPUS CHRISTI :

I, the undersigned, City Secretary of the City of Corpus Christi, Texas, do hereby certify that the above and foregoing is a true, full and correct copy of an Ordinance passed by the City Council of the City of Corpus Christi, Texas (and of the minutes pertaining thereto) on the 22nd day of August, 2000, authorizing the establishment of the general airport revenue financing system, which ordinance is duly of record in the minutes of said City Council, and said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

EXECUTED UNDER MY HAND AND SEAL of said City, this the 22nd day of August, 2000.



City Secretary, City of Corpus
Christi, Texas

(SEAL)

Corpus Christi, Texas

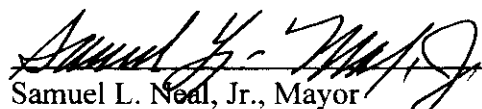
22nd Day of August, 2000

TO THE MEMBERS OF THE CITY COUNCIL
Corpus Christi, Texas

For the reasons set forth in the emergency clause of the foregoing ordinance an emergency exists requiring suspension of the Charter rule as to consideration and voting upon ordinances at two regular meetings: I/we, therefore, request that you suspend said Charter rule and pass this ordinance finally on the date it is introduced, or at the present meeting of the City Council.

Respectfully,

Respectfully,


Samuel L. Neal, Jr., Mayor
City of Corpus Christi

Council Members

The above ordinance was passed by the following vote:

Samuel L. Neal, Jr.

Aye

Javier D. Colmenero

Aye

Melody Cooper

Absent

Henry Garrett

Aye

Dr. Arnold Gonzales

Aye

Rex A. Kinnison

Aye

Betty Jean Longoria

Aye

John Longoria

Aye

Mark Scott

Aye

Exhibit @
: cfa `cZ5 Wjj JmiFYdcfh



CORPUS CHRISTI INTERNATIONAL AIRPORT

Revised 08/12/2024

Exhibit L

AIRLINE: _____

ACTIVITY FOR: _____

(Month/Year)

AIRCRAFT TYPE	AIRCRAFT WEIGHT	ACTUAL NUMBER OF LANDINGS	DIVERSIONS	TOTAL LANDING WEIGHT	SIGNATORY RATE	TOTAL LANDING FEE DUE
A-321	164,243			-	\$ X.XX	\$ X.XX
737-MAX-8	151,500			-	\$ X.XX	\$ X.XX
737-900	146,300			-	\$ X.XX	\$ X.XX
737-800	146,300			-	\$ X.XX	\$ X.XX
A-320	134,482			-	\$ X.XX	\$ X.XX
A-319	134,481			-	\$ X.XX	\$ X.XX
737-700	129,200			-	\$ X.XX	\$ X.XX
737-300	115,000			-	\$ X.XX	\$ X.XX
CRJ-900	75,100			-	\$ X.XX	\$ X.XX
EMB-175	74,957			-	\$ X.XX	\$ X.XX
EMB-175	74,950			-	\$ X.XX	\$ X.XX
CRJ-900	73,500			-	\$ X.XX	\$ X.XX
EMB-170	72,311			-	\$ X.XX	\$ X.XX
EMB-170	72,310			-	\$ X.XX	\$ X.XX
CRJ-700	67,000			-	\$ X.XX	\$ X.XX
CRJ-200	47,000			-	\$ X.XX	\$ X.XX
EMB-145	43,650			-	\$ X.XX	\$ X.XX
EMB-140	41,226			-	\$ X.XX	\$ X.XX
EMB-135	40,786			-	\$ X.XX	\$ X.XX
1900-B	16,100			-	\$ X.XX	\$ X.XX
1900-C	16,100			-	\$ X.XX	\$ X.XX
SA-227-AT	15,500			-	\$ X.XX	\$ X.XX
SA-227-AC	14,000			-	\$ X.XX	\$ X.XX
B-99-C	11,300			-	\$ X.XX	\$ X.XX
CE-208-B	8,500			-	\$ X.XX	\$ X.XX
				-	\$ X.XX	\$ X.XX
				-	\$ X.XX	\$ X.XX
				-	\$ X.XX	\$ X.XX
				-	\$ X.XX	\$ X.XX
				-	\$ X.XX	\$ X.XX
TOTALS		0	0	-		\$ -

LANDING FEE
RON FEE
GATE USE FEE

Total Landing Weight:
 Remain Overnight Parking:
 Gate Use:

-	\$ X.XX	\$ X.XX
	\$ X.XX	\$ X.XX
	\$ X.XX	\$ X.XX

TOTAL SEATS AVAILABLE

TOTAL DUE TO CRP **\$ X.XX**

PASSENGERS

Revenue
 Non Revenue
TOTAL PASSENGERS

ENPLANED	DEPLANED
0	0

CARGO

Mail
 Freight
TOTAL POUNDS

ENPLANED	DEPLANED
0	0

PREPARED BY: _____
TITLE: _____
DATE: _____

(Due by the 10th)

For CCIA Office Use Only