

**AIRPORT USE AGREEMENT AND  
LEASE OF TERMINAL FACILITIES**

AGREEMENT, dated as of \_\_\_\_\_, 19\_\_\_\_, by and between the [Airport Sponsor Name], a body public and corporate, under the provisions of [Chapter Number] of the [State Name] Statutes, hereinafter referred to as the "Board \_\_\_\_\_, and \_\_\_\_\_, a corporation, hereinafter referred to as the "Airline".

**WITNESSETH:**

WHEREAS, the Board owns and operates an airport located in [County Name], known as the [Airport Name], which together with any additions thereto or enlargements thereof, is herein after referred to as "Airport"; and

WHEREAS, the Airline is a scheduled air carrier which, together with other scheduled air carriers, utilizes the Airport for the transportation by air of passengers, freight, mail, and express; and

WHEREAS, the growth of the airline industry has created a need for a major expansion of the Airport's facilities, and the Board, the Airline, and the other scheduled airlines serving the Airport have reached agreement on the nature and scope of such expansion as well as the financing thereof; and

WHEREAS, the parties hereto desire to evidence their agreement on the foregoing Airport expansion program and establish the terms and conditions under which Airline will utilize the facilities provided at the Airport; and

WHEREAS, the Board and other scheduled airlines serving the Airport as of the date hereof have contemporaneously herewith entered into agreements similar to this Airport Use Agreement and Lease of Terminal Facilities;

NOW, THEREFORE, in consideration of the mutual promises and considerations herein set forth, the Board and the Airline agree as follows:

**ARTICLE I**

The parties agree that the Airport will be improved and expanded generally in accordance with the First Stage Development as shown on the Airport Layout Plan and on the Terminal Areas Plan attached hereto as Exhibits A and A-1 and more specifically as described in Exhibit B, Estimated Project Cost and Proposed Funding, and as shown on Exhibits C through I, such improvement and expansion being hereinafter referred to as the "Program".

The Board agrees that its architectural and engineering consultants will develop, as expeditiously as possible, detailed plans and specifications, cost estimates, bidding documents, and a construction timetable for the Program, all in accordance with and based upon the aforementioned Exhibits. In the development of plans, specifications, cost estimates, bidding documents, and construction timetable, the Board and its architects and engineers will consult with Airline and give due consideration to the reasonable requests, suggestions, and recommendations of Airline. Upon the completion of the foregoing, the Board will solicit public bids for the construction of the Program and, subject to the availability of funds, award construction contracts and proceed with the implementation and performance of the Program.

**ARTICLE II**

In order to finance the design and construction costs of the Program and to provide allowances for land acquisition, capitalized interest, the reimbursement to the Board for funds expended in connection with preliminary expenses of the Program, and to pay for expenses related to the issuance of bonds, the Board agrees to authorize the issuance of revenue bonds in the amount of \$31,000,000, such bonds being sometime hereafter referred to as "Program Bonds". The Board further agrees promptly to issue and sell Program Bonds in an amount determined by the Board not to exceed \$9,000,000 (which bonds are hereinafter referred to as "Series A Program Bonds") to finance initial cost of the Program. The terms and conditions of the resolution authorizing the issuance of the Series A Program Bonds shall be in substantially the form attached hereto, designated Exhibit O and hereinafter referred to as the "Series A Bond Resolution", with any substantial changes subject to the approval of the Airline. If the Series A Program Bonds are not sold as provided above, this Agreement

shall be null and void and any previous agreements between the parties which may have been deemed superseded by this Agreement shall be considered reinstated ab initio.

The parties estimate that the total construction cost of the Program, including all estimated construction and site preparation costs and architectural and engineering fees, will not exceed \$24,450,000 and the parties further estimate that, after crediting funds estimated to be received from the investment of bond proceeds during construction plus Federal aid, the total amount of Program Bonds required to be issued by the Board for completion of the Program, for the funding of costs heretofore incurred by the Board and represented by unsecured indebtedness, for the acquisition of land, for capitalized interest, to provide an allowance for bond discount, and other legal, financial, and administrative expenses associated with the issuance of bonds will not exceed \$31,000,000. If bids for construction shall be received by the Board, secured by adequate performance bonds, which shall provide for all construction, site preparation, and architects and engineers fees in their entirety within the \$24,450,000 estimate referred to above, the Board is authorized to proceed to issue and sell the remaining unissued portion of the \$31,000,000 of Program Bonds (hereinafter referred to as the "Series B Program Bonds"). The bond resolution to authorize the Series B Program Bonds shall be substantially similar to the Series A Bond Resolution (Exhibit O) except for necessary changes in amount and maturities of bonds, dates, etc., with any substantial changes subject to approval by Airline. Exhibit B shows the items to be funded by the Series A and Series B Program Bonds, including not less than eighteen months interest during construction for the Series B Program Bonds which shall be provided from the proceeds of sale of the Series B Program Bonds, and the principal maturities of the bonds which shall not be changed without the approval of Airline. Both the Series A and Series B Bond Resolutions shall comply in all respects with the existing Resolution of the Board, adopted [Date] (hereinafter referred to as the "19xx Bond Resolution") pursuant to which revenue bonds of the Board are now outstanding, with which the Program Bonds will be on a parity.

In the event bids received for the construction shall indicate total construction and site preparation costs and architectural and engineering fees will exceed \$24,450,000 the Board shall meet promptly with the Airline and other Signatory Airlines to determine how the Program can be revised so that such total costs do not exceed \$24,450,000 or so that the total amount of Program Bonds required to be issued will not exceed \$31,000,000. If the parties cannot agree on so revising the Program, then the said Series B Program Bonds shall not be issued until Airline and the Board shall agree upon the issuance and sale of such bonds in such amount as may be necessary to provide in full for the construction of the Program, or for the construction of the Program as it might be revised by agreement in writing between the Board and Airline, and such bonds which may be so issued shall be deemed Series B Program Bonds as though originally designated as such herein.

If, after the issuance and sale of Series A and Series B Program Bonds, it shall be found that the proceeds thereof are insufficient to complete the Program as then constituted and it is necessary to issue additional bonds in order to obtain adequate funds to complete the Program as then constituted, the Board will, prior to authorizing the issue of such additional bonds, consider the recommendations of the Signatory Airlines as to the terms and specifications for such bonds and the resolution to authorize the same. In the absence of agreement by the Board and a Majority in Interest of the Signatory Airlines as to such terms and conditions, such resolution shall (i) provide for the additional bonds to have principal maturities commencing no earlier than on the maturity date of Program Bonds which falls in [date] and with principal maturities in each year thereafter to the final maturity of the Series B Program Bonds, scheduled so as to produce approximately equal combined principal and interest requirements in each year for all bonds to be outstanding; (ii) provide for annual payments to and total amounts to be accumulated in the Funds and Accounts as created by the 19xx Bond Resolution at rates not greater than established by said 19xx Bond Resolution; (iii) to the extent permitted by law, provision will be made for the payment from bond proceeds of all interest to accrue on the additional bonds prior to the then estimated completion date of all Program improvements.

Notwithstanding the foregoing or anything herein to the contrary:

1. It is recognized that prior to the time bids for construction of the Program are received it may be found advantageous to the parties to divide the construction into one or more phases and in such event it may also be found advantageous to similarly phase the issuance of the Series B Program Bonds in relation to the estimated costs of each such phase of construction. If the Board and Airline shall hereafter specifically agree to such phasing of construction and issuance of the Series B Program Bonds, then upon the issuance of any of the Series B Program Bonds the Board thereafter shall be authorized to issue the remaining Series B Program Bonds and in addition thereto any additional bonds necessary to complete the Program as hereinabove provided in this paragraph, and all such bonds shall be deemed "Approved Revenue Bonds" as defined in Article V hereof; provided, however, that in the event bids received for the construction of the second or any such subsequent phase are found to be in excess of costs as initially estimated on Exhibit B, the Board agrees that prior to award of construction contract or sale of bonds for such phase it will meet promptly with the Signatory Airlines to determine if revisions can be made so that costs do not exceed estimates.

2. The parties agree that it may be found advantageous that bidding and awarding of contracts and beginning of certain preliminary construction work anticipated to be paid for out of Series B Program Bonds commence after the sale of Series A Program Bonds, but prior to the time set above for the issuance and sale of Series B Program Bonds. With the approval in writing of Airline, the Board may take bids for any such preliminary work and, upon written recommendation from the Architects and Engineers for the Board, and with the written approval of Airline, may award contracts for and begin such

preliminary construction work. The total of such preliminary construction work including all architect and engineering fees applicable thereto shall not exceed \$4,000,000. In order to finance such preliminary construction, the Board may obtain interim financing, other than revenue bond, (i.e. bank loans, etc), which interim indebtedness shall be fully repaid out of the proceeds of the Series B Program Bonds when issued. All interest expense on interim financing which is not capitalized in the financing shall be deemed "operating expenses" under Section 10 of the 1964 Bond Resolution. If, for any reason Series B Program Bonds are not issued, or their issue is so delayed, so that principal payments in interim financing are required to be made by the Board, the Board shall use its best efforts to obtain an amortization of the payment of the principal of such indebtedness over as long a period of time as possible, not to exceed beyond the year 2000 A.D., and such principal payments shall be deemed "operating expenses" under Section 10 of the 1964 Board Resolution.

3. A sum not exceeding \$3,000,000 is included in the total funding of \$31,000,000 referred to in the first paragraph of this Article, as the Airport's estimated share of matching funds to provide, with Federal aid, for an allowance of \$6,000,000 for land acquisition for enlargement of the Airport as shown in Exhibit A. It is recognized that land acquisition to this extent would be beneficial for the long adequately operable condition. It is agreed that no more than \$2,000,000 of bond proceeds will be expended by the Board for this purpose without the specific approval in writing of a Majority in Interest of Signatory Airlines, so as to permit the maintenance of a reserve available for transferred to the payment of Program construction costs on request of a Majority in Interest of Signatory Airlines in the event that after Issuance of the Series A and Series B Program Bonds it shall be found that there are insufficient funds available for the payment of all Program construction costs, whether due to the failure of investment income or Federal aid to equal previous estimates of for any other reason, in order to avoid the issuance of additional bonds to the extent such reserve is available to cover the deficiency. Provided, however, when (i) contracts have been entered into by the Board establishing that the cost of all items of construction and site preparation included in the Program, including architectural and engineering fees, will not exceed \$24,000,000 (ii) allocations of Federal Grants in aid have been received by the Board of Program costs other than land acquisition in an amount at least equal to that set forth in Exhibit B as Estimated Federal Aid (ADAP) less \$3,000,000 included there in attributable to land acquisition, and (iii) it can be ascertained that income from the investment of construction funds will equal or exceed the estimate shown on Exhibit B, The Board may apply any part of all of the remainder of the funds reserved as provided above without approval of the Signatory Airlines. Further, After Payment of all Program costs in full, any funds remaining in the reserve may be used by the Board for land acquisition without approval of the Signatory Airlines.

4. Unless approved in writing by a Majority in Interest of Signatory Airlines, the Series A Program Bonds and the Series B Program Bonds, or if Series B Program Bonds shall be issued and sold at more than one time, then in such case the Series B Program Bonds first issued and sold, shall not be sold at a price less than 98% of their par value nor bearing interest at a rate greater than 8% per annum.

