

BILLINGS LOGAN INTERNATIONAL AIRPORT

**SCHEDULED AIRLINE OPERATING AGREEMENT
AND
TERMINAL BUILDING LEASE**

BY AND BETWEEN

CITY OF BILLINGS, MONTANA

AND

AMERICAN AIRLINES INC.

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**SCHEDULED AIRLINE OPERATING AGREEMENT
AND TERMINAL BUILDING LEASE
BILLINGS LOGAN INTERNATIONAL AIRPORT**

THIS AGREEMENT is made and entered into between the CITY OF BILLINGS, MONTANA, (hereinafter referred to as "CITY") and the Air Transportation Company (hereinafter referred to as "AIRLINE") identified in Section 16.02. of this Agreement. It shall commence on the Effective Date, as defined herein.

WITNESSETH

WHEREAS, CITY is the owner of Billings Logan International Airport, and operates the same for the marketing, accommodation and development of air commerce and transportation; and

WHEREAS, the parties desire to enter into an agreement concerning the lease of space at Billings Logan International Airport and AIRLINE's operations at said Airport.

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter contained to be kept and performed by the respective parties, IT IS AGREED AS FOLLOWS:

**ARTICLE 1
DEFINITIONS**

Section 1.01. Definitions

The following words and phrases, wherever used in this Agreement, shall, for the purpose of this Agreement, have the following meanings:

1. "Air Transportation" shall mean the carriage of persons, property, cargo, and/or mail by aircraft including any ancillary services that do not conflict with or violate other agreements or contracts approved by CITY.
2. "Air Transportation Company" shall mean a company certificated by the United States Department of Transportation to engage for hire in the carriage of persons, property, cargo, and/or mail by aircraft.
3. "Aircraft Landing" shall mean any Aircraft Landing at the Airport (including, without limitation, scheduled, charter, sightseeing, test, ferry, training, courtesy, and inspection

flights, or any other flights) operated by an Air Transportation Company. Aircraft Landings shall not include any flight that returns to the Airport because of mechanical, meteorological, or other precautionary reason.

4. "Aircraft Parking Position(s)" shall mean the Aircraft Parking Position(s) adjacent to the Terminal Building that are assigned on a preferential use basis. AIRLINE shall have priority in using the Aircraft Parking Position(s) assigned to it on a preferential use basis to accommodate its scheduled, charter, or extra section flights. However, the Director of Aviation and Transit may assign such position(s) for use by others pursuant to Sections 4.02. and 4.04. Aircraft Parking Position(s) to be assigned initially to AIRLINE are designated in Exhibit F attached hereto.
5. "Airline" shall mean an Air Transportation Company.
6. "Airport" shall mean the presently existing Billings Logan International Airport, as shown in Exhibit A, as it may be modified from time to time to reflect changes in Airport facilities.
7. "Airport Cost Centers" shall mean direct cost areas to be used for purposes of accounting for Airport Revenues and expenses and for calculating and adjusting certain rates, fees, and charges described herein, as shown in Exhibit A, as such areas now exist or may hereafter be modified or developed, as more particularly described below:
 - a. "Airfield" shall mean the airfield and related support facilities at the Airport, including aprons, runways, taxiways, approaches, clear zones, safety areas, perimeter fence and gates, service roads, field maintenance facility, airfield drainage system, and infield areas, together with all associated landing and navigational aids.
 - b. "Other Buildings and Areas" shall mean all buildings and areas of the Airport not included in the other two cost centers, including the parking lot, curbside, roadways, Business Park, and general aviation buildings and areas.
 - c. "Terminal Building" shall mean the existing passenger Terminal Building and associated support facilities, as they now exist or may hereafter be modified or developed.

8. "Airport Revenue Bonds" shall mean any bonds issued by CITY secured by a pledge of the revenues of the Airport, but shall not include any Special Purpose Facility Bonds.
9. "Airport Revenues" shall mean all rentals, charges, landing fees, and concession and other operating and nonoperating revenues earned by or on behalf of CITY in connection with the operation of the Airport or any part thereof and deposited into the Revenue Account, excluding:
 - a. The proceeds of any Passenger Facility Charge (PFC), Customer Facility Charge (CFC), or similar charge levied by or on behalf of CITY.
 - b. Any grants, gifts, bequests, contributions, or donations, including any funds provided by any person or entity, including an Air Transportation Company, doing business at the Airport.
 - c. The proceeds from the sale, transfer, or other disposition of title to all or any part of the Airport (such proceeds shall be used for Airport Capital Improvements, the payment of debt service, or in a manner prescribed by the Federal Government). Capital Improvements funded by such proceeds shall be amortized and included in AIRLINE rentals, fees, and charges as specified in Article 7 herein.
 - d. The proceeds of any taxes collected at the Airport.
 - e. The proceeds of any condemnation award or insurance proceeds that are to pay for or reimburse the CITY for Capital Improvements.
 - f. The proceeds of any court or arbitration award or settlement in lieu thereof received by CITY that are to pay for or reimburse the CITY for Capital Improvements except awards or settlements that are to reimburse the CITY for litigation expenses previously incurred as Maintenance and Operating Expenses.
 - g. Revenues or income from any Special Purpose Facility either:
 - (1) To the extent such revenue or income is pledged to pay principal, interest, or other charges for Special Purpose Facility Bonds or other obligations issued in anticipation thereof, or
 - (2) To the extent such revenue or income is for the use of CITY in reimbursement of costs incurred by it in the construction or provision of Special Purpose Facilities. Ground rental for these Special Purpose Facilities will be considered part of Airport Revenues.
 - h. The proceeds of any Airport Revenue Bonds or other indebtedness of CITY issued in connection with Airport improvements and income from the investment thereof

- during the period of construction (as established by CITY) used as a source for construction.
- i. Amounts received by Airport for any loan made by CITY to the Airport for Airport purposes.
 - j. Lease deposits, security deposits, and performance bonds relating to Airport leases, tenants, and contractors.
 - k. Amounts required to be rebated to the Federal Government under the Internal Revenue Code.
 - l. Revenue or income from CFCs collected to pay principal, interest, or other charges for Bonds or other obligations issued to construct facilities not used by the Airlines, or to the extent such revenue or income is for the use of CITY to reimburse costs incurred by it in the construction or provisions for constructed facilities. Ground rental for CFC funded improvements will be considered part of Airport Revenues.
10. "Annual Budget" shall mean the Airport's Fiscal Year budget prepared by the Director and approved by CITY, as reviewed by the Signatory Airlines according to the procedures provided herein.
 11. "Annual Debt Service Requirement" shall mean the total amount required to be deposited in any Fiscal Year to any interest, principal, and sinking fund or reserve accounts for any Airport Revenue Bonds, approved in accordance with Section 5.01. of this Agreement, issued by CITY.
 12. "Bond Resolution" shall mean any resolution of CITY regulating or authorizing the issuance of Bonds payable from Airport Revenues, other than Special Purpose Facility Bonds, for Airport purposes, as the same may from time to time be adopted, amended, or supplemented.
 13. "Capital Improvement" shall mean:
 - a. The acquisition of land or easements.
 - b. The purchase of machinery, equipment, or rolling stock.
 - c. The planning, engineering, design, and construction of new facilities.
 - d. The performance of any extraordinary, nonrecurring major maintenance or improvement of facilities that may be acquired, purchased, or constructed by CITY

to improve, maintain, or develop the Airport, and in which any single item of any of the foregoing has a (net of grants-in-aid) cost of Fifty Thousand Dollars (\$50,000) or more. A Special Purpose Facility financed with Special Purpose Facility Bonds shall not be considered a Capital Improvement for the purposes of this Agreement.

14. "Capital Improvement Factor" shall mean an amount equal to ten percent (10%) of the Nonairline Revenues contained in each Fiscal Year's Annual Budget. This amount shall be used in the calculation of Signatory Airline landing fees as provided in Section 7.05.
15. "Capital Improvement Program" shall mean the Capital Improvements included in the Airport's Capital Improvement budget as prepared by the Director, reviewed and approved by the Signatory Airlines in accordance with Section 5.01. C. of this Agreement, and approved annually by CITY.
16. "Common Use Formula" shall mean a formula used to pro-rate twenty percent (20%) of the cost of a service or Airport space equally among Air Transportation Companies, and eighty percent (80%) of the cost of a service or Airport space among Air Transportation Companies that provide Scheduled Service on the basis of that proportion that the number of each Air Transportation Company's Enplaned Passengers bears to the total number of Enplaned Passengers of all such Air Transportation Companies using the service or space. The Common Use Formula shall be calculated each month to determine the next month's proration of Common Use Space costs using the previous month's data received from the Air Transportation Companies providing Scheduled Service at the Airport.
17. "Customer Facility Charge (CFC)" shall mean those funds collected from users of specific services offered at the Airport to be used to pay costs of improvements to Airport facilities used and occupied to provide those specific services as established through Ordinance. These collected funds can only be used to pay for the bond issue costs, debt service, and the cost of construction and maintenance of designated facilities.
18. "Director" shall mean the Director of Aviation and Transit or his duly authorized representative designated by CITY to exercise functions with respect to the rights and obligations of CITY under this Agreement.
19. "Effective Date" shall mean the date designated in Section 16.01.

20. "Enplaned Passengers" shall mean any local boarding, interline transfer, or intraline transfer passengers at the Airport.
21. "Execution Date" shall mean the date of the last signature by a party hereto in Section 16.02.
22. "FAA" shall mean the Federal Aviation Administration of the U.S. Government or any Federal agencies succeeding to its jurisdiction.
23. "Fiscal Year" shall mean the twelve (12) months commencing July 1 of any calendar year and extending through June 30 of the succeeding calendar year, or any other period adopted by CITY for its financial accounting.
24. "Ground Support Operations" shall mean the support provided for operations such as ground handling, ticketing, loading and unloading of passengers, baggage, mail and freight, lavatory, potable water, preconditioned air servicing, aircraft cleaning, aircraft marshaling, and emergency or required maintenance.
25. "Ground Support Operations Company" shall mean a company contracted by Airline to provide Ground Support Operations for Airline.
26. "Joint Use Formula" shall mean a formula used to pro-rate 100% of the cost of a service or Airport space among Air Transportation Companies that use such service or lease such space on the basis of that proportion that the number of each Air Transportation Company's Enplaned Passengers bears to the total number of Enplaned Passengers of all such Air Transportation Companies using the service or space. The Joint Use Formula shall be calculated each month to determine the next month's proration of Joint Use Space costs using the previous month's data received from the Air Transportation Companies.
27. "Leased Premises" shall mean the space in and around the Terminal Building leased to AIRLINE under this Agreement, consisting of four categories of space as depicted in Exhibits D and E.
 - a. "Exclusive Use Space" – space exclusively leased to AIRLINE.

- b. "Preferential Use Space" – space leased to AIRLINE for AIRLINE's preferential use.
 - c. "Common Use Space" – space leased to AIRLINE in common with other Air Transportation Companies for which CITY assesses rental charges based on the Common Use Formula.
 - d. "Joint Use Space" – space leased to AIRLINE for AIRLINE's joint use with other Air Transportation Companies for which CITY assesses rental charges based on the Joint Use Formula.
28. "Maintenance and Operating Expenses" shall mean all current expenses of CITY of operating, maintaining, and repairing the Airport. The term includes, without limiting the generality of the foregoing, legal and overhead expenses of the various CITY departments directly related and reasonably allocable to the administration of the Airport, insurance premiums, the charges of any paying agents, and any other depository bank appertaining to the Airport, contractual services, professional services required by the Bond Resolution, salaries and administrative expenses, labor, and the cost of materials and supplies used for current operation, the cost of defending, settling or satisfying any litigation or threatened litigation that relates to the Airport, or any aspect thereof, but shall not include any allowance for depreciation, any charges for the accumulation of reserves for capital replacements, or all interest expense.
29. "Maintenance and Operating Reserve Account" shall mean the account so named and created in accordance with the Bond Resolution, and as of any time an amount equal to one-sixth of the total Maintenance and Operating Expenses for the then most recent Audited Fiscal Year.
30. "Maximum Certificated Gross Landing Weight" shall mean the maximum weight, in thousand (1,000) pound units, that each aircraft is operated by AIRLINE and is certificated by the FAA.
31. "Nonairline Revenues" shall mean all Airport Revenues as defined herein other than Airline rentals, fees, and charges.
32. "Non-Signatory Airlines" shall mean the Air Transportation Companies providing Scheduled Service to and from the Airport that have not executed agreements with CITY

substantially similar to this Agreement covering the use and occupancy of facilities at the Airport.

33. "Passenger Facility Charge (PFC)" shall mean the charge assessed to passengers and collected by Airline on behalf of and remitted to CITY for Airport's use in accordance with the requirements of 14 CFR Part 158.
34. "Public Areas" shall mean those Terminal Building areas not leased on an exclusive, preferential, common, or joint use basis, or otherwise, to any person, company, or corporation that are open to the general public. Such areas are shown on Exhibit B.
35. "Rentable Space" shall mean the space in the Terminal Building available for lease to airlines, concessionaires, and other tenants.
36. "Requesting Airline" shall mean an Air Transportation Company desiring to provide new or increased commercial passenger Air Transportation service at the Airport, or to provide a change of aircraft for existing service for which the Scheduled Airline does not have appropriate facilities at the Airport.
37. "Revenue Account" shall mean the account in which all Airport Revenues are required to be deposited, other than any PFC or CFC revenues. In accordance with the Bond Resolution, Airport Revenues shall be allocated to the Maintenance and Operating Account, Debt Service Account, Debt Service Reserve Account, Maintenance and Operating Reserve Account, Subsequent Obligations Account and the Capital Account, in that order. Amounts in the Revenue Account in excess of the requirements of the accounts described hereinabove, shall be retained in the Revenue Account and may be used by CITY for any lawful purpose relating to the Airport, including payment of the costs of additional Capital Improvements.
38. "Rules and Regulations" shall mean those nondiscriminatory rules, regulations, and ordinances promulgated by CITY or the Director for the orderly use of the Airport by Air Transportation Companies and other tenants, users, guests, and passengers of the Airport as the same may be amended, modified, or supplemented from time to time to the extent that such Rules and Regulations are not inconsistent with the provisions and purposes of this Agreement.

39. "Scheduled Service" shall mean the provision of passenger Air Transportation for hire flying a particular route, at a particular time, on a regular daily, weekly, or seasonal basis and said service will take place regardless of the number of passengers booked for that particular Scheduled Service.
40. "Signatory Airlines" shall mean the Air Transportation Companies providing Scheduled Service to and from the Airport that have executed agreements with CITY substantially similar to this Agreement covering the use and occupancy of facilities at the Airport.
41. "Signatory Airline Affiliate" (Affiliate) shall mean:
- a. Any Air Transportation Company that operates flights under the designator code of the Signatory Airline, as designated to CITY in writing by such Signatory Airline from time to time.
 - b. Any party that operates under essentially the same trade name, or uses essentially the same livery as the Signatory Airline at the Airport.
 - c. Any party controlling, controlled by, or under common control with the Signatory Airline.

