

Signatory Airline Use and Lease Agreement

**UNITED
CONTRACT
185522**

For

Corpus Christi International Airport

BY AND BETWEEN

THE CITY OF CORPUS CHRISTI

AND

UNITED AIRLINES, INC.

OCTOBER 1, 2017

TABLE OF CONTENTS

ARTICLE 1: DEFINITIONS	2
ARTICLE 2: EFFECTIVE DATE.....	7
ARTICLE 3: TERM.....	7
ARTICLE 4: PREMISES	8
ARTICLE 5: USE, OPERATION AND MAINTENANCE OF THE AIRPORT AND RELATED FACILITIES.....	9
ARTICLE 6: CAPITAL IMPROVEMENTS	19
ARTICLE 7: RENTALS, FEES, AND CHARGES	20
ARTICLE 8: CHANGES IN RATES FOR RENTALS, FEES, AND CHARGES	29
ARTICLE 9: SIGNATORY AIRLINE IMPROVEMENTS	31
ARTICLE 10: DAMAGE OR DESTRUCTION	33
ARTICLE 11: INDEMNIFICATION AND INSURANCE	35
ARTICLE 12: TERMINATION BY CITY	37
ARTICLE 13: TERMINATION BY SIGNATORY AIRLINE	40
ARTICLE 14: SURRENDER OF SIGNATORY AIRLINE PREMISES	41
ARTICLE 15: ASSIGNMENT AND SUBLETTING AGREEMENTS	42
ARTICLE 16: AVAILABILITY OF ADEQUATE FACILITIES.....	44
ARTICLE 17: GOVERNMENT INCLUSION.....	45
ARTICLE 18: GENERAL PROVISIONS	47

LIST OF EXHIBITS

- A Airport Layout
- B Leased Premises
- C (Reserved)
- D Designation of Responsibilities for Operation and Maintenance
- E Monthly Statistical / Activity Report
- F (Reserved)
- G Rentals, Fees and Charges – Demonstrative Illustration Calculation Example

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 United Airlines, 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 "Signatory 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 Agreement in respect thereof; and

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

WHEREAS, Signatory Airline desires to obtain certain rights, services and privileges in connection with the use of the Airport and its facilities, and City is willing to grant and lease the same to Signatory 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 Airport by Signatory Airline, and this Agreement is responsive to and in accordance with that intent;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, City and Signatory 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 means any Air Transportation Company that (i) operates flights under the designator code of a Signatory Airline, as designated in writing by Signatory Airline from time to time; (ii) operates under essentially the same trade name, or uses essentially the same livery, as Signatory Airline at the Airport; or (iii) is controlling, controlled by, or under common control with Signatory Airline. Designated Affiliate Airline shall have the rights afforded Signatory Airline without payment of any additional charges or premiums provided: (a) Signatory Airline remains a signatory to this Agreement; (b) Signatory Airline agrees and shall be obligated to serve as a financial guarantor for all rents, fees, and charges incurred by the Affiliate Airline on behalf of that particular Signatory Airline and that Signatory Airline has designated the Affiliate Airline to operate on its behalf at the Airport; and (c) the Affiliate Airline has executed an Operating Agreement with City.

Agreement means this Signatory Airline Use and Lease Agreement between City and Signatory 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 (AAAC) means collectively the authorized representatives of each Signatory Airline which shall meet or conduct conference calls from time to time with representatives of the City to receive information and provide input from the Signatory Airlines with regard to the planning, development, operation and financing of the Airport.

Airport means the Corpus Christi International Airport, owned and operated by the City, the boundaries of which are more particularly shown on **Exhibit "A"**, attached hereto and made a part hereof, 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) Operating 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, 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 less than all Air Transportation Companies as a result of the terms of this Agreement, or (iii) incurred in connection with a tenant improvement.

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 "B"**, attached hereto and made a part hereof.

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).

Capital Improvements must be amortized over the useful life of the asset.

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.

Exclusive Use Premises means those portions of the Terminal consisting of the airline ticket offices, operations space, and any baggage service office leased by Signatory Airline in the Terminal, as shown on **Exhibit "B"** to which Signatory 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. This fee is not applicable for use by Signatory Airline of its leased gate holdroom(s) and associated Apron Area(s). Such fees shall be derived annually based on an airport wide metric of total gate holdroom space and Apron Area times the applicable rental rates and then divided by the total commercial passenger airline operations.

Joint Use Premises means the areas in the Terminal consisting of the baggage claim, tug drive, and security check areas as shown on **Exhibit "B"** which all Signatory 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 Signatory Airlines based upon one hundred percent (100%) of each Signatory Airline's (and its Affiliate Airlines) proportionate share of Enplaned Passengers.

Leased Premises means collectively, Signatory Airline's leased Exclusive Use Premises, Preferential Use Premises and Joint Use Premises as shown on **Exhibit "B"**.

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.

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.

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 any designated Affiliate Airline, or any ground handling company acting on behalf of Signatory Airline, operating at the Airport and the City 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, 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.

Preferential Use Premises means those portions of the Terminal consisting of the ticket counters and allocated queue space, the baggage make-up belt and support space, gate holdrooms, ground service equipment ("GSE") storage area, and Apron Area leased by Signatory Airline in or adjacent to the Terminal, as shown on **Exhibit "B"** to which Signatory Airline shall have priority over all other users.

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

Revenue Landing means any scheduled aircraft landing by an Air Transportation Company at the Airport for which Air Transportation Company makes a charge or for which revenue is derived for the transportation by air of persons, property, cargo or mail, but Revenue Landings shall not include Air Transportation Company's training flights or any landing of an aircraft which, after having taken off from Airport and without making a landing at any other airport, returns to land at Airport because of meteorological conditions, mechanical or operating causes, or any other reason of emergency or precaution.

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: (a) non-operating income (and receipts) from the sale of assets or the amount from insurance claims, (b) federal, state or local grants-in-aid or reimbursements, and (c) PFCs.

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.

Terminal Equipment means all equipment provided and maintained by the City that is used by the Signatory Airline in the processing of Enplaned Passengers and Deplaned Passengers. Terminal Equipment includes MUFIDS, BIDS, baggage claim system, podium back wall screens, passenger loading bridges and gate baggage handling devices, supplemental power systems, and the public address system. The Terminal Equipment is subject to change during the Term of this Agreement.

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 October 1, 2017.

2.02 Termination of Prior Agreement. On the Effective Date, the Signatory Airline Use and Lease Agreement dated August 1, 2009, as amended, between Signatory Airline and City shall terminate. However, any terms, conditions or provisions specifically intended to survive the expiration or termination of that agreement shall continue in effect.

ARTICLE 3: TERM

3.01. 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 September 30, 2020, subject to earlier termination as herein provided.

3.02. Upon expiration of the Term or the "extension period" under 3.03, if applicable, any occupancy of the Leased Premises by Signatory Airline will be considered a "holdover tenancy" and operate as a month-to-month tenancy under the same terms and conditions in this Agreement, except for Rentals, Fees and Charges. Unless the parties are engaged in good faith negotiations as reasonably determined by City, City shall have the right to establish and implement holdover Rentals, Fees, and

Charges in accordance with FAA's "Policy Regarding Airport Rates and Charges", upon thirty calendar days written notice from the Director.

3.03. So long as Signatory Airline is not in default of any terms of this Agreement, the Term of this Agreement may be extended for one (1) two-year "extension period" from October 1, 2020 through September 30, 2022. To extend, the City first shall give written notice to Signatory Airline of City's intent to extend the Agreement no less than six (6) months prior to the expiration of the Term of this Agreement. If Signatory Airline is willing to extend, Signatory Airline will provide the City written notice of Signatory Airline's intent within thirty (30) calendar days from receipt of the City's notice of intent to extend. Unless a majority of Signatory Airlines (majority, as measured both by number of Signatory Airlines and by total enplanements of the Signatory Airlines over the immediately preceding twelve month period from the written notice) specifically withhold concurrence to extend, this Agreement shall continue for the above designated extension period. If a majority of Signatory Airlines provide notice of intent to extend, but Signatory Airline does not provide prompt written notice of its intent to extend, then Signatory Airline will have no obligation to extend the Agreement and will continue as a holdover tenant on a month to month basis. Such Signatory Airline shall pay Rentals, Fees and Charges as a Non-Signatory Airline for the entire extension period. City shall provide written notification of the resulting Term extension, or lack thereof, to all Signatory Airlines.

ARTICLE 4: PREMISES

4.01 Signatory Airline's Leased Premises.

A. City does hereby lease and demise to Signatory Airline, and Signatory Airline does hereby lease and accept from City, the Leased Premises, as may be modified from time to time, as set forth in **Exhibit "B"**.

B. Any relocation or square footage changes to Signatory Airline's Exclusive Use Premises or Preferential Use Premises made by Signatory Airline after commencement of this Agreement requires the prior written approval of the Director. After approval, Signatory Airline will submit plans prior to the commencement of the change as well as "as-built" drawings following completion. Upon completion and acceptance by the Director, the changes shall be evidenced by an amendment to this Agreement with revised exhibits.

C. In the event that changes to **Exhibit "B"** are made to reflect changes in the Leased

Premises other than those contemplated in Section 4.01B above, then revised exhibits may be substituted herein without the necessity for formal amendment of this Agreement.

D. Terminal Equipment owned or acquired by City for use by Signatory Airline in Signatory Airline's Leased Premises shall be maintained by the City and remain the property and under the control of the City. The cost of providing and maintaining Terminal Equipment shall be included in the O&M Expenses.

4.02 Employee Parking. City will make available area(s) at the Airport, which location may be adjusted from time to time at the sole discretion of the Director, for vehicular parking for Signatory Airline's employees based at the Terminal; provided however, such area(s) shall not be used for the storage of vehicles or trailers, or for parking when the employee is traveling for leisure. The City may establish and charge Signatory Airline a reasonable parking fee for all employee parking. Employee parking permits are for Signatory Airline's employees use only and are not transferable.

4.03 International Arrivals Facility. 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. The gate holdroom area used for international passengers is used for domestic flights when not used for international arrivals. Any revenues collected for the international arrival uses of the gate holdroom area will be credited to the Terminal requirement in Article 7.

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

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

A. The landing, taking off, flying over, taxiing, towing, and conditioning of Signatory Airline's aircraft and, in areas designated by City, the extended parking, servicing, loading or unloading, storage or maintenance of Signatory Airline's aircraft and support equipment subject to Sections 5.01.F, 5.01.G, and 5.02.C, subject to the availability of space, and to such reasonable charges

and regulations as City may establish; provided, however, Signatory Airline shall not permit the use of the Airfield by any aircraft operated or controlled by Signatory Airline which exceeds the load bearing design strength or capability of the Airfield as described in the then-current FAA-approved Airport Layout Plan ("ALP") or other engineering evaluations performed subsequent to the then-current ALP, including the then-current Airport Certification Manual, except in emergencies affecting human life.

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 Signatory Airline and the testing of aircraft and other equipment being utilized at the Airport in the operation of Signatory Airline's air transportation business; provided, however, said training and testing shall be incidental to the use of the Airport in the operation by Signatory Airline of its air transportation business and shall not unreasonably hamper or interfere with the use of the Airport and its facilities by others entitled to the use of same. 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 Signatory Airline's aircraft, engines, accessories, gasoline, oil, grease, lubricants, fuel or other similar equipment or supplies; provided, however, Signatory Airline shall not sell aviation fuels or propellants except (i) to such Air Transportation Company which is a successor company to Signatory Airline, (ii) an Air Transportation Company which is a wholly owned subsidiary or Affiliate Airline of Signatory Airline or (iii) when a comparable grade and type of fuel desired by others is not available at the Airport except from Signatory Airline. Signatory 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 due to routine maintenance.

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 Section 5.01.D and to the City's right to require that each provider of services and/or supplies to Signatory 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 Signatory 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 Signatory Airline and City.

F. The servicing by Signatory Airline or its suppliers of aircraft being utilized at the Airport by Signatory Airline at Signatory 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 Signatory Airline's Exclusive Use Premises and Preferential Use Premises or such other locations as may be designated by the Director.

H. The installation and maintenance, at Signatory Airline's expense, of identifying signs in Signatory Airline's Preferential Use Premises shall be subject to the prior written approval of the Director. The general type and design of such signs shall be harmonious and in keeping with the pattern and decor of the Terminal areas. Nothing herein shall be deemed to prohibit Signatory Airline's installation on the walls behind ticket counters identification and company logo signs as are customarily installed by Signatory Airline in such areas at comparable airport facilities. Signatory Airline shall not install any promotional signage in the Preferential Use Premises without the prior written consent of the Director.

I. The installation, maintenance and operation, at no cost to City, of such radio communication, computer, meteorological and aerial navigation equipment and facilities in Signatory Airline's Exclusive Use Premises or Preferential Use 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, which shall not be unreasonably withheld. City shall have the right to charge a reasonable fee, surcharge, or rental charge for any location outside of Signatory Airline's Exclusive Use Premises or Preferential Use Premises and shall be entitled to any revenues generated directly from the operation of such equipment. 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. Upon abandonment or removal of any such system, Signatory Airline shall restore the Exclusive Use Premises or Preferential Use 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 Signatory Airline for communications, computer equipment, telephone, interphone, conveyor systems and power and other transmission lines in areas not leased by Signatory Airline, subject to the availability of space and/or ground areas as reasonably 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 are the responsibility of Signatory Airline from the demarcation point and electrical wiring is the responsibility of Signatory Airline from the metered source.

K. Signatory 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 Signatory Airline and the City agree.

L. Signatory Airline shall have the right to use, in common with others so authorized, the public address system serving the Terminal. Signatory Airline shall not install, cause to be installed, or use any other public address system at the Terminal without the prior approval of City. 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 Signatory Airline's Exclusive Use Premises or Preferential Use Premises as Signatory Airline may deem necessary or prudent for the operation of its air transportation business. Title to such personal property shall remain with Signatory Airline, subject to the provisions of this Agreement.

N. Signatory Airline shall have the right to ingress to and egress from the Airport and Signatory Airline's Leased Premises for Signatory Airline's officers, employees, agents and invitees, including passengers, suppliers of materials, furnishers of services, aircraft, equipment, vehicles, machinery and other property. Such right shall be subject to 49 CFR Part 1542 Airport Security and all other applicable regulations and the City's right to establish rules and regulations governing (i) the general public, including Signatory Airline's passengers, and (ii) access to non-public areas at the Airport by Signatory Airline's employees, suppliers of materials and furnisher

of services; provided, however, any such rules and regulations of the City shall not unreasonably interfere with the operation of Signatory Airline's air transportation business. Further, 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 Signatory Airline prior to any such closing which would adversely affect Signatory Airline's operations at the Airport unless such closing is necessitated by circumstances which pose an immediate threat to the health or safety of persons using the Airport. Signatory Airline hereby releases and discharges the City, its successors and assigns, from any and all claims, demands or causes of action which Signatory Airline may have arising from the fact that such areas have been closed.

O. The rights and privileges granted to Signatory Airline pursuant to this Article 5 may be exercised on behalf of Signatory Airline by other Signatory Airlines, Affiliate Airlines, or contractors authorized by City to provide such services at the Airport, subject to the prior written approval of City and further subject to all laws, rules, regulations and fees and charges as may be applicable to the activities undertaken.

5.02 Exclusions and Reservations.

A. Nothing in this Article 5 shall be construed as authorizing Signatory Airline to conduct any business separate and apart from the conduct of its air transportation business at the Terminal. Signatory Airline shall not use or permit the use of any portion of Signatory Airline's Leased Premises for the purpose of selling, offering for sale, dispensing or providing any merchandise, food and beverages, products, services, or advertising that directly competes with an authorized Airport concession except for vending machines in Signatory Airline's Exclusive Use Premises not accessible to public and nothing contained herein is intended to or shall be construed to authorize or permit the Signatory Airline to conduct any activity or to operate any direct or indirect business operation which in any manner competes with any authorized concession activity at the Airport without the prior written approval of the Director and the payment to the City of concession fees. However, payment of a concession fee will not be required from Signatory Airline and approval of the Director will not be required when (i) an authorized ground handling company services Signatory Airline pursuant to this Agreement, or (ii) Signatory Airline provides complimentary light snacks and bottled water to its passengers at the Airport under the following terms and conditions: in the event of certain extraordinary irregular operations (1) where

Signatory Airline has a designated flight "delay" program to provide complimentary light snacks and bottled water to its passengers, or (2) where the normal food and beverage concessionaire(s) operating in the Terminal on a regular basis is unable to provide food and beverage services, then Signatory Airline shall have the right to provide complimentary light snacks and bottled water to its passengers within the Signatory Airline's Preferential Use Premises.

B. Signatory 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, sewerage, water, communications, fire protection, utility, electrical, or other systems installed or located from time to time at the Airport; and Signatory 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.

C. As soon as possible after release from proper authorities, Signatory 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, and shall store such disabled aircraft only upon such terms and conditions as may be established by the Director; provided, however, Signatory Airline shall be requested to remove such disabled aircraft from Signatory Airline's Preferential Use Premises only if deemed necessary in accordance with Article 16. In the event Signatory Airline shall fail to remove any of its disabled aircraft as expeditiously as possible, the Director may, but shall not be obligated to, cause the removal of such disabled aircraft; provided however, the Director shall give Signatory Airline prior written notice of its intent to do so and provided further that the Director shall use reasonable efforts to remove such aircraft. Signatory Airline shall pay to City, upon receipt of invoice, the costs incurred for such removal.