5. On completion of all construction contemplated by the Program and payment of all costs related thereto, any funds remaining in the Construction Account created by resolution authorizing the issuance of Program Bonds, in excess of any part of the \$3,000,000 allocated for land acquisition which remains unexpended, shall, unless expenditure thereof for any other purpose is authorized in writing by a Majority in Interest of Signatory Airlines, be promptly deposited in the Bond Reserve Account, hereinafter referred to, to accelerate the funding of such reserve to the amount required to be maintained therein and any remained shall be applied to the prior redemption of revenue bonds of the Board then outstanding.

### ARTICLE III

The parties agree that the future growth and expansion of the Airport requires the construction and operation by the Board of an additional runway identified as "Runway 18L-36R" set forth on the attached Exhibit A. If at any time after December 31, 1973, the then current Air Transport Association of America Airport Survey for [Airport Name] recommends the installation of such runway and that such runway be in operation within a period three years from such time, the Board may issue additional revenue bonds to finance the design and construction cost of such new runway, the design and construction thereof to be in accordance with such specifications as to length and width as recommended in said Airport Survey, and such bonds shall be deemed "Approved Revenue Bonds" for the purposes of this agreement without further requirements. In the event that the Board shall be unable to sell such bonds, the Board may finance the design in the construction costs of such new runway out of the whole of any accumulated or anticipated excess revenue from year to year as provided in Article VI, Section H (2) (but not including any funds in or to be applied to the Deferred Income Account as provided in Section H (1) of Article VI without the approval in writing of a Majority in Interest of the Signatory Airlines).

The Board will make diligent effort to obtain such funds from the Federal Airport and Airway Development Program and other similar programs as may be available to assist in the payment of costs for the construction of such runway.

### ARTICLE IV

The term of this Agreement shall commence as to Articles I and II hereof at such time as the Board and all Airlines specifically named hereinafter in the definition of "Signatory Airline" in Article V have entered into counterparts of this Agreement, as as to all remaining provisions hereof the term shall commence as of the date of the first issue of Program Bonds and, unless terminated earlier in accordance with the provisions hereof, shall expire December 31, 2002.

## ARTICLE V

As Used in this agreement, the following terms shall have the following meanings:

"Signatory Airline" shall mean a scheduled air carrier which has entered into an agreement with the Board substantially similar to this agreement, including Airline, and "Signatory Airlines" shall mean and include Allegheny Airline, Inc. American Airlines, Inc. Delta Air Lines, Inc. North Central Airlines, Inc. Piedmont Aviation, Inc. Trans World Airlines, Inc. and all scheduled air carriers which may hereafter at any time during the term of this agreement enter into a substantially similar agreement with the Board, and there successors and assigns.

"Majority in Interest of Signatory Airlines" shall mean at any time Signatory Airlines which then constitute at least 51% of all Signatory Airlines and which in the next preceding year were charged with at least 51% of the aggregate of all landing fees and minimum airport use charges payable in such preceding year pursuant of Sections B,C, D, or Article VI by all Airlines which are Signatory Airlines at the time of determination. Provided, however, no Signatory Airline which has been relieved of the payment of landing fees or minimum use charges under Section C or Article VI hereof shall be counted in the determination of a Majority in Interest of signatory Airlines. In event that during the term of this agreement two or more Signatory Airlines shall be combined in any manner into one air transportation company which shall assume the liabilities of the predecessor Signatory Airlines, for the purpose of determining a Majority in Interest of Signatory Airlines the surviving or resulting company shall be deemed to constitute only one Signatory Airline.

"Certified gross landing weight" shall mean the maximum weight at which an aircraft is authorized, by the United States governmental body or agency having jurisdiction, to land at the Airport on the least restricted runway under conditions of zero wind velocity and standard temperature, or if no such weight is specified by such body or agency, the actual gross weight at the time of landing.

"Revenue Landing" shall mean each separate landing of an aircraft operated by a Signatory Airline at the Airport, but shall not include (1) any landing at the Airport of an aircraft which shall have taken off from the Airport, and without landing at another airport, shall return to and land at the Airport because of meteorological conditions, mechanical or operation causes, or any similar emergency or precautionary reasons, (2) any landing of an aircraft engaged in non-revenue flight, except that landings, other than non revenue orientation and familiarization flights, made as a part of or in the course of Airline's regular training program may be made at the airport only pursuant to agreement between the Board and the airline as to the fees to be paid for such landings.

"Approved Revenue Bonds" shall mean at any time all the outstanding revenue bonds issued under the 1954 Bond Resolution, all Program Bonds, all additional revenue bonds hereafter issued by the Board as herein above authorized solely for the purpose of obtaining additional funds required for completion of the Program in the event the proceeds from the issuance of Program Bonds are inadequate, all revenue bonds hereafter issued by the Board for improvements or extensions to the Airport with the approval in writing of a Majority in Interest of Signatory Airlines, and shall also mean any revenue bonds which prior to the issuance of such bonds the Airport Consultant shall file with the Board a certificate stating (i) that leases or agreements between the Board and one or more air transportation companies are in effect which provide for payment to the Board of rentals or other charges by such air transportation company or companies for the use of such improvements or extensions to the Airport to be financed by the issuance of such bonds which rentals or charges will be sufficient at all times during the term of this agreement to provide in each year all costs of the Board to maintain, operate and repair such improvements or extensions and to provide in each year until such bonds are retired in full an amount at least equal to the greater of the debt service, debt service coverage, and reserve requirements on account of such bonds which debt service, debt service coverage, and reserve requirements are as set forth in Article VI (B) as paragraph number 2 of the definition of "Airport Expanse", and (ii) that, except as hereinafter provided in Section H (1) with respect to debt service coverage requirements in the year following the issuance of any Approved Revenue Bonds, at no time during the term of this agreement will landing fees of Airline be increased as a result to the issuance of such bonds or the maintenance and operation of the improvements or extensions financed with the proceeds of such bonds. Any revenue bonds, notes or obligations issued for the construction of Special Purpose Facilities as hereinafter defined in Article VIII are excluded from the definition of "Approved Revenue Bonds".

"Fiscal Year" or "year" shall mean the fiscal year of the Board which commences January 1 and ends December 31 or each calendar year, or such other fiscal year as may hereafter be established by the Board.

"Airport Consultant" shall mean any firm, corporation or individual experienced in the administration, maintenance and operation of airports and airport facilities, who shall be appointed and paid by the Board and who (i) is in fact independent and not under the domination of the Board (ii) does not have any substantial interest, direct or indirect, with the Board: (iii) is not connected with the Board as an officer or employee of the Board but who may be regularly retained to make annual or other periodic reports to the Board.

"Interest and Redemption Account", "Bond Reserve Account", "Depreciation Fund", and "Surplus Account", shall mean, respectively, the Greater (City) Airport Revenue Bond Interest and Redemption Account, the Greater (CITY) Airport Revenue Bond Reserve Account, the Depreciation Fund and the Greater (CITY) Airport Surplus Account as said accounts are described in and created by the 19xx Bond Resolution and are reconfirmed in the Series A Bond Resolution.

## ARTICLE VI

A. The parties recognize that a revision in the present Airport fees and charges will be required as a result of the extensive improvements included in the Program. In establishing such revised fees and charges, the parties agree that it is intended that the Airport will be considered a single economic unit and that except as hereinafter provided all "Airport Revenue" however generated at the Airport or by the Airport's resources or otherwise received by the Board shall be expended only for purposes of the Airport and not be used to support other airports, public facilities or endeavors.

B. Landing fees payable by Airline for Revenue Landings at the Airport as provided by existing agreement between the Board and Airline shall remain in effect until the first issuance of Series A Program Bonds and thereafter unless at the time of the issuance of said bonds it shall be found that in twelve consecutive months out of the eighteen months preceding the issuance of said Series A Program Bonds net revenues of the Airport, as defined in Section 10 of the 19xx Bond Resolution, did not equal at least 1.4 times the maximum amount that will become due in any calendar year for both principal and interest on all revenue bonds of the Airport then outstanding and the Series A Program Bonds then being issued. In such event, the landing fee rate per 1,000 pounds of certified gross landing weight shall be adjusted upwards to such flat rate for each 1,000 pounds of landing weight which, if in effect in such twelve preceding months would have resulted in net revenues of the Airport equal to 1.40 times such maximum principal and interest to become due in any year, and landing fees at such adjusted rate shall be payable for all Revenue Landings performed during and after the first month following the issuance of said bonds.

Notwithstanding the foregoing, in each fiscal year prior to the first fiscal year following the date of issuance of Series B Program Bonds the landing fee rate shall be not less than that required to produce current net revenues of the Airport equal to 1.20 times the amount required to be paid in such year into the Interest and Redemption Account plus the amount required to be paid into the Depreciation Fund in such year.

Thereafter, commencing with the first fiscal year following the date of issuance of Series B Program Bonds, the obligation of Airline and all other Signatory Airlines for the payment of landing fees shall be determined by establishing for each fiscal year a landing fee rate in accordance with the following equation:

$$\frac{E - (R + S)}{F} = W$$

The symbols in the foregoing equation shall have the following meaning:

F - the landing fee rate for such fiscal year for each Revenue Landing, expressed in terms of cents (computed to the nearest 1/10 of a cent) per 1,000 pounds of certified gross landing weight. Provided, however, the landing fee rate shall not be less than 14 cents per 1,000 pounds in the years 1971 through 1975 inclusive, nor less than 8 cents per 1,000 pounds beginning after the year 1975 and continuing so long as any Approved Revenue Bonds are outstanding.

E - the estimated Airport Expense, as hereinafter defined, for such fiscal year.

R - the estimated Airport Revenue, as hereinafter defined, but excluding therefrom landing fees to be paid by the Signatory Airlines, for such fiscal year.

S - the amount, if any, by which in the fiscal year preceding that for which the landing fee is to be calculated Airport Revenue exceeded Airport Expense.

W - the estimated aggregate certified gross landing weight, expressed in 1,000 pound units, of all aircraft of Signatory Airlines to be landed in Revenue Landings during such fiscal year, using for any Signatory Airline as to which Section C of this Article VI is applicable in said year the average landing weight of such Airline as used in calculating the minimum use charge provided for by said Section C.

By "Airport Expense" is meant the aggregate for any fiscal year of the following:

1. All cost and expenses incurred for operation, maintenance, repair and administration of the Airport, including renewals and replacements, as determined in accordance with generally accepted accounting practices and principles, but excluding expenses paid from the Depreciation Fund, provided such costs and expenses would have been incurred by a reasonable and prudent operator and provided, further, any repair, renewal or replacement the cost of which is in

excess of \$50,000 shall be paid from the Depreciation Fund to the extent money is available in such fund. All additions or extensions of the Airport facilities or equipment of \$1,000 or less each shall be deemed included as "Airport Expense"; all such additions or extensions in excess of \$1,000 each shall be paid from the Depreciation Fund or from any surplus funds currently available or accumulated in prior years as hereinafter provided in subsection 2 of Section H Article VI unless authorized to be paid as "Airport Expense" in writing by a Majority in Interest of Signatory Airlines.