Affiliate shall have the rights afforded the Signatory Airline without payment of any additional charges or premiums beyond those rentals, landing fees, and charges set forth herein, provided the Signatory Airline:

- a. Remains signatory to this Agreement.
 - b. Agrees and shall be obligated to serve as a financial guarantor for all rentals, landing fees, and charges incurred by any Affiliate of the Signatory Airline at the Airport so long as Affiliate's activity relates to Signatory Airline's operations. A Signatory Airline and any designated Affiliate shall be counted as one airline for the purposes of this Agreement.
42. "Special Purpose Facility" shall mean a Capital Improvement or facility to be located at the Airport, owned or leased by CITY and financed with Special Purpose Facility Bonds.
43. "Special Purpose Facility Bonds" shall mean any debt of CITY that is permitted by, but not issued pursuant to, the terms of the Bond Resolution and which is secured by and payable

solely from rentals or other charges derived by CITY under a lease, sale, or other agreement (or any document securing the same) between CITY and the person, firm, or corporation using the Special Purpose Facilities financed therewith.

44. "Total Landed Weight" shall mean the sum of the Maximum Certificated Gross Landing Weight for all of the AIRLINE's Aircraft Landings over a stated period of time.
45. "TSA" shall mean the Transportation Security Administration of the U. S. Government or any Federal agencies succeeding to its jurisdiction.

ARTICLE 2

TERM

Section 2.01. Term

This Agreement shall be for the term commencing on the Effective Date designated in Section 16.01. and ending at midnight on June 30, 2019, subject to termination as provided in Article 14 herein.

Section 2.02. ~~Termination of Existing Agreements~~

~~Coincident with the Effective Date, the existing lease and agreement with AIRLINE covering the use or occupancy of facilities in the Airfield or Terminal Building shall be terminated, provided that the termination of such lease and agreement shall not be construed as a waiver, relinquishment, or release of any claims, damages, liability, rights of actions, or causes of action that either of the parties hereto may have against the other under such existing lease and agreement and that have accrued before the Effective Date.~~

ARTICLE 3
RIGHTS AND SPECIFIC PRIVILEGES

Section 3.01. Use of the Airport

AIRLINE and its employees, passengers, guests, patrons, and invitees shall have the right to the use (in common with other duly authorized users) of the Airport and its appurtenances, together with all facilities, improvements, equipment and services that have been or may hereafter be provided for common use at or in connection with the Airport, subject to the Rules and Regulations as set forth in Section 15.01., and Exhibit J, herein.

Section 3.02. Specific Rights of AIRLINE at the Airport

AIRLINE shall have the right, in addition to all rights elsewhere granted in this Agreement, but subject to the Rules and Regulations, and Ordinances of CITY, to use the Airport for the following purposes:

- A. The operation of an Air Transportation system by aircraft for the carriage of persons, property, cargo, and/or mail, including all activities reasonably necessary or related to such operation.

- B. The landing, taking off, flying over, taxiing, pushing, towing, loading, and unloading of aircraft or other equipment operated by AIRLINE and the minor repairing, maintaining, fueling, conditioning, servicing, parking, storing, and testing of aircraft or other equipment of or operated by AIRLINE, or other certificated Air Transportation Companies with which CITY has an agreement, including the right to provide or handle all or part of the operations or services of such other companies (upon notification to the Director), at AIRLINE's preferentially assigned aircraft gates. Flights carrying cargo and freight only shall load and unload at locations and facilities designated by the Director.

- C. The sale of tickets, documentation of shipments, handling of reservations, and the loading and unloading of persons, property, cargo, and mail at the Airport by such motor vehicles or other means of conveyance as AIRLINE may desire to use in the operation of its Air Transportation system. Any AIRLINE operating as a commercial ground transportation carrier or subleasing ground transportation services (except for such ground transportation as AIRLINE may provide solely for the benefit of its employees) regularly transporting persons or their baggage to and from the Airport, shall first secure and thereafter hold a

- valid lease, license, or other agreement with CITY for the right to carry persons or their baggage to and from the Airport and shall pay CITY such rentals, fees, and percentages of the fares of such ground transportation commercial carrier for such right, as CITY may set by the Rules and Regulations.
- D. The training at the Airport of persons and testing of aircraft and other equipment, such training and testing to be limited to that incidental to AIRLINE's Air Transportation business at the Airport. Flight training shall be undertaken by AIRLINE only to the extent permitted by, and subject to, the conditions of the Rules and Regulations.
- E. The purchase of AIRLINE's requirements of personal property or services, including fuel, lubricants, foods, beverage, and other passenger supplies, and any other materials and supplies used by AIRLINE from any person or company of AIRLINE's choice, and the making of agreements with any person or company of AIRLINE's choice for services to be performed for AIRLINE that are incidental to the operation of AIRLINE's Air Transportation business. Nothing herein shall restrict CITY from levying a concession fee on any person or company for conducting non-Air Transportation business at the Airport.
- F. The sale, disposal, and exchange of AIRLINE's aircraft, engines, parts, accessories, and other equipment, and materials or supplies, provided that such right shall not be construed as authorizing the conduct of a separate regular business by AIRLINE, but as permitting AIRLINE to perform only such functions as are incidental to the operation of its Air Transportation business at the Airport. If AIRLINE sells fuel, greases, and other lubricants to other aircraft operators, AIRLINE shall pay CITY the regular per gallon flowage fee applicable to similar sales by fixed base operators, and as established in the Rules and Regulations.
- G. The servicing by AIRLINE, or by its suppliers of materials, or its furnishers of services, of aircraft and other equipment operated by AIRLINE, line maintenance, or other materials or supplies, at assigned Aircraft Parking Positions or other locations designated by the Director as required for operational efficiency or safety.
- H. The installation and operation of identifying signs, posters, and graphics on AIRLINE's Leased Premises, subject to the prior written approval of the Director, which shall not be unreasonably withheld. Such signs shall be substantially uniform in size, type, and

location with those of other airlines, consistent with CITY's graphic standards, the Rules and Regulations, and in compliance with all applicable laws and ordinances.

- I. The installation, maintenance, and operation of radio, meteorological, and aerial navigation equipment and facilities at suitable locations on the Airport; provided that:
 1. The location of such equipment and facilities shall be subject to the prior written approval of the Director, which shall not be unreasonably withheld.
 2. The use and location of such equipment and facilities shall not conflict with other similar equipment and facilities on the Airport.
 3. The use and location of such equipment and facilities on the Airport shall be subject to payment of such fee or charge established by CITY for such use of the Airport by AIRLINE.

- J. The installation, maintenance, and operation of computer data lines, telephone communications equipment, and associated conduits, and telephone communications switchgear and support computers at suitable locations on the Airport, as may be necessary or convenient in the opinion of AIRLINE for its operations; provided that:
 1. The location of such equipment shall be subject to the prior written approval of the Director, which shall not be unreasonably withheld.
 2. The use and location of such equipment shall not interfere with the use of other similar equipment on the Airport.
 3. The use and location of such equipment on the Airport shall be subject to payment of such fee or charge established by CITY for such use of the Airport by AIRLINE.
 4. Such equipment shall be installed at no cost to CITY.

- K. The installation, maintenance, and operation of passenger clubs, lounges, or VIP rooms in AIRLINE's Exclusive Use Space, subject to the approval of the Director and provided that such right shall not be construed as authorizing the conduct of a separate regular business by AIRLINE, but as permitting AIRLINE to perform only such functions as are incidental to the conduct or operation of its Air Transportation business. Said right does not entitle AIRLINE to sell food or beverage to the general public. CITY reserves the right to review AIRLINE's policies restricting the use of such facility by the general public.

- L. The provision of AIRLINE's ramp and fleet services and like services to other Air Transportation Companies operating at the Airport without charge by CITY; provided, however, that such other companies shall first enter into operating agreements with CITY governing their use of the Airport. If AIRLINE desires to have such services performed by a contractor, AIRLINE shall employ a Ground Support Operations Company possessing a permit from CITY; provided that if all such regular Ground Support Operations Companies are unsatisfactory to AIRLINE, AIRLINE may request CITY to grant a permit to a Ground Support Operations Company designated by AIRLINE. CITY, if it approves such Ground Support Operations Company, will issue a permit to such Ground Support Operations Company under the same terms and conditions included in permits granted to other Ground Support Operations Companies. All Ground Support Operations Companies shall be obligated to observe and follow the Rules and Regulations.

- M. The installation, maintenance, and operation without cost to CITY, by AIRLINE alone, or in conjunction with any other Signatory Airlines at the Airport, or through a nominee, of a reasonable amount of suitable aircraft air conditioning equipment, auxiliary power, startup, and other miscellaneous support equipment. Such aircraft support equipment shall be stored on the apron adjacent to AIRLINE's Aircraft Parking Position(s).

- N. The right to install other equipment incidental to conducting AIRLINE's Air Transportation business at areas designated by the Director subject to prior written permission of the Director, which shall not be unreasonably withheld. AIRLINE's installation shall be in accordance with any applicable codes and performed at no cost to CITY.

- O. The provision of porter services and such other assistance as AIRLINE may deem necessary for the convenience of passengers in checking and transporting baggage at the Terminal Building.

- P. The right to provide Ground Support Operations for all or part of the operations of other Air Transportation Companies operating at the Airport without charge by CITY; provided, however, that such other companies shall first enter into operating agreements with CITY governing their use of the Airport.

- Q. The right to utilize a Ground Support Operations Company as a contractor to AIRLINE to provide Ground Support Operations as long as said Ground Support Operations Company has a permit from the CITY to operate at the Airport.
- R. The right to use the Airport's FAA approved ground loading device, on a non-exclusive basis, to enable an individual with a disability to board and deplane aircraft from the ground. If AIRLINE elects to utilize aircraft incompatible with the ground loading device provided by the Airport, AIRLINE shall be responsible for providing passenger lifting equipment that complies with Federal law and regulations. Title to the ground loading device is and at all times shall remain with the Airport. The Airport shall maintain the ground loading device in proper working condition. AIRLINE acknowledges the possibility that the ground loading device may be temporarily unusable due to unforeseen failures, mechanical problems or damage, and in the event of such an occurrence, AIRLINE shall have alternative means to comply with the requirements of 14 CFR Part 382 pending the return of the ground loading device to service. AIRLINE agrees that its employees and agents will immediately report any mechanical or other problems with the ground loading device to the Director. AIRLINE also agrees that it will be solely responsible for the cost of repair or replacement of the ground loading device if damage is caused by AIRLINE's employees or agents.

AIRLINE agrees that it is responsible for the proper familiarization, training and safe use of the ground loading device and further agrees that all new personnel shall be properly trained in its use. Should a time occur when AIRLINE desires to be trained by the Airport on how to properly use the ground loading device so that AIRLINE can then properly train its personnel, AIRLINE will contact the Director and request such training. This paragraph supersedes and replaces any previous or existing ground loading device agreement with AIRLINE.

Section 3.03. Employee Parking Facilities

AIRLINE's employees working at the Terminal Building shall have the right to the use of vehicular parking facilities in common with other employees. Such facilities shall be located in an area designated by CITY.

Section 3.04. Limitations on Use by AIRLINE

In connection with the exercise of its rights under this Agreement, AIRLINE shall not:

- A. Do or permit to be done anything at or about the Airport that may interfere with the effectiveness or accessibility of the drainage and sewage system, electrical system, air conditioning system, fire protection system, sprinkler system, alarm system, fire hydrants and hoses, if any, installed or located on or within the premises of the Airport.
- B. Do or permit to be done any act or thing upon the Airport that will invalidate or conflict with any fire or other casualty insurance policies (copies of which, together with premium schedules, shall be furnished to AIRLINE on request) covering the Airport or any part thereof.
- C. Dispose of or permit any other person to dispose of any waste material taken from or products used (whether liquid or solid) with respect to its aircraft into the sanitary or storm sewers at the Airport in violation of Federal, State, or Local law or regulation unless such waste material or products are first properly treated by equipment installed with the approval of the Director for that purpose.
- D. Keep or store, during any twenty-four (24) hour period, flammable liquids within the enclosed portion of the premises in excess of AIRLINE's working requirements during said 24-hour period, except in storage facilities especially constructed for such purposes in accordance with standards established by the National Fire Protection Association, Inc., under its American National Standard. Any such liquids having a flash point of less than one hundred degrees Fahrenheit (100° F) shall be kept and stored in safety containers of a type approved by Underwriters Laboratories.
- E. Knowingly allow or permit any act or thing upon the Airport that will be in conflict with Federal Aviation Regulations (FAR) Part 139 or jeopardize the Airport's operating certificate.
- F. Knowingly allow or permit any act or thing in conflict with the Airport's TSA approved Security Program.

Section 3.05. Reservation of Rights

Any and all rights and privileges not granted to AIRLINE by this Agreement are hereby reserved for and to CITY.

ARTICLE 4 PREMISES

Section 4.01. Terminal Building Space

- A. AIRLINE may lease, subject to the provisions of Section 4.03., the following areas in the Terminal Building, as more particularly delineated in Exhibit H as mutually amended from time to time, except for the provisions of Section 4.04.:
1. Exclusive Use Space
 - a. Ticket counter
 - b. Office
 - c. Operations
 - d. Baggage makeup area
 2. Preferential Use Space
 - a. Holdroom areas
 3. Common Use Space
 - a. Baggage Claim area
 - b. Baggage makeup in atrium
 4. Joint Use Space
 - a. Shared Holdroom areas, or other shared areas
- B. AIRLINE shall use its Exclusive Use Space, Preferential Use Space, Common Use Space, and Joint Use Space, subject to the Rules and Regulations, for office purposes and the sale of Air Transportation, handling, ticketing, billing, and manifesting of passengers, baggage, cargo, property, and mail in the conduct of its Air Transportation business or on behalf of any other Air Transportation Company authorized by the Director to use the Airport.

Section 4.02. Aircraft Parking Positions

- A. Aircraft Parking Positions shall be assigned to AIRLINE by the Director, after consultation with AIRLINE, as mutually amended from time to time, on a preferential, nonexclusive use basis. AIRLINE shall have priority in using Aircraft Parking Position(s) assigned to it on a preferential use basis to accommodate its flights and those of any airline being ground handled by AIRLINE under a Ground Support Operations agreement; however, the Director may authorize other airlines to use AIRLINE's Aircraft Parking Position(s) in

periods when not scheduled for use by AIRLINE, so long as unassigned position(s) are not available and AIRLINE's Aircraft Parking Position is vacated by others at least forty-five (45) minutes prior to AIRLINE's next scheduled arrival at such gate.

- B. The Director shall have the right to reassign one or more of AIRLINE's preferentially assigned Aircraft Parking Positions and holdrooms to other airlines if AIRLINE's scheduled average gate utilization falls below two (2) flights per gate per day.
- C. Aircraft Parking Position(s) to be preferentially assigned to AIRLINE are designated on Exhibit F.
- D. During any use of AIRLINE's preferentially assigned Aircraft Parking Position(s) by another airline assigned by CITY, AIRLINE shall be relieved of any obligation under this Agreement to indemnify and save harmless CITY, its officers, directors, employees, or agents with regard to any claim for damages or injury arising out of or in connection with said other airline's use of AIRLINE's assigned Aircraft Parking Position, unless said damages or injury are caused by the negligence of AIRLINE, its officers, directors, employees, agents, representatives, or invitees who have come upon the premises in connection with AIRLINE's occupancy. CITY shall, however, require such indemnification from such other airlines.