D. Signatory Airline shall not do or permit to be done anything, either by act or failure to act, that shall cause the cancellation or violation of the provisions, or any part thereof, of any policy of insurance for the Airport, or that shall cause a hazardous condition so as to increase the risks normally attendant upon operations permitted by this Agreement. If such Signatory Airline act, or failure to act, shall cause cancellation of any policy, then Signatory Airline shall immediately, upon notification by City, do whatever shall be necessary to cause reinstatement of said insurance. Furthermore, if Signatory Airline shall do or permit to be done any act not permitted under this Agreement, or fail to do any act required under this Agreement, regardless of whether

such act shall constitute a breach of this Agreement, which is the sole cause of an increase in the City's insurance premium for the Airport, Signatory Airline shall immediately remedy such actions and pay the increase in premium associated with the act upon notice from City to do so and after a sixty (60) calendar day period for Signatory Airline to contest the increase.

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

F. Signatory 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. Signatory Airline will not do or authorize to be done anything that may interfere with the effectiveness of the drainage and sewage system, water system, communications system, fire protection system, or other part of the utility, electrical or other systems installed or located from time to time at the Airport.

G. Signatory Airline must coordinate training flights and other nonscheduled flight activities into and out of Airport with the Director. If requested by City, Signatory 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.

H. Signatory Airline must comply with all requirements of the Americans with Disabilities Act ("ADA"), as it may be amended, including without limitation paying for the cost of removing all of Signatory Airline's tenant improvement barriers within Signatory Airline's Exclusive Use Premises or Preferential Use Premises, necessary to gain access to the Signatory Airline's Exclusive Use Premises or Preferential Use Premises.

I. Signatory Airline may use Terminal Equipment within Signatory Airline's Leased Premises. Signatory Airline shall ensure that those personnel involved in the use of Terminal Equipment are properly trained in the use and operation of the devices in a safe manner. **Except to the extent prevented by Texas' Workers' Compensation law, Signatory 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 Signatory Airline, its agents, employees, or officers.** The City shall conduct maintenance on the Terminal Equipment so as to keep it in proper working order. Any necessary repairs to or replacement of the Terminal Equipment shall be the City's responsibility. If damage is caused by Signatory Airline's negligence or inappropriate use of the Terminal Equipment, the City will repair or replace the Terminal Equipment and charge Signatory Airline for such repair or replacement.

J. The rights and privileges granted Signatory 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 Signatory 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 Signatory Airline's obligation pursuant to **Exhibit "D"**, attached hereto and made a part hereof.

B. City shall use reasonable efforts to keep the Airport and its aerial approaches free from

ground obstruction for the safe and proper use thereof by Signatory Airline.

C. City shall not be liable to Signatory Airline for temporary failure to furnish all or any of such services to be provided in accordance with **Exhibit "D"** when due to mechanical breakdown or any other cause beyond the reasonable control of City. City shall use commercially reasonable efforts to i) ensure the good repair of the Airport and the services described in **Exhibit "D"**; and ii) eliminate a failure thereof in order to minimize the effect to Signatory Airline as soon as possible.

D. City shall maintain Terminal Equipment, pursuant to **Exhibit "D"**, and striping for ground service equipment locations at the Preferential Use Premises.

5.04 Signatory Airline's Operation and Maintenance Obligations.

A. Signatory Airline shall, at all times and at its own expense, preserve and keep Signatory Airline's Exclusive Use Premises and Preferential Use Premises in an orderly, clean, neat and sanitary condition in accordance with Signatory Airline's obligations pursuant to **Exhibit "D."**

B. Signatory Airline shall maintain, at its own expense, its Exclusive Use Premises and Preferential Use Premises as free as possible of any release of fuel, oil and debris. Signatory Airline agrees to comply with all applicable environmental laws, rules, regulations, orders and/or permits applicable to Signatory Airline's operations on or in the vicinity of the Airport, including but not limited to applicable National Pollutant Discharge Elimination System Permits and all applicable laws relating to the use, storage, generation, treatment, transportation, and/or disposal of hazardous or regulated substances (as such terms are defined under applicable law). Signatory Airline must not knowingly use, store, generate, treat, or dispose of any hazardous or regulated substances or waste on or near the Airport without first obtaining all required permits and approvals from all authorities having jurisdiction over Signatory Airline's operations on or near the Airport. If Signatory Airline determines at any time through any means that any threat of any potential harm to the environment, resulting from any release, discharge, spill, or deposit of any hazardous or regulated substance, has occurred or is occurring as a result of Signatory Airline's operations, which in any way affects or threatens to affect the Airport, or the persons, structures, equipment, or other property thereon, Signatory Airline must provide notice 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, as required by law or regulation, and must follow such verbal report with written report where required by law. Signatory 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 or regulated substance from Signatory Airline's operations into the drainage systems, soils, ground water, waters, or atmosphere, in accordance with applicable law or as authorized or approved by any federal, state, or local agency having authority over environmental matters. Signatory Airline will undertake all required remediation and all costs associated therewith, resulting from Signatory Airline's action or inaction which is directly or indirectly responsible for any failure of the Signatory Airline 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. Signatory Airline shall maintain the heating ventilation and air conditioning system from the supply point which is the point at which the supply enters the Signatory Airline's Exclusive Use Premises and continuing throughout the Signatory Airline's Exclusive Use Premises. Signatory Airline must maintain electric loads within the designed capacity of the Airport's electrical system.

Signatory Airline shall maintain fixtures, equipment, and the interior non-structural portions of its Exclusive Use Premises in good condition, normal wear and tear excepted and perform all ordinary repairs and inside painting of the Exclusive Use Premises. Such repairs and painting by Signatory Airline shall be of a quality similar to the original material and workmanship.

D. Signatory Airline may dispose of routine daily trash in the City provided trash container without additional charge. However, Signatory Airline must dispose of non-routine daily trash, including without limitation, construction debris and other waste materials-including petroleum products, either directly or through an approved and permitted independent contractor.

E. Signatory Airline will provide and maintain hand fire extinguishers for all Exclusive Use Premises in accordance with applicable safety codes.

F. Signatory Airline will repair, at its cost, or at City's option reimburse City for the cost of repairing, replacing, or rebuilding any damages to Signatory Airline's Leased Premises caused by the acts or omissions of Signatory Airline, its sub lessee, or its or their respective officers,

employees, agents, contractors, or business invitees, including without limitation customers. Any repairs made by Signatory Airline are subject to inspection and approval by City.

G. Signatory Airline may not erect, maintain or display on the Airport any billboards, banners, advertising, promotions, signs or materials without the prior written approval of Director. Signatory Airline must keep its ticket counter free of all printed material except required regulatory signs or conditions of travel and advertising displays. City may remove any unauthorized material or displays that are placed on the Airport without the Director's prior written approval.

H. Should Signatory Airline fail to perform its material obligations hereunder, the City shall have the right to enter the Signatory Airline's Leased Premises and perform such activities; provided, however, other than in a case of emergency, the City shall give to Signatory 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, Signatory Airline shall pay to the City, upon receipt of invoice, the cost of such services plus a fifteen percent (15%) administrative fee.

5.05 Designation of Operation and Maintenance Responsibilities. In addition to the obligations of City and Signatory Airline 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 "D"**.

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 to the Airport.

B. In conjunction with submission of its annual budget, Director will notify Signatory Airline of its proposed Capital Improvements, including a sources and uses of funds plan for the ensuing Fiscal Year and City's estimates of the effect of such Capital Improvements on the Rentals, Fees, and Charges paid by Signatory Airlines. It is expressly acknowledged that Exclusive Use Premises are ineligible for certain funding sources, such as PFCs, and as such that any Capital Improvement costs impacting the Exclusive Use Premises will be funded through Rentals, Fees, and Charges paid by Signatory Airlines.

C. The City agrees, at the written request of the AAAC, to meet collectively or conduct a conference call with the Signatory Airlines within thirty (30) calendar days after notification to Signatory Airline of said annual budget to further discuss the Capital Improvements. City agrees to consider the comments and recommendations of the AAAC with respect to said Capital Improvements.

6.02 Grants-In-Aid.

City will use its best efforts to obtain maximum development grants-in-aid federal funding.

ARTICLE 7: RENTALS, FEES, AND CHARGES

Signatory Airline shall pay City rentals for use of Signatory Airline's Leased Premises, and fees and charges for the other rights, licenses, and privileges granted hereunder during the Term of this Agreement ("Rentals, Fees, and Charges"). For each Fiscal Year, the 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 below. **Exhibit "G"**, attached hereto and made a part hereof, provides a demonstrative illustration example of the Rentals, Fees and Charges calculations as described further in Article 7. The City shall notify the Signatory Airlines for each Fiscal Year of the actual Rentals, Fees, and Charges pursuant to Article 8.

7.01 Landing Fees. Signatory 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, excluding the Apron Area and designated GSE storage area, minus any adjustments due to allocated credits (e.g., Non-Signatory Airlines' landing fees) and Airport discretionary revenue applied. These landing fees will be determined as the product of the associated landing fee rate and all Signatory Airlines' total landed weight. A Signatory Airline's total 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.

7.02 Terminal Rentals. Signatory Airline shall pay to City rentals for Terminal use at the Airport. Signatory Airlines' Terminal rentals shall be calculated to include all allocated portions of the Airport Requirement associated with the Terminal minus any adjustments due to allocated credits and Airport discretionary revenue applied to arrive at a Terminal requirement. The Terminal requirement will be

divided by the square footage of all Signatory Airlines' Leased Premises to determine the Terminal rental rate. Each Signatory Airline's Terminal rentals are a) product of the square footage of its Exclusive Use Premises and Preferential Use Premises times the Terminal rental rate, plus b) the quotient of the total Terminal revenue due associated with the Joint Use Premises divided by its proportionate share per the Joint Use Charges Formula.

7.03 Apron Area Fees. Signatory Airline shall pay to City fees for Apron Area use at the Airport. Signatory Airlines' Apron Area fees shall be calculated to include all allocated portions of the Airport Requirement associated with the Apron Area minus any adjustments due to allocated credits and Airport discretionary revenue applied to arrive at an Apron Area requirement. Each Signatory Airline's Apron Area fees are the product of the square footage of its leased Apron Area times the Apron Area rate.

7.04 GSE Storage Area Charges. Signatory Airline shall pay to City charges for GSE storage area use at the Airport. Signatory Airline shall have a designated area at which it may park "non-active" ground service equipment. The GSE storage area charges shall be based on the same per square foot rate as the Apron Area rate. Each Signatory Airline's GSE storage area charges are the product of its leased GSE storage area times the Apron Area rate. The GSE storage area is represented on **Exhibit "B"**.

7.05 Gate Use Fees. Signatory Airline shall pay to City fees for each ad hoc use of a gate that is not preferentially leased by Signatory Airline. Signatory Airline shall report on a monthly basis its total gate uses for the previous month.

7.06 Other Fees and Charges.

A. City expressly reserves the right to assess and collect the following:

- (1) Signatory Airline must report to City all charter flights handled or operated by Signatory Airline as follows: (i) if the charter flight is handled by Signatory Airline with its own aircraft or the aircraft of a designated Affiliate Airline in Signatory Airline's Leased Premises, Signatory Airline will pay the Signatory landing fees, Apron Area fees, and Terminal rentals for Joint Use Premises; (ii) if the charter flight is an aircraft owned and operated by a Non-Signatory Airline (on its own behalf and not on behalf of the Signatory Airline) and is handled in Signatory Airline's Exclusive Use Premises or Preferential Use

Premises, Signatory 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 Signatory Airline's Exclusive Use Premises or Preferential Use Premises, Signatory 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 GSE 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. City reserves the right to charge Signatory Airline, its employees or contractors, a reasonable fee for identification badges provided at the Airport.

C. Signatory Airline shall pay charges for other services or facilities requested by Signatory Airline and provided by City to Signatory Airline. Such services or facilities may include, but are not limited to, special maintenance of Signatory Airline's Leased Premises including janitorial services or equipment/vehicle storage areas. The fees for these services shall be established by the Director.

D. Signatory Airline shall pay the required fees for all permits and licenses necessary for the conduct of Signatory Airline's air transportation business at the Airport. Signatory Airline shall pay all electricity, gas, and water and sewerage fees and charges for its Leased Premises, if separately metered. Signatory 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 Signatory Airline acquired in this Agreement, or any taxable possessory right which Signatory 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 Signatory 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-ratio by Signatory 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, Signatory 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 Signatory Airline to contest the validity or the amount of such taxes, provided that such failure to pay does not result in any forfeiture.

7.07 Payments.

A. Payments of one-twelfth (1/12) of the total annual rentals for Signatory Airline's Exclusive Use Premises and Preferential Use Premises (7.02, 7.03, and 7.04) 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. Signatory Airline's landing weights activity, enplanements, and non-leased gate turns shall be reported on or before the tenth (10th) calendar day of each month following activity. City will provide Signatory Airline with an invoice within five (5) calendar days following receipt of the activity report, and payment of fees for Landing Fees (7.01), Joint Use Premises rentals (7.02) and Gate Use Fees (7.05) is due on the thirtieth (30th) calendar day of each month following the month in which such activity occurs. Said fees shall be deemed delinquent if payment is not received on the date due.

C. [Reserved]

D. 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.

E. City shall provide written notice of any and all payment delinquencies, including payments of any deficiencies which may be due as a result of the City's estimates of activity pursuant to Section 7.07.F below or due to an audit performed pursuant to Section 7.08.D.; provided however, interest at the lower of one and one-half percent (1 ½ %) per month, or the highest rate allowable by applicable state law, shall accrue against any and all delinquent payments from the date due until the date payments are received by City. This provision shall not preclude City

from terminating this Agreement for default in the payment of Rentals, Fees or Charges, as provided for in Section 12.03, or from exercising any other rights contained herein or provided by law.

F. In the event Signatory Airline fails to submit its monthly activity report as required, City shall estimate the Rentals, Fees, and Charges based upon the greater of one hundred twenty-five percent (125%) of the previous month's activity or the same month's prior year activity reported by Signatory Airline and issue an invoice to Signatory Airline for same. If no activity data is available, City shall reasonably estimate such activity and invoice Signatory Airline for same. Signatory Airline shall be liable for any deficiencies in payments based on estimates made under this provision; payment for said deficiencies shall be deemed due as of the date such rental was due and payable. If such estimate results in an overpayment by Signatory Airline, City shall apply such overpayment as a credit against subsequent amounts due for such Rentals, Fees and Charges from Signatory Airline; provided, however, Signatory Airline shall not be entitled to any credit for interest on payments of such estimated amounts.

G. In the event Signatory Airline's obligations with respect to Signatory 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, Signatory 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.

H. 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 Corpus Christi International Airport and delivered to:

Corpus Christi International Airport
Accounts Receivable Division
1000 International Drive
Corpus Christi, TX 78406

7.08 Information to be Supplied by Signatory Airline.

A. Not later than ten (10) calendar days after the end of each month, Signatory Airline shall file with the City a written report in the format as set forth in **Exhibit "E"** for activity conducted by Signatory Airline and its designated Affiliate Airline(s) during said month and for activity handled

by Signatory Airline for other Air Transportation Companies not having a Signatory Agreement with City providing for its own submission of activity data to City.

B. City shall have the right to rely on said activity reports in determining Rentals, Fees, and Charges due hereunder; provided, however, Signatory 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 interest charges as set forth in Section 7.07.E.

C. Signatory 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 Signatory 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. Signatory 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 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 Signatory 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 Signatory 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) Signatory Airline has failed to maintain true and complete books, records, accounts, and supportive source documents in accordance with Section 7.08.C.

7.09 Security for Payment.

A. Unless Signatory 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, Signatory 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 Signatory Airline pursuant to this Article 7, to guarantee the faithful performance by Signatory Airline of its obligations under this Agreement and the payment of all Rentals, Fees, and Charges due hereunder. Signatory Airline shall be obligated to maintain such Contract Security in effect until the expiration of eighteen (18) consecutive months during which period Signatory 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 Signatory Airline to the City, Signatory 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 7.09.A. or if Contract Security shall be canceled, Signatory 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 the above Section 7.09.A, 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 Signatory 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 Signatory Airline is delinquent in any debt due to the City for a period greater than ninety (90) calendar days or delinquent twice over a period of six (6) months, the City shall impose or re-impose the requirements of Section 7.09.A on Signatory Airline.

D. Upon the occurrence of any Signatory 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 Signatory 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 Signatory Airline. In such event, Signatory 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 Signatory Airline commits no additional event enumerated in Section 12.01.

E. If Signatory Airline fails to obtain and/or keep in force such Contract Security required hereunder, such failure is grounds for immediate 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.

7.10 Passenger Facility Charge.

A. Signatory Airline acknowledges City has the right to assess Signatory Airline's enplaned passengers a PFC for the use of the Airport in accordance with 49 U.S.C. §40117 and the rules and regulations thereunder (14 CFR Part 158, the "PFC Regulations") and as otherwise hereinafter authorized or permitted. Signatory Airline shall collect on behalf of and remit to City any such charges in accordance with the requirements of the PFC Regulations including, but not limited to, holding any charges collected by Signatory Airline, pending remittance to City, in trust for the benefit of City. City shall have the right to use all such PFC revenue collected in any lawful manner.

B. Signatory Airline and City shall be bound by and shall observe all of the provisions of the PFC Regulations as they apply to each party.

C. If Signatory Airline fails to remit PFC revenue to City within the time limits established by the PFC Regulations (no later than the last calendar day of the following calendar month), Signatory Airline shall be deemed to be in default pursuant to Section 12.01. Any late payment of PFCs shall be subject to interest computed in accordance with Section 7.07.

7.11 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) are allocated to cost centers.