2. An amount which, when added to any funds available from any other source for the payment of principal or interest on Approved Revenue Bonds, (including any funds made available as capitalized interest or income from the investment of funds in the Interest and Redemption Account not otherwise included in Airport Revenue, but excluding, however, any funds in the Bond Reserve Account, the Depreciation Fund, or annual excess revenues as described in Section H of this Article VI) equals the greater of the amount determined under either of the following two sub-sections as may then be applicable:

(a) Commencing with the first fiscal year following the later of (i) the date of issuance of Series B Program Bonds or, in the case of the subsequent issuance of any additional Approved Revenue Bonds, the date of issuance of such additional Approved Revenue Bonds, or (ii) the date prior to which all interest to accrue on such Series B Program Bonds or other additional Approved Revenue Bonds as may be issued has been capitalized by providing for the payment of the same from the proceeds of sale of such bonds, and provided that any bonds heretofore issued under the 19xx Bond Resolution then remain outstanding and payment of the same in full, together with interest to the next redemption date and any applicable redemption premium, has not been provided by the setting aside in an irrevocable escrow account to accomplish such payment and redemption, the amount shall be 1.40 times the maximum amount that will become due in any calendar year for both principal and interest on all Approved Revenue Bonds to be outstanding on completion of the issuance of said Series B Program Bonds or other additional Approved Revenue Bonds. In no event, however, shall the amount determined as above be less than the amount calculated under the provisions of the following subsection (b).

(b) At all other times when the provisions of the preceding paragraph (a) are not in effect, the amount shall be equal to the greater of (i) 1.25 times the amount required to be paid in such year into the Interest and Redemption Account by bond resolutions pursuant to which then outstanding Approved Revenue Bonds have been issued, (ii) the aggregate amount required to be paid in such year into the Interest and Redemption Account, the Bond Reserve Account, and the Depreciation Fund by bond resolutions pursuant to which then outstanding Approved Revenue Bonds have been issued, or (iii) 1.20 times the amount required to be paid in such year into the Interest and Redemption Account plus the amount required to be paid into the Depreciation Fund in such year.

By "Airport Revenue" is meant the aggregate revenues derived directly or indirectly by the Board during any fiscal year from transactions from the use and operation of the Airport or any part thereof, including, without limitation, all rentals, landing fees, minimum airport use charges under Section C of Article VI, concession revenues, including motor vehicle parking fees and charges, and income from the investment of any funds of the Airport, and also including any recoveries of funds previously expended from revenues for capital additions to the Airport, including preliminary expenses of the Program which the Board agrees shall be recovered on the issuance of Program Bonds, but excluding (i) any revenue resulting from the investment of proceeds from the sale of Program Bonds to the extent applied to the costs of the Program or fund held in accounts established by the 19xx Bond Resolution if, and only to the extent, the use of the income from the investment of such proceeds or funds is restricted by law or by the 19xx Bond Resolution, (ii) any revenue from Special Purpose Facilities to the extent that such revenue is actually required to pay principal or interest on Special Purpose bonds, notes, or obligations issued for the construction of such Special Purpose Facilities, and (iii) any grants or payments received from public agencies or ad valorem taxes the application of which is restricted for a specific purpose unless such grant or payment constitutes reimbursement for Airport funds previously expended for any such specific purpose. Provided further, however, except for any such grants, payments, or taxes the application of which is so restricted for a specific purpose, any grants or payments received or the proceeds of any special tax or fee which may hereafter be levied, on either a national, state or local level, whether on the use of the Airport, on transportation or other wise, which inure to the benefit of the Airport shall be deemed Airport Revenue unless expended for Airport improvements with the approval of a Majority in Interest of the Signatory Airlines.

Exhibit R, attached hereto, illustrates the application of the preceding formula for the determination of landing fees, based on various assumptions as set forth in the notes to said Exhibit.

On or before the tenth day of each calendar month and without any demand therefor by the Board, Airline shall certify to the Board in writing (i) the number of landings made by its aircraft during the preceding month, and as to each landing, the certified gross landing weight of the particular aircraft, (ii) the landings, if any, to be excluded in computing landing fees, and (iii) the total weight of Revenue Landings during such preceding month. The landing fees payable for Revenue Landings made by Airline's aircraft during each calendar month, less any available credit applicable thereto as hereinafter provided, shall be due and payable on the twentieth day of the following month or the tenth day after receipt by Airline of a statement therefor from the Board, whichever is later, except that if the Airline fails to certify to the Board as aforesaid the number of landings made during any calendar month and the said certified gross landing weights of the aircraft making Revenue

Landings, then the landing fees for such month computed in accordance with this Section shall be payable on the twentieth day of the following month without any demand or statement from the Board.

C. If at any time after the issuance of any Series B Program Bonds and while Approved Revenue Bonds are outstanding, (unless the aggregate of funds on hand in the Interest and Redemption Account, the Bond Reserve Account, the Depreciation Fund, the Surplus Account and in all separate accounts established for the accumulation of surplus or excess funds for certain purposes in accordance with Section H of this Article VI is sufficient to pay and redeem all Approved Revenue Bonds then outstanding, in full with interest to the first redemption date thereafter, together with any applicable redemption premium) Airline shall in any fiscal year fail to land aircraft in Revenue Landings at the Airport having an aggregate landed weight equal to at least 50% of the aggregate weight of aircraft landed by Airline in the preceding fiscal year and such failure is not caused by (i) the revocation by competent authority of Airline's right to operate at the Airport, (ii) strike or other labor disturbance, or (iii) the suspension by Airline of all service in the [City Name] (as hereinafter defined), Airline shall pay a minimum airport use charge for such year computed by applying the landing fee in effect for such year, calculated in the manner described above in Section B of this Article, to the average annual aggregate certified gross landed weight of all aircraft landed by Airline in Revenue Landings at the Airport in the next preceding five years (including any years of operation prior to the date of this agreement) in each of which Airline performed Revenue Landings at the Airport in each month of such year or, if Airline shall not have operated at the Airport throughout the preceding five years, then to the aggregate landed weight of Airline averaged over such lesser number of years in each of which Airline performed Revenue Landings at the Airport in each five years, or lesser period if applicable, in which Airline performed Revenue Landings in each month of the year, Airline failed to land aircraft in one or more months solely because of strike or other labor disturbance, such year shall nevertheless be included in determining average annual aggregate certified gross landed weight. Such minimum airport use charge shall be payable in twelve equal monthly installments during the year at the time and in the same manner as hereinabove provided for the payment of landing fees; provided, however, there shall be credited against the aggregate minimum airport use charge payable by Airline for any year all sums paid by Airline as landing fees for Revenue Landings performed in the same year. If the Board shall estimate that in any year the aforesaid minimum airport use charge will be payable by Airline, it may submit monthly statements for installments of such charge during the year and such charges shall be paid promptly by Airline within the time hereinabove provided, subject to adjustment in the event it shall later be determined the minimum airport use charge is not applicable to Airline in such year.

The phrase, "service in the [City Name] Market" as used in this Article, shall mean the performance of scheduled passenger or cargo air carrier service at any airport now or hereafter located within a radius of fifty miles from the Control Tower of the Airport.

D. Notwithstanding the provisions of Section C, above, if in any fiscal year while Approved Revenue Bonds are outstanding, (unless the aggregate of funds on hand in the Interest and Redemption Account, the Bond Reserve Account, the Depreciation Fund, the Surplus Account and in all separate accounts established for the accumulation of surplus or excess funds for certain purposes in accordance with Section H of this Article VI is sufficient to pay and redeem all Approved Revenue Bonds then outstanding, in full with interest to the first redemption date thereafter, together with any applicable redemption premium), no Signatory Airline shall land any aircraft in Revenue Landings at the Airport, then in lieu of landing fees or minimum airport use charges as provided in Section B or C of this Article VI, Airline and all other Signatory Airlines, regardless of the reason why any such Signatory Airline shall have failed to land aircraft at the Airport in such year, shall pay a minimum airport use charge for such year calculated in accordance with the following equation:

$$\frac{C - T - (\text{Excess, if any, of } R - T - E)}{U} = A$$

The Symbols in the foregoing equation shall have the following meaning:

U - the rate for calculating the minimum airport use charge, expressed in terms of cents (computed to the nearest 1/10 of a cent) per 1,000 pounds.

C - the amount which, when added to any funds available from any other source for the payment of principal or interest on Approved Revenue Bonds, (including any funds made available as capitalized interest or income from the investment of funds in the Interest and Redemption Account not otherwise included in Airport Revenue, but excluding, however, any funds in the Bond Reserve Account, the Depreciation Fund or annual excess revenues as described in Section H of this Article VI) equals: (i) if any bonds heretofore issued under the 19xx Bond Resolution are then outstanding and payment of the same in full, together with interest to maturity or earlier redemption data and any applicable redemption premium, has not been provided for by the setting aside in an irrevocable escrow account to accomplish such payment and redemption, a sum equal to 1.40 times the maximum principal and interest that will become due in any calendar year for both principal and interest on all Approved Revenue Bonds then outstanding, or (ii) if all bonds issued under the 19xx Bond Resolution have been redeemed or redemption provided for as above, a sum equal to the greater of: (a) 1.25 times the amount required to be paid in such year into the Interest and Redemption Account on account of outstanding Approved Revenue Bonds, (b) the aggregate of the amounts required to be paid in such year into the Interest and Redemption Account, the Bond Reserve Account and the Depreciation Fund under the terms of bond resolutions pursuant to which then



outstanding Approved Revenue Bonds were issued, or (c) 1.20 times the amount required to be paid in such year into the Interest and Redemption Account plus the amount required to be paid into the Depreciation Fund in such year.

T - The aggregate of all rentals, if any, payable by Signatory Airlines in such year for the rental of space or facilities at the Airport the use of which any Signatory Airline has abandoned and the possession of which the Signatory Airline has surrendered to the Board by a notice in writing.

R - Estimated Airport Revenue for such year, as hereinabove defined in Section B of this Article VI (excluding, however, the aggregate minimum airport use charges of all Signatory Airlines payable for such year pursuant to this Section D) plus the amount, if any, by which aggregate landing fees and/or minimum use charges paid by the Signatory Airlines in the preceding year exceeded the amount, based on actual requirements of the Airport in such preceding fiscal year, to be provided in such year under the formula contained in Section B or D of this Article VI, whichever was then applicable.

E - Estimated Airport Expense to be incurred in such year by the Board as hereinabove defined in Section B of Article VI, excluding therefrom the requirements of paragraph 2 of said definition.

A - the sum for all Signatory Airlines of the average annual aggregate certified gross landed weight of all aircraft landed by each Signatory Airline, as to be applied in the manner described in the following paragraph:

To determine the minimum airport use charge payable by Airline for such year the rate determined by the foregoing equation shall be applied to the average annual aggregate certified gross landed weight of all aircraft landed by Airline in Revenue Landings at the Airport in the next preceding five years (including any years of operation prior to the date of this agreement) in each of which Airline performed Revenue Landings at the Airport in each month of such year; provided, however, if any Signatory Airline shall have operated at the Airport for any period less than five full years prior to the year for which the minimum airport use charge is to be calculated, the landed weight for such carrier to be applied shall be deemed to be the annual landed weight of such Airline averaged over such lesser number of years in each of which the Airline performed Revenue Landings in each month of each year. Provided, further, if in any year which would otherwise be within the next preceding five years, or lesser period if applicable, in which Airline performed Revenue Landings in each month of the year, Airline failed to land aircraft in one or more months solely because of strike or other labor disturbance, such year shall nevertheless be included in determining average annual landed weight for such Airline and the aggregate average certified gross landed weight for all Signatory Airlines.