Section 4.03. Surrender of the Premises

CITY shall give no notice to AIRLINE to quit possession at the expiration date of the term of this Agreement. AIRLINE covenants and agrees that on expiration of the term of this Agreement, or on earlier termination as hereinafter provided, or on reassignment of the Leased Premises to others as hereinafter provided, it will peaceably surrender possession of the Leased Premises leased hereunder in good condition, reasonable wear and tear, acts of God, fire, and other casualties excepted, and CITY shall have the right to take possession of said Leased Premises.

AIRLINE shall have the right, on termination or expiration of this Agreement and within thirty (30) days thereafter, to remove all trade fixtures, equipment, and other personal property installed or placed by it at its expense in, on, or about the Airport, except that AIRLINE's right shall be subject to any valid lien that CITY may have thereon for unpaid rentals or fees. AIRLINE shall not abandon any of its personal property and/or equipment on the premises without the prior written consent of the Director.

Any and all property and/or equipment not removed by AIRLINE within the thirty (30) day period shall thereupon, at the option of CITY, become a part of the real property on which it is located, and title thereto shall vest in CITY. All CITY property damaged by, or as the result of, the removal of AIRLINE's property and/or equipment shall be restored by AIRLINE, at its own expense, to the condition existing prior to such damage.

Section 4.04. Assignment of Leased Premises

A. It is recognized that, from time to time during the term of this Agreement, it may become necessary to reassign, reallocate, or relocate part or all of the Leased Premises referred to in Sections 4.01. A. and 4.02. A. The Director may only make such reassignment, reallocation, or relocation for the following reasons:

1. To comply with a rule, regulation, or order of any Federal, State, or other governmental agency that has jurisdiction over CITY.
2. To implement a Capital Improvement at the Airport.
3. To maximize Terminal Building utilization.
4. To comply with Section 4.02. B. of this Agreement.
5. To comply with Section 4.05. of this Agreement.

B. If it becomes necessary to make adjustments in AIRLINE's Exclusive or Preferential Use Space, the Director shall arrange for all parties holding affected space to discuss reassignment, reallocation, or relocation of their space among themselves. If the parties do not reach agreement within sixty (60) days from the time the Director requests such discussions, the Director is authorized to make such decisions regarding reassignment, reallocation, or relocation for each of the parties (including AIRLINE). If the Director makes decisions regarding reassignment, reallocation, or relocation of AIRLINE's Leased Premises, AIRLINE shall not be required to:

1. Incur any expense to relocate its operation to other premises that it does not agree to incur.
2. Accept premises not reasonably adequate in size, finish, and location based upon conditions at the Airport.
3. Pay, at its new location, rental rates per square foot in excess of the amount that it would have been required to pay in its original Leased Premises.

- C. If CITY decides to reassign, reallocate, or relocate AIRLINE's Leased Premises after failure of the affected parties to reach agreement within the sixty (60) day period described above, the Director will give AIRLINE sixty (60) days notice of its intent to modify all or portions of AIRLINE's Leased Premises. Within thirty (30) days, AIRLINE will be given an opportunity to meet with the Director to show cause why the reassignment, reallocation, or relocation should not be made.

If the Director elects to proceed with the reassignment, reallocation, or relocation after meeting with AIRLINE, CITY shall:

1. Reimburse AIRLINE the undepreciated book value of improvements in the space vacated. Depreciation shall be calculated on a straight line basis.
2. Provide space reasonably required for the conduct of AIRLINE's Air Transportation business, in a timeframe that is mutually acceptable to AIRLINE and CITY, for which the cost of necessary improvements shall be the responsibility of CITY.

Section 4.05. Temporary Access

- A. AIRLINE shall have the priority right to use its preferential space. However, the CITY or an Air Transportation Company shall have access to AIRLINE's preferential space as provided in Section 4.02. and at any time AIRLINE is not occupying said preferential space.
- B. In the event the CITY cannot accommodate a Requesting Airline in areas not then leased to other airlines or other Terminal Building tenants, AIRLINE agrees to cooperate with the CITY to accommodate the needs of a Requesting Airline on an interim basis. For the purposes of this Section 4.05. B., access shall not exceed six (6) months for any particular accommodation for a Requesting Airline. Prior to designating any portion of AIRLINE Exclusive Space for interim accommodation, the CITY shall consider, to the extent conveyed by AIRLINE to the CITY, whether the access is prohibited by other agreements of AIRLINE and the potential effect of interim accommodation on AIRLINE's scheduling, operations, labor, safety, security and other requirements. Such temporary use shall be at times when the use of such facilities will not unreasonably interfere with the planned operations of AIRLINE, its sublessees, or other airlines being handled by AIRLINE.

- C. Upon the CITY's compliance with Section 4.05. B. and upon the CITY's request, AIRLINE shall permit the temporary access by such Requesting Airline of its Exclusive Use Space and other portions of its facilities reasonably necessary to accommodate Requesting Airline, in connection with the loading and unloading of the Requesting Airline's persons, property, cargo, and mail. The CITY shall provide AIRLINE with as much advance notice as reasonably possible so that AIRLINE may plan for the accommodation of the Requesting Airline, but in no event less than thirty (30) days notice.
- D. In the event AIRLINE is required to provide temporary access pursuant to Section 4.05. B., AIRLINE shall have the right to charge Requesting Airline a reasonable fee for such use of AIRLINE's premises and facilities, including a reasonable administrative fee, and AIRLINE shall also be entitled to indemnification by such Requesting Airline and the benefit of insurance coverage, in each case at least equivalent to that provided by Requesting Airline to CITY.
- E. In the event that Requesting Airline requires access after expiration of the six (6) month temporary access period and it is necessary to reassign, reallocate, or relocate existing Leased Premises in order to provide such access, then the parties shall proceed in accordance with Section 4.04. of this Agreement.

Section 4.06. AIRLINE Access to Leased Premises

- A. Subject to the provisions hereof, the Rules and Regulations, the Federal Security Regulations, and such restrictions as AIRLINE may impose with respect to its Exclusive Use Space, CITY hereby grants to AIRLINE, its agents, suppliers, employees, contractors, passengers, guests, and invitees, the right and privilege of access, ingress, and egress to the Leased Premises and to Public Areas and public facilities of the Airport.
- B. The ingress and egress provided for in Section 4.06. A. shall not be used, enjoyed, or extended to any person engaging in any activity or performing any act or furnishing any service for or on behalf of AIRLINE that AIRLINE is not authorized to engage in or perform under the provisions hereof unless expressly authorized by the Director.
- C. CITY shall have the right at any time or times to close, relocate, reconstruct, change, alter, or modify any such means of access provided for AIRLINE's use pursuant to this Agreement or otherwise, either temporarily or permanently, provided that reasonable

notice to AIRLINE is given and a reasonably comparable means of access, ingress and egress is provided in lieu thereof. CITY shall suffer no liability by reason thereof, and such action shall in no way alter or affect any of AIRLINE's obligations under this Agreement.

ARTICLE 5
CAPITAL IMPROVEMENTS

Section 5.01. Capital Improvements/Sources of Funding

From time to time during the term of this Agreement, CITY may undertake Capital Improvements. CITY shall use its best efforts to obtain Federal and State grants-in-aid for such Capital Improvements. The balance of funds required for such Capital Improvements shall be provided, at CITY's discretion, from:

1. The Capital Improvement Account (as defined in Section 5.01. B.), and/or
2. The net proceeds of Airport Revenue Bonds, subject to the provisions of this Section 5.01. as set forth below, and/or
3. Any other funds legally available to CITY.

A. **Coordination Procedures.** As part of the Annual Budgeting process described in Section 7.03. hereof, or at such other time during a given Fiscal Year as circumstances may warrant, CITY shall notify the Signatory Airlines in writing of its intent to undertake Capital Improvements. Such notice shall include a general description of the proposed Capital Improvements; general information regarding the need for and benefits to be derived from the Capital Improvements; cost estimates; and the source of financing to be used. If requested by the Signatory Airlines, CITY shall convene a meeting to discuss its plans regarding such Capital Improvements, and attain Signatory Airline concurrence as required by Section 5.01. C. hereof.

B. **Capital Improvement Account.** CITY shall establish a Capital Improvement Account for the deposit of allocated Airport Revenues required to fund CITY's Annual Budgeted Airport Capital Improvement Program for each Fiscal Year. Amortization of Capital Improvements funded from the Capital Improvement Account will be included in the recalculation of rentals, fees, and charges as set forth in Article 7.

If, at the end of any Fiscal Year, the unencumbered or uncommitted amount on deposit in the Capital Improvement Account exceeds the total of deposits to that account for the two preceding Fiscal Years, that excess shall be a credit in the calculation of airline rates and charges for the upcoming Fiscal Year.

- C. **AIRLINE Approvals of Capital Improvements.** The CITY shall fund annually, at its discretion, all Capital Improvements for which it receives FAA grants-in-aid under the Federal Airport Improvement Program or a successor program or funded with any future PFCs as permitted by law, or funded with CFCs. The CITY shall also fund annually, at its discretion, Capital Improvements totaling Five Hundred Thousand Dollars (\$500,000) from the Capital Improvement Account.

Capital Improvements not funded, in part, by FAA grants-in-aid, or PFCs or CFCs and not included in the CITY's \$500,000 discretionary amount shall require the concurrence of the Signatory Airlines. Concurrence shall be deemed to have been received unless, within thirty (30) days of the meeting requested by Signatory Airlines as provided in Section 5.01. A. (or within sixty (60) days of the original notice, should the meeting not take place for whatever reason), concurrence is specifically withheld, in writing, with explanation by each of the number of Signatory Airlines representing both 51% of the Signatory Airlines and 51% of the total amount of the rental fees and charges paid to the CITY by all Signatory Airlines in the immediately preceding six (6) month period.

- D. **Exceptions.** Even if concurrence is initially withheld on any proposed Capital Improvement, CITY may include the cost of such Capital Improvement in that Fiscal Year's calculation of Signatory Airline rentals, fees, and charges, if such Capital Improvement is necessary or prudent to:

1. Ensure compliance with a rule, regulation, or order of any Federal, State, or Local governmental agency (excluding CITY) that has jurisdiction over the operation of the Airport.
2. Maintain, operate, or create Airport functional capability at a level that is required
 - a. For public health, safety, or welfare, or
 - b. For the security of the Bonds.
3. Satisfy judgments against Airport rendered by a court of competent jurisdiction.
4. Repair casualty damage net of insurance proceeds to Airport property.
5. Acquire land to preserve and protect the Airport or to mitigate noise effects.

ARTICLE 6
RENTALS, CHARGES, AND FEES

Section 6.01. General

In return for use of the premises and facilities, and the rights, licenses, and privileges granted hereunder and for the undertakings of CITY, AIRLINE agrees to pay CITY during the term of this Agreement, without notice or demand and without deduction or set-off, all applicable rentals, fees, and charges as set forth herein during the term of this Agreement.

Section 6.02. Monthly Activity Report

A. AIRLINE shall furnish to CITY on or before the tenth (10th) day of each month, an accurate report, in a format to be provided by CITY, of AIRLINE's operations at the Airport during the preceding month. Said report shall include, but shall not be limited to:

1. AIRLINE's total number of Aircraft Landings for the month by type of aircraft, the Maximum Certificated Gross Landing Weight of each aircraft, and the Total Landed Weight for the month.
2. The total number of enplaning and deplaning passengers for the month.
3. The tonnage of cargo.
4. Freight.
5. Mail.

B. If AIRLINE fails to furnish CITY with the report required by Section 6.02. A., AIRLINE's landing fee, as provided for hereinafter, shall be determined by assuming that AIRLINE's Total Landed Weight for such month was one hundred percent (100%) of its Total Landed Weight during the most recent month for which such data is available for AIRLINE. Any necessary adjustment in such landing fee shall be calculated after an accurate report is delivered to CITY by AIRLINE for the month in question. Resulting surpluses or deficits shall be applied as credits or charges to the appropriate invoices in the next succeeding month.

Section 6.03. Terminal Building Space Rentals

AIRLINE shall pay to CITY for its Exclusive Use Space, Preferential Use Space, Common Use Space, and Joint Use Space in the Terminal Building, as set forth in Section 7.04., monthly rentals based on annual rental rates, with such rates to be calculated each Fiscal Year as set forth

in Section 7.04. Exhibit E sets forth AIRLINE's Leased Premises and Exhibit G sets forth an illustrative calculation of annual Terminal Building rental rates.

Rentals for Common Use Space shall be prorated among all Air Transportation Companies utilizing the Terminal Building according to the Common Use Formula, which shall be calculated each month to determine the next month's proration of Common Use Space costs using the previous month's data supplied by the Air Transportation Companies utilizing the Terminal Building. However, if a new airline begins service at the Airport or if an airline ceases serving the Airport, the proration of Common Use Space costs will be redetermined by CITY in consultation with the Signatory Airlines to take into account any such change in service. Such a redetermination shall not affect AIRLINE's obligation to pay its equal share of Common Use Space rentals comprised of the 20% of the total Common Use Space rentals divided by the remaining number of airlines (excluding Signatory Airline Affiliates).

Rentals for Joint Use Space shall be prorated among joint use tenants according to the Joint Use Formula.

Section 6.04. Landing Fees

AIRLINE shall pay CITY monthly landing fees to be determined by multiplying the number of thousand (1,000) pound units of Total Landed Weight for AIRLINE during the month by the then current Landing Fee Rate established pursuant to Section 7.05. hereof. However, landing fees will be waived for the period beginning June 2, 2017 to June 1, 2018.

Section 6.05. Payment Provisions/Interest on Overdue Amounts

- A. Terminal Building space rentals shall be due and payable in equal monthly installments in advance on or before the first business day of each month and shall be subject to adjustment as provided in Article 7.
- B. Upon receipt of AIRLINE's Monthly Activity Report submitted to CITY as provided in Section 6.02., CITY shall transmit to AIRLINE an invoice for the amount of landing fees incurred by AIRLINE during said month, as computed by CITY. The acceptance by CITY of any payment made by AIRLINE shall not preclude CITY from verifying the accuracy of AIRLINE's report and computations or from recovering any additional payment actually due from AIRLINE. Within thirty (30) days from the last day of the preceding month, AIRLINE shall pay its total landing fees for that preceding month to CITY.

- C. Any payment not received by the due date shall accrue interest at the rate of one-and-one-half percent (1.5%) per month from the due date until paid in full.

Section 6.06. Security Deposits: When Required

- A. To provide security for the rentals, fees, and charges due hereunder, AIRLINE shall provide the security specified in Sections 6.07. and 6.08., unless the CITY determines that AIRLINE qualifies for relief from such requirement as set forth in this Section 6.06.:

1. No security for payment shall be required if AIRLINE:
 - a. Has provided regularly scheduled passenger flights to and from the Airport for the eighteen (18) months prior to the Effective Date of this Agreement (or the date of any assignment permitted pursuant to Section 12.01.).
 - b. Has not been delinquent with respect to the payment of any and all rentals, fees, and charges payable by AIRLINE to the CITY during said period.
2. No security for payment shall be required if, after procuring the security required by Section 6.07. for a period of eighteen (18) consecutive months during which period AIRLINE has provided regular passenger service to and from the Airport, AIRLINE commits no event of default under Section 13.01.
3. No security for payment shall be required of AIRLINE if it has not provided regular passenger service to and from the Airport for a period of eighteen (18) months prior to the Effective Date of this Agreement (or the date of any assignment permitted by Section 12.01.), if the CITY determines that
 - a. AIRLINE has provided such service to at least eight (8) other airports in the United States for said eighteen (18) months.
 - b. AIRLINE has not been delinquent in payment of rentals, fees, and charges at any such other airports.