7.12 Continuation of Rentals. If Signatory Airline ceases service at the Airport prior to the end of the Term of the Agreement or extension thereof as provided for in Section 13.01, Signatory Airline will continue to pay rentals on Exclusive Use Premises and Preferential Use Premises until the end of the Term of the Agreement or extension thereof. However, in no event shall the annual amount due from Signatory Airline be less than the dollar equivalent of twenty percent (20%) of the total Joint Use Premises rentals divided by the total number of Signatory Airlines immediately prior to the time Signatory Airline ceases service at the Airport.

7.13 Charges for Services. The provisions contained in Article 7 shall not preclude the City from seeking reimbursement from Signatory Airline or any Air Transportation Company for the cost of services provided to Signatory 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, the cost of which is not currently included in the estimated requirement used to calculate Rentals, Fees, and Charges under this Agreement.

7.14 Extraordinary Coverage. Signatory 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 covenants, including any Debt Service on general obligation debt 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 net requirement of such cost centers' requirements.

7.15 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 the use of Signatory Airline's Leased Premises and the rights, licenses, and privileges granted to Signatory Airline; provided however, 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.

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 Signatory 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 Signatory 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. 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. The City agrees to fully consider the comments and recommendations of the Signatory Airlines prior to finalizing its schedule of rates for Rentals, Fees, and Charges for the ensuing Fiscal Year.

C. Following that meeting/call, the City shall notify Signatory 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 Section 8.01.C is not given prior to the end of the then current Fiscal Year, Signatory Airline will be provided written notice that rates for Rentals, Fees, and Charges then in effect shall continue to be paid by Signatory 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 Signatory Airline to date for the then current Fiscal Year and the rates for Rentals, Fees, and Charges that would have been paid by Signatory 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 Signatory 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. 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. Rates for Rentals, Fees, and Charges may also be changed whenever required by the terms and provisions of the Master Bond Ordinance, which is available in the Airport Administration offices for review; provided, however, that Signatory Airlines' total Rentals, Fees, and Charges payable to the City shall be allocated to Signatory Airline in accordance with this Agreement. In the event of an emergency situation at the Airport, the Rentals, Fees, and Charges also may be changed within thirty (30) calendar days following consultation with the AAAC.

8.03 Incorporation of **Exhibit "G"**. Adjustments to rates for Rentals, Fees, and Charges pursuant to Article 7 shall apply without the necessity of formal amendment of this Agreement. **Exhibit "G"** is an illustration only of how the Rentals, Fees, and Charges are calculated and represents a snapshot example of how the rate model operates. **Exhibit "G"** is not a formal forecast of budget or actual activity, operating and capital expenses, capital plans, or Airport discretionary revenue credits.

8.04 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, Rentals, Fees, and Charges for the preceding Fiscal Year shall be recalculated using audited financial data and the methods set forth in **Exhibit "G."** If the actual Rentals, Fees and Charges paid by Signatory Airlines during the preceding Fiscal Year is in excess of the Rentals, Fees and Charges that would have been paid by Signatory Airlines using said recalculated rates, Signatory Airlines shall be provided a credit in the amount of such excess, in coordination with each Signatory Airline, in the immediately succeeding monthly payment periods against the amounts owed by the Signatory Airlines to the City until such credit is exhausted. If Signatory Airline has ceased operations at the Airport and is no longer obligated to pay any amounts pursuant to Section 7.12, then City shall remit any remaining credit to Signatory Airline. If the actual Rentals, Fees, and Charges paid by Signatory Airlines during the preceding Fiscal Year is less than the Rentals, Fees and Charges that would have been paid by Signatory Airlines using

said recalculated rates, the City shall invoice the Signatory Airlines for any such deficit, and the Signatory Airlines shall pay City such deficit within thirty (30) calendar days from the date of an invoice from City. Notwithstanding the foregoing, City retains the right of offset in the event any Signatory Airline has an outstanding amount due to City that is not in formal dispute.

8.05 City Covenants.

A. The City covenants that for purposes of assigning and allocating costs, it shall adhere to the requirements of the FAA's "Policy Regarding Airport Rates and Charges", as amended.

B. 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 Signatory Airline Improvements.

A. In accordance with Section 9.01.E below, Signatory Airline may construct and install, at Signatory Airline's sole expense, improvements in its Exclusive Use Premises and Preferential Use Premises as Signatory Airline deems to be necessary for its operations; provided, however, that the plans and specifications, location, and construction schedule for such improvement shall be subject to the advance written approval of the Director; provided further, that no reduction or abatement of Rentals, Fees, and Charges shall be allowed due to any interference with Signatory Airline's operations by such construction.

B. Prior to the commencement of any improvements greater than twenty five thousand dollars (\$25,000), the City shall have the right to require Signatory 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 Signatory 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 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 Signatory Airline acquires or causes to be acquired a payment bond with any contractors of Signatory Airline as principal, in a sum equal to the full amount of the construction contract awarded by Signatory 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 Signatory 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. Signatory 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 Signatory Airline shall be at the sole risk of Signatory 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 inspectors.

E. All improvements made to Signatory Airline's Exclusive Use Premises and Preferential Use Premises and additions and alterations thereto made by Signatory Airline, except those financed by City, shall be and remain the property of Signatory Airline until expiration of the Term 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 Signatory Airline not permanently affixed to Signatory Airline's Exclusive Use Premises and Preferential Use Premises shall remain the property of Signatory Airline, subject to the terms of Article 14.

ARTICLE 10: DAMAGE OR DESTRUCTION

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

10.02 Substantial Damage. If any part of Signatory Airline's Leased Premises, or adjacent facilities directly and substantially affecting the use of Signatory Airline's Leased Premises, shall be so extensively damaged by fire or other casualty, other than that caused by Signatory Airline, as to render any portion of Signatory 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 Signatory 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 Signatory Airline's Leased Premises shall be restored adequately for use. City shall use "commercially reasonable" efforts to provide Signatory 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 comparable space. Any substantial damage caused by Signatory Airline shall be repaired by the City and the cost of such repair invoiced directly to Signatory Airline, due and payable upon receipt.

10.03 Destruction.

A. If any part of Signatory Airline's Leased Premises, or adjacent facilities directly and substantially affecting the use of Signatory Airline's Leased Premises, shall be damaged by fire or other casualty, and is so extensively damaged as to render any portion of Signatory Airline's Leased Premises incapable of being repaired within ninety (90) calendar days, as reasonably

determined by the City, the City shall notify Signatory 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 Signatory Airline's affected 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 Signatory Airline. If this occurs, Signatory Airline may terminate the letting of Signatory Airline's Leased Premises, effective as of the date of written notice to the City. Any destruction caused by Signatory Airline shall be repaired by the City and the cost of such repair invoiced directly to Signatory Airline, due and payable upon receipt.

B. In the event the City elects to reconstruct or replace the affected Signatory Airline's Leased Premises, the City shall provide Signatory 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 comparable space.

C. In the event the City elects to not reconstruct or replace the affected Signatory Airline's Leased Premises, the City shall meet and consult with Signatory Airline on ways and means to permanently provide Signatory Airline with adequate replacement space for the Signatory Airline's affected Leased Premises. In such event, the City agrees to amend this Agreement to reflect related additions and deletions to Signatory Airline's Leased Premises. Signatory Airline is not bound to accept the replacement space and may terminate this Agreement, as described in Section 10.03.A as above.

10.04 Damage Caused By Signatory Airline. Notwithstanding the provisions of this Article 10, in the event that due to the negligence or willful act or omission of Signatory Airline, its employees, contractors, its agents, or licensees, Signatory 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 Signatory 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, Signatory Airline shall pay the amount of such additional 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 Signatory 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 Signatory Airline in accordance with this Agreement, unless Signatory 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. Signatory 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 arising out of, resulting from, or incident to Signatory Airline's performance of its obligations under this Agreement, or in conjunction with Signatory Airline's use and occupancy of Signatory Airline's Leased Premises or use of the Airport, unless such injury or damage is occasioned by the sole negligence or willful misconduct of City, its officers, employees, or agents.

B. Signatory 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 Signatory Airline, its agents, employees, or successors and assigns in conjunction with Signatory Airline's use and/or occupancy of Signatory Airline's Leased

Premises or the Airport unless such injury or damage is occasioned by the sole 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 Signatory Airline's obligation to indemnify City, as provided for in Section 11.01, Signatory 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 operating aircraft larger than sixty (60) seats shall be in an aggregate amount of not less than \$100,000,000 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. The limits for Signatory Airlines operating aircraft with sixty (60) seats or less shall be in an aggregate amount of not less than \$50,000,000 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, Signatory 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. Signatory 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. Signatory 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. Failure to provide and/or maintain the required insurance coverage as set forth

herein is grounds for immediate termination of this Agreement.

C. Signatory 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 Signatory Airline will be promptly met.

11.03 Waiver of Subrogation. City and Signatory Airline hereby mutually waive any and all rights of recovery against the other party arising out of damage or destruction of the buildings, Signatory 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 Signatory 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 Signatory Airline's assets or the subletting of Signatory Airline's Leased Premises without City Council authorization except as permitted under Article 15.
 - (2) The divestiture of Signatory Airline's estate herein by operation of law, by dissolution, or by liquidation.
 - (3) The Signatory 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 Signatory 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 Signatory 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 Signatory Airline of written demand from City to do so, Signatory 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, Signatory Airline's performance under this Section 12.01 shall be subject to the provisions of Section 18.25 of this Agreement. Signatory 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 Signatory 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 Signatory Airline with respect to any obligation or alleged obligation of Signatory Airline to make payments to City, payments under protest by Signatory Airline of the amount due shall not waive any of Signatory Airline's rights to contest the validity or amount of such payment.

- (2) The failure by Signatory Airline to maintain the minimum required insurance coverage as required by Section 11.02; provided, the City shall have the right to immediately suspend Signatory Airline's right to operate at the Airport until Signatory Airline has obtained the minimum required insurance coverage.
- (3) If any act occurs through the fault or neglect of Signatory Airline which operates to deprive Signatory 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 Signatory Airline. Notwithstanding the occurrence of any event of default, Signatory Airline shall remain liable to City for all Rentals, Fees, and Charges payable hereunder and for all preceding uncured breaches of any covenant of this Agreement. Furthermore, unless City elects to terminate this Agreement at its sole discretion, Signatory 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 Signatory 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, Signatory Airline shall be deemed to have no further rights hereunder and City shall have the right to take immediate possession of Signatory Airline's Leased Premises.
- C. City may reenter Signatory Airline's Leased Premises and may remove all of Signatory Airline's persons and property from same upon the date of reentry specified in City's written notice of reentry to Signatory 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.

D. City may re-let Signatory 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 of improvements on Signatory Airline's Leased Premises. In re-letting Signatory 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 Signatory Airline's event of default.

E. In the event that City relets Signatory 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 Signatory 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 Signatory Airline, then Signatory Airline shall pay such deficiency to City. Signatory 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. Signatory 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 material 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 Signatory 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 Signatory Airline for reasons other than those circumstances within Signatory 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 Signatory 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 Signatory Airline from using Airport for airport purposes, for reasons other than those circumstances within City's or Signatory 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 Signatory Airline from conducting its operations, if such restriction remains in force for a period of sixty (60) consecutive days or more.

13.02 Signatory Airline's Remedy. Signatory 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, Signatory Airline shall surrender the Signatory 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, Signatory Airline shall promptly and peaceably surrender to City Signatory Airline's Leased Premises and all improvements thereon to which City is entitled in good and fit condition, reasonable wear and tear excepted; provided, however, nothing in this section shall be construed to modify the obligations of the parties that accrued

prior to the date of termination of this Agreement.

14.02 Removal of Property. Signatory 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 Signatory 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 Signatory Airline's aircraft. Signatory 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 Signatory 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 Signatory Airline's personal property located on Signatory Airline's Leased Premises is at the risk of Signatory Airline only, and the City is not liable for damage to said personal property in, at or on Signatory Airline's Leased Premises or to Signatory Airline. Except as may be agreed to otherwise by the City and Signatory Airline, all City property damaged by or as a result of the removal of Signatory Airline's property shall be restored by Signatory Airline to the condition existing before such damage, less reasonable wear and tear, at Signatory Airline's expense.

ARTICLE 15: ASSIGNMENT AND SUBLETTING AGREEMENTS

15.01 Assignment and Subletting by Signatory Airline.

A. Except for an assignment to a parent or subsidiary, which is hereby authorized, Signatory Airline may not at any time assign, transfer, convey, sublet, mortgage, pledge, or encumber its interest under this Agreement or any part of Signatory Airline's Leased Premises to any party including Affiliate Airlines 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 Signatory Airline may merge or consolidate, or which may acquire substantially all of Signatory Airline's assets.

In the event that Signatory Airline shall, directly or indirectly, assign, sell, hypothecate or

otherwise transfer this Agreement, or any portion of Signatory 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. Signatory Airline shall not sublease Signatory 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 Signatory Airline's Exclusive Use Premises or Preferential Use Premises or any part thereof, by anyone other than Signatory Airline or an Air Transportation Company being handled by Signatory Airline shall be deemed a sublease.

C. Signatory 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 Signatory Airline's request for consent by the City. The assignment or sublease agreement or written summary submitted with Signatory 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 Signatory Airline. A fully executed copy of such sublease or assignment shall be submitted to City for final consent before occupancy of Signatory 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 Signatory Airline for said premises pursuant to this Agreement, Signatory Airline shall pay to City the excess of the Rentals, Fees, and Charges received from the sublessee over that specified to be paid by Signatory Airline herein; provided however, Signatory 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. Signatory Airline may also charge a reasonable fee to others for the use of Signatory Airline's capital equipment and to charge for use of utilities and other services being paid for by Signatory Airline.

E. Nothing in this Article 15 shall be construed to release Signatory 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 Signatory 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 gate holdrooms, passenger loading bridges and associated Apron Area parking positions.

16.02 Accommodation of Requesting Air Transportation Company. City shall not require Signatory 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. Signatory Airline shall cooperate with City to accommodate the needs of a requesting Air Transportation Company by permitting such requesting Air Transportation Company to utilize Signatory Airline's Preferential Use Premises (and Air Transportation Company shall remit to Signatory Airline a directly proportionate share of the Rentals, Fees, and Charges attributable to such use of the specific Preferential Use Premises) for the time period necessary to permit passenger loading and unloading operations in conjunction with the scheduled operations of such requesting Air Transportation Company at times when the use of such facilities shall not interfere with Signatory Airline's planned operation. In determining if Signatory Airline shall be required to accommodate a requesting Air Transportation Company, the City shall consider Signatory Airline's capabilities, capacity, and facilities, after taking into account Signatory Airline's own requirements and contractual obligations, the compatibility of requesting Air Transportation Company's proposed operations with those of Signatory Airline, and the need for labor harmony. Prior to any accommodated Air Transportation Company being permitted to use Signatory Airline's Preferential Use Premises, City shall require such accommodated Air Transportation Company to indemnify City and Signatory Airline and its officers, directors, employees and agents against any claims, damages, injuries and costs (including reasonable attorneys' fees) arising from the acts or omissions of the accommodated Air Transportation Company, its officers, directors, employees and agents and deliver to City and Signatory Airline reasonably satisfactory evidence of insurance coverage, which insurance shall provide the coverages (including amounts) as are required of Signatory Airline under this Agreement and name City and Signatory Airline as an

additional insured party.

16.03 Relocation of Signatory Airline. With regard to Signatory Airline's Exclusive Use Premises and Preferential Use Premises, the City reserves the right to relocate Signatory Airline (i) after the City has obtained adequate funding to pay the reasonable costs of same, (ii) following consultation with Signatory Airline, and (iii) upon not less than sixty (60) days' prior written notice to Signatory Airline, in order to maintain the most efficient use of the Terminal as reasonably determined by the Director. In implementing any relocation, the City shall minimize disruptions to Signatory Airline's operations and shall use commercially reasonable efforts to provide Signatory Airline with replacement space that is comparable to that which is to be vacated and to coordinate any such relocation with Signatory Airline. In the event that such a relocation request is made by the City, the City shall fund the reasonable costs of such relocation, including the costs of any improvements needed to the replacement space to match those in the vacated space, and Signatory Airline shall not be required to pay a greater total rental amount for the relocated space.

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 Signatory Airline written advance notice of any provisions which would adversely modify the material terms of this Agreement.

17.02 Federal Government's Emergency Clause. All provisions of this Agreement shall be subordinate to the rights of the United States of America to operate the Airport or any part thereof during time of war or national emergency. Such rights shall supersede any provisions of this Agreement inconsistent with the operations of the Airport by the United States of America.

17.03 Nondiscrimination

A. Signatory Airline for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby agree as a covenant running with

the land that (i) no person on the grounds of race, creed, color, national origin, or sex shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of Signatory Airline's Leased Premises, (ii) in the construction of any improvements on, over, or under Signatory Airline's Leased Premises and the furnishing of services thereon, no person on the grounds of race, creed, color, national origin, or sex shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination; and (iii) Signatory Airline shall use Signatory Airline's Leased Premises in compliance with all other requirements imposed by or pursuant to 14 CFR Part 152, Subpart E Non-Discrimination in Airport Aid Program, Title VI of the Civil Rights Act of 1964, and 49 CFR, Subtitle A, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as titles and regulations may be amended.