Such minimum airport use charge as determined for Airline shall be payable in twelve equal monthly installments during the year at the time and in the same manner as hereinabove provided for the payment of landing fees. If the Board shall estimate that in any year the minimum airport use charge provided for by this Section will be payable by the Signatory Airlines, it may submit monthly statements for installments of such charge during the year and such charges shall be promptly paid by Airline within the time hereinabove provided in Section B, subject to adjustment in the event it shall be subsequently determined that minimum airport use charges under this Section are not applicable in such year.

If prior to any year in which Airline may be subject to the payment of a minimum airport use charge under either Section C or Section D of this Article VI, Airline shall have combined in any manner with one or more Signatory airlines to form a single air transportation company, the aggregate landed weight of Airline in the preceding fiscal year and the average annual aggregate landed weight of Airline in the next preceding five years, as such weights are to be used in calculating the minimum airport use charge, shall be deemed to be the aggregate landed weights of all Signatory Airlines which have so combined for each year applicable to the determination of the minimum airport use charge.

E. Notwithstanding anything in this agreement to the contrary:

1. At such time as the aggregate of the balances contained in the Interest and Redemption Account, the Bond Reserve Account and the Deferred Income Account is sufficient to pay in full the principal of all outstanding Approved Revenue Bonds, interest to the next redemption date, and any call premiums payable on such redemption date, no further charges on account of debt service provided in paragraph number 2 of the definition of "Airport Expense" in Section B or defined as "C" in the formula in Section D of this Article VI shall be made in calculating Airport Expense for the purpose of determining the landing fee rate or minimum airport use charges. 2. The Board further agrees that at any time while bonds heretofore issued under the 19xx Bond Resolution remain outstanding it will, on request of a Majority in Interest of Signatory Airlines and if at that time not prohibited by law, authorize the issuance of bonds to refund and pay and redeem all of said bonds issued under the 19xx Bond Resolution and will endeavor to sell such refunding bonds. Any such refunding bonds so issued shall be deemed to be Approved Revenue Bonds. 3. The Board agrees that not less than sixty days prior to the authorization of any Approved Revenue Bonds other than Series A or Series B Program Bonds it will notify Airline of its intention to so authorize such Approved Revenue Bonds and will consider the recommendations of the Signatory Airlines as to the terms and specifications for such bonds and the resolution to authorize the same. In the absence of agreement by the Board and a Majority in Interest of the Signatory Airlines as to such terms and conditions, any such bonds and the resolution to authorize the same shall (i) provide for principal maturities scheduled so as to produce approximately equal principal and interest requirements in each year for all Approved Revenue Bonds to be outstanding, over a period extending to the final year of this agreement, (ii) provide for annual payments to and total amounts to be accumulated in Bond Reserve Account and Depreciation by Fund at

rates not greater than established by the Series A Bond Resolution, (iii) to the extent permitted by law, provision will be made for the payment from bond proceeds of all interest to accrue on such bonds prior to the then estimated completion of the improvements the cost of which is to be paid with the proceeds of such bonds, and (vi) shall contain substantially the same provisions as the Series A Bond Resolution with respect to debt service coverage requirements and net revenue test to authorize additional parity bonds.

F. If in any fiscal year when landing fees or landing fees and minimum airport use charges as provided in Sections B and C, above, are in effect, or if in any fiscal year while Approved Revenue Bonds are outstanding and minimum airport use charges as provided in Sections D, above, are in effect, landing fees and/or minimum airport use charges actually paid shall fail to produce the full amount to be provided by the respective formula under said Section B or said Section D, whichever is then applicable, based on actual requirements of the Airport in such fiscal year, then the deficit shall be paid by the Signatory Airlines within twenty days following receipt from the Director of Aviation of the Board of an estimated statement of the deficit, as allocated among the Signatory Airlines, either (i) in the case landing fees under Section B are applicable, on the ratio the certified gross landed weight of all aircraft landed by each Signatory Airline in revenue landings in such year bears to the aggregate certified gross landed weight of all aircraft landed by all Signatory Airlines in revenue landings in such year, using annual average landed weights as to any Signatory Airline as to which Section C may then be applicable, or (ii) in the case minimum use charges under Section D are applicable, on the ratio the average landed weights of each Signatory Airline bears to the average landed weights of all Signatory Airlines, as such average landed weights are defined and applied in Section D. If final audit shows an increase or decrease in the actual deficit for the year, appropriate supplemental billing will be made to the Signatory Airlines or credit given against landing fees or minimum airport use charges for the current year, as the case may be, for the adjusted amount.

The Board and Airline agree that so long as any Approved Revenue Bonds remain outstanding and payment thereof in full with interest to maturity or earlier redemption date has not otherwise been provided for, no modifications to this agreement will be made which will have the effect of reducing landing fees or minimum airport use charges payable by Signatory Airlines in any year below the amounts to be provided under Section B, C, or D of this Article VI, whichever is applicable in such year.

G. At least sixty days prior to the beginning of each fiscal year the Board shall mail to all Signatory Airlines a proposed annual operating budget in reasonable detail for the ensuing year with estimates of Airport Expense, Airport Revenues, and surplus revenue and Deferred Income to be credited in determining the landing fee or minimum airport use charge and a statement showing the calculation of the landing fee or minimum airport use charge, together with estimates of landing weights used in calculating such fee or charge.

If requested in writing by Airline within fifteen days after the mailing of the proposed annual budget and landing fee or minimum airport use charge calculation, the Board shall hold an informal discussion not later than thirty days before the beginning of the ensuing fiscal year at which Airline may present objections to the proposed annual budget or the calculation of landing fees or minimum airport use charges. If after such informal meeting a Majority in Interest of Signatory Airlines so request, the Board shall hold a public hearing not less than fifteen days before the beginning of the fiscal year and will send notice of the time and place for such hearing to all Signatory Airlines by registered or certified mail, return receipt requested, not less than ten days before the date of such hearing. In advance of any such informal discussion or public hearing, the Board will, on request of Airline, submit all relevant information concerning the proposed operating budget and landing fee and minimum airport use charge calculations. The Board agrees to give due consideration to any suggestions, comments or requests of Airline with respect to the objects included in the operating budget and the manner used in calculating fees and charges.

The Board will, before the beginning of the following fiscal year, adopt an annual budget substantially in accordance with the preliminary or proposed annual budget referred to above, as the latter may have been revised as a result of discussion or a hearing, if any, and promptly following the beginning of each fiscal year furnish each Signatory Airline with a copy of such annual budget. If an annual budget shall not have been adopted for any fiscal year by the Board for any reason prior to the beginning of such year, the annual budget and landing fee or minimum use charge for the preceding fiscal year shall control until the new budget and landing fee or minimum use charge are established.

Within sixty days following the close of each fiscal year, the Board will cause an audit of its books and accounts to be made by an Independent Certified Public Accountant and upon completion of the audit will furnish Airline a copy thereof, in the same form as required by the Series A Bond Resolution to be supplied the purchaser of bonds and will supply such additional information as Airline may reasonably request.

It is further agreed by the Board that the Airport will be operated and maintained at all times in a prudent and economical manner, that wages and salaries for all personnel shall be reasonable and not in excess of those prevailing in the [City Name] area for the performance of similar work, and that all purchases or contracts for the acquisition of materials, supplies and equipment or for the making of airport improvements, repairs, or replacements which involve a cost of \$1,000 or more (or such lesser amount if otherwise provided by law) will be made or entered into only after public bidding, with award to the lowest responsible bidder. Cleaning services for terminal and concourse areas (and also grounds, road and airfield maintenance services if found by a study to be made jointly by the Board and Signatory Airlines to be economically feasible)

shall be solicited by public bidding and award of contract for the furnishing of such services shall be made to the lowest responsible bidder. Contracting of terminal building maintenance shall not reduce authorized staffing for janitorial services as shown on Exhibit marked "Manning Requirements, [Airport Sponsor Name]". In the event that contracts shall be entered into for grounds, road and/or airfield maintenance services, authorized staffing for such functions shown on such "Manning Requirements, [Airport Sponsor Name]" Exhibit shall be appropriately reduced. Provided that this requirement of public bidding shall not be applied in an emergency if the Chief Executive Officer of the Airport has duly certified that an emergency exists, and has filed a copy of such certificate with the Chief Financial Officer of the Airport.

The Board agrees that the aggregate actual expenditures for operation, maintenance and administrative costs of the Airport in any fiscal year will not exceed the total amount in the budget for such year for operation, maintenance and administrative costs, unless approved by a Majority in Interest of Signatory Airlines, except for expenses for an emergency nature urgently needed to maintain the Airport in an operable condition for which no funds are available in the Depreciation Fund or from any other source.

The Board may employ advisors and independent consultants whose reasonable charges and expenses shall be deemed included within the definition of "Airport Expense" under Article VI, as follows: a) attorneys or a firm of attorneys, b) certified public accountants or firm of certified public accountants, c) consultants or firm of consultants of national reputation in the field of airport management and operation, d) other advisors and independent consultants at contracts not to exceed \$10,000 each. Unless approved in writing by a Majority in Interest of the Signatory Airlines, charges and expenses for other advisors and independent consultants not included in the foregoing, shall not be deemed included with the definition of "Airport Expense".

Attached hereto is an exhibit marked "Manning Requirements, [Airport Sponsor Name]", (Exhibit Q), designating the number of employees presently approved for the Airport, the number of additional employees required to operate the Airport upon the completion of the "Program" and upon completion of the runway construction provided in Article III hereof, for Administrative, Maintenance and Security of the Airport. The Board is authorized, on completion of the "Program", or such earlier time as required for training of personnel, to increase its number of employees not to exceed the number as provided for on Completion of Terminal shown on the attached Exhibit, and on completion of construction of the Runway provided in Article III to increase its number of employees not to exceed the number as provided for on Completion of Runway 18L-36R shown on the attached Exhibit.

Upon completion of the "Program", the Board's manning requirements shall not exceed the number of personnel shown on said Exhibit. As facilities of the Airport are expanded, the Board's staffing may be increased in accordance with the following:

- a) Increase in Airfield Maintenance personnel shall not exceed one person for each additional 60,000 square yards of paved area maintained by the Board.
- b) Increase in Building Maintenance personnel shall not exceed one person for each additional 10,000 square feet of building space maintained by the Board.
- c) Administrative positions shall not exceed 18% of total personnel.
- d) Security forces shall not exceed 35% of total personnel.

Notwithstanding the foregoing provisions, the Board may employ such additional employees as may be required to meet standards established by the Federal Aviation Administration or other governmental agency(s) having jurisdiction over the Airport, for Airport Certification; conversely, if minimum personnel requirements specified by such standards are lower than as shown on the attached Exhibit, the personnel requirements on such Exhibit shall be reduced accordingly unless otherwise agreed in writing by a Majority in Interest of the Signatory Airlines. In addition thereto, the Board may charge as "Airport Expense" the cost of additional employees as may be approved in writing by a Majority in Interest of the Signatory Airlines.