It is the burden of AIRLINE to prove to the CITY's satisfaction that it is not required to provide security pursuant to this Section 6.06. A. 3.

- B. If AIRLINE shall commit an event of default under Section 13.01., the CITY shall have the right, by written notice to AIRLINE, to impose or re-impose the security requirements of Section 6.06. A. In such event, AIRLINE shall provide the CITY with the required security and shall thereafter maintain such security in effect until it complies with the provisions of Section 6.06. A. 2. The CITY shall have the right to re-impose the requirements of Section 6.06. A. each time AIRLINE commits such an event of default during the term of

this Agreement. The CITY's rights under this Section 6.06. B. shall be in addition to all other rights and remedies provided to the CITY under this Agreement or by law.

Section 6.07. Types of Security Deposit

- A. When required by Section 6.06. to provide security for the rentals, fees, and charges due hereunder, AIRLINE shall comply with any one of the following three (3) options within thirty (30) days following the Effective Date of this Agreement, or the CITY's notice pursuant to Section 6.06. B.
1. Post with the CITY a surety bond, to be maintained for the eighteen (18) month period referred to in Section 6.06. A. Such bond shall be issued by a surety company acceptable to the CITY and authorized to do business in the State of Montana, and shall be in a form and content satisfactory to the CITY.
 2. Deliver to the CITY an irrevocable letter of credit drawn in favor of the CITY upon a bank which is satisfactory to the CITY, and which is authorized to do business in the State of Montana. Said letter of credit shall be kept in force for the eighteen (18) month period referred to in Section 6.06. A. and shall be in a form and content satisfactory to the CITY.
 3. Provide such other security as the CITY may elect to accept, using the standards of a prudent bank, as an alternative to that specified in Section 6.07. A. 1. and 2.
- B. For purposes of this Section 6.07., any surety bond or letter of credit shall be conditioned on the satisfactory performance of all terms, conditions, and covenants contained herein with respect to rentals, fees, and charges during the term of this Agreement.

Section 6.08. Amount of Security Deposit

The amount of security required by Section 6.07. shall be an amount equal to three (3) months' average rentals on Airline Premises and landing fees, all as reasonably estimated by the CITY.

Section 6.09. Passenger Facility Charge

- A. CITY shall have the right to assess airline passengers a PFC for the use of the Airport in accordance with the requirements of 14 CFR Part 158. AIRLINE shall collect on behalf of and remit to CITY any such charges in accordance with the requirements of 14 CFR Part 158. Any charges collected by the AIRLINE shall, pending remittance to CITY, be

held in trust for the CITY, to be utilized for the benefit of CITY. CITY shall have the right to use all such PFCs collected in any lawful manner.

- B. AIRLINE and CITY shall be bound by and shall observe all of the provisions of 14 CFR Part 158 as they apply to either or both parties.
- C. If the term remaining on this Agreement is five (5) years or more or any extension of this Agreement makes its term five (5) years or more, this Agreement shall not apply to any part of the Airport funded in whole or in part with PFC revenue and exclusively leased to a Signatory Airline. All such parts of the Airport funded with PFC revenue that are exclusively leased or used by AIRLINE shall be subject to a separate agreement of less than five (5) years in length.
- D. If AIRLINE fails to remit PFC revenue to the CITY within the time limits established by Federal Regulation, AIRLINE shall be deemed to be in default pursuant to Section 13.01.

Section 6.10. Records of AIRLINE

AIRLINE shall keep and maintain a complete and adequate set of records of all the landing weights as defined herein, for the use of the Airport and payment of fees required under this Agreement for three (3) years, and shall make such records available within thirty (30) days from the date AIRLINE receives a written request from CITY for inspection by CITY or its authorized representative at any reasonable time.

Section 6.11. Net Agreement

This is a net Agreement with reference to rentals, fees, and charges paid to CITY. AIRLINE shall pay all taxes or license fees of whatever character that may be lawfully levied, assessed, or charged by any governmental entity other than CITY upon the property, real and personal, occupied, used, or owned by AIRLINE, or upon the rights of AIRLINE to occupy and use the premises and emolument received hereby, or upon AIRLINE's improvements, fixtures, equipment, or other property thereon, or upon AIRLINE's rights or operations hereunder. AIRLINE shall have the right at its sole cost and expense to contest the amount or validity of any tax or license as may have been or may be levied, assessed, or charged.

Section 6.12. Other Fees and Charges

Except as expressly provided for herein, no further rentals, fees, or charges shall be levied against or collected from AIRLINE, its passengers, shippers, and receivers of freight and express, nor its suppliers of material, contractors, or furnishers of services, by CITY for the premises, facilities, rights, licenses, and privileges granted to AIRLINE under this Agreement. However, CITY expressly reserves the right to assess and collect reasonable fees for inflight catering, vending, ground transportation, and other services provided:

1. By AIRLINE for another Air Transportation Company (other than a Signatory Airline Affiliate).
2. For AIRLINE by other concessionaires and operators (other than a Signatory Airline Affiliate), if such services are provided in competition with concessionaires and operators operating under an agreement with CITY.

The CITY shall not have the right to assess or collect a fee for ground handling or emergency services provided:

1. By AIRLINE or its Signatory Airline Affiliate for another Air Transportation Company.
2. For AIRLINE by another Signatory Airline or a Signatory Airline Affiliate.

Anything in this Agreement to the contrary notwithstanding, this section shall not be interpreted or understood as contracting away CITY's governmental authority.

ARTICLE 7
RECALCULATION OF RENTALS, FEES, AND CHARGES

Section 7.01. General

Rentals, fees, and charges will be reviewed and recalculated annually based on the principles and procedures set forth in this Article 7, to be effective July 1 of each Fiscal Year.

Section 7.02. Accounting Records

A. As soon as practicable following the execution of this Agreement, CITY shall establish, and thereafter maintain, accounting records documenting the following items allocable to each Airport Cost Center:

1. Airport Revenues.
2. Maintenance and Operating Expenses.
3. Annual Debt Service Requirement.
4. Amortization of the cost of Capital Improvements financed by CITY from other than Airport Revenue Bonds or grants-in-aid.
5. Any annual funding requirements pursuant to the applicable Bond Resolution(s).
6. Any other costs, which may be included in the calculation of airline rentals, fees, and charges under the terms of this Agreement.

B. For purposes of keeping AIRLINE informed as to the financial performance of the Airport, CITY shall provide to AIRLINE its Annual Budget and, at AIRLINE's request, audited financial statements as well as any supplemental Airport financial data required to assess the adequacy of rentals, fees, and charges established under this Agreement.

Section 7.03. Coordination Procedures—Budget Review and Calculation of Rentals, Fees, and Charges

A. At least ninety (90) days prior to the beginning of each Fiscal Year, and at the request of CITY, AIRLINE shall submit to CITY, in writing, its Maximum Certificated Gross Landing Weight projected for that Fiscal Year. At least sixty (60) days prior to the beginning of each Fiscal Year, CITY shall submit to AIRLINE the following reports:

1. CITY's proposed Annual Budget and Capital Improvement Program for the next Fiscal Year, including all estimated Airport Revenues; Maintenance and Operating

Expenses; Annual Debt Service Requirement; and proposed expenditures for Capital Improvements.

2. CITY's calculation of proposed Signatory Airline rentals, fees, and charges for the Fiscal Year, based on the proposed Annual Budget and the procedures set forth in this Agreement.
- B. Upon request of CITY or the Signatory Airlines, a meeting will be held between the Director and the Signatory Airlines to discuss the proposed Annual Budget and the calculation of Signatory Airline rentals, fees, and charges. CITY shall give full and reasonable consideration to any comments and suggestions of AIRLINE, but shall retain full authority to make all final decisions, regarding the proposed Annual Budget and the calculations of rentals, fees, and charges, except as provided in Section 5.01. herein.
- C. CITY shall adopt an Annual Budget and Capital Improvement Program that may include revisions made as a result of:
1. CITY's discussions with the Signatory Airlines.
 2. CITY's budgetary review process.
 3. AIRLINE's approval process as provided in Section 5.01. herein.

CITY shall promptly furnish AIRLINE with a copy of such adopted Annual Budget and Capital Improvement Program, together with the calculation of rentals, fees, and charges that will become effective as of the first day of the Fiscal Year.

Section 7.04. Calculation of Terminal Building Rentals

Terminal Building rental rates shall be calculated in the following manner, as illustrated in Exhibit G.

- A. CITY's estimated Terminal Building Cost for the Fiscal Year shall be calculated by totaling the following amounts:
1. The total estimated direct and allocated indirect Maintenance and Operating Expenses allocable to the Terminal Building.

2. An amount equal to one hundred and twenty-five percent (125%) of the Annual Debt Service Requirement on Airport Revenue Bonds allocable to the Terminal Building.
 3. An amount equal to the annual principal and interest due on subordinated debt allocable to the Terminal Building.
 4. The estimated annual amortization of the cost of CITY assets allocable to the Terminal Building and financed by CITY from sources other than Airport Revenue Bonds, PFCs, CFCs, or grants-in-aid. Such annual amortization shall be calculated at an interest rate of seven percent (7%) for thirty (30) years.
 5. An amount equal to the deposit to the Maintenance and Operating Reserve Account allocable to the Terminal Building.
 6. Any other cost or expense directly related to the Terminal Building.
 7. Any estimated credit or deficit allocable to the Terminal Building resulting from an excess or shortfall in revenues or expenses during the current Fiscal Year, or resulting from the variance between estimated and actual revenues and expenses used in calculating Terminal Building rentals.
- B. The net estimated Terminal Building Cost for the succeeding Fiscal Year shall be calculated by crediting Nonairline Terminal Building Revenues, as set forth in the Annual Budget, to the estimated Terminal Building Cost calculated pursuant to Section 7.04. A.
- C. The estimated Terminal Building Cost for the Fiscal Year will then be divided by the total amount of Rentable Space to determine the average Terminal Building rental rate per square foot.

Section 7.05. Calculation of the Landing Fee Rate

Landing fee rate per 1,000-pound unit of total Maximum Certificated Gross Landing Weight shall be calculated annually in the following manner as illustrated in Exhibit G. Whenever the adjustment calculation involves an estimate, the estimate of CITY shall be used and shall be based on past performance and future expectations.

- A. Each year CITY shall calculate the Airport Cost for the succeeding Fiscal Year by totaling the following amounts:

1. The total of estimated direct and indirect Maintenance and Operating Expenses of the Airport.
2. An amount equal to one hundred and twenty-five percent (125%) of the Annual Debt Service Requirement on Airport Revenue Bonds of the Airport.
3. An amount equal to the principal and interest on the subordinated debt of the Airport.
4. The annual amortization of the total amount of any expenditure made by CITY for Capital Improvements before July 1 of the adjustment year, and financed by CITY from the Capital Improvement Account. Amortization of Capital Improvements undertaken after the date of this Agreement shall be included only:
 - a. When such improvement is completed and available for use.
 - b. If such improvement has been reviewed in accordance with Article 5 hereof.

Such annual amortization shall be calculated at an interest rate of seven percent (7%) for thirty (30) years.

5. An amount equal to the deposit to the Maintenance and Operating Reserve Account and the deposit, if any, to the Renewal and Replacement Reserve Account.
6. Any other cost or expense of the Airport
7. The Capital Improvement Factor.
8. Any credit or deficit resulting from an excess or shortfall in revenues or expenses during the current Fiscal Year or resulting from the variance between estimated and actual revenues and expenses used in calculating airline rentals, fees, and charges.

B. The Airport Requirement for the succeeding Fiscal Year shall be calculated by crediting:

1. Nonairline Revenues.
2. Airline Terminal Building rentals.

As set forth in the Annual Budget, to the Airport Cost calculated pursuant to Section 7.05. A.

- C. The landing fee rate for the succeeding Fiscal Year shall be calculated by dividing the Airport Requirement calculated pursuant to Section 7.05. B. by the composite estimate of the Total Landed Weight for all Airlines for the succeeding Fiscal Year.

Section 7.06. Extraordinary Adjustments of Rentals, Fees, and Charges

- A. Notwithstanding any other provisions hereof, if, at any time during the term hereof, Airport Revenues and fund balances are not sufficient to pay, when due, all items included in the reports prepared by CITY pursuant to this Article 7, or to pay any other expense or cost necessary to, or arising out of, the operation of the Airport, including, without limitation, emergency repairs or replacements, the reasonable necessary cost of defending, settling, or satisfying any litigation or threatened litigation that relates to the Airport, or any aspect thereof, to compensate for the loss of revenue by reason of any labor dispute, or to compensate for the temporary or permanent loss of air service provided by another scheduled airline, CITY may, upon notice to and consultation with AIRLINE, increase the rentals, fees, and charges under this Agreement to such amount as is sufficient to assure CITY that all such items, expenses, and costs shall be paid in full, solely from Airport Revenues.
- B. If total landing fees of all airlines for any quarter vary by more than ten percent (10%) from the projected total landing fees for such quarter, the landing fee rate may be adjusted for the balance of such Fiscal Year by an amount equal to the difference between projected and actual total landing fees divided by the estimated Total Landed Weight of all Airlines during the balance of such Fiscal Year.

ARTICLE 8
AUTHORIZING LEGISLATION FOR SALE OF BONDS

Section 8.01. General

- A. In the event of conflicts between this Agreement and the Bond Resolution, the Bond Resolution shall govern.

- B. Subject to the terms and provisions of the Bond Resolution, it is mutually understood and agreed that, so long as any Airport Revenue Bonds secured by the Bond Resolution are outstanding, the deposit and application of Airport Revenues shall be governed by the Bond Resolution.

- C. In the event all outstanding bonds are retired and the Bond Resolution is no longer applicable, the flow of revenues will be handled as set forth hereunder.

ARTICLE 9
MAINTENANCE, REPAIR, ALTERATIONS, AND IMPROVEMENTS

Section 9.01. AIRLINE's Responsibilities

It is understood and agreed that AIRLINE shall have the following maintenance and repair obligations:

- A. AIRLINE agrees that, upon AIRLINE's occupancy of its Exclusive Use Space, such space is in good and tenantable condition.

- B. AIRLINE shall, at its sole expense and in a manner reasonably acceptable to CITY:
 - 1. Maintain its Exclusive Use Space in the conditions prevailing at the time of the Execution Date subject to reasonable wear and tear.
 - 2. Maintain its preferentially assigned Aircraft Parking Position(s) in a neat, clean, and orderly condition, free from unused, non-operational or obsolete equipment or parts, litter, debris, refuse, petroleum products, or grease that may result from activities of its passengers, employees, agents, or suppliers; and remove all spills of any kind including oil and grease spillage that is attributable to AIRLINE's aircraft or equipment at its Aircraft Parking Position(s) or any other location where Airline's aircraft or equipment has caused oil or grease spills.
 - 3. Maintain all passenger walkways across ramp areas used to board aircraft or to bring passengers into the Terminal Building, so that walkways are free from all obstructions, snow and ice, and safe for passenger use.