B. Signatory 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 Signatory 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 Signatory 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, 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,

Signatory Airline must adopt procedures to control and limit access to the SA, AOA, and SIDA by Signatory Airline, its assignees and sublessees, and its and their respective agents, contractors, suppliers of materials and furnishers of services, employees, and business invitees in accordance with all present and future ASP, FAA, and TSA laws, rules, regulations, and ordinances. **Signatory 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 Signatory Airline, its sublessees or its or their respective agents, contractors, suppliers of materials and furnishers of services, employees, business invitees, agents, or any person under the direction of Signatory Airline, which entry violates the City, ASP, FAA, or TSA laws, rules, regulations, or ordinances or Signatory Airline's Director-approved procedures for controlling access to the SA or SIDA as provided hereinabove.** Signatory Airline must obtain employee identification badges for all personnel authorized by Signatory 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 laws, rules, regulations and ordinances. Signatory Airline must pay all fines associated with security breaches/infractions by Signatory Airline and its sublessees and its and their respective agents, officers, business invitees, and employee in the SA, AOA, and SIDA, regardless of whether the fine is assessed to the City, Airport or Signatory Airline and/or its sublessees, and its or their respective agents, officers, business invitees, or employees; however, Signatory 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 Signatory 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 and Signatory Airline agree that, to the extent required by the Master Bond Ordinance or law, the holders of the Bonds or their designated representatives shall have the right to exercise any and all rights of City hereunder.

B. City shall notify Signatory Airline in advance of any amendments or supplements to the Master Bond Ordinance that would materially alter the terms and provisions of this Agreement.

City and Signatory Airline shall use their “commercially reasonable” efforts to agree on the implementation of any such material amendments or supplements desired solely by City for its own purposes. If such material alteration will negatively impact financial or operational rights granted herein, then either party may immediately terminate this Agreement.

C. With respect to property leased by the City to Signatory Airline hereunder which was or is to be acquired by the City with proceeds of Bonds, the interest on which is, or is intended to be, excludable from the gross income of the holders of such Bonds for federal income tax purposes, the parties hereby covenant to use “commercially reasonable” efforts to protect the tax-exempt status of the Bonds.

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 Signatory Airline’s payment of Rentals, Fees, and Charges is timely and Signatory Airline keeps all covenants and agreements contained herein, Signatory Airline shall peaceably have and enjoy Signatory 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 Signatory Airline’s business, Signatory Airline agrees that occupancy of Signatory Airline’s Leased Premises will be lawful and quiet and that it will not knowingly use or permit the use of Signatory 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. Signatory 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 Signatory 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. Signatory 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 Signatory 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. Signatory 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.

C. Signatory 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 Signatory Airline or Signatory Airline's operations and activities at the Airport.

18.08 Inspection. Signatory Airline shall allow the City's authorized representatives access to Signatory 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; 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 Signatory Airline's representative.

18.09 No Individual Liability. No official, officer, agent, director, or employee of the City or Signatory 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 Signatory 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 Signatory Airline authorizing the use of the Airport, its facilities and appurtenances.

18.20 Affiliate Airline. Signatory Airline and any designated Affiliate Airline shall be counted as one airline for the purposes of computing any Joint Use Premises charges, provided the Affiliate Airline has executed an Operating Agreement with City; provided however, that Signatory Airline shall be responsible for the actions and any and all charges (incurred on behalf of Signatory Airline) of (including the payment of any activity fees incurred by) any such designated Affiliate Airline while such designated Affiliate Airline operates at the Airport on behalf of Signatory Airline. Signatory Airline must provide City with a listing in writing of all of Signatory Airline's designated Affiliate Airlines and the relationship each Affiliate Airline has with Signatory Airline (i.e., Signatory Airline is a parent corporation to Affiliate Airline; Signatory Airline is in a partnership/contract with the designated Affiliate Airline, etc.). Signatory Airline

shall give City thirty (30) calendar days' written notice of any change to the Affiliate Airline designation and, if such notice request removes the "affiliate" designation from an Air Transportation Company, Signatory Airline will no longer be a guarantor of that former Affiliate Airline. Signatory Airline will use "commercially reasonable" efforts to assist City in having its designated Affiliate Airlines execute an operating agreement with City.

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.

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 Signatory Airline as stipulated above.

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

United Airlines
Attn: Airport Affairs
233 S Wacker Drive
Chicago, IL 60606

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

18.23 Agent For Service. It is expressly understood and agreed that if Signatory 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, Signatory 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. Signatory 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, Signatory 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 Nueces County, Texas, shall be the forum for any actions brought hereunder.

18.25 Force Majeure. Except as herein provided, neither the City nor Signatory 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, 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 Signatory Airline and the City that the City, the City's agents, Signatory Airline and Signatory 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 Signatory Airline and the City.

ATTEST

CITY OF CORPUS CHRISTI

Rebecca Huerta, City Secretary

Keith Selman, Interim City Manager

APPROVED AS TO LEGAL FORM THIS _____ DAY OF _____, 2018

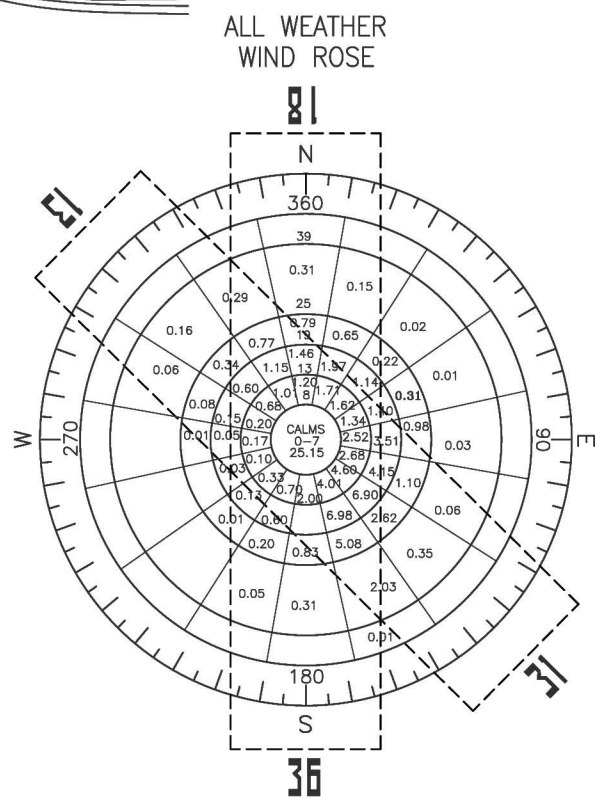
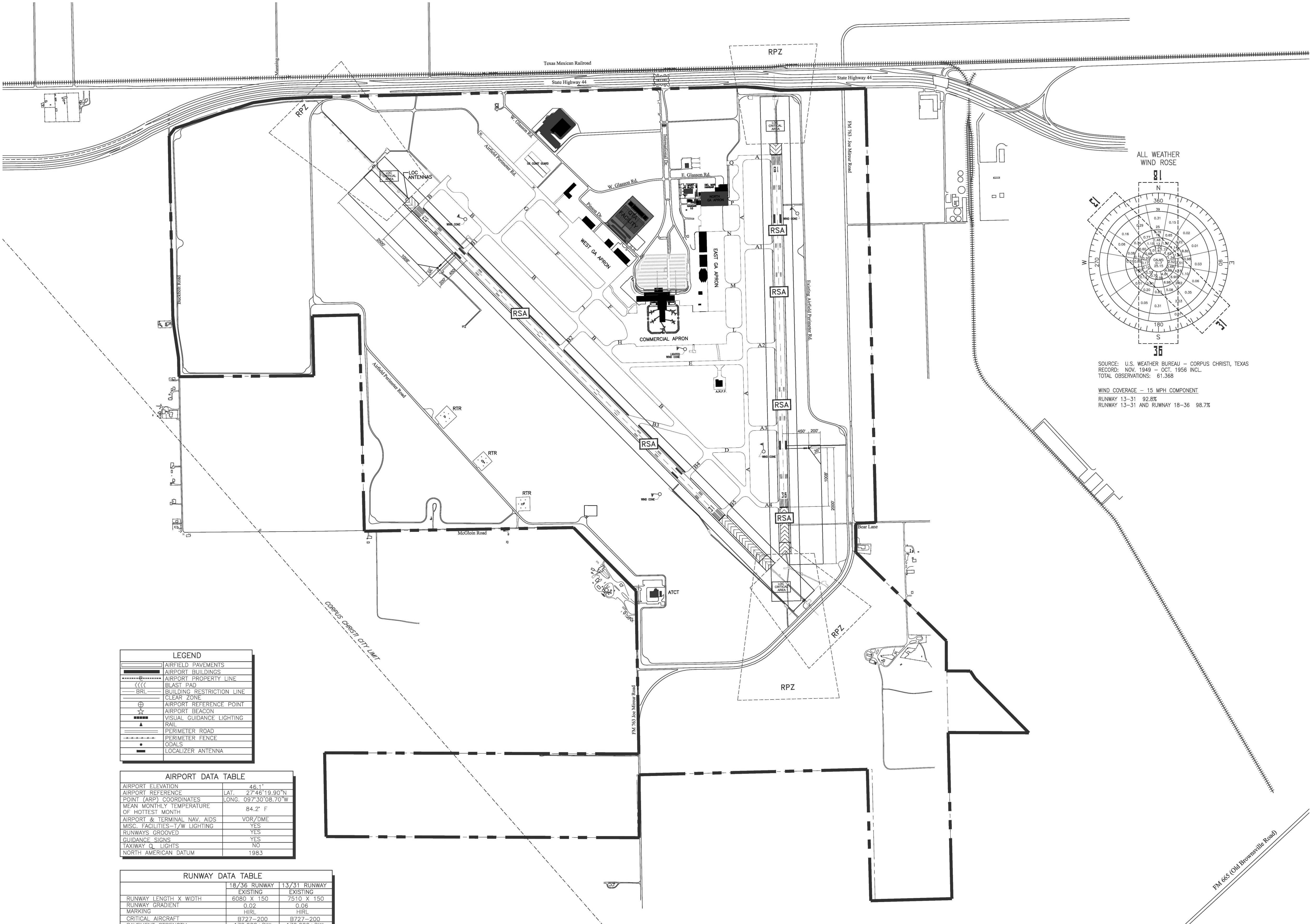
Elizabeth Hundley,
Assistant City Attorney
for Miles Risley, City Attorney

AIRLINE

By:  _____

Name: Peter Froehlich
Title: Managing Director- Airport Affairs
Corporate Real Estate

Date: December 18, 2018



SOURCE: U.S. WEATHER BUREAU - CORPUS CHRISTI, TEXAS
RECORD: NOV. 1949 - OCT. 1956 INCL.
TOTAL OBSERVATIONS: 61,368

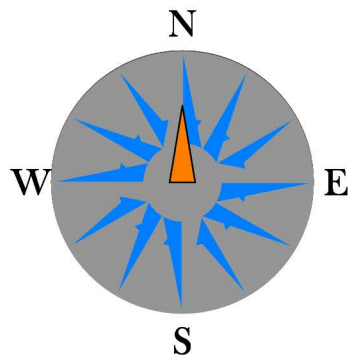
WIND COVERAGE - 15 MPH COMPONENT
RUNWAY 13-31 92.8%
RUNWAY 13-31 AND RUNWAY 18-36 98.7%

LEGEND	
	AIRFIELD PAVEMENTS
	AIRPORT BUILDINGS
	AIRPORT PROPERTY LINE
	BLAST PAD
	BUILDING RESTRICTION LINE
	CLEAR ZONE
	AIRPORT REFERENCE POINT
	AIRPORT BEACON
	VISUAL GUIDANCE LIGHTING
	RAIL
	PERIMETER ROAD
	PERIMETER FENCE
	ODALS
	LOCALIZER ANTENNA

AIRPORT DATA TABLE	
AIRPORT ELEVATION	46.1'
AIRPORT REFERENCE	LAT. 27°46'19.90"N
POINT (ARPT) COORDINATES	LONG. 097°30'08.70"W
MEAN MONTHLY TEMPERATURE OF HOTTEST MONTH	84.2° F
AIRPORT & TERMINAL NAV. AIDS	VOR/DME
MISC. FACILITIES-T/W LIGHTING	YES
RUNWAYS GROOVED	YES
GUIDANCE SIGNS	YES
TAXIWAY G. LIGHTS	NO
NORTH AMERICAN DATUM	1983

RUNWAY DATA TABLE			
	18/36 RUNWAY	13/31 RUNWAY	
RUNWAY LENGTH X WIDTH	6080 X 150	7510 X 150	EXISTING
RUNWAY GRADIENT	0.02	0.06	EXISTING
MARKING	HIRL	HIRL	
CRITICAL AIRCRAFT	B722-200	B722-200	
PAVEMENT STRENGTH	170,000+DWL	170,000+DWL	
WIND COVERAGE	89.8	92.8	
TRUE BEARING	N073.329°W	N44°11.1°W	
RUNWAY END	18 36	13 31	
RUNWAY END ELEVATION	40.87	39.67	43.51 40.90
NAVIGATIONAL AIDS	VORTAC	ILS	LOC
PAPI	PAPI	PAPI	PAPI
MALSR	MALSR	MALSR	MALSR
VISUAL AIDS	NPI	PI	NPI
TYPE APPROACH	EXISTING	EXISTING	EXISTING
EXISTING APPROACH SLOPE	9:1	79:1	72:1
REQUIRED APPROACH SLOPE	34:1	50:1	50:1 34:1
TAXIWAY MARKING	YES	YES	YES
TAXIWAY LIGHTS	YES	YES	YES

RUNWAY DECLARED DISTANCE INFORMATION			
RWY 131	TORA-7510	TODA-7510	ASDA-7510 LDA-7510
RWY 18	TORA-6080	TODA-6680	ASDA-6680 LDA-6080
RWY 31	TORA-7510	TODA-7510	ASDA-7510 LDA-7510
RWY 36	TORA-6080	TODA-6080	ASDA-6080 LDA-6080



CORPUS CHRISTI INTERNATIONAL AIRPORT

AIRPORT LAYOUT PLAN
EXHIBIT A

CITY OF CORPUS CHRISTI
DEPARTMENT OF AVIATION 2017

SCALE:	N.T.S.
PREPARED BY:	CDB
APPR BY:	CARL GROSS
DATE:	05-23-2017
PROJECT NO.	
PAGE	1 OF 1

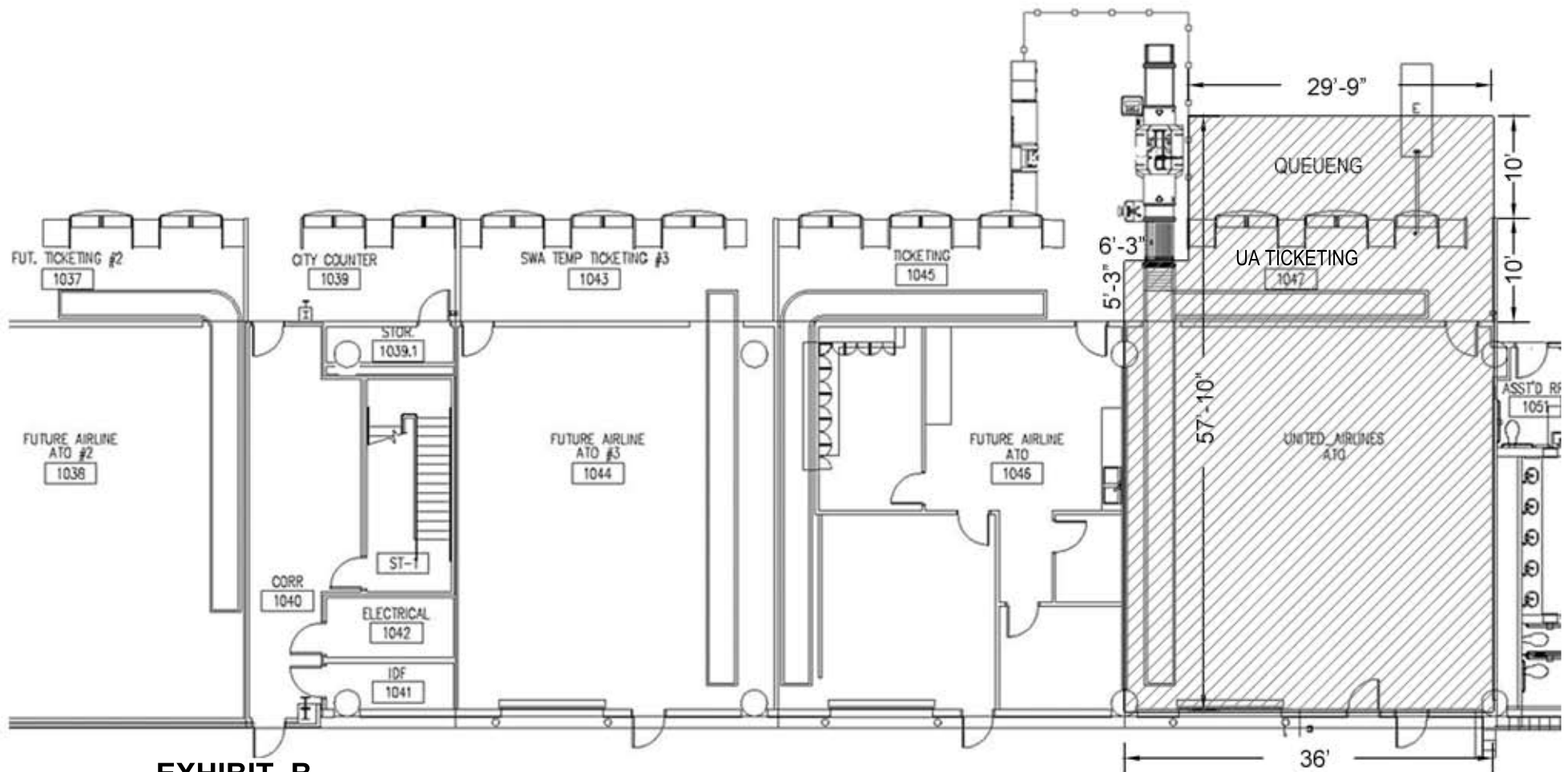


EXHIBIT B

LEASE SPACE

UNITED AIRLINE

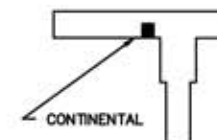
CORPUS CHRISTI

INTERNATIONAL AIRPORT

2017 AIRLINE LEASE AGREEMENT

NOTE: ALL MEASUREMENTS TO DETERMINE THE AREA OF EXCLUSIVE SPACE LEASED SHALL BE FROM THE INTERIOR OF THE EXTERNAL WALLS AND FROM THE CENTERLINE TO CENTERLINE OF EACH INTERIOR WALL, OR, IN THE ABSENCE OF INTERIOR WALLS, THE POINT OF SAID CENTERLINE WOULD BE LOCATED IF SUCH INTERIOR WALL EXISTED.