A Majority in Interest of Signatory Airlines may designate an independent consultant or firm of consultants, experienced in airport finance, to prepare periodic reports for the Signatory Airlines relating to determination of landing fees, minimum airport use charges and other financial matters under this Agreement. Reasonable charges, including expenses, related thereto, in any fiscal year when landing fees or landing fees and minimum Airport use charges as provided in Sections B and C of Article VI are in effect shall be paid by the Board and shall be deemed included within the definition of "Airport Expense" under Article VI.

H. It is recognized that landing fees or landing fees and minimum airport use charges payable pursuant to Section B and C above, will produce revenue in each year substantially in excess of operating and maintenance costs of the Airport, principal and interest payments on Approved Revenue Bonds as the same became due, payments required to be made into the Bond Reserve Account, the Depreciation Fund, and any surplus revenue as described as "S" and defined in Section B of this Article VI to be applied to reduce landing fees in the following year. It is further recognized that revenues from minimum

airport use charges payable pursuant to Section D, above, if in effect, together with any rentals payable by Signatory Airlines for vacated space and other Airport net operating revenue, as provided in Section D, will be in each year substantially in excess of principal and interest requirements for Approved Revenue Bonds as the same become due and payments required to be made into the Bond Reserve Account and the Depreciation Fund. All such excess revenues shall be applied as hereinafter provided in this Section H.

1. Not later than the end of the fiscal year in which Series A Program Bonds shall first be issued, the Board shall establish within the Surplus Account an account entitled the "Deferred Income Account" and shall credit to such Account a sum equal to the aggregate of all funds and assets determined to be on hand, as of the date of delivery of the first Program Bonds, in the [Airport Name] Surplus Account, as established by the 19xx Bond resolution, less the sum paid into the Reimbursement Account (hereinafter referred to in Article VII), to the extent that funds in such accounts were not obligated for the payment of costs or expenses of the Board incurred prior to the time of first issuance of Program Bonds, provided that the amount credited to the Deferred Income Account shall not be less than \$540,000. Thereafter, at the end of each fiscal year, including the year in which Series A Program Bonds shall be first issued, there shall be credited to the Deferred Income Account a sum equal to the amount by which Airport Revenues exceeded the aggregate of all costs of operation, maintenance, repair and administration of the Airport (as defined in Paragraph No. 1 of the definition of "Airport Expense" in Section B of this Article VI) plus the greater of (a) 1.25 times the amount required to be paid in such year into the Interest and Redemption Account by bond resolutions pursuant to which outstanding Approved Revenue Bonds have been issued, or (b) the aggregate amount required to be paid in such year into the Interest and Redemption Account, the Bond Reserve Account, and the Depreciation Fund by bond resolutions pursuant to which outstanding Approved Revenue Bonds have been issued. Provided that in any fiscal year in which fees, minimum use charges or rentals payable by the Signatory Airlines, the sum which otherwise under this paragraph will be paid over to the Deferred Income Account for such year, shall, instead, be deposited in the Bond Reserve Account to accelerate the funding of said Reserve to its full amount and thereafter shall be held and applied for the prior redemption and retirement of Approved Revenue Bonds as hereafter provided.

All moneys in the Deferred Income Account shall be held exclusively for and shall be applied from year to year to the extent available in each year as a credit to reduce landing fees, minimum use charges or rentals payable by Signatory Airlines in the next following year; provided, however, (i) such credit shall not be applied in any year to an extent that such application would result in current net operating revenues of the Airport derived from all other sources of less than 1.20 times the amount required to be paid into the Interest and Redemption Account plus the amount to be paid into the Depreciation Fund in such year, (ii) nor shall such credit be applied in the fiscal year immediately following the later of (a) the date on which any Series B Program Bonds or other Approved Revenue Bonds may be issued or (b) the date prior to which all interest to accrue on such Series B Program Bonds or other Approved Revenue Bonds as may be issued has been capitalized by provision for payment from proceeds of sale of such bonds.

In each year in which such credit is available, such part of the balance contained in the Deferred Income Account as may be applicable in such year shall be divided, in the case the landing fee formula referred to in Section B of this Article is then in effect, by the estimated aggregate landing weights, expressed in 1,000 pound units, of all Signatory Airlines for such year, defined as "W" and as applied in determining the landing fee rate in the manner described in said Section B, or in the case the minimum airport use charge is in effect as referred to in Section D of this Article, by the average annual aggregate landed weights of all Signatory Airlines subject to the minimum use charge provided by said Section D. The quotient thus obtained shall be deducted from the landing fee or minimum use charge rate determined for such year under Section B or D and the remainder shall be the net landing fee or minimum use charge payable in such year by Signatory Airlines as to which either Section B, C or D of this Article is applicable; provided, however, the net landing fee rate in any year in which Section B is in effect shall not be less than the minimum landing fee for such year as provided in said Section B. In any year in which the minimum landing fee of eight cents per 1,000 pounds is in effect, any amounts held in the Deferred Income Account in excess of that required to reduce the net landing fee to said minimum shall be credited against terminal and ramp rentals payable by Signatory Airlines in the manner hereinafter provided in Article IX, Section D.

2. All remaining excess revenues in each year, after the payment of all required amounts to the Interest and Redemption Account, the Bond Reserve Account, the Depreciation Fund, and the Deferred Income Account shall, unless applied otherwise with the approval of a Majority in Interest of Signatory Airlines, be deposited in the Bond Reserve Account to accelerate the funding of such Reserve to its full amount and thereafter such excess revenue shall be held and applied for the prior redemption and retirement of Approved Revenue Bonds including the payment of any applicable redemption premiums; provided however, after the funding of the Bond Reserve Account, the Board, in its discretion, and except as otherwise provided herein, may apply up to one-half of such remaining excess revenues in each year, but not more than \$325,000 in any year, as follows: a) one-third thereof for payment of the costs of improvements and extensions to the Airport (including, in the discretion of the Board, improvements and extensions to the airfield), b) two-thirds thereof for payment of the costs of improvements and extensions to the airfield, which improvements and extensions will substantially increase the capacity or improve the operational efficiency of the Airport and so long as any such expenditures are reasonable, necessary and prudent in the operation of the Airport. Such percentage of excess revenue, or such part thereof as the Board may determine, shall be transferred into separate accounts for such purposes and may be accumulated in such accounts from year to year by the Board for future expenditures for such improvements or extensions. As used herein, the term "improvements and extensions to the airfield" includes the acquisition of land for the extension of the landing area, the construction of runways

and taxi-ways and the installation of facilities for the purpose of controlling or assisting landings, take-offs, and other movement of aircraft, including control towers, floodlights, landing lights, beacons, signals, radio aids, and other common use conveniences and aids to operation, navigation or control of aircraft, and does not include terminal facilities or facilities designed for other than common use, such as cargo buildings, aircraft maintenance or fixed base operation facilities. Prior to the issuance of any Approved Revenue Bonds subsequent to the issuance of the Program Bonds, the parties shall renegotiate and mutually agree on the amount of such excess revenue which may thereafter be available for the payment of the cost of such improvements and extensions. Provided, further, that in the event all Signatory Airlines shall abandon operations at the Airport, all funds on hand held and accumulated for the payment of costs of improvements and extensions shall, except to the extent that any of such funds have been obligated by the Board to the payment of any debt, or for the payment of expenses or costs previously incurred by the Board, be promptly applied to the Bond Reserve Account to accelerate the funding of such reserve to its full amount and thereafter such funds and all such excess revenues shall be held solely for the prior redemption and retirement of Approved Revenue Bonds as provided below.

Subject only to such prohibitions as may be imposed by the 19xx Bond Resolution or other resolutions authorizing the issuance of Approved Revenue Bonds, whenever at the end of any fiscal year there shall be held for the prior redemption and retirement of Approved Revenue Bonds a sum of \$50,000 or more, such sum shall be used by the Board for the early purchase or redemption of Bonds at the lowest possible price or prices, and all such Bonds so called or purchased shall be cancelled and not reissued.

#### ARTICLE VII

It is recognized that, in furtherance of the planning and development of the Program, Signatory Airlines have incurred substantial expenses and made indirect advances of funds for such purposes through the payment of landing fee surcharges. The Board agrees that on or before the time of the first issuance of Series A Program Bonds it will, with existing unobligated funds on hand, set aside in a segregated account the sum of \$560,000 which is hereby agreed between the parties to be the value of such expenses and advances, such account to be known as the Reimbursement Fund, to be distributed among the Signatory Airlines in the manner hereinafter provided.

After the first issuance of Series B Program Bonds and commencing with the beginning of the first fiscal year following the date prior to which all interest to accrue on such bonds has been capitalized, as hereinabove provided, and being the estimated date of completion of the Program, a determination shall be made of the estimated aggregate landing weights, in 1,000 pound units, of all aircraft to be landed by Signatory Airlines during such first fiscal year. Such total estimated weight shall be divided into the sum estimated to be available in the Reimbursement Fund and, commencing at the end of the first full month of said year and at the end of each month thereafter during said year each Signatory Airline shall be reimbursed an amount obtained by multiplying the quotient obtained above by the actual landed weight of such Signatory Airline in the immediately preceding month. If, due to variance between estimated and actual landed weights, the moneys in the Reimbursement Fund are insufficient or, conversely, if a balance remains at the end of the year, and adjustment shall be made by the ratio such Airlines actual landed weights during the year bears to total landed weights of all Signatory Airlines. If it shall be found that Airline has received reimbursement in an amount greater than found to be due it hereunder, Airline agrees to promptly refund any such excess on receipt of a statement therefor from the Director of Aviation of the Board.

The Board agrees to maintain moneys in the Reimbursement Fund substantially invested in U.S. Treasury securities maturing on or before the time it is anticipated such funds will be payable as hereinabove provided, and all income and profits realized from such investments shall be credited to, and any losses charged to, the Reimbursement Fund, increasing or decreasing the total amount to be distributed to Signatory Airlines accordingly. In the event no Series B Program Bonds shall be issued within five years from the date of this agreement, all funds in the Reimbursement Account shall be transferred to the Deferred Income Account, unless a Majority in Interest of Signatory Airlines shall request that such funds be applied to the prior redemption of outstanding bonds of the Airport.

#### ARTICLE VIII

Subject to any limitations contained in the 19xx Bond Resolution or other resolutions authorizing the issuance of Approved Revenue Bonds which may be applicable, the Board may provide for the construction and installation of Special Purpose Facilities as hereafter defined and may incur indebtedness therefor including the issuance of Special Purpose Bonds, notes or obligations, provided that such indebtedness, including Special Purpose Bonds, notes or obligations, shall be payable solely from the revenue derived from rentals or other charges derived by the Board under and pursuant to a lease or leases relating to the Special Purpose Facilities entered into by and between the Board as Lessor and such person, firm or corporation, either public or private, as shall lease, as Lessee, the Special Purpose Facilities from the Board.