- C. If AIRLINE fails to perform its obligations under this Article 9, CITY may do so, after reasonable written notice and time for AIRLINE to cure said obligations. CITY may recover its entire cost plus a fifteen percent (15%) administrative charge from AIRLINE as Additional Rent on the next rent due date.

Section 9.02. CITY's Responsibilities

It is understood and agreed that CITY shall have the following maintenance and repair obligations:

- A. CITY, during the term of this Agreement, shall retain FAA Airport Certification and keep in good repair, or arrange for the operation, maintenance, and good repair of, the Airport,

including, but not limited to, the Public Areas, Common Use Space, Joint Use Space, and the Preferential Use Space of the Terminal Building, vehicular parking areas, runways, field lighting, taxiways, aprons, roadways, and all appurtenances, facilities, and services now or hereafter connected with the foregoing. CITY also shall keep the Airport reasonably free from obstruction, including, without limitation, vegetation, stones, and other foreign matter, as reasonably necessary, from the landing area, ramp area, taxi area, roadways, vehicular parking areas, and aircraft parking areas for the safe, convenient, and proper use of the Airport by AIRLINE.

- B. CITY shall keep, or make appropriate arrangements to keep, the Exclusive Use Space, Public Areas, Common Use Space, Joint Use Space, and Preferential Use Space of the Terminal Building clean and presentable. CITY shall provide and supply in such areas of the Terminal Building signs, heat, electricity, light, power, air conditioning, wastewater disposal, water, and janitorial services, including trash removal. Interruption of services shall not constitute a breach of this Agreement by CITY, but CITY shall use its best efforts to restore such service after interruption. CITY reserves the right during the term of this Agreement to require reimbursement for its janitorial services or any other service described in this Section 9.02. B., or to require AIRLINE to perform janitorial services on its Exclusive Use Space. In addition, CITY shall keep, or make appropriate arrangements to keep, the Joint Use Space, Common Use Space, Preferential Use Space, and the Public Areas adequately and attractively equipped, furnished, and decorated.
- C. The undertakings by CITY under this Section 9.02. do not relieve AIRLINE of its duties to maintain any leased facilities and to use Preferential Use Facilities with due care.

Section 9.03. CITY's Right to Inspect and Make Repairs

CITY, by its authorized officers, employees, agents, contractors, subcontractors, and other representatives, shall have the right (with advance notice, other than in the event of an emergency, at such times as may be reasonable under the circumstances and with as little interruption of AIRLINE's operations as is reasonably practicable) to enter AIRLINE's Exclusive Use Space and Preferential Use Space for the following purposes:

- A. To inspect such space to determine whether AIRLINE is in compliance with the terms and conditions of this Agreement.

- B. To accomplish repairs or replacements pursuant to Section 9.02., or in any case where AIRLINE is obligated to make repairs or replacements and has failed to do so, after notice, make such repairs or replacements on AIRLINE's behalf.
- C. In the exercise of CITY's police powers.
- D. To perform electrical maintenance and other maintenance where CITY determines that it is necessary or desirable to do so in order to preserve the structural safety of such space or areas or to correct any condition likely to cause injuries or damages to persons or property.
- E. To install and maintain for the sole use of CITY, without cost to AIRLINE, and without unreasonable interference with AIRLINE's use and occupancy, facilities and appurtenances necessary for the safe or efficient operation of the Airport, including, but not limited to, installation, operation, and maintenance of gas, water, electric service, sewers, communications, telephones, signal lines, lights, air tubes, fire protection systems, pipes, ducts, cables, conduits, wires, and similar installations.
- F. Within thirty (30) days prior to termination of this Agreement or any part hereof, to alter, renovate, and redecorate the space or area so terminated, if AIRLINE has removed all or substantially all of its property from such space or area and if such alteration, renovation, and redecorating can be accomplished without interfering unreasonably with AIRLINE's use of such space or area.

No such entry by or on behalf of CITY upon any Exclusive Use Space leased to AIRLINE shall cause or constitute a termination of the letting thereof or be deemed to constitute an interference with the possession thereof by AIRLINE. AIRLINE shall have the right, but not the obligation, to have its representative accompany CITY, its authorized officers, employees, contractors, and other representatives on any inspection or repair tours as outlined in this Section 9.03.

Section 9.04. Alterations and Improvements

- A. AIRLINE shall make no alterations, additions, improvements, or installations to or on the space leased under this Agreement without the prior written approval of the Director, which shall not be unreasonably withheld.

- B. AIRLINE agrees that if any mechanic's or materialman's lien is filed against the Leased Premises or facilities for materials furnished or labor or services performed for AIRLINE at the Airport and such lien is not promptly discharged by AIRLINE by payment, AIRLINE will forthwith obtain a discharge of such lien in accordance with the provisions of the State law and provide evidence of said discharge to CITY.

ARTICLE 10
DAMAGE OR DESTRUCTION OF PREMISES

Section 10.01. Damage or Destruction

- A. If, by reason of any cause, the Terminal Building is damaged to such an extent that AIRLINE's Leased Premises are untenable in whole or in substantial part, then AIRLINE shall give immediate notice thereof to the Director and the damage shall be repaired at the expense of the CITY, unless the damage was caused by AIRLINE, without unreasonable delay unless CITY determines that the damage is so extensive that repair or rebuilding is not feasible. From the date of such damage until said area is repaired, monthly payments hereunder shall be abated in such amount as may be in direct proportion to the space damaged and unrentable; provided, however, that if an area shall be so slightly damaged as not to be rendered unfit for occupancy nor to cause AIRLINE's use to be unreasonably inefficient, the rent hereunder shall not be abated during any occupancy and during any repair period.

In the event that the damage to the area is so extensive as to render it untenable, the rent for such area shall cease until such time as the area shall again be put in repair; however, in the event that the area is damaged to such an extent as to render it necessary, in the exclusive reasonable judgment of CITY, not to rebuild same, then, at the option of CITY or AIRLINE, and upon thirty (30) days written notice to the other, this Agreement as it applies to said area shall cease and come to an end, and the rent hereunder shall be apportioned and paid up to the date of such damage.

If CITY elects to rebuild said area (and if AIRLINE does not elect to terminate under the immediately preceding paragraph), CITY shall notify AIRLINE of such intention within thirty (30) days of the date of the damage; otherwise, the Agreement as it applies to said area shall be deemed canceled and of no further force or effect. CITY's obligations to rebuild or repair under this Article 10 shall, in any event, be limited to restoring said area to substantially the condition that existed prior to the commencement of any improvements by AIRLINE and shall further be limited to the extent of the insurance proceeds available to CITY for such restoration. AIRLINE agrees that if CITY elects to totally repair or rebuild as provided in this Article 10 (and AIRLINE did not elect to terminate), then AIRLINE will proceed with reasonable diligence and at its sole cost and expense (unless such damage is caused by the sole negligence of CITY) to rebuild, repair, and restore its signs, fixtures,

furnishings, equipment, improvements, and other items provided or installed by AIRLINE in or about the Leased Premises in a manner and to a condition at least equal to that which existed prior to its damage or destruction.

- B. Notwithstanding the provisions of this Article 10, in the event that due to the negligence or willful act or omission of AIRLINE, its employees, agents, representatives, or contractors, AIRLINE's Leased Premises shall be damaged or destroyed by fire, other casualty or otherwise, there shall be no abatement of rent during the repair or replacement of said AIRLINE's leased space. To the extent that the costs of repairs shall exceed the amount of any insurance proceeds payable to CITY by reason of such damage or destruction, AIRLINE shall pay the amount of such additional costs to the CITY.

ARTICLE 11
INSURANCE AND INDEMNIFICATION

Section 11.01. Insurance

- A. AIRLINE shall, without expense to CITY, and upon commencement of the term hereof, and prior to commencement of any operations at the Airport, obtain and cause to be kept in force, liability insurance coverage, with limits as hereinafter stated. Such insurance policies, except worker's compensation/employee liability insurance, must be primary and non-contributory and endorsed naming CITY, its officers, agents, and employees as primary additional insureds to the full extent of AIRLINE's indemnity obligations hereunder.

Such insurance shall include aviation general liability coverage, aircraft liability coverage, worker's compensation/employer's liability insurance, and automobile liability insurance coverage, and shall not be in amounts less than hereinafter stated. Such insurance coverage shall be provided by policies issued by a company or companies of sound and adequate financial responsibility. Such insurance policies shall contain an endorsement providing that CITY will be given not less than thirty (30) days notice prior to the cancellation, or material change of the provisions or coverages affecting the interests of CITY provided by said policies. The aviation general liability policies shall include contractual liability coverage.

AIRLINE shall cause a certificate or certificates of insurance and all endorsements to be furnished to CITY evidencing all such insurance coverage. If CITY is notified that any of the coverage required herein is to be canceled or changed in such a manner as not to comply with the requirements of this Agreement, AIRLINE shall, within thirty (30) days prior to the effective date of such cancellation or change, obtain and provide CITY with certificates evidencing the re-establishment of the insurance coverage required hereby.

- B. Insurance limits of aviation general liability coverage and aircraft liability coverage shall be in an amount not less than One Hundred Fifty Million Dollars (\$150,000,000) per occurrence for airlines operating aircraft with one hundred (100) or more seats; not less than One Hundred Million Dollars (\$100,000,000) per occurrence for airlines operating aircraft with between ninety-nine (99) and sixty (60) seats; not less than Fifty Million Dollars (\$50,000,000) per occurrence for airlines operating aircraft with between fifty-nine (59) and twenty (20) seats; with all of the above listed limits subject to a Twenty-Five Million

Dollar (\$25,000,000) per occurrence sublimit for personal injury to non-passengers, and Twenty Million Dollars (\$20,000,000) per occurrence for airlines operating aircraft with nineteen (19) or fewer seats with a Twenty Million Dollar (\$20,000,000) per occurrence sublimit for personal injury to non-passengers. For purposes of this Paragraph, the number of seats is determined based upon the largest aircraft in AIRLINE's fleet that may be utilized for Scheduled Service at the Airport.

CITY reserves the right to review and reasonably modify, after consultation with AIRLINE, the limits stated above annually, to give effect to the changing risk management environment and inflationary trends.

- C. AIRLINE shall procure and maintain in force, liability insurance applicable to the ownership, maintenance, use, or operation of any automobile, mobile equipment, or other ground vehicle at the Airport, including owned, non-owned, or hired, in an amount not less than \$1,500,000 per occurrence.
- D. Insofar as said insurance provides protection against liability for personal injury, bodily injury, death, and property damage, CITY shall be included as a primary additional insured to the extent of AIRLINE's indemnity obligations hereunder. CITY shall have no liability for any premiums charged for such coverage, and the inclusion of CITY as a primary additional insured is not intended to, and shall not, make CITY a partner or joint venturer with AIRLINE in its operations on the Airport. All insurance policies of the CITY and Airport, including airport commercial general liability policies, will be excess and noncontributory for AIRLINE'S operations.
- E. Worker's Compensation/Employer's Liability Insurance shall be maintained in force by AIRLINE for all employees engaged in the operations under this Agreement. The limits of coverage shall meet the statutory requirements required for the State of Montana.

Section 11.02. Indemnification

AIRLINE hereby agrees to indemnify, defend, and hold harmless CITY, its officers, directors, agents, and employees for all damages to the real and personal property of the CITY, which shall be caused by any act, omission, use, occupancy, or operation of AIRLINE, its agents, representatives, officers, and employees on or about, or related to the Airport.

AIRLINE shall indemnify, defend, and hold harmless CITY for all sums that CITY shall become obligated to pay by reason of the liability, if any, imposed by law upon CITY for damages relating to personal injury, bodily injury, including damages for care and loss of service, and including death at any time resulting from bodily injury, and because of injury to or destruction of property, including the loss of use thereof, provided such damages were caused by or resulted from any of the activities, omissions, or operations of AIRLINE, its agents, representatives, officers, employees, contractors, and independent contractors.

In addition, with respect to any claims, actions, suits, damages, or judgments caused by or resulting from acts, omissions, or operations of AIRLINE, its agents, representatives, officers or employees, AIRLINE shall:

- A. Investigate or cause the investigation of accidents involving such injuries.
- B. Negotiate or cause to be negotiated all claims made, as may be deemed expedient by AIRLINE, and defend, or cause to be defended, suits for damages, even if groundless, false, or fraudulent, brought against the CITY on account of such injuries, death, or damages, in the name and on behalf of CITY, its officers, directors, representatives, agents, and employees.
- C. Pay and satisfy judgments finally establishing the liability of CITY, its officers, directors, representatives, agents, and employees in all actions defended by AIRLINE pursuant to this Section 11.02.
- D. Pay or cause to be paid:
 1. All costs levied against CITY, its officers, directors, representatives, agents, and employees in any legal proceeding defended or caused to be defended by AIRLINE as aforesaid.
 2. Any interest accruing up to the date of payment by AIRLINE.
 3. All premiums charged for appeal bonds required in such proceedings.
 4. All reasonable expenses incurred by CITY, its officers, directors, representatives, agents, and employees for investigation, negotiation, and defense.

AIRLINE shall not, however, be liable as set forth in this Section 11.02. with respect to any bodily injury, death, or injury to or destruction of property which results solely from the negligence, or wanton or willful misconduct of CITY, its officers, directors, representatives, agents, or employees.

CITY shall, promptly upon receipt, give AIRLINE every demand, notice, summons, or other process received in any claim or legal proceeding contemplated herein. In the event CITY fails to give AIRLINE notice of any such demand, notice, summons, or other process received by CITY and such failure to give notice results in actual and material prejudice to AIRLINE in the defense of any action or legal proceeding contemplated herein, such failure or delay shall release AIRLINE of its liability as set forth in this Section 11.02. insofar as only the particular claim or legal proceeding is concerned, and only to the extent of such prejudice. Nothing in this Article 11 shall be deemed a change or modification in any manner whatsoever of the method or conditions of preserving, asserting, or enforcing any claim or legal liability against CITY. This Section 11.02. shall not be construed as a waiver of CITY's immunity.

Section 11.03. Nonliability of CITY

CITY shall not be liable for AIRLINE's failure to perform any of its obligations under this Agreement or for any delay in the performance thereof, nor shall any such delay or failure be deemed a default by CITY, unless such failure to perform or delay in performance is caused by an act or omission on the part of CITY.

AIRLINE expressly agrees that CITY shall not be liable to AIRLINE for bodily injury or for any loss or damage to real or personal property occasioned by flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, strike, civil commotion, smoke, vandalism, malicious mischief, or acts of civil authority unless such injury or loss results from negligence of CITY.

ARTICLE 12
ASSIGNMENT OR SUBLEASE

Section 12.01. Assignment and Sublease

- A. AIRLINE shall not assign this Agreement or any part hereof in any manner whatsoever or sublet the Leased Premises, any part thereof, or any of the privileges recited herein without the prior written consent of CITY, which shall not be unreasonably withheld. However, AIRLINE shall have the right to assign all or any part of its rights and interests under this Agreement to any affiliated Air Transportation Company, or any successor to its business through merger, consolidation, voluntary sale, or transfer of substantially all of its assets, and the consent of CITY thereto shall not be required, but due notice of any such assignment shall be given to CITY at least thirty (30) days prior to such assignment hereunder.
- B. All approved subleases shall provide that any rentals or fees to be paid by such AIRLINE sublessee shall be limited to AIRLINE's direct costs (reasonable rent, utilities, maintenance and operating charges, and capital charges related to improvements) of such space plus a reasonable administrative charge.
- C. CITY may assign this Agreement or any part hereof to any successor entity deemed appropriate under the laws of the State of Montana. If such assignment is to occur, CITY shall notify AIRLINE in writing sixty (60) days prior to said assignment.