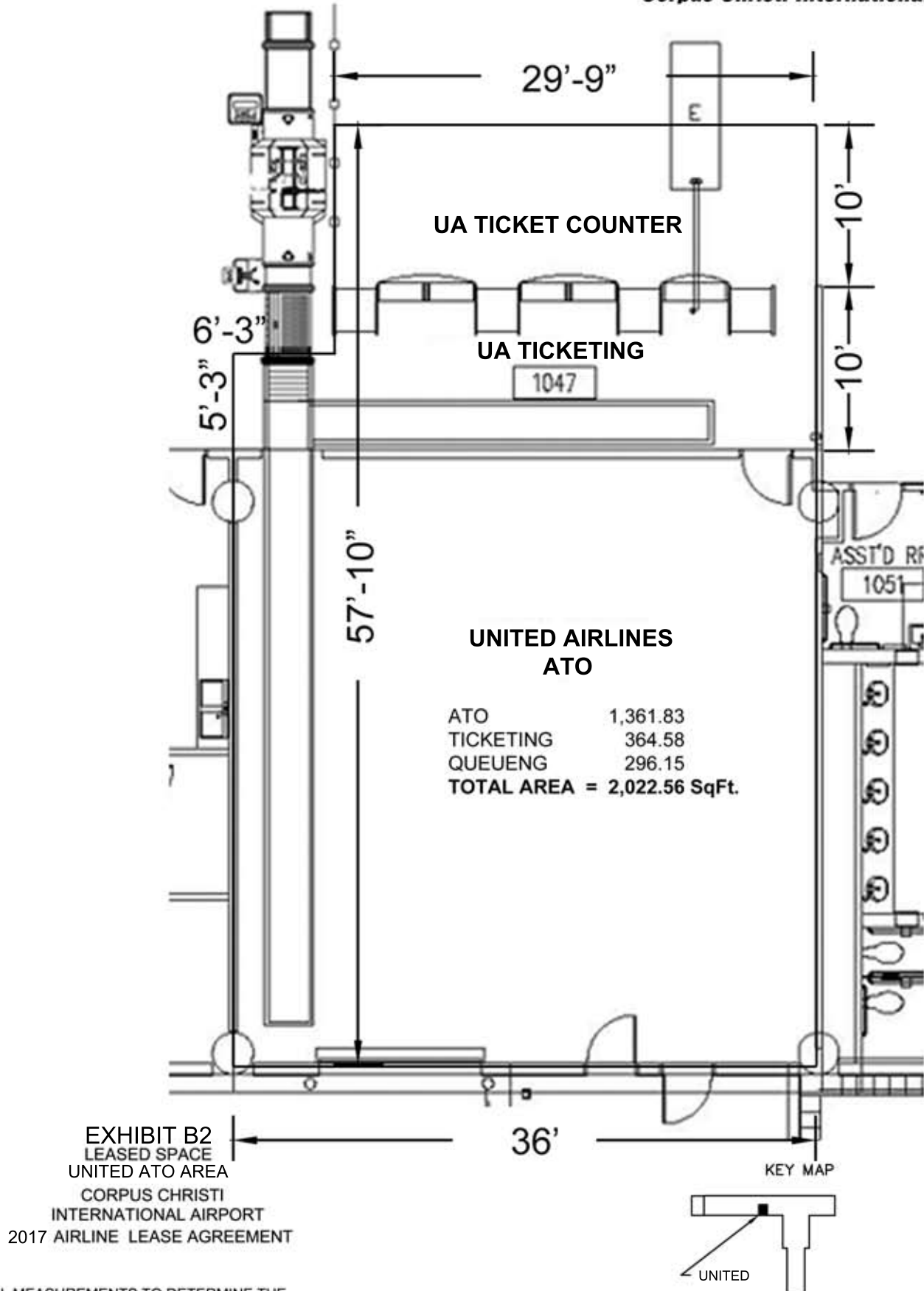
KEY MAP



ATO	1,361.83
TICKETING	364.58
QUEUENG	296.15
TOTAL AREA =	2,022.56 SqFt.



Prepared by:	CBELINOjr.
Approved by:	VGONZALEZ
Date:	OCT-2017
Proj. Name:	2017_LEASE_AGREEMENTS



NOTE: ALL MEASUREMENTS TO DETERMINE THE AREA OF EXCLUSIVE SPACE LEASED SHALL BE FROM THE INTERIOR OF THE EXTERNAL WALLS AND FROM THE CENTERLINE TO CENTERLINE OF EACH INTERIOR WALL, OR, IN THE ABSENCE OF INTERIOR WALLS, THE POINT OF SAID CENTERLINE WOULD BE LOCATED IF SUCH INTERIOR WALL EXISTED.



Prepared by:	CBELINO Jr.
Approved by:	VGONZALEZ
Date:	OCT-2017
Proj. Name:	2017_LEASE_AGREEMENTS

UNITED AIRLINES OPERATIONS AREA

FLOOR AREA = 601.00 SF

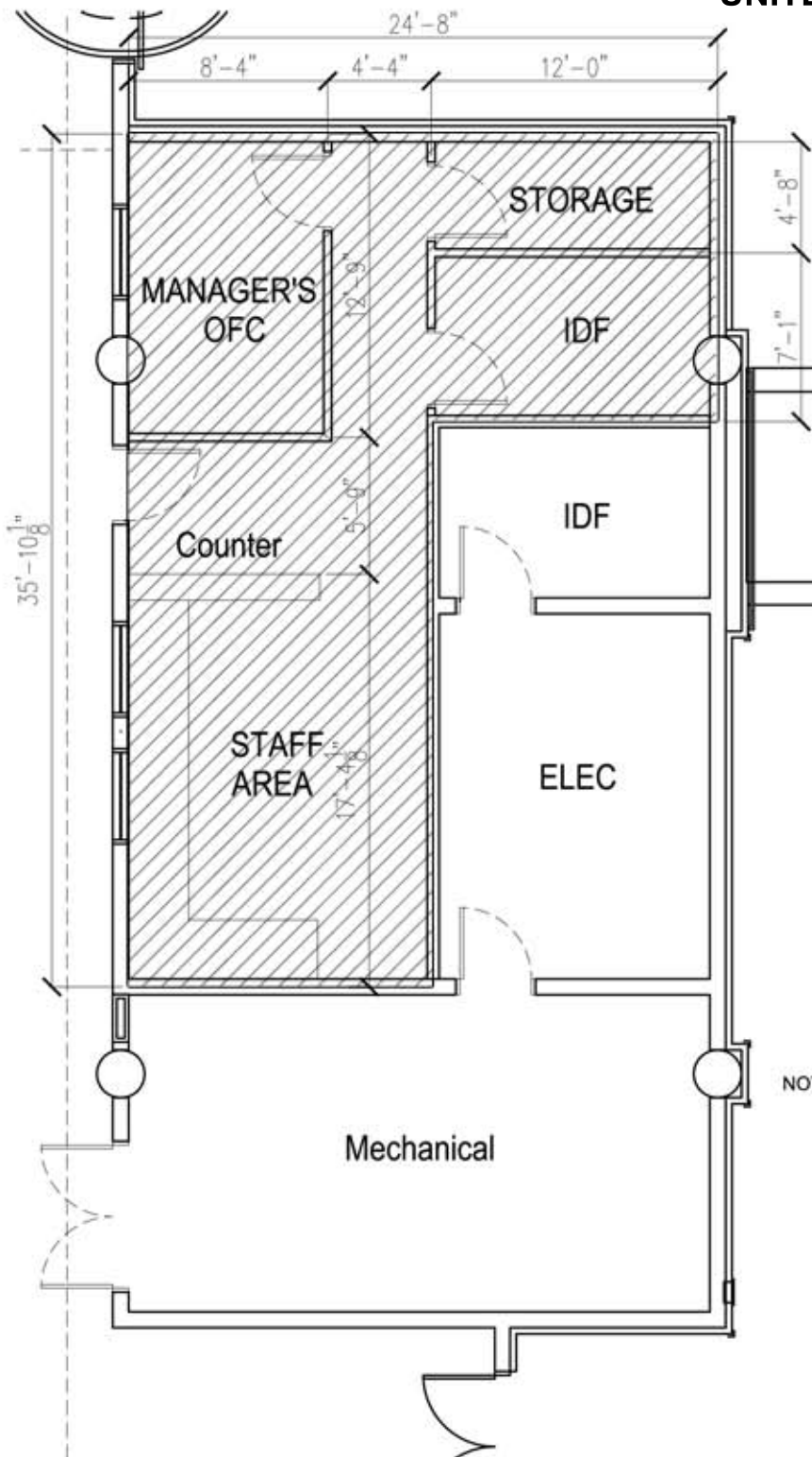
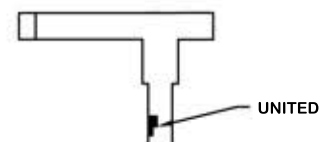


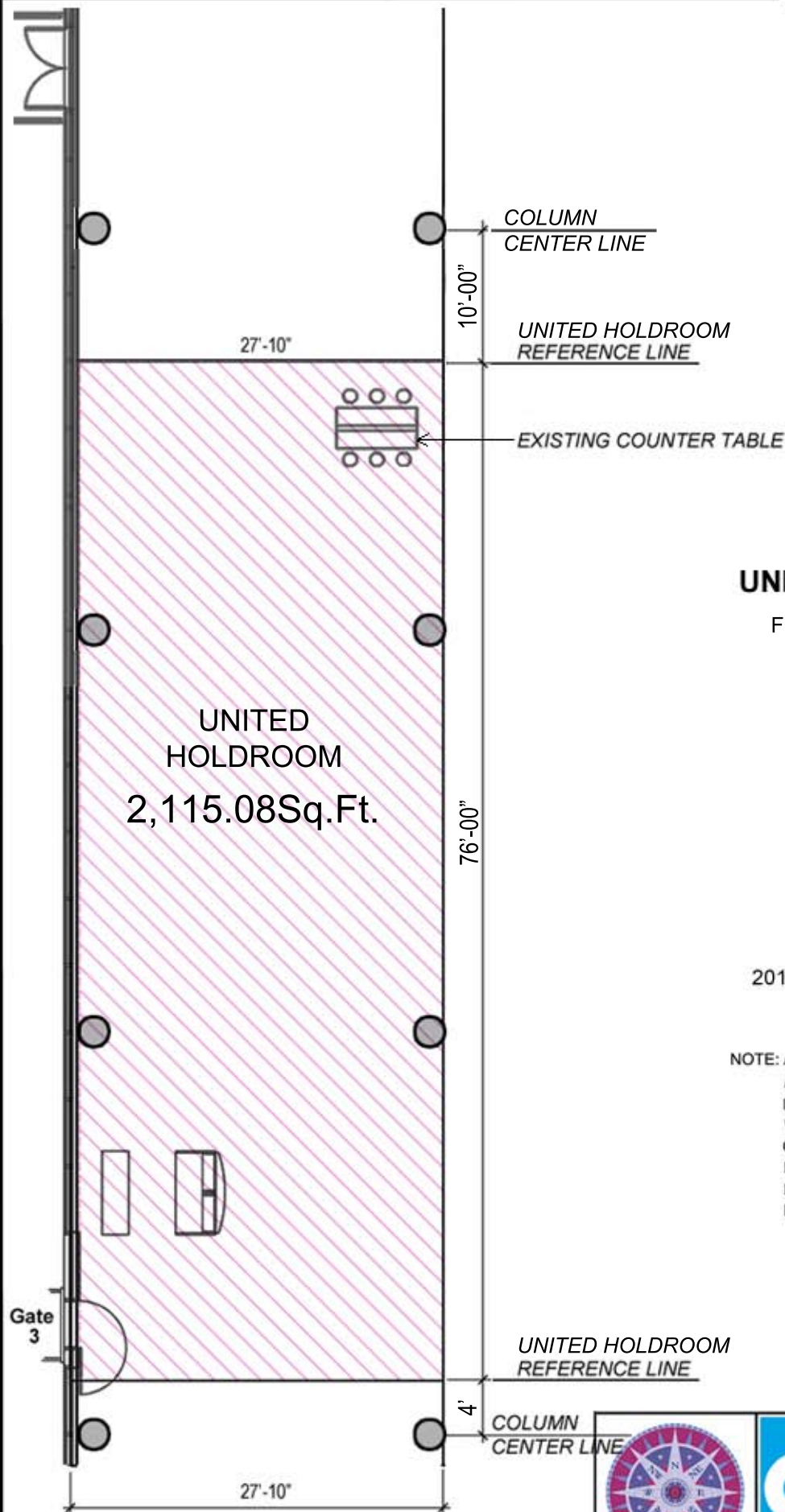
EXHIBIT B3
LEASED SPACE
UNITED OPS AREA
CORPUS CHRISTI
INTERNATIONAL AIRPORT
2017 AIRLINE LEASE AGREEMENT

NOTE: ALL MEASUREMENTS TO DETERMINE THE AREA OF EXCLUSIVE SPACE LEASED SHALL BE FROM THE INTERIOR OF THE EXTERNAL WALLS AND FROM THE CENTERLINE TO CENTERLINE OF EACH INTERIOR WALL, OR, IN THE ABSENCE OF INTERIOR WALLS, THE POINT OF SAID CENTERLINE WOULD BE LOCATED IF SUCH INTERIOR WALL EXISTED.

KEY MAP



Prepared by:	CBELINO Jr.
Approved by:	VGONZALEZ
Date:	OCT-2017
Proj. Name:	2017_LEASE_AGREEMENTS



UNITED AIRLINE HOLDROOM

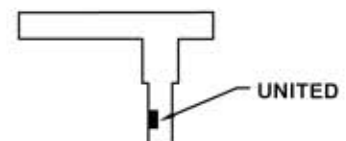
FLOOR AREA = 2,115.08 Sq.Ft.

EXHIBIT B4
LEASED SPACE
UNITED HOLDROOM

CORPUS CHRISTI
INTERNATIONAL AIRPORT
2018 AIRLINE LEASE AGREEMENT

NOTE: ALL MEASUREMENTS TO DETERMINE THE AREA OF EXCLUSIVE SPACE LEASED SHALL BE FROM THE INTERIOR OF THE EXTERNAL WALLS AND FROM THE CENTERLINE TO CENTERLINE OF EACH INTERIOR WALL, OR, IN THE ABSENCE OF INTERIOR WALLS, THE POINT OF SAID CENTERLINE WOULD BE LOCATED IF SUCH INTERIOR WALL EXISTED.