"Special Purpose Facilities" shall mean hangars, aircraft overhaul, maintenance or repair shops, motels, hotels, storage facilities, loading and unloading facilities, garages, cargo handling buildings and including necessary ramp areas incidental thereto, and all other similar facilities.

Any Agreement relating to the construction of Special Purpose Facilities shall provide for recovery in full by the Board for all costs of maintenance, and operation, including an equitable apportionment of administrative expenses, which may be incurred by the Board with respect to such facility, specifically including expense for any increased Airport personnel which may be required by reason of the existence of such facility.

#### ARTICLE IX

A. Exhibits C through K hereto show an allocation of terminal and concourse space, including both that now existing or to be occupied by the Signatory Airlines on completion of the Program. The Board agrees that as each area designated for Airline's exclusive use becomes available it will lease such area to Airline for a term of years ending upon the expiration of this agreement at rentals as hereinafter provided. The Board will notify Airline at least 120 days prior to the completion of each area allocated for Airline's exclusive use, and Airline may thereupon commence tenant improvements to such area to the extent the installation of such improvements does not interfere with the work being performed by the Board's contractors. The term and rental for areas leased to Airline shall commence on the earlier of (i) commencement of operations by Airline in such areas of (ii) 120 days after the aforesaid notice, provided the space shall then have been fully completed by the Board's contractors and provided, further, in this case, Airline shall not be required to relocate into nor shall rentals commence for new areas until all new areas to be occupied by Airline under the Program are substantially completed.

Airline's lease of such space shall be evidenced by an amendment to this agreement, setting forth the area in square feet for each space, based on as built measurements, and the initial rental rate therefor, and the terms and conditions of this agreement, as so amended, shall constitute Airline's lease of the premises. As and when Airline relocates into space made available under the Program leases now existing between Airline and the Board as set forth on Exhibit S shall be deemed cancelled.

Rentals shall be payable in equal monthly installments in advance, at the same time and in the same manner as hereinabove provided for the payment of landing fees. Exhibit P sets forth the initial annual rental rates for than assignment of terminal and concourse space in new areas to be constructed or in existing areas to be occupied by Airline on completion of the program. Such initial rental rates shall remain in effect until the end of the third full fiscal year following the date of completion of all terminal and concourse construction included in the Program and occupancy thereof by Signatory Airlines as contemplated by this agreement. Thereafter such initial rental rates shall be subject to adjustment as hereinafter provided.

The Board agrees that commencing no later than the beginning of the first fiscal year which commences following occupancy by all Signatory Airlines of terminal and concourse areas as contemplated by this agreement (hereinafter referred to as "the first year of occupancy") it will thereafter maintain records which accurately reflect for each fiscal year the direct and allocated indirect maintenance, operation and administrative costs, separately, for all (i) terminal and concourse areas, (hereinafter referred to as "Terminal Costs") (ii) aircraft parking ramps, (hereinafter referred to as "Ramp Costs") (iii) the airfield, and (iv) all other areas or activities of the Airport. At the end of the third full fiscal year following such occupancy by Signatory Airlines, the initial annual rental rates provided in Exhibit P shall be adjusted for the following three year period by increasing or decreasing such initial rates by the amount of the increase or decrease in Terminal Costs in the third year as compared to Terminal Cost in the first year of occupancy, determined by dividing Terminal Costs for each such year by the total number of square feet of enclosed terminal and concourse areas of the Airport existing in such year, with the increase or decrease in cost per square foot so determined applied uniformly to the initial rental rates for all classifications of space rented by Signatory Airlines.

Thereafter, for each succeeding three year period rental rates applicable in the preceding period shall be similarly adjusted by comparing Terminal Costs in the last year of the three year period immediately preceding that for which rates are to be adjusted with Terminal Costs in the last year of the second preceding three year period.

B. Exhibit P hereto also shows an allocation among Signatory Airlines of aircraft parking ramps to exist on completion of the Program. At the same time as terminal rentals as provided in the preceding section become payable, ramp rental will be payable by each of the Signatory Airlines at the initial rate of \$186.80 per annum per lineal foot of ramp area assigned to the Signatory Airline, as measured along a line 20 feet from the exterior wall of the concourse, payable in monthly installments at the same time and in the same manner as hereinabove provided for payment of landing fees. When the amount of ramp area assigned to Airline is ascertained, and amendment will be made to this agreement and the amount of such ramp area and the annual rental therefor shall be set forth therein. Ramp rental rates shall be adjusted at three year intervals at the same time as hereinabove provided for the adjustment of terminal rentals, the adjustment to be made at the end of the third year following occupancy by Signatory Airlines to be determined by dividing Ramp Costs in such third year by the lineal feet of aircraft parking ramps of the Airport, measured as provided above, and comparing such third year cost per lineal foot with Ramp Costs per lineal foot in the first year of occupancy. If such third year costs are greater than first year costs, the initial ramp rental rate per lineal foot shall be increased by the difference; conversely; if such third year costs are lower, the initial ramp rental rate shall be decreased by the difference. Thereafter, for each succeeding three year period the ramp rental rate shall be similarly adjusted, by comparing Ramp Costs in the last year of the preceding three year period with Ramp Costs in the last year of the second preceding three year period.



C. In the event a Majority in Interest of Signatory Airlines shall object to amounts allocated by the Board to Terminal or Ramp Costs for administrative, utility systems, police, fire, or other indirect costs in any year pertinent to rental rate adjustments as provided in Sections A and B, above, and such Signatory Airlines are in agreement as to the amounts which should be so allocated, rental rates for terminal facilities and ramp areas shall be adjusted based on allocations of such costs as so agreed upon by such Signatory Airlines.

In any year in which a credit against terminal and ramp rentals shall be available to Signatory Airlines from the Deferred Income Account as hereinabove provided in Article VI, Section H, Paragraph 2, the total amount to be so credited shall be allocated among all Signatory Airlines on the ration that the total terminal and ramp rentals payable by each Signatory Airline bears to the aggregate of terminal and ramp rentals payable by all Signatory Airlines.

#### ARTICLE X

At such time as all Approved Revenue Bonds have been paid in full, or payment in full with interest to maturity or earlier redemption date has been provided for, landing fees, as hereinabove provided for in Section B of Article VI hereof, and rental rates for space leased for Airline's exclusive use and ramp rental rates, as hereinabove provided for in Article IX hereof, shall be adjusted, commencing with the first full fiscal year following the retirement of all Approved Revenue Bonds and thereafter at the end of each three year period, to provide fair and reasonable charges and rentals for use and occupancy of space and facilities by Airline at the Airport, based on then current costs of operation and maintenance of the Airport, including a proper proportion of the cost of operating and maintaining public areas in terminal buildings and concourses after application of other revenues derived from such areas and all other concession revenue, and administrative and general overhead of the Airport, as allocated on sound accounting principles. In determining fair and reasonable charges and rentals, the cost of all improvements at the Airport (excepting Special Purpose Facilities) shall be deemed to have been amortized in full to the extent such facilities have been constructed with the proceeds of Airport Revenues, Approved Revenue Bonds, other revenue bonds heretofore issued by the Board, or Federal or State grants in aid of construction.

#### ARTICLE XI

If air transport operators not Signatory Airlines serve the Airport, such carriers will not be accorded contract terms and conditions more favorable than those set forth herein. Landing fees, rentals and other charges shall be payable by each such carrier in accordance with the rates established herein to the end that each air carrier serving the Airport shall contribute its just share to meet Airport Expense. The Board agrees to impose upon aircraft operators other than Signatory Airlines, including general aviation, charges for use of the Airport's facilities which do not discriminate against the Signatory Airlines, which at least adequately compensate the Board for the use of the facilities involved, and which represent a fair relationship to the value received by such operators from the use of the Airport facilities. The Board further agrees that if any ad valorem, leasehold, or other form of property tax on any property of the Airport is levied or threatened to be levied it will in good faith and to the extent of its ability resist the imposition of such tax.

#### ARTICLE XII

The Board does hereby demise and let unto Airline, and Airline does hereby hire and take from the Board, the premises and facilities, rights, licenses and privileges on and in connection with the property and improvements of the Airport (including premises leased exclusively to Airline or in common with other Signatory Airlines, whether referred to in this Agreement as executed originally or added by subsequent amendment) as set forth hereafter, or elsewhere in this Agreement:

(1) Use of Airport. The use (exclusively as to Airline's exclusively leased premises or in common with others authorized so to do as to non-exclusively leased premises) of the Airport and appurtenances, together with all facilities, improvements, equipment and services which have been or may hereafter be provided at or in connection with the Airport from time to time, including, without limiting the generality hereof, the landing field, runways, aprons, taxiways, sewerage and water facilities, flood lights, landing lights, control tower, signals, radio aids, and all other conveniences for flying, landing and take-offs of aircraft of Airline, which use, without limiting the generality hereof, shall include:

- (a) The operation of a transportation system by aircraft for the carriage of persons, property and mail (hereinafter referred to as "air transportation");
- (b) The repairing, maintaining, conditioning, servicing, parking or storage of aircraft or other equipment of Airline or of any other air transport operator by Airline or its nominee;
- (c) The training at the Airport of personnel in the employ of or to be employed by Airline, and the testing of aircraft and other equipment; it being understood that such training and testing shall be incident to the operation by Airline of its air transportation system;
- (d) The sale, disposal or exchange by Airline or its nominee of Airline's aircraft, engines, accessories, gasoline, oil, greases, lubricants and other equipment or other fuel or supplies; provided that such right shall not be construed as

authorizing the conduct of a separate business by Airline, but to permit Airline to perform such function as an incident to its operation of an air transportation system, and specifically, but without limitation, to permit the sale or disposal of any article or goods used by, or bought for use by, Airline in connection with its operation of an air transportation system; and provided that Airline may not sell gasoline, fuel, greases and other lubricants except to any subsidiary or affiliated company or except when the same are of a particular grade desired by others and not otherwise available (except from other air transport operators) at the Airport;

(e) The servicing by Airline or others of Airline's aircraft and other equipment, by truck or otherwise, with gasoline, oil, greases and any other fuel or other supplies required by Airline, such right to include, without limiting the generality hereof, the right to install and maintain on the Airport, at such location or locations as designated by the Board and upon the payment of reasonable ground rental therefor, adequate storage facilities for such gasoline, oil, greases, and other fuel or supplies, either underground or on the surface, together with the necessary pipes, pumps, motors, filters and other appurtenances incidental to the use thereof, such storage facilities to conform to fire inspection standards;

(f) The landing, taking off, parking, loading and unloading by Airline or its nominee of Airline's aircraft or other equipment, and the right to store Airline's aircraft in any hangar owned or operated by the Board not leased or rented to others at the same rates as are charged by the Board of other air transport operators;

(g) The right to load and unload persons, under supervision of the Director of Aviation, property and mail at the Airport by such motor cars, buses, trucks or other means of conveyance as Airline may desire or require in the operation of its air transportation system, with the further right to designate the particular carrier or carriers who shall or may transport Airline's passengers and their luggage if such service is provided at the expense of Airline.

(h) The right by Airline or its nominee to install, maintain and operate an employees cafeteria, restaurant, or other food and beverage preparing and dispensing facilities, and to cook, prepare and serve foods or beverages for consumption by Airline's passengers on its aircraft operating from the Airport, and to do any and all things necessary, required or convenient in connection therewith (including, but not limited to, the imposition of a charge, if Airline so desires, for such food and beverage).