Section 12.02. Ground Support Operations Agreements

In the event AIRLINE agrees to ground handle any portion of the operations of another Air Transportation Company offering Scheduled Service, AIRLINE shall provide CITY advance written notice of such proposed activities, including a description of the type and extent of services to be provided, the effective date, and the duration of said services. Notwithstanding the provisions of the foregoing, AIRLINE may not ground handle another certificated Air Transportation Company without the prior written permission of CITY if such certificated Air Transportation Company does not have in force an operating agreement with CITY.

Section 12.03. Relinquishment of Space

If AIRLINE desires to relinquish any of its Exclusive Use Space, or any rights to Preferential Use Space or Common Use Space, AIRLINE shall notify CITY in writing of the space to be relinquished.

Section 12.04. Nonwaiver of Responsibility

No transfer or conveyance under a sublease, or granting of a license by AIRLINE, shall relieve AIRLINE of its responsibility for payment of rent and performance of all other obligations under this Agreement.

ARTICLE 13
DEFAULT

Section 13.01. Default

AIRLINE shall be deemed in default of this Agreement if AIRLINE:

1. Fails to pay rent or any other required payment due hereunder within thirty (30) days after receipt of written notice of a past due account.
 2. Fails to commence immediately to keep and perform any of its other covenants and agreements within forty-five (45) days after receipt of written notice.
 3. Fails to continue to complete any of its covenants and agreements after performance is commenced, or after the filing of any petition, proceedings, or action by or for AIRLINE under any insolvency, bankruptcy, or reorganization act of law.
- A. In the event of AIRLINE default, without terminating this Agreement, CITY may reenter the space and improve and relet all or any part of it to others, for the account of AIRLINE, including costs of renovation and an administrative fee not to exceed fifteen percent (15%) paid to CITY for all sublease rentals received, and AIRLINE shall promptly reimburse CITY for any deficiency in rentals or other payments received under such sublease, as compared with AIRLINE's obligations hereunder.
- B. In the event of AIRLINE default, CITY may terminate AIRLINE's rights under this Agreement, as provided in Section 14.02., without any restriction upon recovery by CITY of past due rentals and other obligations of AIRLINE. CITY shall have all additional rights and remedies as may be provided by law.

ARTICLE 14
TERMINATION

Section 14.01. Events Permitting Termination by AIRLINE

AIRLINE may terminate this Agreement, and all of its obligations hereunder, at any time that AIRLINE is not in default in its payments or other obligations under this Agreement to CITY hereunder by giving CITY thirty (30) days advance written notice upon or after the occurrence of any one of the following events:

- A. The breach by CITY of any of the covenants or agreements contained in this Agreement for a period exceeding forty-five (45) days after receipt of written notice of such breach from AIRLINE; or
- B. Action by CITY or such other governing jurisdiction prohibiting AIRLINE from using the Airport for a period exceeding sixty (60) days because of any deficiency of the Airport, or an unsafe operating condition existing at the Airport or in the surrounding airspace.

Section 14.02. Events Permitting Termination by CITY

CITY may terminate this Agreement, and all of its obligations hereunder, upon thirty (30) days advance written notice to AIRLINE and may exercise all rights of entry and re-entry upon the Leased Premises, with or without process of law, without forfeiture, waiver, or release of CITY's singular possessive rights to any sum of money due, upon:

- A. Failure by AIRLINE to remedy any event of default as specified in Article 13 within the cure periods specified in Article 13; or
- B. The cessation by AIRLINE of the conduct of Scheduled Service at the Airport unless such cessation of service is directly attributable to circumstances for which AIRLINE is not responsible, and which are not within its control. Suspension of flight operations due to labor related work stoppages shall not be considered cessation of Scheduled Service at the Airport.

Section 14.03. Termination Without Cause

AIRLINE may terminate this Agreement and all of its obligations hereunder at any time, provided AIRLINE is not in default in its payment or other obligations to CITY as set forth herein, and AIRLINE provides CITY One Hundred Eighty (180) days advance written notice.

ARTICLE 15
GENERAL PROVISIONS

Section 15.01. Rules and Regulations

- A. AIRLINE shall observe and obey all lawful Rules and Regulations promulgated by CITY, from time to time during the term hereof, governing conduct on and operations at the Airport and use of its facilities. Copies of the Rules and Regulations, as adopted and attached to this document as Exhibit J, and as amended from time to time, shall be forwarded to AIRLINE's local manager. AIRLINE shall be provided written notice prior to the adoption of any Rules and Regulations by CITY. CITY agrees that all Rules and Regulations so promulgated shall not be inconsistent with any legally authorized rule or regulation of the FAA, or any other Federal or State agency, which is binding in law on AIRLINE, as the same now are or may from time to time be amended or supplemented.
- B. AIRLINE shall not knowingly violate, nor permit its officers, agents, representatives, contractors, or employees acting on AIRLINE's behalf to knowingly violate, any such Rules and Regulations.

Section 15.02. Compliance with Law

- A. AIRLINE shall not use the Airport or any part thereof, or permit the same to be used by any of its officers, employees, agents, representatives, subtenants, invitees, or licensees, for any illegal purposes and shall, at all times during the term of this Agreement, comply with all applicable regulations, ordinances, and laws of any CITY, County, or State government and of the U.S. Government, and of any political division or subdivision or agency, authority, or commission thereof which may have jurisdiction to pass laws or ordinances or to make and enforce rules or regulations with respect to the uses hereunder of the Leased Premises.
- B. At all times during the term of this Agreement, AIRLINE shall, in connection with its activities and operations at the Airport:
1. Comply with and conform to all present and future statutes, ordinances, and regulations of all Federal, State, and other governmental bodies of competent jurisdiction that apply to or affect, either directly or indirectly, the AIRLINE or AIRLINE's operations and activities under this Agreement.

2. Make, at its own expense, all nonstructural improvements, repairs, and alterations to its Exclusive Use Space (subject to prior written approval of CITY), equipment, and personal property that are required to comply with or conform to any of such statutes and ordinances.
3. Reimburse CITY for AIRLINE's proportional share of all nonstructural improvements, repairs, and alterations to its Preferential Use Space, Joint Use Space, and Common Use Space that are required to comply with or conform to any of such statutes and ordinances.
4. Be and remain an independent contractor with respect to all installations, construction, and services performed by or on behalf of AIRLINE hereunder.

Section 15.03. Nondiscrimination

- A. **General.** In the use and occupation of the Airport, AIRLINE shall not discriminate against any person or class of persons by reason of race, color, religion, sex, national origin or ancestry, age, or disability. Additionally, for the services provided during the use and occupation of the Airport, AIRLINE shall furnish said services on a reasonable and not unjustly discriminatory basis to all users thereof and charge reasonable and not unjustly discriminatory prices for each unit of service, provided that the AIRLINE may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
- B. **Civil/Human Rights Laws.** In the operation and use of the Airport, AIRLINE shall not, on the grounds of race, color, religion, sex, national origin or ancestry, age, or disability, discriminate or permit discrimination against any person or group of persons in any manner prohibited by Part 21 of Title 49, Code of Federal Regulations, the Civil Rights Act of 1964, as amended, the Equal Pay Act of 1963, the Rehabilitation Act of 1973, and such other Federal, State, or Local laws as may be applicable.

Without limiting the generality of the foregoing, AIRLINE agrees to not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin or ancestry, age, or disability. AIRLINE agrees to take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, national origin or ancestry, age, or disability. Such action shall include, but not be limited to, employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of

compensation; selection for training; and disciplinary actions and grievances. AIRLINE agrees to post, in conspicuous places available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

C. AIRLINE, for itself, its heirs, personal representatives, successors in interest, and assignees, as a part of the consideration of this Agreement, does hereby covenant and agree as a covenant running with the land that, in the event improvements are constructed, maintained, or otherwise operated on the Airport for a purpose for which a United States Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, AIRLINE shall maintain and operate such improvements and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21 (Nondiscrimination in Federally Assisted Programs of the Department of Transportation), as said regulations may be amended.

D. AIRLINE, for itself, its heirs, personal representatives, successors in interest, and assignees, as a part of the consideration of this Agreement, does hereby covenant and agree as a covenant running with the land that:

1. No person on the grounds of race, color, religion, sex, national origin or ancestry, age, or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of said improvements.
2. No person on the grounds of race, color, religion, sex, national origin or ancestry, age, or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the construction of any improvements on, over, or under such land and the furnishing of services thereon.
3. AIRLINE shall use the facilities in compliance with all other requirements imposed by, or pursuant to 49 CFR Part 21 (Nondiscrimination in Federally Assisted Programs of the Department of Transportation), as said regulations may be amended.

AIRLINE assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person on the grounds of race, color, religion, sex, national origin or ancestry, age, or disability shall be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E, or such

employment activities covered in any applicable State or Local law. AIRLINE assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this Section 15.03.

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

1. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
2. 49 CFR Part 21 (Nondiscrimination in Federally Assisted Programs of the Department of Transportation – Effectuation of Title VI of The Civil Rights Act of 1964);
3. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal aid programs and projects);
4. Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 *et seq.*), as amended (prohibits discrimination on the basis of disability); and 49 CFR Part 27;
5. The Age Discrimination Act of 1975, as amended (42, U.S.C. § 6101 *et seq.*) (prohibits discrimination on the basis of age);
6. Airport and Airway Improvement Act of 1982 (49 U.S.C. § 471, § 47123) as amended (prohibits discrimination based on race, creed, color, national origin, or sex);
7. The Civil Rights Restoration Act of 1987 (PL 100-209) (broadened the scope, coverage, and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, and § 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal aid recipients, sub-recipients, and contractors, whether such programs or activities are Federally funded or not);
8. Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR Parts 37 and 38;

9. The Federal Aviation Administration's Nondiscrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
10. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low Income Populations, which ensures discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low income populations;
11. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency (LEP), and resulting agency guidance, national origin discrimination includes discrimination because of LEP. To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Federal Regulations at 74087 – 74100);
12. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 *et seq.*).

Section 15.04. Granting of More Favorable Terms

CITY covenants and agrees not to enter into any lease, contract, or any other agreement with any other Air Transportation Company providing Scheduled Service at the Airport containing substantially more favorable terms than this Agreement, or to grant to any tenant engaged in scheduled Air Transportation, rights or privileges with respect to the Airport that are not accorded AIRLINE hereunder, unless the same rights, terms, and privileges are concurrently made available to AIRLINE; provided, however, that CITY reserves the right to permit nonscheduled itinerant aircraft operators to use existing Terminal Building and Terminal Building facilities on a charge-per-use basis, which charges shall at least approximately equate to the AIRLINE's effective cost per use. It is further provided that CITY reserves the right to construct a Special Purpose Facility and to collect such charges as required to recover capital and operating costs from the tenant or tenants of such Special Purpose Facility.

Section 15.05. Notices

- A. Notices required hereunder shall be given by registered or certified mail or by any similar recognized handler of express mail by sending the same in the continental United States, postage prepaid, return receipt requested. Either party shall have the right, by giving

written notice to the other, to change the address at which its notices are to be received. Until any such change is made, notices shall be delivered as follows:

1. CITY: Director of Aviation and Transit
Billings Logan International Airport
1901 Terminal Circle, Room 216
Billings, Montana 59105
2. AIRLINE: Notices to AIRLINE shall be mailed to the address appearing in Section 16.02.

- B. Unless otherwise provided in this Agreement, any notice shall be effective and shall be deemed received by the addressee no later than three (3) non-holiday business days.
- C. If notice is given in any other manner or at any other place, it will also be given at the place and in the manner specified above.

Section 15.06. Successors and Assigns Bound

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

Section 15.07. Governing Law

This Agreement and all disputes arising hereunder shall be governed by the laws of the State of Montana and all litigation arising under this Agreement shall be conducted in either Federal, State, or District Courts in the State of Montana.

Section 15.08. Quiet Enjoyment

AIRLINE shall, upon payment of the rentals, fees, and charges required hereunder and upon compliance with the terms, covenants, conditions, and obligations on the part of AIRLINE to be performed and complied with hereunder, peaceably have and enjoy the rights, uses, and privileges of the Airport, its appurtenances, and facilities as granted herein and by the Rules and Regulations.

Section 15.09. Nonliability of Agents and Employees

No member, officer, agent, representative, director, or employee of CITY or AIRLINE shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or because of any breach hereof or because of its or their execution or attempted execution of this Agreement.

Section 15.10. Prudent Operation

CITY shall operate the Airport with due regard for the interests of the public and Signatory Airlines and in such a manner as to produce revenues from concessionaires, other tenants, public parking operations, and other commercial users of the Airport of a nature and in an amount as would reasonably be produced by a prudent operator of an airport of similar size, use, and activity, consistent with sound management principles and applicable law, in the interest of protecting the financial integrity of the Airport. CITY hereby acknowledges its obligation under the Bond Resolution to apply and use all Airport Revenues for the maintenance, operation, administration, development and financing of the Airport, and retirement of Airport debt.

Section 15.11. Subordination to Agreements with the U.S. Government

This Agreement is subject and subordinate to the provisions of any agreements heretofore or hereafter made between CITY and the United States, or its agencies or departments relative to the maintenance or operation of the Airport, the execution of which has been required as a condition precedent to the transfer of Federal rights or property to CITY for Airport purposes, or to the expenditures of Federal funds for the improvement or development of the Airport, including the expenditure of Federal funds for the development of the Airport in accordance with the provisions of the Federal Aviation Act of 1958, as amended, or in accordance with successive Airport development acts. CITY covenants that it has no existing agreements with the United States in conflict with the express provisions hereof. During times of war or national emergency, all provisions of this Agreement shall be subordinate to the rights of the United States of America to operate the Airport or any part thereof. Such rights shall supersede any provisions of this Agreement inconsistent with the operations of the Airport by the United States of America.

Section 15.12. Nonwaiver of Rights

No waiver of default by either party of any of the terms, covenants, and conditions hereof to be performed, kept, and observed by the other party shall be construed as, or shall operate as, a waiver of any subsequent default of any of the terms, covenants, or conditions herein contained, to be performed, kept, and observed by the other party.

Section 15.13. Federal Aviation Act, Section 308

Nothing herein contained shall be deemed to grant to AIRLINE any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act for the conduct of any activity on the Airport, except that, subject to the terms and provisions hereof, AIRLINE shall have the right to exclusive possession of the Exclusive Use Space leased to AIRLINE under the provisions of this Agreement.

Section 15.14. Generally Accepted Accounting Principles

Whenever any report or disclosure referred to in this Agreement consists, either in whole or in part, of actual, year-end financial information, said financial information shall be prepared in accordance with generally accepted accounting principles consistently applied, if applicable.