KEY MAP



UNITED HOLDROOM
REFERENCE LINE



Prepared by:	CBELINOjr.
Approved by:	VGONZALEZ
Date:	SEP-2018
Proj. Name:	2018_LEASE_AGREEMENTS

Prepared by:	CBELINOJA
Approved by:	VGONZALEZ
Date:	OCT-2017
Proj. Name:	2017_LEASE_AGREEMENTS

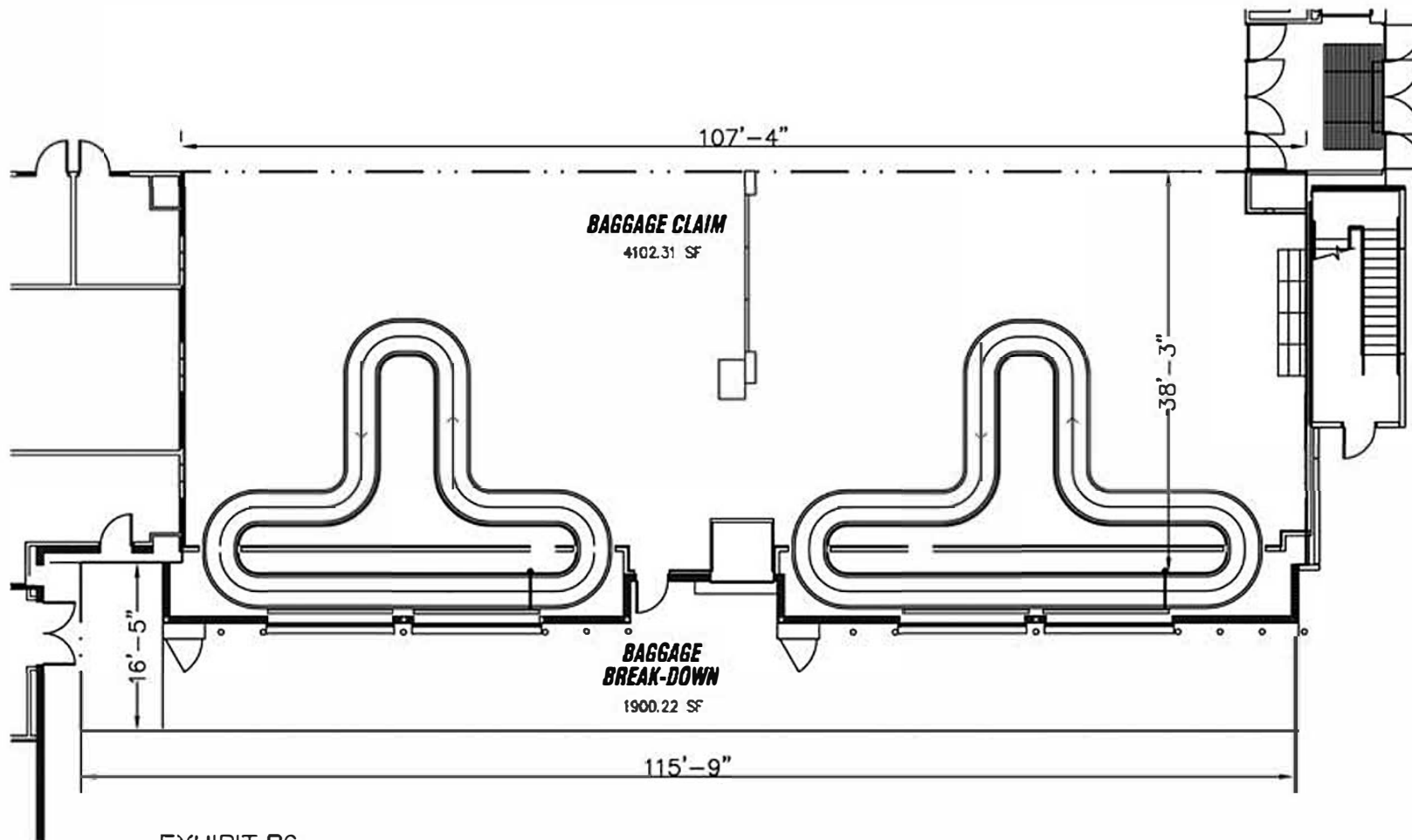


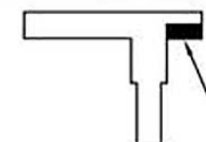
EXHIBIT B6
LEASED AREA
BAGGAGE CLAIM AREA

CORPUS CHRISTI
INTERNATIONAL AIRPORT
2017 AIRLINE LEASE AGREEMENT

BAGGAGE CLAIM AREA / BAGGAGE BREAK-DOWN

4,102.31 SF
1,900.22 SF
TOTAL FLOOR AREA = 6,002.53 SF

KEY MAP



BAGGAGE CLAIM

NOTE: ALL MEASUREMENTS TO DETERMINE THE AREA OF EXCLUSIVE SPACE LEASED SHALL BE FROM THE INTERIOR OF THE EXTERNAL WALLS AND FROM THE CENTERLINE TO CENTERLINE OF EACH INTERIOR WALL, OR, IN THE ABSENCE OF INTERIOR WALLS, THE POINT OF SAID CENTERLINE WOULD BE LOCATED IF SUCH INTERIOR WALL EXISTED.



Prepared by:	CBELINO Jr.
Approved by:	VGONZALEZ
Date:	● CT-2017
Proj Name:	2017_LEASE_AGREEMENTS

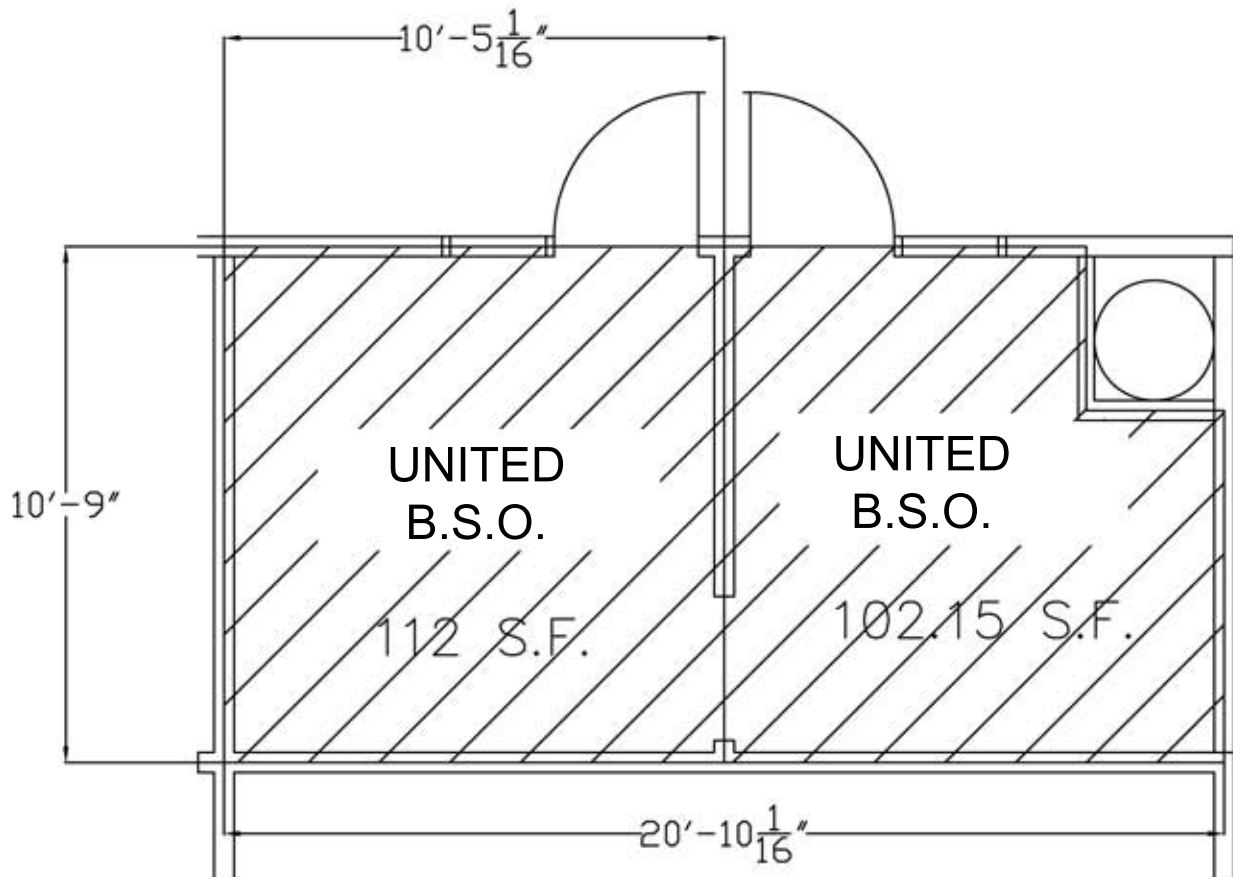


EXHIBIT B7

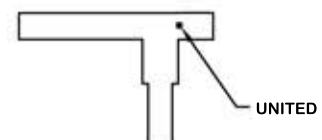
LEASED AREAS
UNITED AIRLINE BSO
CORPUS CHRISTI
INTERNATIONAL AIRPORT
2017 AIRLINE LEASE AGREEMENT

NOTE: ALL MEASUREMENTS TO DETERMINE THE AREA OF EXCLUSIVE SPACE LEASED SHALL BE FROM THE INTERIOR OF THE EXTERNAL WALLS AND FROM THE CENTERLINE TO CENTERLINE OF EACH INTERIOR WALL, OR, IN THE ABSENCE OF INTERIOR WALLS, THE POINT OF SAID CENTERLINE WOULD BE LOCATED IF SUCH INTERIOR WALL EXISTED.

**UNITED AIRLINE
BAGGAGE SERVICE OFFICES (BSO)**

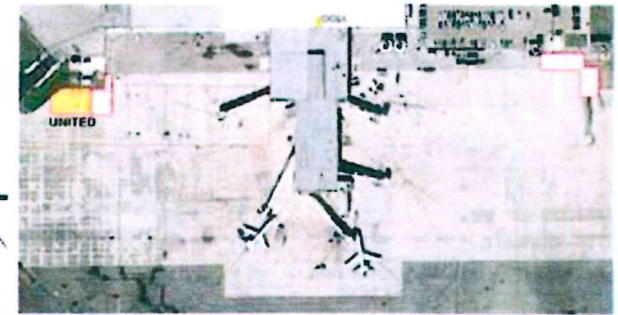
TOTAL FLOOR AREA = 214.15 SF

KEY MAP



Prepared by:	CBELINO Jr.
Approved by:	VGONZALEZ
Date:	OCT-2017
Proj. Name:	2017_LEASE_AGREEMENTS

Corpus Christi International Airport



UNITED
EXTENDED APRON
AREA = 3,818 SF

83'-0"

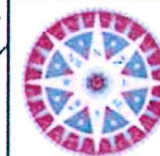
46'-0"

EXHIBIT B8
LEASED APRON SPACE
UNITED AIRLINES

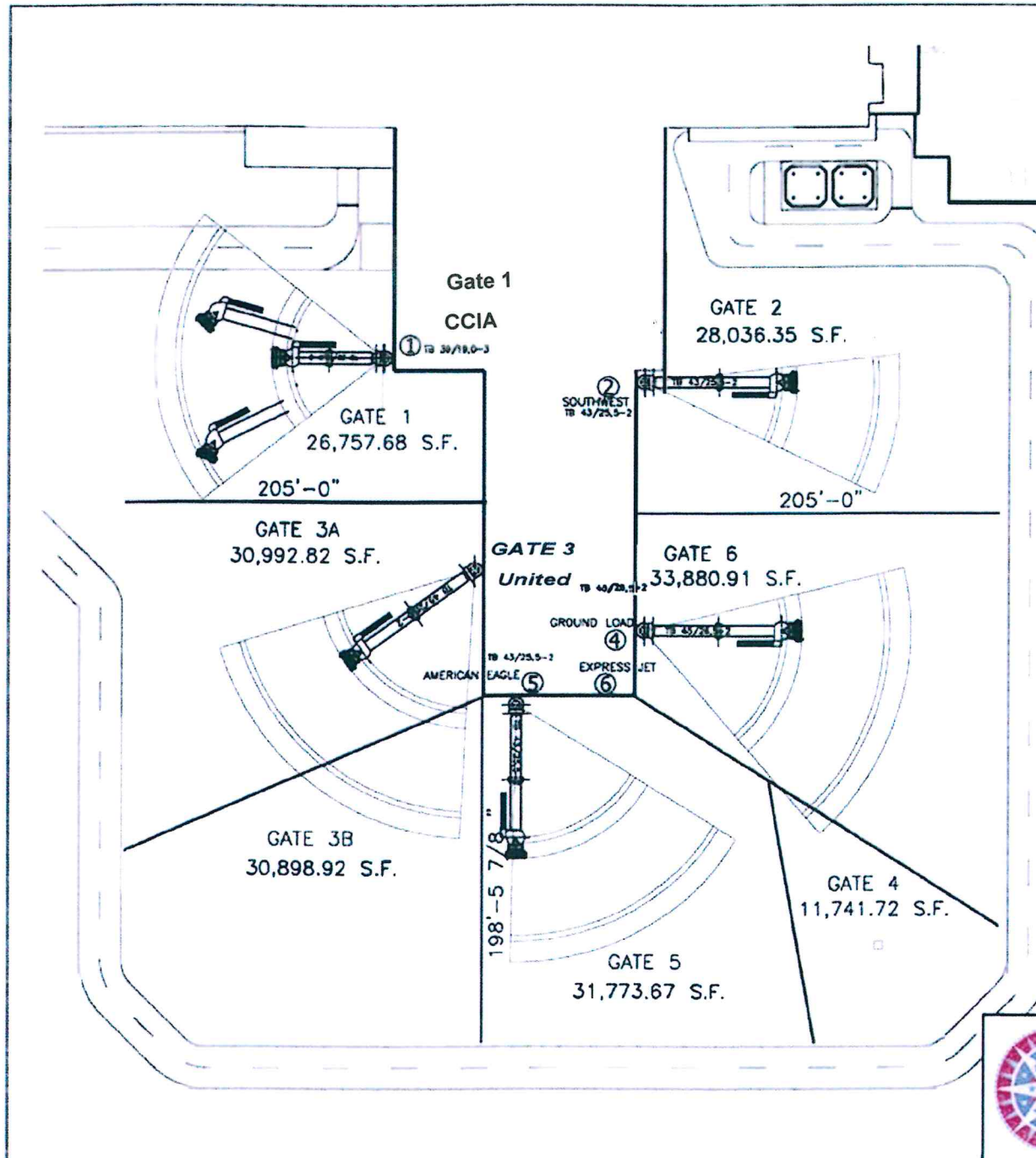
CORPUS CHRISTI
INTERNATIONAL AIRPORT
2017 AIRLINE LEASE AGREEMENT

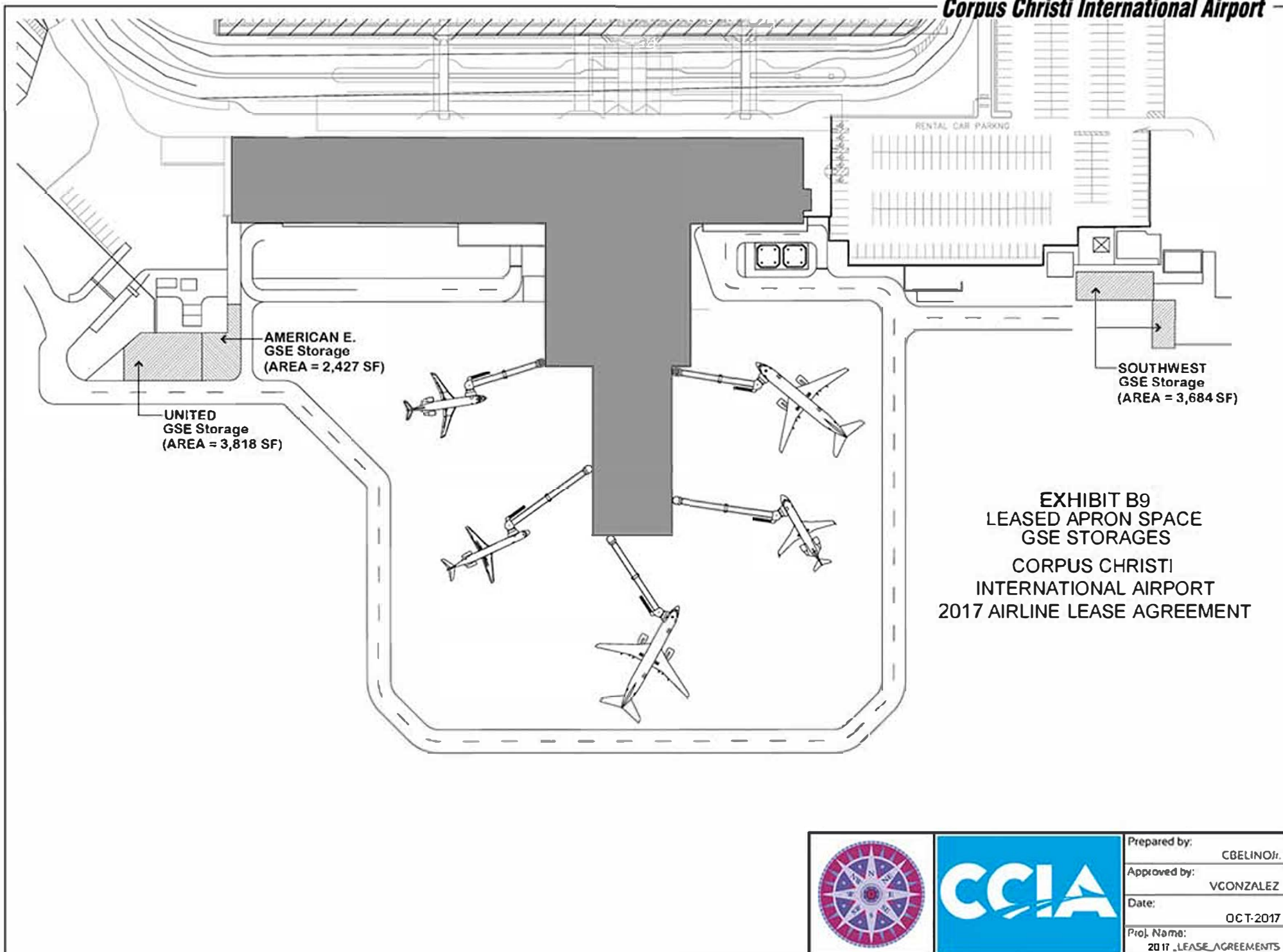
PREFERENTIAL USE OF APRON POSITIONS

POSITION #	AIRLINE	TYPE OF AIRCRAFT
#1	CCIA	
#2	SOUTHWEST	737
#3A	UNITED	ATR-72, ATR-42
#3B	UNITED	MD-80, 737, DC-9
#4	CCIA	
#5A	AMERICAN EAGLE	ERJ
#5B	AMERICAN EAGLE	ATR-72
#6	CCIA	CRJ



Prepared by
CBELINDI
Approved by
VCONZALEZ
Date
OCT-2017
Proj. Name:
2017 LEASE AGREEMENTS





Prepared by:	CBELINO Jr.
Approved by:	VCONZALEZ
Date:	OCT-2017
Proj. Name:	2017 LEASE AGREEMENTS