(i) The right to install and operate advertising signs relating to Airline's operations on the premises leased for Airline's exclusive use, the general type and design of such signs to be subject to the approval of the Director of Aviation, such approval not to be arbitrarily withheld;

(j) The right by Airline or its nominee to install, maintain and operate such radio, communications, meteorological and aerial navigation equipment and facilities in, on and about the premises herein leased and the Airport as may be necessary or convenient in the opinion of Airline for its operations;

(k) The right by Airline or its nominee to maintain and operate Club/VIP facilities for Airline's guests, invitees and passengers (serving appetizers and both alcoholic and non-alcoholic beverages with or without charge) in Airline's leased premises.

(l) The conduct of any other business or operation reasonably necessary to the proper conduct and operation by Airline of an air transportation system for the carriage of persons, property and mail by aircraft in domestic or foreign commerce.

(2) Public Space in Administration Building. The use by Airline, its employees, passengers, guests, patrons and invitees, in common with others, of all public space in any Administration Building which may be constructed on the Airport during the term hereof, and all additional public space which may hereafter be made available in any Administration Building or passenger terminal or any addition thereto; including, without limiting the generality hereof, its lobby, waiting room, hallways, rest rooms, rooms for flight personnel and other public and passenger conveniences.

(3) Parking Space. The use by Airline and its employees in common only with other Signatory Airlines and their employees of adequate parking spaces located reasonably near to any administration building or passenger terminal building, without charge to said employees. Construction of any such employee parking facility shall be commenced only after the cost thereof and method of financing such facility shall have been mutually agreed upon between the Board and a Majority in Interest of Signatory Airlines.

(4) Hangar Site and Tank Farm Space. The option to lease at a reasonable rental suitable and appropriate space for Airline's unrestricted and exclusive use as a hangar site (hereinafter referred to as "hangar space") and/or fuel bulk storage plant site (hereinafter referred to as "tank farm space"), the exact location and dimensions of said space to be determined by mutual agreement between Airline and the Board.

(5) Space for Radio-Receiving and Transmitting Equipment. The full, unrestricted and exclusive use of a certain tract of ground, the precise location to be agreed upon by the parties, for the erection, maintenance and operation of the poles, antennae and equipment necessary for the operation of Airline's remote control radio-receiving and transmitting equipment.



(6) Right of Access, Ingress and Egress. The full and unrestricted access and ingress to and egress from the premises outlined in (1) to (5) above or outlined elsewhere in this Agreement (including subsequent amendments or premises leased to Airline exclusively or to Airline in common with other Signatory Airlines, for Airline, its employees, passengers, guests, patrons, invitees, suppliers of materials and furnishers of service, its or their aircraft, equipment, vehicles, machinery and other property, without charge, direct or indirect, to said employees, passengers, guests, patrons, invitees, suppliers of materials and furnishers of service or their said property, subject to the reasonable rules and regulations as may be promulgated from time to time by the Board not inconsistent herewith.

#### ARTICLE XII

The Board represents that it has the right to lease said property specified herein as the Airport, together with all the facilities, rights, licenses and privileges herein granted, and the Board and Airline represent that they have full power and authority to enter into this Agreement in respect thereof.

#### ARTICLE XIV

The Board agrees that no charges, fees, or tolls, other than herein expressly provided for, shall be charged or collected by it from Airline or any other persons, including without limitation, suppliers of materials or furnishers of service, for the privilege of transporting, unloading, or handling persons, property or mail to, from, into or on said Airport in connection with Airline's business. Airline shall have the full right of purchasing at the Airport its requirements of gasoline, fuel, lubricating oil, grease or any other materials or supplies from any person or company of its choice, and no charges, fees or tolls of any kind except as herein expressly set forth shall be charged by the Board, directly or indirectly, against Airline or its suppliers for the privilege of buying, selling, using, withdrawing, handling, consuming or transporting the same to, from or on said Airport.

#### ARTICLE XV

If Airline or any of its employees is required to procure any licenses or permits from the authorities of the County of [County Name] to authorize and permit it to carry on any of the activities and operations which Airline is authorized or permitted to carry on under this Lease, Airline may deduct the cost of such licenses and permits from any rentals or fees payable by it hereunder.

The Board agrees that it will endeavor to cause such traffic movement privileges and courtesies to be extended to common carriers transporting passengers of the Airline to and from the Airport, of such nature as to enable such carriers to load and discharge passengers and to make the trip between the Airport and the ticket offices or other stopping places of Airline in the City of [City Name] as expeditiously as possible.

#### ARTICLE XVI

The Board agrees to manage, maintain and operate the Airport in a prudent manner and in a manner so as to produce revenues from the Airport of a nature and amount which would be produced by a prudent operator of an Airport. The Board further agrees to maintain and operate with adequate and efficient personnel and to keep in good repair said Airport and any administration or passenger terminal building, and the appurtenances, facilities and services now or hereafter connected therewith, including, without limiting the generality of the foregoing, all appurtenances and facilities which the Board has agreed hereunder to construct, furnish or supply, and keep the Airport free from obstructions for the safe, convenient and proper use thereof by Airline, and to maintain and operate the Airport in all respects equal to the highest rating issued by the Civil Aeronautics Board and Federal Aviation Administration for airports of comparable size, class and activity in the United States of America.

It is expressly agreed that the Board will keep the public space, including passenger holding areas and Airline Bag Claim Space, in any administration building or passenger terminal buildings, clean, neat, orderly, sanitary and presentable. The Board will provide and supply adequate light and water for the public space. For the public space and as shown on the attached exhibits for Airline's exclusive space, the Board shall provide water, air conditioning and heat sufficient to keep the same at all times at a temperature of not less than 72 degrees Fahrenheit. In Airline exclusive leased space, Board shall replace lights, bulbs and tubes purchased by Airline, in accordance with schedule established by the Board. For electrical power for Airline's exclusive space, Airline shall pay for the same consumed or drawn from within its exclusive leased space (including power supplied to any ramp equipment or facilities installed or used by Airline) at rates charged at the time by the local utility company or companies for electric current supplied in similar quantities and under similar conditions.

Subject to the foregoing and any other applicable qualifications contained elsewhere in this Agreement, Airline shall be responsible for keeping the interior of its exclusive leased areas in a proper condition, but shall not be obligated to make any repairs not necessitated by its own negligence.

Neither the Board nor Airline shall however be liable in damages for any breach of the foregoing due to strikes, Acts of God or the public enemy or other causes for which it is not responsible and over which it has no control. The duties and responsibilities of the Board under this Article XVI shall continue only as long as the Airline shall have revenue landings at the Airport and pay landing fees in accordance with Article VI, Section B, or shall occupy space rented pursuant to this Agreement and pay rentals therefore.

Nothing contained above in this Article XVI shall be construed to alter, modify or relieve any party of any obligation, right, privilege, or covenant contained elsewhere in this Agreement.

#### ARTICLE XVI

The Board agrees that as long as Airline shall have revenue landings at the Airport and pay landing fees in accordance with Article VI, Section B, it will provide adequate first-class restaurants which shall serve good food at reasonable prices and shall remain open 24 hours a day during the whole term hereof.

#### ARTICLE XVIII

Subject to the prior written consent of the Director of Aviation, which consent shall not be unreasonably withheld, Airline may at its own cost and expense erect on, alter, or install in any hangar space, in the tank farm space, in the terminal or concourse space, or any other space which is or may be exclusively leased to Airline hereunder, any buildings, structures, or structural alterations including storage tanks, or equipment above or underground, subject to fire inspection standards, that it shall determine to be necessary for use in connection with its air transport operations, provided only that any building erected shall conform insofar as practical to the general exterior architectural design of the administration building then in use on said Airport. No restriction shall be placed upon Airline as to the architects, builders or contractors who shall be employed by it in connection with the erection of any such building; and the Board shall permit free ingress and egress to and from the said spaces for any person or material or thing connected with the erection of any such building or structure.

Any such building or structure erected or installed by Airline shall not become a part of the land on which it is erected but shall be and remain the property of the Airline.

Airline shall not install or operate in leased areas or permit the installation or operation therein of vending machines or other machines operated by coins or tokens (excluding automatic Airline ticketing machines), except that it may install and operate machines vending soft drinks or cigarettes to its employees and casual visitors in its exclusively leased premises. If such machines are installed, Airline shall take such steps as may be necessary and reasonable to prevent wrappers, empty bottles, paper cups and similar refuse from being discarded in the leased areas except in proper receptacles and from being discarded elsewhere in the Passenger Terminal Building. If Airline fails to take such steps to prevent such refuse from being discarded as aforesaid, and fails to correct such condition upon reasonable written request so to do, its right to maintain and operate such machines may be cancelled by the Airport Director of Aviation by written notice to Airline.

Airline shall not do any act or thing in leased areas which would constitute a violation of any law, ordinance, resolution, rule, regulation or order of the United States or the Commonwealth of [State Name] or the County of [County Name] which relates to or affects the use or occupancy of the leased areas, including without limiting the generality hereof those relating to the prevention of fires and other hazards, those adopted to promote health and sanitation, and those relating to the use and storage of explosive, flammable or dangerous liquids, gases and materials.

#### ARTICLE XIX

Airline shall have the right and option at any time and from time to time during the term hereof to lease any additional lands at the Airport for a term during which such lands will not be reasonably necessary to the operation of the Airport and at the time not leased to others, whether such space is adjacent to any hangar space leased hereunder or otherwise, for the exclusive use of Airline at a reasonable rental.

#### ARTICLE XX

Airline agrees to observe and obey all reasonable rules and regulations which may from time to time during the term hereof be promulgated and enforced by the Board and any other appropriate authority having jurisdiction thereof for the conduct and operation of the Airport, provided the same are consistent with safety and do not conflict with the rules of any Federal Agency having jurisdiction thereover, and are not inconsistent with the procedures prescribed or approved from time to time by the Federal Aviation Administration for landing and taking-off of Airline's aircraft at the Airport. The Board agrees, subject only to any presently existing contractual obligations with respect to the Airport, and subject to rules and regulations of any other authority having jurisdiction over the Airport, to formulate, adopt and enforce rules and regulations which will not be inconsistent with the provisions of this Agreement.

## ARTICLE XXI

The Board shall have no control whatsoever over the rates, fares, or charges that Airline may prescribe for any of its services by air or land, to, from or through the Airport or between the Airport and its ticket offices or other stopping places in the City of [City Name], [State Name] or environs, the intent hereof being that Airline may establish such rates, fares and charges as it in its uncontrolled discretion may desire to establish, subject, however, to any and all appropriate rules, regulations or orders of the Civil Aeronautics Board.

## ARTICLE XXII

### A) Fire Insurance.

The Board covenants and agrees at all times during the term of this agreement, whether or not Approved Revenue Bonds are outstanding at any time, to maintain fire and extended coverage insurance on all buildings, premises and personal property (other than personal property owned or leased by the Signatory Airlines) to the extend insurable in an insurance company or companies qualified and authorized under the laws of [State Name] in an amount not less than eighty percent (80%) of the replacement value of the property so insured less depreciation; provided, however, that such an amount of insurance shall at all times be sufficient to comply with any legal or contractual requirements which, if breached, would result in an assumption by the Board of a portion of any loss or damage as co-insurer and provided further that if at any time the Board shall be unable to obtain such insurance to the extent required, the Board will maintain such insurance to the extent reasonably obtainable and shall notify the Signatory Airlines of such inability to obtain such insurance. The proceeds of all such insurance shall be available for the repair, replacement and reconstruction of damaged or destroyed property. The proceeds of any and all such insurance are hereby pledged as security for the bonds issued hereunder until such proceeds are paid out in making good the loss or damage in respect of which such proceeds are received by repairing, replacing or reconstructing the property damaged or destroyed. If the insurance proceeds are in excess of the amount required for such purpose, any balance remaining shall be paid into the Reserve Account to the extent necessary to meet the required minimum in said account; and if a surplus of insurance proceeds still remains, said surplus shall be transferred to the Depreciation Fund if necessary to meet the required minimum balance in said fund; and if any surplus still remains, it shall be transferred to the [Airport Name] Surplus Account. If for any reasons the insurance proceeds are insufficient for the repair, replacement and reconstruction of the damaged or destroyed property, any deficiency may be supplied from any moneys legally available to the Board for such purposes.

Each of Board and Airline hereby release the other from any and all liability or responsibility for any loss or damage to property caused by an insured fire or any other insured peril to the extent of any insurance proceeds received by the releasor, even if such fire or other casualty shall have been caused by the fault or negligence of the other party or anyone for whom such party may be responsible; provided, however, that the Board's and Airline's policies contain a clause for endorsement or policy wording to the effect that any such release shall not adversely effect or impair said policy or prejudice the right of the releasor to recover thereunder; provided further that each of the Board and Airline shall promptly notify the other party in the event of either cancellation or material change in such endorsement or policy wording.

### B) Liability Insurance.

The Board further covenants and agrees in like manner to carry public liability insurance covering such risks and for such amounts as the Board determines from time to time to be necessary or advisable by reason of the character and extent of the operations of the Board.

C) If any building of the Board in which Airline occupies exclusive space hereunder shall be partially damaged by fire or other casualty but not rendered untenable, the same shall be repaired with due diligence by the Board at its own cost and expense; if the damage shall be so extensive as to render the premises untenable but capable of being repaired in thirty (30) days, the same shall be repaired with due diligence by the Board at its own cost and expense, and the rent payable hereunder with respect to Airline's exclusive space shall be proportionately paid up to the time of such damage and shall thenceforth cease until such time as the premises shall be in order; and in case said building is completely destroyed by fire or other casualty or so damaged that it will remain untenable for more than thirty (30) days, or in case it does so remain untenable for more than thirty (30) days, at the option of Airline either (1) said building shall be repaired or reconstructed with due diligence by the Board at its own cost and expense and the rent payable hereunder with respect to Airline's exclusive space in said building shall be proportionately paid up to the time of such damage or destruction and shall thenceforth cease until such time as the premises shall be put in order; or (2) within sixty (60) days after the time of such damage or destruction and before the said premises shall be put in order, Airline shall give the Board notice of its intention to cancel such part of this lease as related to said building, in which case such part of this lease as related to said building, shall forthwith cease and terminate.

## ARTICLE XXIII

In the event that Airline shall file a voluntary petition in bankruptcy or that proceedings in bankruptcy shall be instituted against it and Airline is thereafter adjudicated bankrupt pursuant to such proceedings, or that the court shall take jurisdiction

of Airline and its assets pursuant to proceedings brought under the provisions of any Federal reorganization act, or that a receiver of Airline's assets shall be appointed, or that Airline shall be divested of its estate herein by other operation of law, or that Airline shall fail to perform, keep and observe any of the terms, covenants or conditions herein contained on the part of Airline to be performed, kept or observed, the Board may give Airline written notice in writing to correct such condition or cure such default and, if any such condition or default shall continue for thirty (30) days after the receipt of such notice by Airline, the Board may, after the lapse of said thirty (30) days and prior to the correction or curing of such condition or default, terminate this lease and agreement by a twenty (20) day written notice; and the term hereby demised and all rights and privileges of Airline hereunder shall thereupon cease and expire at the end of such twenty (20) days in the same manner and to the same effect as if it were the expiration of the original term.

The acceptance of rental by the Board for any period or periods after a default of any of the terms, covenants and conditions herein contained to be performed, kept and observed by Airline shall not be deemed a waiver of any right on the part of the Board to cancel this lease and agreement for failure by Airline so to perform, keep or observe any of the terms, covenants or conditions hereof to be performed, kept and observed. No waiver of default by the Board of any of the terms, covenants or conditions hereof to be performed, kept and observed by Airline shall be construed to be or act as a waiver of any subsequent default of any of the terms, covenants and conditions herein contained to be performed, kept and observed by Airline.

## ARTICLE XXIV

After, but only after, either the payment in full of all Approved Bonds or the aggregate of funds on hand in the Interest and Redemption Account, the Bond Reserve Account, the Depreciation Fund, the Surplus Account and in all separate accounts established for the accumulation of surplus or excess funds for certain purposes in accordance with Section H of Article VI is sufficient to pay and redeem all Approved Revenue Bonds then outstanding, in full with interest to the first redemption date thereafter, together with any applicable redemption premium, Airline, in addition to any right of cancellation or any other right herein given to Airline, may cancel this Agreement, in whole or only insofar as it relates to any building, or any portion thereof, and terminate all or any of its obligations hereunder at any time, by thirty (30) days' written notice. Except for the aforesaid restriction against cancellation of this Agreement while Approved Revenue Bonds remain unpaid and insufficient funds for payment thereof in full as above provided have not accumulated, Airline shall be entitled to make use of any other remedy at law that might be available to it in the event the Board shall fail to perform, keep and observe any of the terms, covenants or conditions herein contained on the part of the Board to be performed, kept or observed provided that such terms, covenants or conditions are within the power and ability of the Board to perform, keep or observe.

No waiver of default by Airline of any of the terms, covenants or conditions hereof to be performed, kept and observed by the Board shall be construed to be or act as a waiver by Airline of any subsequent default of any of the terms, covenants and conditions herein contained to be performed, kept and observed by the Board.

## ARTICLE XXV

The Board agrees that, on payment of the rent and charges and performance of the covenants and agreements on the part of the Airline to be performed hereunder, Airline shall peaceably have and enjoy the leased premises and all the rights and privileges of the Airport, its appurtenances and facilities.

## ARTICLE XXVI

Airline agrees to yield and deliver to the Board possession of the premises leased herein at the termination of this lease, by expiration or otherwise, or of any renewal or extension hereof, in good condition in accordance with its express obligations hereunder only, except for reasonable wear and tear, fire and other casualty, and Airline shall have the right at any time during said term, or any renewal or extension hereof, and for one year after the termination hereof, to remove the hangar or any buildings, structures, or facilities it may erect on or install in the hangar space, tank farm space or other space exclusively leased hereby and to remove all fixtures and equipment and other property installed or placed by it at its expense, in, on or about the premises herein leased, and said Airport, such fixtures and equipment and other property to include, without limitation, storage tanks, pipes, pumps, wires, poles, machinery and air conditioning equipment; subject, however, to any valid lien which the Board may have thereon for unpaid rents or fees.

## ARTICLE XXVII

Whenever the term "Civil Aeronautics Board" is used in this agreement, it shall be construed as referring to the Civil Aeronautics Board created by the Federal Government under the Federal Aviation Act of 1958, as amended, or to such other agency or agencies of the Federal Government having from time to time similar jurisdiction over Airline or its business.

ARTICLE XXVIII

Airline shall not at any time assign this lease or any part thereof without the consent in writing of the Board, provided that the foregoing shall not prevent the assignment of this lease to any corporation with which Airline may merge or consolidate or which may succeed to the business or assets of Airline or a substantial part thereof, or prevent the subletting of any of the space leased exclusively to Airline hereunder.

ARTICLE XXIX

The Board agrees that if at any time during the term hereof any air transportation company subsidiary to or affiliated with Airline desires to lease any available premises, facilities, rights licenses, or privileges on or in connection with the Airport, the Board will enter into a lease with such subsidiary or affiliated company upon the same terms, conditions, rentals and fees as provided herein.

ARTICLE XXX

A) It is further expressly understood and agreed by and between the parties hereto that in the event any covenant, condition or provision herein contained is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, condition or provision shall in no way affect any other covenant, condition or provision herein contained.

B) It is further expressly understood and agreed by and between the parties that in the event there shall be an actual conflict between the provisions of, or interpretation of, this Agreement and the 19xx Bond Resolution or the Series A Bond Resolution attached as Exhibit "O", the provisions of, or interpretation of the Bond Resolution shall control and supersede the provisions of, or interpretation of, this Agreement.

C) Notwithstanding the provisions contained in parts (A) and (B) of this Article, in the event that a material and substantial covenant, condition or provision of this Agreement shall be held to be invalid by any court of competent jurisdiction, or shall actually conflict with the provisions of, or interpretation of, the 19xx Bond Resolution or the Series A Bond Resolution attached as Exhibit "O", Airline and Board hereby agree to amend this Agreement to the extend found possible so that neither party shall (a) be deprived of a right or privilege intended to be granted or received under this Agreement, or (b) suffer an economic penalty as a result of the material covenant, condition or provision being held invalid by a court of competent jurisdiction or conflicting, as above provided, with the 19xx Bond Resolution or the Series A Bond Resolution attached as Exhibit "O".

ARTICLE XXXI

It is agreed that wherever in this Agreement the Board's consent or approval is required, such consent or approval shall not be unreasonably withheld or delayed.

ARTICLE XXXII

Notices to the Board provided for herein shall be sufficient if sent by registered mail, postage prepaid, addressed to [Airport Sponsor Name], [Street Address], [City Name], [State Name] [Zip], and notices to Airline, if sent by registered mail, postage prepaid, addressed to \_\_\_\_\_; or to such other respective addresses as the parties may designate in writing from time to time.

ATTEST:

[AIRPORT SPONSOR NAME]

BY:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Airline

ATTEST:

BY

\_\_\_\_\_  
Secretary

[STATE NAME] )  
[COUNTY NAME] ) SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_, before me appeared [Name], to me personally known, who being by me duly sworn, did say that he is the Chairman of [Airport Sponsor Name], a public body politic and corporate, and that the foregoing instrument was signed in behalf of said [Airport Sponsor Name], pursuant to resolution duly adopted by said corporation, and the said [Name] acknowledged said instrument to be the free act and deed of the [Airport Sponsor Name].

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in said County and State the day and year last above written.

My commission expires \_\_\_\_\_

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_, before me appeared [Name], to me personally known, who being by me duly sworn, did say that he is the Chairman of [Airport Sponsor Name], a public body politic and corporate, and that the foregoing instrument was signed in behalf of said [Airport Sponsor Name], pursuant to resolution duly adopted by said corporation, and the said [Name] acknowledged said instrument to be the free act and deed of the [Airport Sponsor Name].

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in said County and State the day and year last above written.

My commission expires \_\_\_\_\_

\_\_\_\_\_  
Notary Public