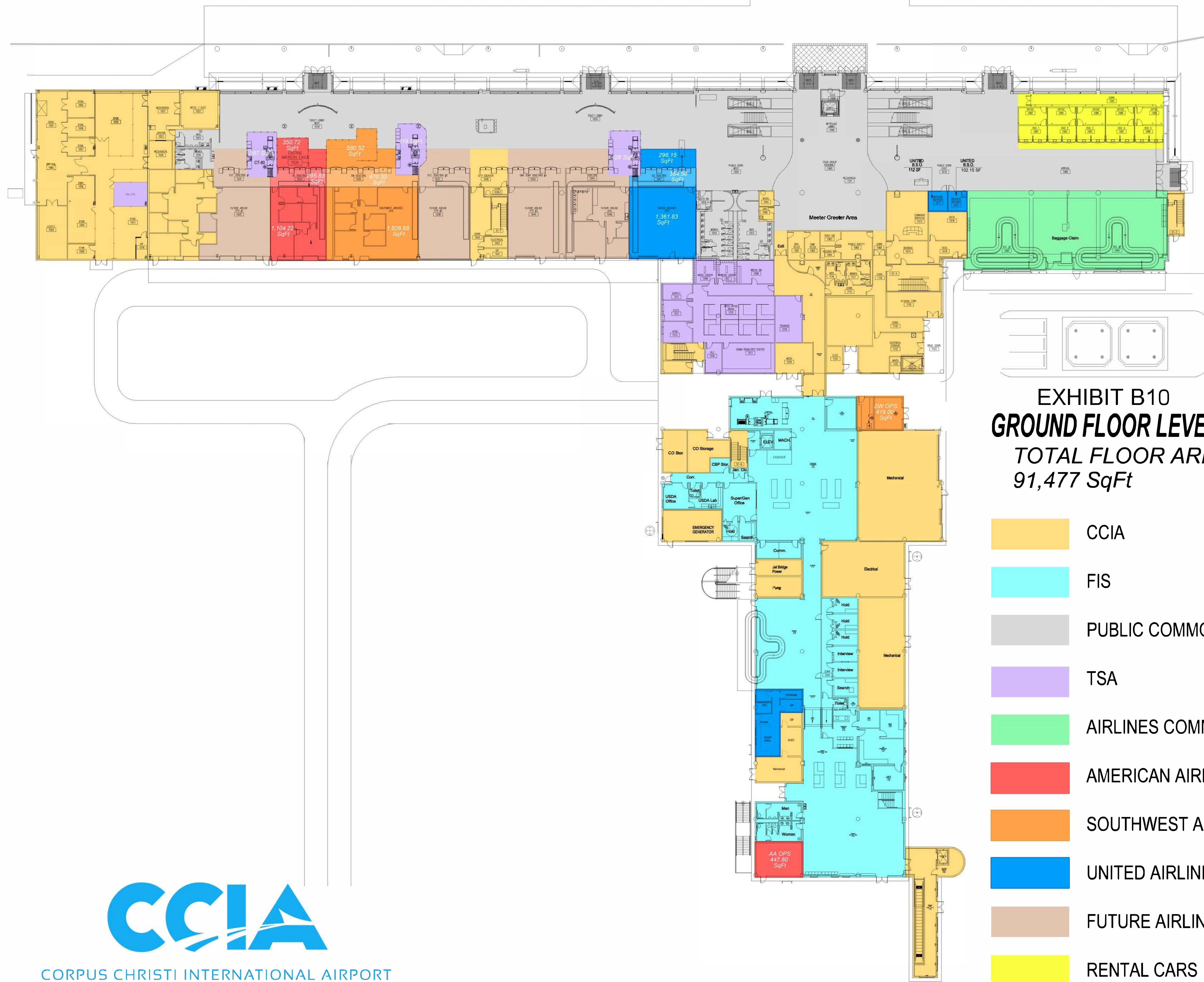


EXHIBIT B10
GROUND FLOOR LEVEL
 TOTAL FLOOR AREA
 91,477 SqFt

	CCIA	25,637.77 SqFt
	FIS	15,263.54 SqFt
	PUBLIC COMMON USED	22,115.98 SqFt
	TSA	4,952.33 SqFt
	AIRLINES COMMON USED	6,002.53 SqFt
	AMERICAN AIRLINE	2,198.57 SqFt
	SOUTHWEST AIRLINE	3,296.50 SqFt
	UNITED AIRLINE	2,837.71 SqFt
	FUTURE AIRLINES	6,873.50 SqFt
	RENTAL CARS	2,298.57 SqFt



CORPUS CHRISTI INTERNATIONAL AIRPORT

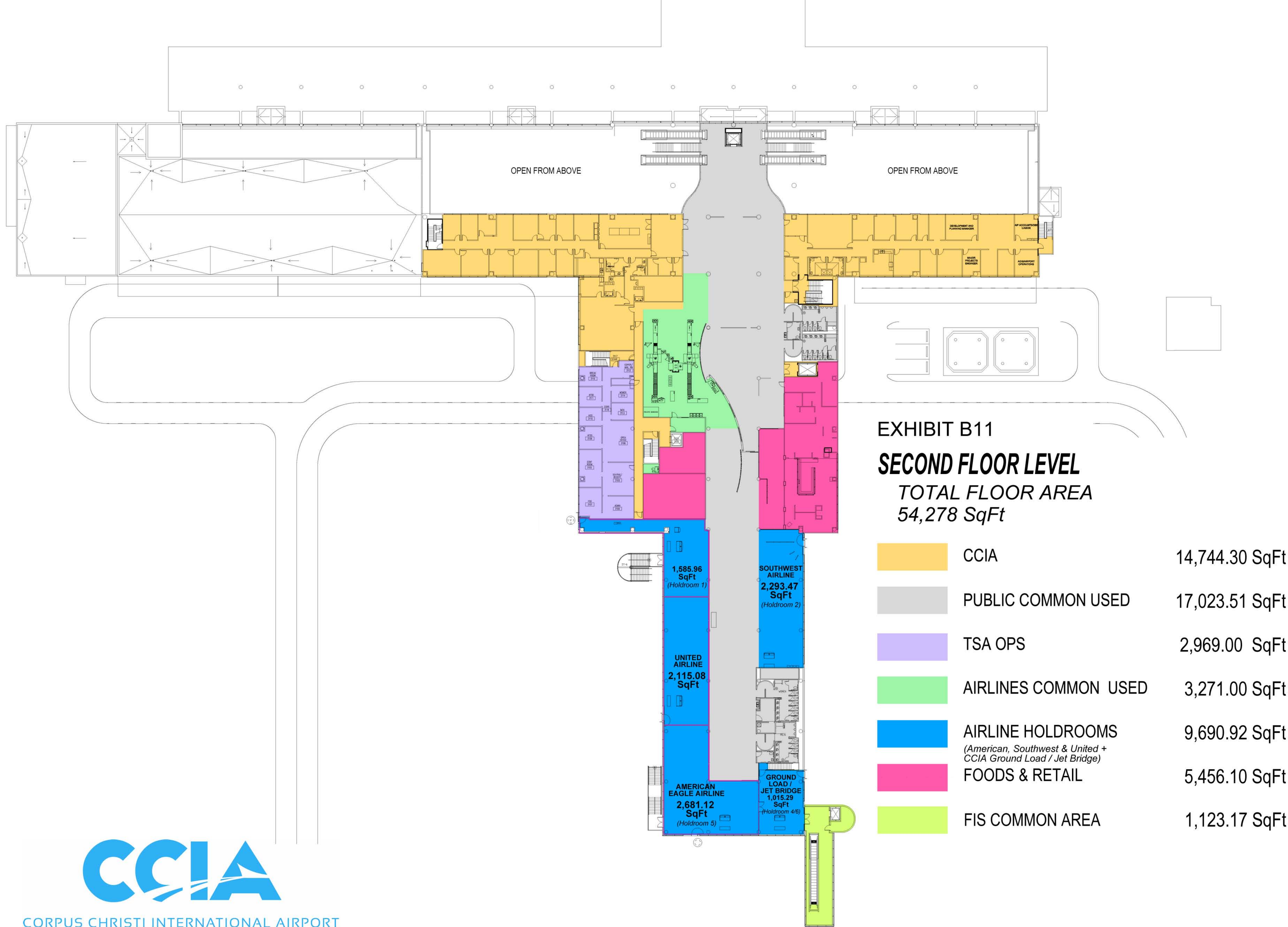


EXHIBIT C

(Reserved)

EXHIBIT D
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

NOTES: A - AIRLINE, C - CITY, N/A - NOT APPLICABLE.

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



CORPUS CHRISTI INTERNATIONAL AIRPORT

EXHIBIT E

MONTHLY STATISTICAL REPORT

AIRLINE: _____

ACTIVITY FOR MONTH OF: _____

AIRCRAFT TYPE	AIRCRAFT WEIGHT	ACUTAL NUMBER OF LANDINGS	CHARTER LANDINGS	DIVERSIONS	TOTAL LANDING WEIGHT	SIGNATORY RATE	NON SIGNATORY RATE	TOTAL LANDING FEE DUE
C700	67,000				0			\$ -
E135	40,785				0			\$ -
E140	41,226				0			\$ -
E145	43,651				0			\$ -
AT72-212	47,068				0			\$ -
AT72-212A	49,273				0			\$ -
A319S					0			\$ -
ERJ	41,226				0			\$ -
LRJ	43,651				0			\$ -
SLJ	40,785				0			\$ -
XRJ	44,092				0			\$ -
737-500	110,000				0			\$ -
737-300	114,000				0			\$ -
737-700	128,000				0			\$ -
737-800	144,000				0			\$ -
737-900	146,900				0			\$ -
757-200	198,000				0			\$ -
757-300	224,000				0			\$ -
EMB-190	97,000				0			\$ -
CE-208B	8,500				0			\$ -
MD-82	130,000				0			\$ -
MD-83	139,500				0			\$ -
MD-87	128,000				0			\$ -
B 737-400								\$ -

TOTAL
LANDINGS

0

TOTAL
LANDING
WEIGHT

0

Total

\$ -

TOTAL SEATS AVAILABLE _____

PER USE
(TURN) FEENUMBER OF
PER TURNS

RATE

Signatory Gate Use Fee _____

\$ -

Signatory RON (Runway Overnight Parking) _____

\$ -

Non-Signatory Per Turn Charge _____

\$ -

Non-Signatory RON _____

\$ -

ENPLANED REV PASSENGERS _____

DEPLANED REV PASSENGERS _____

ENPLANED NON REV PASSENGERS _____

DEPLANED NON REV PASSENGERS _____

TOTAL ENPLANED PASSENGERS _____

0

TOTAL DEPLANED PASSENGERS _____

0

CARGO:

MAIL

FREIGHT

TOTAL DUE TO CRP \$ -

ENPLANED (OUTBOUND) _____

DEPLANED (INBOUND) _____

Prepared/Approved by: _____

TOTAL POUNDS

0

0

Date _____

EXHIBIT F

(Reserved)

EXHIBIT G (for illustrative purposes only)**AVIATION ACTIVITY****CORPUS CHRISTI INTERNATIONAL AIRPORT**

(Fiscal Years Ending September 30)

	Budget
	2017-18
<u>Enplaned Passengers:</u>	
American	127,300
Southwest	117,473
United	95,965
Charters	2,438
Total	343,176
<u>Aircraft Operations:</u>	
American	2,219
Southwest	1,346
United	2,012
Charters	38
Total	5,616
<u>Aircraft Landed Weight (1000-lb units):</u>	
American	133,877
Southwest	166,712
United	97,791
Charters	5,266
Total	403,646

Amounts may not add due to rounding.

Source: Airport management records

EXHIBIT G (for illustrative purposes only)CURRENT TERMINAL SPACE (s.f.)
(Fiscal Years Ending September 30)

CORPUS CHRISTI INTERNATIONAL AIRPORT

	Budget	
	2017-18	
Terminal Space:		
<u>ATO/Bag Belt:</u>		
American	1,104	
Southwest	1,827	
United	1,362	
Vacant (incl Tkt Ctr, ATO, Bag Belt)	6,874	
Total ATO/Bag Belt	11,166	
<u>Ticketing:</u>		
American	296	
Southwest	470	
United	365	
Total Ticketing	1,131	
<u>Queueing:</u>		
American	351	
Southwest	581	
United	296	
Total Queueing	1,227	
<u>Ops:</u>		
American	448	
Southwest	419	
United	601	
Total Ops	1,468	
<u>BSO:</u>		
American	0	
Southwest	0	
United	214	
Total BSO	214	
<u>Holdroom:</u>		
American	2,064	
Southwest	2,293	
United	2,310	
Vacant/Ground Loading (Gates 1, 4, 6)	3,023	
Total Holdroom	9,691	
<u>Airline Exclusive/Preferential Space:</u>		
American	4,263	
Southwest	5,590	
United	5,147	
Vacant	9,897	
Total Exclusive/Preferential Space	[A]	24,897
<u>Airline Joint Use:</u>		
Baggage Claim Public	4,102	
Baggage Claim Tug Drive	1,900	
Security Checkpoint	4,505	
Total Joint Use Space	[B]	10,507
Total Airline Space	[C=A+B]	35,404
LESS: Airline Vacant Space		(9,897)
Total Airline Leased Space		25,507
<u>Other Terminal Space:</u>		
Concession	5,456	
Rental Car Counters/Offices	2,299	
TSA Offices	6,687	
Administrative Offices	14,744	
Public Common Used	39,139	
Other	42,025	
Total Other Terminal Space	[D]	110,351
Total Terminal Space	[E=C+D]	145,755

Amounts may not add due to rounding.

Source: Airport management records

EXHIBIT G (for illustrative purposes only)**DEBT SERVICE****CORPUS CHRISTI INTERNATIONAL AIRPORT**

(Fiscal Years Ending September 30)

		Budget
		2017-18
Total	[A]	\$ 631,601
<u>Percent Allocated:</u>		
Airfield	[B]	59.8%
Terminal Building and Area	[C]	23.5%
Parking and Ground Transportation	[D]	8.9%
Other	[E]	7.8%
Total		100.0%
<u>By Cost Center:</u>		
Airfield	[F=A*B]	\$377,545
Terminal Building and Area	[G=A*C]	148,615
Parking and Ground Transportation	[H=A*D]	56,180
Other	[I=A*E]	49,261
Total	[J=F+G+H+I]	\$631,601

Amounts may not add due to rounding.

Source: Airport management records

EXHIBIT G (for illustrative purposes only)**OPERATING EXPENSES****CORPUS CHRISTI INTERNATIONAL AIRPORT**

(Fiscal Years Ending September 30)

		Budget
		2017-18
<u>By Category:</u>		
Personnel		\$ 3,461,457
Benefits		\$ 1,594,857
Supplies and Equipment		\$ 467,530
Contract Services		\$ 853,541
Utilities		\$ 636,000
Maintenance and Repairs		\$ 399,373
Administrative		\$ 567,631
Insurance		\$ 331,050
Total	[A]	\$ 8,311,439

Percent Allocatated:

Airfield	[B]	21.5%
Apron	[C]	2.4%
Terminal Building and Area	[D]	45.5%
Parking and Ground Transportation	[E]	20.2%
Aviation	[F]	5.1%
Non-Aviation	[G]	5.2%
Total		100.0%

By Cost Center:

Airfield	[H=A*B]	\$ 1,788,449
Apron	[I=A*C]	\$ 198,717
Terminal Building and Area	[J=A*D]	\$ 3,781,782
Parking and Ground Transportation	[K=A*E]	\$ 1,679,967
Aviation	[L=A*F]	\$ 426,332
Non-Aviation	[M=A*G]	\$ 436,192
Total		\$ 8,311,439

Amounts may not add due to rounding.

Source: Airport management records

EXHIBIT G (for illustrative purposes only)
CIP FUNDING PLAN
CORPUS CHRISTI INTERNATIONAL AIRPORT

(Fiscal Years Ending september 30)

Project Name	Year	Estimated Project Cost	Actuals	Variance	Funding Sources					
					Entitlement	Discretionary	CFCs	Local (non PFCs)	Local (PFCs)	Other (3rd Party, etc)
Rehabilitate Terminal Air Carrier Apron (Taxilane), Area A1, (Construction)	1/1/2017	3,333,333	0	3,333,333	\$ -	\$ 3,000,000	\$ -	\$ 333,333	\$ -	\$ -
Rehabilitate Terminal Air Carrier Apron (Taxilane), Area A2, (Plans & Specs.)	1/1/2017	361,111	0	361,111	\$ 325,000	\$ -	\$ -	\$ 36,111	\$ -	\$ -
Rehabilitate East GA Apron, Areas A5, A6 & A7, (Construction)	1/1/2017	3,972,222	0	3,972,222	\$ 1,875,000	\$ 1,700,000	\$ -	\$ 397,222	\$ -	\$ -
Rehabilitate East GA Apron, Areas A8 & A9 (Plans & Specs.)	1/1/2017	333,333	0	333,333	\$ 300,000	\$ -	\$ -	\$ 33,333	\$ -	\$ -
2016-17 Subtotal		\$ 7,999,999	\$ -	\$ 7,999,999	\$ 2,500,000	\$ 4,700,000	\$ -	\$ 800,000	\$ -	\$ -
Rehabilitate Terminal Air Carrier Apron (Taxilane), Area 2 (Construction)	1/1/2018	5,972,222	0	5,972,222	\$ 1,375,000	\$ 4,000,000	\$ -	\$ 597,222	\$ -	\$ -
Rehabilitate Terminal Air Carrier Apron (Taxilane), Area 3 (Plans & Specs.)	1/1/2018	361,111	0	361,111	\$ 325,000	\$ -	\$ -	\$ 36,111	\$ -	\$ -
Rehabilitate East GA Apron, Areas A8 & A9 (Construction)	1/1/2018	4,277,778	0	4,277,778	\$ 600,000	\$ 3,250,000	\$ -	\$ 427,778	\$ -	\$ -
Rehabilitate East GA Apron, Area A10 (Plans & Specs.)	1/1/2018	222,222	0	222,222	\$ 200,000	\$ -	\$ -	\$ 22,222	\$ -	\$ -
2017-18 Subtotal		\$ 10,833,333	\$ -	\$ 10,833,333	\$ 2,500,000	\$ 7,250,000	\$ -	\$ 1,083,333	\$ -	\$ -
Rehabilitate Terminal Air Carrier Apron (Taxilane), Areas 3 (Construction)	1/1/2019	6,333,333	0	6,333,333	\$ 1,700,000	\$ 4,000,000	\$ -	\$ 633,333	\$ -	\$ -
Rehabilitate East GA Apron, Area A10, (Construction)	1/1/2019	2,222,222	0	2,222,222	\$ -	\$ 2,000,000	\$ -	\$ 222,222	\$ -	\$ -
Improve Terminal Building, Phase I (Building Assessment)//CRP Funded [\$250,000]	1/1/2019	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CRP's Entitlement Reimbursement [FY-2020//\$250,000]	1/1/2019	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acquire 1500 Gallon ARFF Vehicle	1/1/2019	888,889	0	888,889	\$ 800,000	\$ -	\$ -	\$ 88,889	\$ -	\$ -
2018-19 Subtotal		\$ 9,444,444	\$ -	\$ 9,444,444	\$ 2,500,000	\$ 6,000,000	\$ -	\$ 944,444	\$ -	\$ -
FY-2020//Improve Terminal Building, Phase II (Assessment, Plans & Specs.)	1/1/2020	1,388,889	0	1,388,889	\$ 1,250,000	\$ -	\$ -	\$ 138,889	\$ -	\$ -
FY-2021//Improve Terminal Building, Phase III (Construction//\$10.0M (est.))//CRP Funded]	1/1/2020	4,166,667	0	4,166,667	\$ 3,750,000	\$ -	\$ -	\$ 416,667	\$ -	\$ -
CRP's Entitlement Reimbursements [FY(s)- 2022, 2023, and 2024]	1/1/2020	8,333,333	0	8,333,333	\$ 7,500,000	\$ -	\$ -	\$ 833,333	\$ -	\$ -
2019 - 2024 Subtotal		\$ 13,888,889	\$ -	\$ 13,888,889	\$ 12,500,000	\$ -	\$ -	\$ 1,388,889	\$ -	\$ -
Total Project Costs		\$ 42,166,665	\$ -	\$ 42,166,665	\$ 19,999,999	\$ 17,949,999	\$ -	\$ 4,216,667	\$ -	\$ -

Please Note: ATO May Request Relocation of ASR-11 Due to Line-Of-Site Problems (RWY 13 End)

Note: Amounts may not add due to rounding.

Source: Airport management records

EXHIBIT G (for illustrative purposes only)**NON-AIRLINE REVENUE****CORPUS CHRISTI INTERNATIONAL AIRPORT**

(Fiscal Years Ending September 30)

		Budget
		2017-18
<u>Non-Airline Operating Revenue by Cost Center:</u>		
<u>Airfield:</u>		
Fuel flowage fees	\$	90,065
Security service	\$	321,360
Total Airfield	[A]	\$ 411,425
<u>Apron:</u>		
RON Fees	[B]	\$ 1,000
<u>Terminal Building and Area:</u>		
Resale - Electric Power - Term	\$	60,000
Airline Janitorial Services	\$	40,450
Gift shop concession	\$	115,500
Restaurant concession	\$	170,268
Automated teller machines	\$	12,000
Advertising space concession	\$	60,000
Airport Badging Fees	\$	36,950
TSA-Check Point Fees	\$	87,600
Terminal Space Rental-other	\$	500,436
Trash hauling - caterer	\$	-
Other revenue	\$	1,000
Total Terminal Building and Area	[C]	\$ 1,084,204
<u>Parking and Ground Transportation:</u>		
Parking lot	\$	1,387,586
Premium Covered Parking	\$	808,977
Auto rental concession	\$	1,433,496
Parking fines-Airport	\$	-
Rent-a-car parking	\$	59,760
Rent-a-car Security Fee	\$	262,824
Ground transportation	\$	69,660
Total Parking & Ground Transportation	[D]	\$ 4,022,303

Amounts may not add due to rounding.

Source: Airport management records

EXHIBIT G (for illustrative purposes only)**NON-AIRLINE REVENUE (con't)****CORPUS CHRISTI INTERNATIONAL AIRPORT**

(Fiscal Years Ending September 30)

			Budget
			2017-18
<u>Aviation:</u>			
Fixed based operator revenue		\$	534,000
Cargo Facility Rental		\$	29,364
Total Aviation	[E]	\$	563,364
<u>Non-Aviation:</u>			
Rent - commercial non-aviation		\$	72,504
Agricultural leases		\$	71,414
Gas and oil sales		\$	7,056
Oil and gas leases		\$	10,800
Total Non-Aviation	[F]	\$	161,774
<u>By Cost Center:</u>			
Airfield	[A]	\$	411,425
Apron	[B]	\$	1,000
Terminal Building and Area	[C]	\$	1,084,204
Parking and Ground Transportation	[D]	\$	4,022,303
Aviation	[E]	\$	563,364
Non-Aviation	[F]	\$	161,774
Total Non-Airline Operating Revenue	[G]	\$	6,244,070
<u>Non-Operating Revenue:</u>			
Interest on investments		\$	16,800
Tenant Maintenance Services		\$	-
Net Inc/Dec in Fair Value of Investment		\$	-
Sale of scrap/city property		\$	3,250
Purchase discounts		\$	3,000
Total Non-Operating Revenue	[H]	\$	23,050
Total Non-Airline Revenue	[I=G+H]	\$	6,267,120
<u>Interfund Contributions:</u>			
Interdepartmental Services	[J]	\$	48,000
Transfer from other Fund	[K]	\$	22,806
Total Non-Airline Revenue and Interdepartmental Contributions	[L=I+J+K]	\$	6,337,926

Amounts may not add due to rounding.

Source: Airport management records

EXHIBIT G (for illustrative purposes only)**LANDING FEE AND REVENUE****CORPUS CHRISTI INTERNATIONAL AIRPORT**

(Fiscal Years Ending September 30)

		Budget
		2017-18
<u>Airfield Requirement:</u>		
Operating Expenses		\$ 1,788,449
Debt Service		\$ 377,545
Capital Outlay		
Total Requirement	[A]	\$ 2,165,994
<u>Adjustments:</u>		
Apron Credit		\$ -
GSE Storage Credit		\$ 16,131
<u>Net Airfield Requirement:</u>		\$ 2,149,864
Required Landing Fee (no subsidy applied)		\$ 5.33
<u>Airfield Credits:</u>		
Non-Signatory Airline Landing Fees		\$ -
Non-Airline Revenue		\$ 411,425
Total Airfield Credits	[B]	\$ 411,425
Net Airfield Requirement (airfield credits applied)	[C=A-B]	\$ 1,738,439
Landed Weight (1000-lb units):	[D]	403,646
Landing Fee Rate (without addl subsidy applied)	[E=C/D]	\$ 4.31
Discretionary Revenue Applied	[F]	\$ 533,152
Net Airfield Requirement	[G=C-F]	\$ 1,205,286
Revised Landing Fee Rate	[H=G/D]	\$ 2.99
Total Landing Fee Requirement	[I=D*H]	\$ 1,205,286

Amounts may not add due to rounding.

Source: Airport management records

EXHIBIT G (for illustrative purposes only)**AIRCRAFT PARKING APRON AREA AT TERMINAL (s.f.)**
(Fiscal Year Ending September 30)**CORPUS CHRISTI INTERNATIONAL AIRPORT**

			Budget
			2017-18
<u>Apron Requirement:</u>			
Operating Expenses		\$	198,717
Debt Service		\$	-
Capital Outlay			
Total Requirement	[A]	\$	198,717
<u>Apron Credits:</u>			
RON Fees	[B]	\$	1,000
Net Apron Requirement	[C=A-B]	\$	197,717
Preferential Use Apron Area Leased	[D]		121,702
Apron Fee (per s.f.)	[E=C/D]	\$	1.62
Total Apron Fee Revenue	[F=D*E]	\$	197,717
Apron Revenue:			
American		\$	51,619
Southwest		\$	45,548
United		\$	100,549
Total Apron Fee Revenue by Carrier		\$	197,717

Amounts may not add due to rounding.

Source: Airport Management records.

EXHIBIT G (for illustrative purposes only)**GSE STORAGE AREA****CORPUS CHRISTI INTERNATIONAL AIRPORT**

(Fiscal Years Ending September 30)

		Budget
		2017-18
<u>Airline Rented (sf):</u>		
American	[A]	2,427
Southwest	[B]	3,684
United	[C]	3,818
Total S.F. Airline Rented		9,929
GSE Rate	[D]	\$1.62
<u>Airline GSE Revenue:</u>		
American	[E=A*D]	\$ 3,943
Southwest	[F=B*D]	\$ 5,985
United	[G=C*D]	\$ 6,203
Total GSE Revenue		\$ 16,131

Amounts may not add due to rounding.

Source: Airport management records

EXHIBIT G (for illustrative purposes only)**TERMINAL RENTAL RATE AND REVENUE****CORPUS CHRISTI INTERNATIONAL AIRPORT**

(Fiscal Years Ending September 30)

		Budget
		2017-18
<u>Terminal Requirement:</u>		
Operating Expenses		\$ 3,781,782
Debt Service		\$ 148,615
Capital Outlay		
Apron Allocation		\$ -
Total Terminal Requirement	[A]	\$ 3,930,396
Required Terminal Rate (no subsidy applied)		\$ 154.09
<u>Terminal Credits:</u>		
Non-Airline Revenue		\$ 1,084,204
Gate Fee Revenue		\$ 43,410
Federal Inspection Services		\$ -
Total Terminal Credits	[B]	\$ 1,127,614
Total Airline Terminal Requirement (no Subsidy)	[C=A-B]	\$ 2,802,782
Airline Leased Premises	[D]	25,507
Terminal Rate (terminal credits applied/no addl subsidy)	[E=C/D]	\$ 109.88
Gross Airline Terminal Revenue (no Subsidy)		\$ 2,802,782
Discretionary Revenue Applied	[F]	\$ 533,469
Net Airline Terminal Revenue	[G=C-F]	\$ 2,269,314
Effective Terminal Rate (with addl subsidy applied)	[H=G/D]	\$ 88.97
Exclusive/Preferential Airline Rented Space	[I]	15,000
Joint Use Space	[J]	10,507
		25,507
<u>Terminal Revenue:</u>		
Exclusive/Preferential Space	[K=H*I]	\$ 1,334,532
Joint Use Space	[L=H*J]	\$ 934,782
Total Terminal Revenue	[M=K+L]	\$ 2,269,314

Amounts may not add due to rounding.

Source: Airport management records

EXHIBIT G (for illustrative purposes only)**GATE USE FEE CALCULATION****CORPUS CHRISTI INTERNATIONAL AIRPORT**

(Fiscal Years Ending September 30)

		Budget
		2017-18
<u>Total Gate Use Fee Requirement</u>		
Effective Terminal Rate (with addl subsidy applied)	[A]	\$ 88.97
Holdroom Space (sf)	[B]	9,691
Total Holdroom Requirement	[C=A*B]	\$ 862,177
Apron Requirement	[D]	\$ 197,717
Total Gate Use Fee Requirement	[E=C+D]	\$ 1,059,894
Total Annual Commercial Passenger Operations	[F]	5,616
Average Signatory Gate Use Fee Per Operation	[G=E/F]	\$ 188.74
Average Non-Signatory Gate Use Fee Per Operation	[H]	\$ 235.92
All Gate Signatory Operations	[I]	200
All Gate Non-Signatory Operations	[J]	24
All Gate Signatory Revenues	[K= G*I]	\$ 37,748
All Gate Non-Signatory Revenues	[L=H*J]	\$ 5,662
Total Gate Revenues	[M=K+L]	\$ 43,410

Amounts may not add due to rounding.

Source: Airport management records

EXHIBIT G (for illustrative purposes only)**CORPUS CHRISTI INTERNATIONAL AIRPORT****CALCULATION OF NET REVENUE AVAILABLE TO SHARE**

(Fiscal Years Ending September 30)

		Budget
		2017-18
<u>Revenue:</u>		
Net Landing Fee Revenue (before subsidy)	\$	1,738,439
Apron Fee Revenue		197,717
GSE Storage Fee Revenue		16,131
Terminal Rental Revenue (before subsidy)		2,802,782
<u>Non-Airline Revenue:</u>		
Airfield		411,425
Apron Fee Revenue		1,000
Terminal Building & Area		1,084,204
Parking and Ground Transportation		4,022,303
Aviation		563,364
Non-Aviation		161,774
Non Operating Revenue		23,050
Interfund Contributions		70,806
Total Revenue	[A]	\$ 11,092,994
<u>Operating Expense:</u>		
Airfield	\$	1,788,449
Apron		198,717
Terminal Building & Area		3,781,782
Parking & Ground Transportation		1,679,967
Aviation		426,332
Non-Aviation		436,192
Total Operating Expense	[B]	\$ 8,311,439
<u>Debt Service:</u>		
Airfield	\$	377,545
Terminal Building & Area		148,615
Parking & Ground Transportation		56,180
Other		49,261
Total Debt Service	[C]	\$ 631,601
Total Airport Capital Expense	[D]	\$ 1,083,333
Total Expense (including Debt Service)	[E=B+C]	\$ 8,943,040
Amount Available to Share (after local CIP match)	[F=A-D-E]	\$ 1,066,621
Terminal Upgrade Reserve	[G]	\$ -
Adjusted Available to Share	[H=F-G]	\$ 1,066,621

EXHIBIT G (for illustrative purposes only)**COST PER ENPLANED PASSENGER****CORPUS CHRISTI INTERNATIONAL AIRPORT**

(Fiscal Years Ending September 30)

		Budget
		2017-18
<u>Airline Revenue:</u>		
Landing Fees		1,205,286
Terminal Rentals		2,269,314
Apron Revenue		197,717
GSE Storage		16,131
Total Airline Revenue	[A]	\$3,688,447
Enplaned Passengers	[B]	343,176
Cost per Enplaned Passenger	[C=A/B]	\$10.75

Amounts may not add due to rounding.

Source: Airport management records

EXHIBIT G (for illustrative purposes only)
AIRLINE RATES SUMMARY **CORPUS CHRISTI INTERNATIONAL AIRPORT**
(Fiscal Years Ending September 30)

	Budget			
	2017-18			
Landing Fee (per 1,000 lbs.)	Landed Weight		Rate	Total
American	133,877	\$	2.99	\$ 399,756
Southwest	166,712	\$	2.99	\$ 497,802
United	97,791	\$	2.99	\$ 292,003
Charters	5,266	\$	2.99	\$ 15,725
Total Landing Fees	403,646			\$ 1,205,286

Terminal Rent
Exclusive/Preferential

Ticket Counter/ATO/BSO/Queueing/Bag Belt:	S.F.		Rate	Total
American	1,751	\$	88.97	\$ 155,762
Southwest	2,878	\$	88.97	\$ 256,004
United	2,237	\$	88.97	\$ 198,995
Vacant	6,874	\$	88.97	
Ops:				
American	448	\$	88.97	\$ 39,840
Southwest	419	\$	88.97	\$ 37,277
United	601	\$	88.97	\$ 53,469
Holdroom:				
American	2,064	\$	88.97	\$ 183,656
Southwest	2,293	\$	88.97	\$ 204,044
United	2,310	\$	88.97	\$ 205,485
Vacant	3,023	\$	88.97	
Apron:				
American	31,774	\$	1.62	\$ 51,619
Southwest	28,036	\$	1.62	\$ 45,548
United	61,892	\$	1.62	\$ 100,549
GSE Storage:				
American	2,427	\$	1.62	\$ 3,943
Southwest	3,684	\$	1.62	\$ 5,985
United	3,818	\$	1.62	\$ 6,203
Total Exclusive/Preferential	156,528			\$ 1,548,379

Joint Use

	S.F.	Percentage	Total
Bag Claim Public:	Using 100% Joint Use Scenario		
American		37.1% \$	135,375
Southwest		34.2% \$	124,925
United		28.0% \$	102,052
Unscheduled		0.7% \$	2,592
Total Bag Claim Public	4,102	\$ 88.97	\$ 364,945
Bag Claim Tunnel:			
American		37.1% \$	62,704
Southwest		34.2% \$	57,864
United		28.0% \$	47,269
Unscheduled		0.7% \$	1,201
Total Bag Claim Tunnel	1,900	\$ 88.97	\$ 169,038
Security Checkpoint:			
American		37.1% \$	148,675
Southwest		34.2% \$	137,199
United		28.0% \$	112,078
Unscheduled		0.7% \$	2,847
Total Security Checkpoint	4,505	\$ 88.97	\$ 400,799
Total Joint Use	10,507	\$ 88.97	\$ 934,782
Total Exclusive/Preferential & Joint Use Fees	167,035		\$ 2,483,161

EXHIBIT G (for illustrative purposes only)

AIRLINE RATES SUMMARY (con't) **CORPUS CHRISTI INTERNATIONAL AIRPORT**
(Fiscal Years Ending September 30)

	Budget
	2017-18
Summary by Airline:	
Landing Fees:	
American	\$ 399,756
Southwest	\$ 497,802
United	\$ 292,003
Unscheduled	\$ 15,725
	\$ 1,205,286
Exclusive/Preferential:	
American	\$ 434,819
Southwest	\$ 548,859
United	\$ 564,701
Vacant	\$ -
Total Preferential	\$ 1,548,379
Joint Use:	
American	\$ 346,754
Southwest	\$ 319,988
United	\$ 261,400
Unscheduled	\$ 6,640
Total Joint Use	\$ 934,782
Total Landing & Terminal Rental Fees	\$ 3,688,447

Amounts may not add due to rounding.

Source: Airport management records