Section 15.15. Depreciation and Investment Credit

Neither AIRLINE nor any successor of AIRLINE under this Agreement may claim depreciation or an investment credit with respect to the Leased Premises under the Internal Revenue Code of 1986, as amended, or any other law, rule, or regulation. AIRLINE hereby makes an irrevocable election binding on it and its successors in interest under this Agreement, not to claim such depreciation or investment credit with respect to the Leased Premises.

Section 15.16. Useful Life of the Facility

AIRLINE and CITY agree that the term of this Agreement does not exceed eighty percent (80%) of the reasonably expected economic life of the property or facilities covered by this Agreement. AIRLINE represents and acknowledges that it has no option or right to purchase or acquire any interest in the personal property of the Airport, or real property subject to this Agreement.

Section 15.17. Severability

If one or more clauses, sections, or provisions of this Agreement shall be held to be unlawful, invalid, or unenforceable, it is agreed that the remainder of the Agreement shall not be affected thereby.

Section 15.18. Headings

The headings of the several articles and sections of this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or intent of any provisions of this Agreement and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.

Section 15.19. Approvals

Throughout this Agreement, in the case that approval is required by the Director, CITY, or AIRLINE, such approval shall not be unreasonably withheld or delayed.

Section 15.20. Governmental Functions

- A. Nothing contained herein shall impair the right of CITY, in the exercise of its governmental functions, to require AIRLINE to pay any tax or inspection fees or to procure necessary permits or licenses, provided such requirement is not inconsistent with the rights and privileges granted to AIRLINE hereunder, or by State or Federal law.

- B. CITY shall have no control over services or the rates, fares, or charges that AIRLINE may prescribe in connection with the conduct of its Air Transportation business.

Section 15.21. Amendment

Except as provided in this Agreement, no amendment, modification, termination, or alteration of the terms of this Agreement, including any amendment, modification, or alteration of this Section 15.21., shall be binding unless the same be in writing, dated subsequent to the date hereof, and approved and signed by both parties.

Section 15.22. Interpretation of Agreement

This Agreement is the result of extensive negotiations between the parties and shall not be construed against the CITY by reason of its preparation of this Agreement.

Section 15.23. Attorney Fees

In the event any action, or suit, or arbitration, or dispute resolution, or bankruptcy proceeding is brought to collect the fees and charges due, or to become due hereunder, or any portion thereof, or to take possession of any premises or enforce compliance with the Agreement, or for failure to observe any of the covenants of this Agreement, the prevailing party in such suit, action or proceeding shall be entitled to such sum as the court or panel may adjudge reasonable as attorney fees to be allowed in such suit, action or proceedings, or in the event of an appeal, or review of appeal, as allowed by the appellate court.

Section 15.24. Entire Agreement

This Agreement, together with all exhibits attached hereto, constitutes the entire agreement between the parties hereto.

**ARTICLE 16
DATES AND SIGNATURES**

Section 16.01. Effective Date

Upon approval and execution by the Billings City Council, this Agreement shall be effective for AIRLINE's activities at the Airport commencing on the 1st day of June 2017.

Section 16.02. Signatures

IN WITNESS WHEREOF, the parties have executed multiple copies of this Agreement.

AMERICAN AIRLINES INC.
an Air Transportation Company

THE CITY OF BILLINGS
a Municipal Corporation

By: _____
Christopher Collison

By: _____

Title: Director Corporate Real Estate

Title: _____

Date: _____

Date: _____

ADDRESS FOR NOTICE TO AIRLINE:

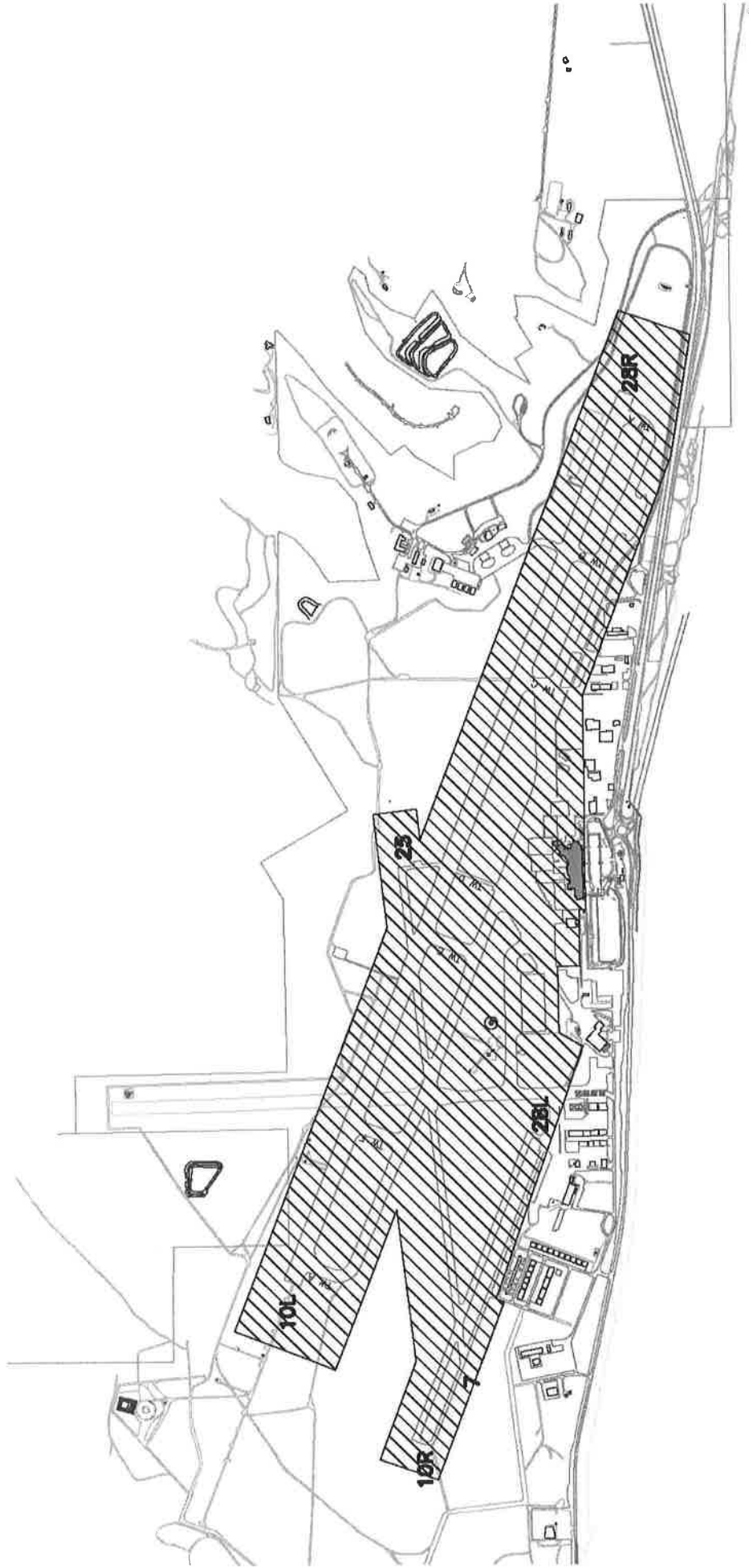
ATTEST:

VP Corporate Real Estate

4333 Amon Carter Boulevard, MD 5317

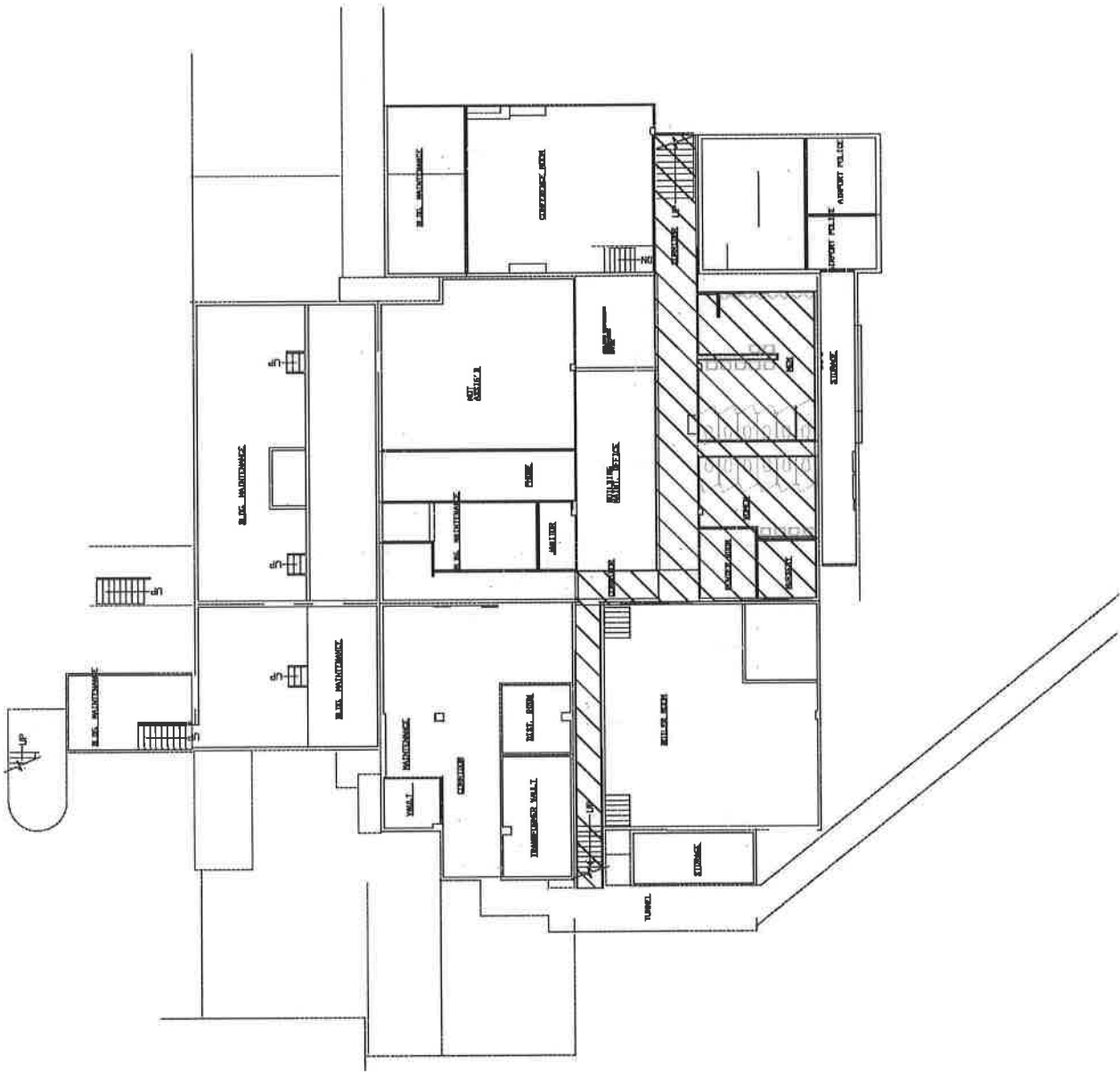
Ft. Worth, TX 46155

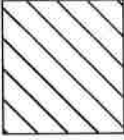
City Clerk



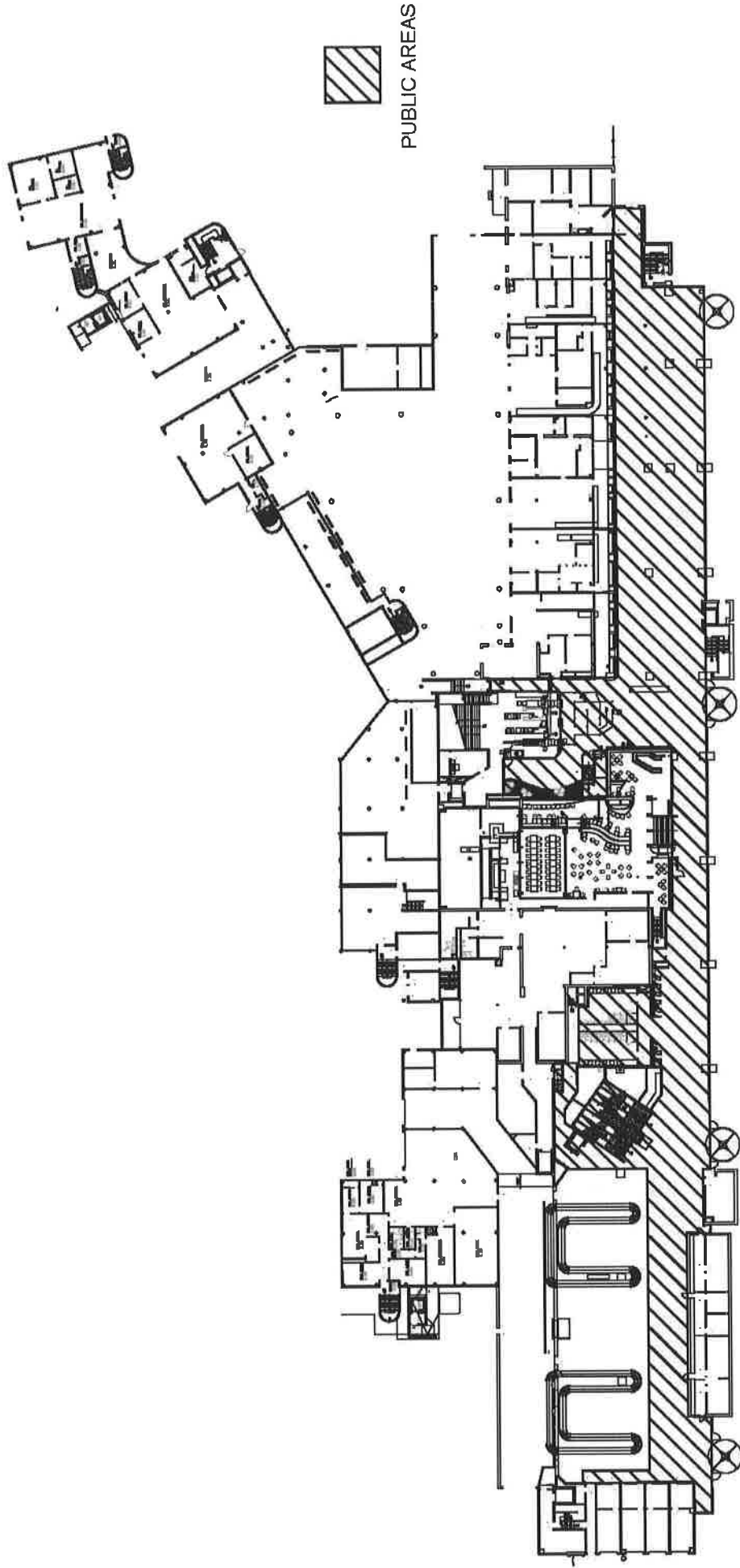
June 2017

**CITY OF BILLINGS LOGAN INTERNATIONAL AIRPORT
AVIATION AND TRANSIT DEPARTMENT**



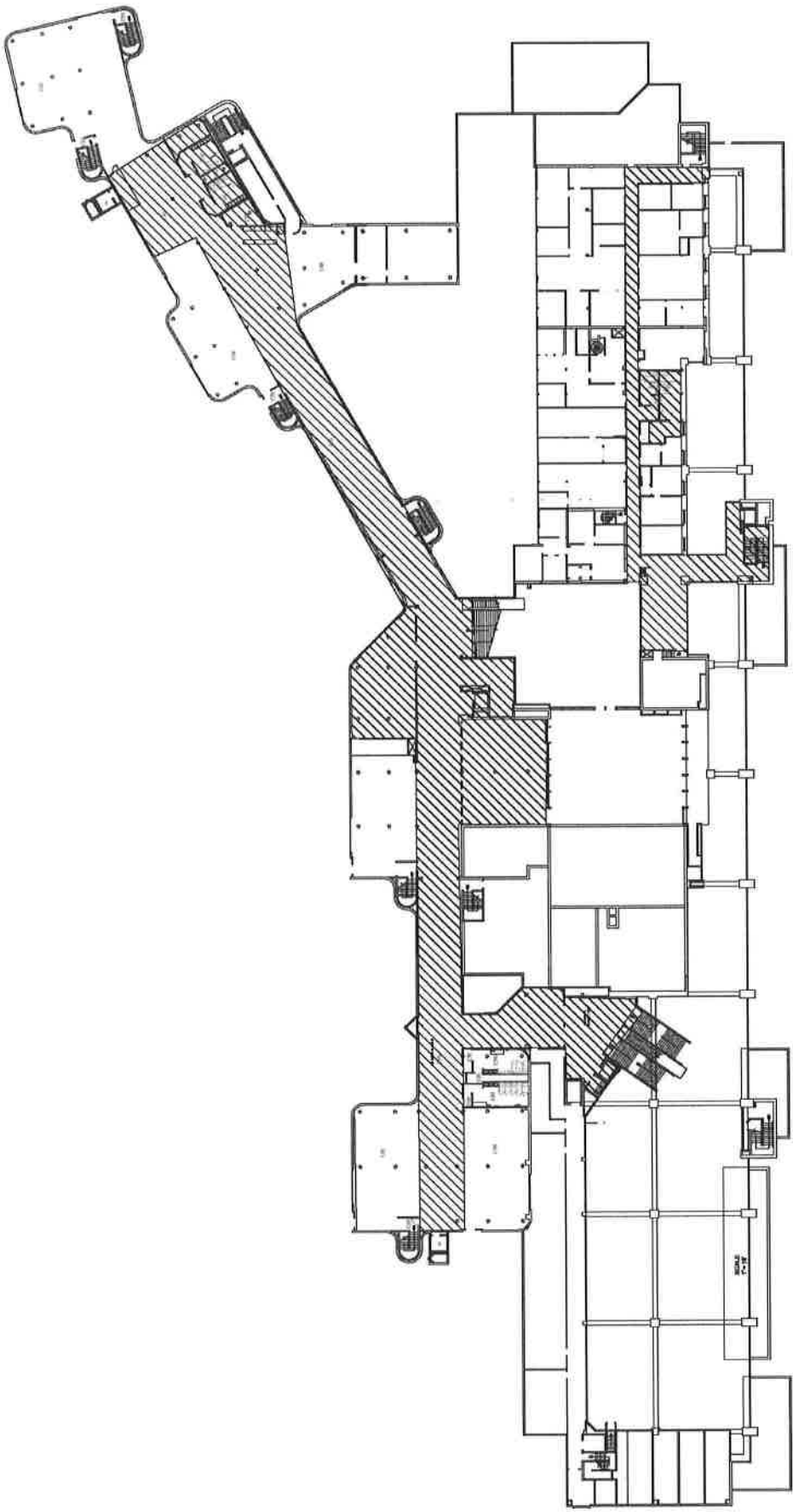

 PUBLIC AREAS

BASEMENT LEVEL - PUBLIC USE AREA
CITY OF BILLINGS LOGAN INTERNATIONAL AIRPORT
AVIATION AND TRANSIT DEPARTMENT



June 2017

MAIN LEVEL - PUBLIC USE AREA
 CITY OF BILLINGS LOGAN INTERNATIONAL AIRPORT
 AVIATION AND TRANSIT DEPARTMENT



PUBLIC AREAS



June 2017

EXHIBIT B Page 3 of 3

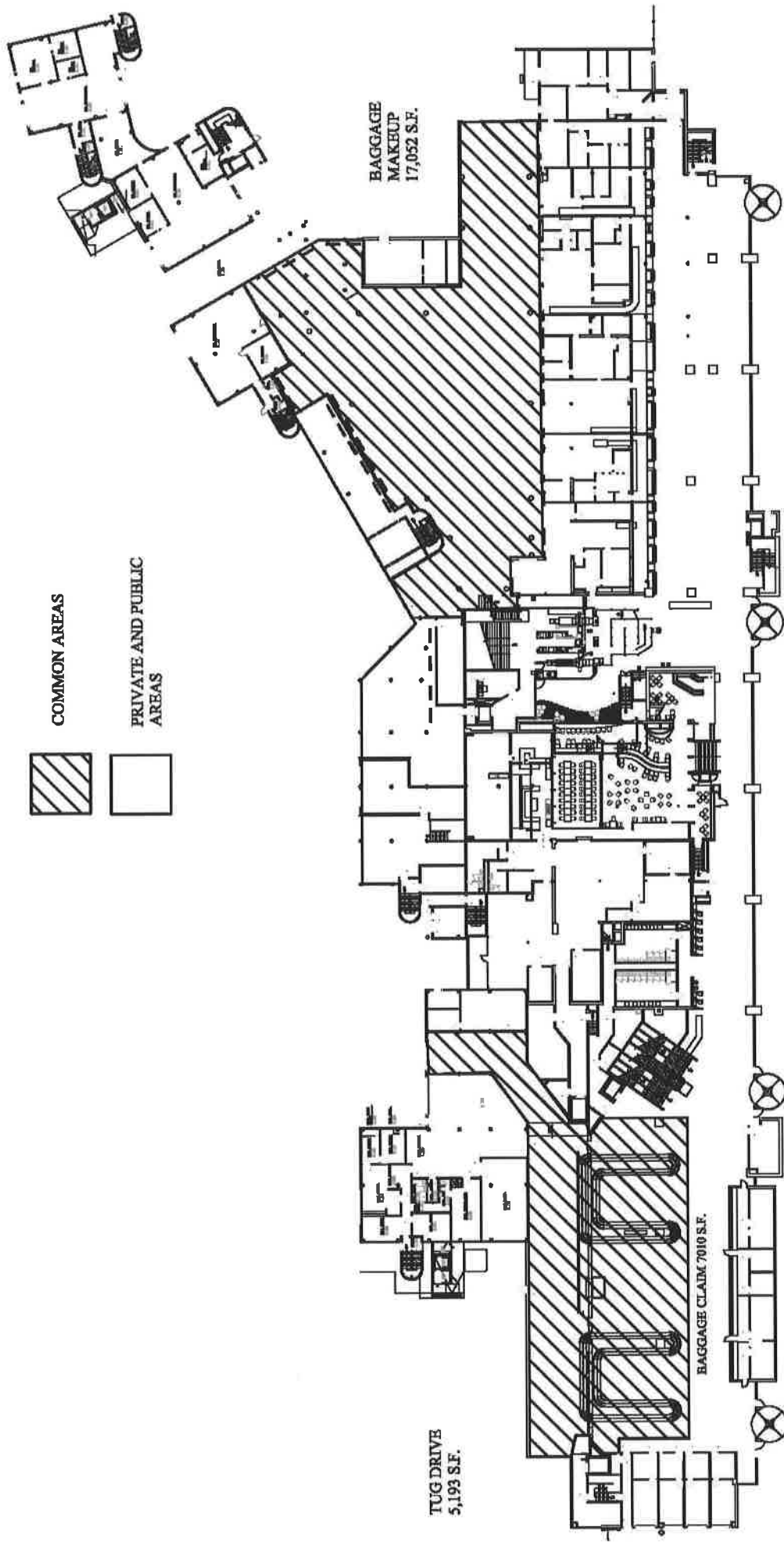
UPPER LEVEL - PUBLIC USE AREA



CITY OF BILLINGS LOGAN INTERNATIONAL AIRPORT
AVIATION AND TRANSIT DEPARTMENT

EXHIBIT C

INTENTIONALLY OMITTED





 COMMON AREAS
 PRIVATE AND PUBLIC AREAS

TUG DRIVE
5,193 S.F.

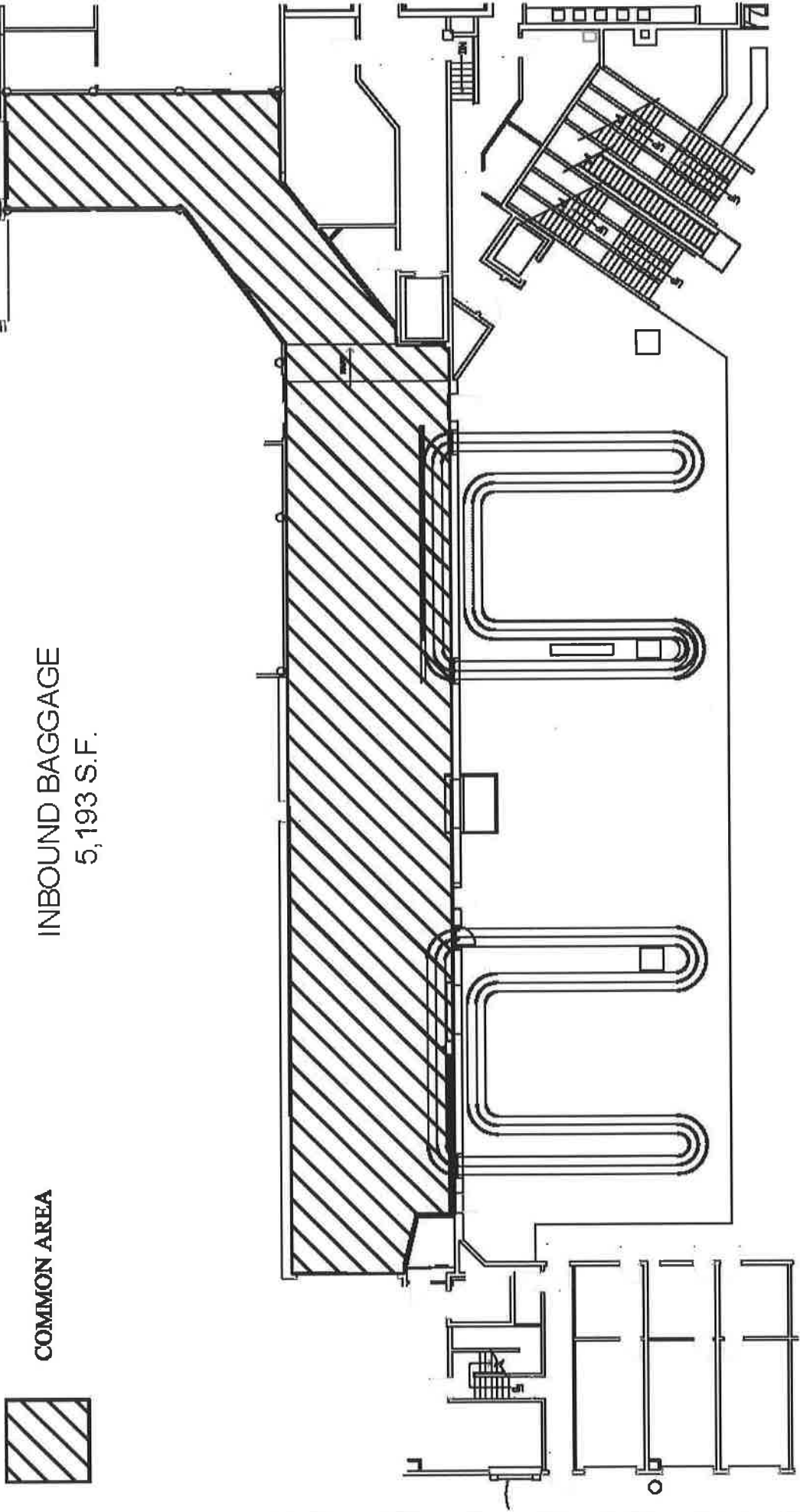
BAGGAGE CLAIM 7019 S.F.

BAGGAGE
MAKEUP
17,052 S.F.

MAIN LEVEL - COMMON USE AREA
 CITY OF BILLINGS LOGAN INTERNATIONAL AIRPORT
 AVIATION AND TRANSIT DEPARTMENT



June 2017



INBOUND BAGGAGE
5,193 S.F.

COMMON AREA

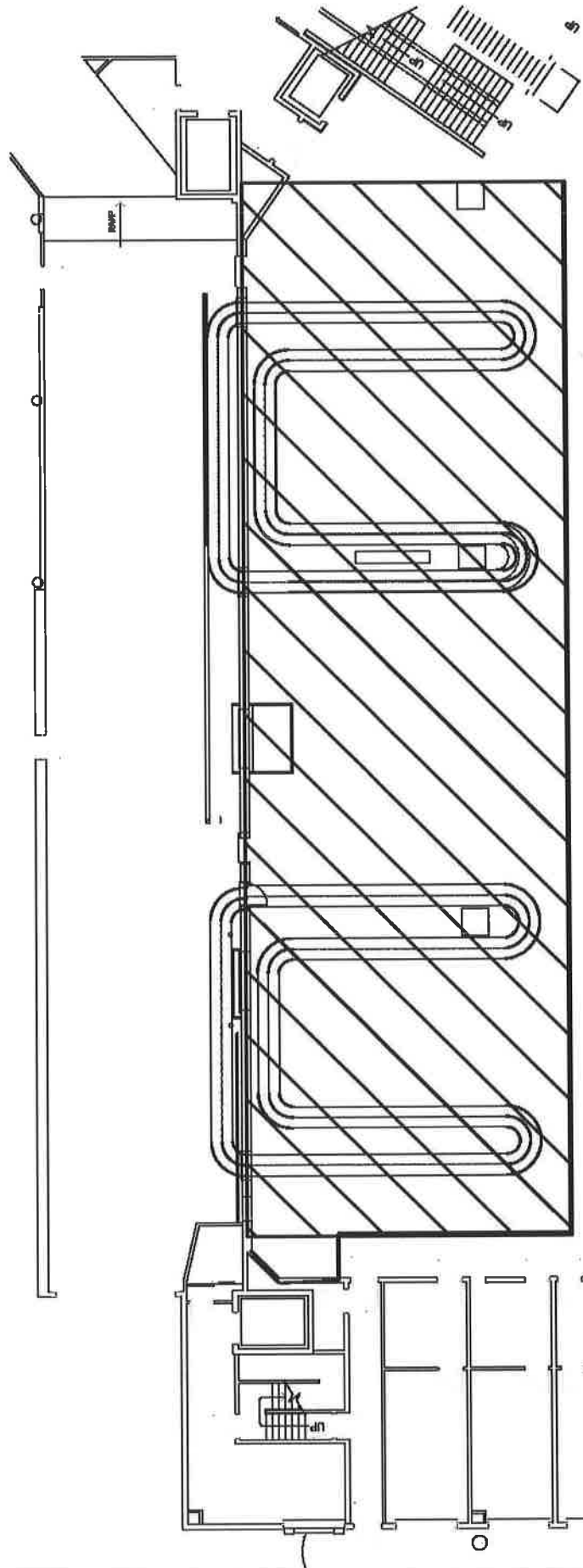


June 2017

EXHIBIT D Page 2 of 4

MAIN LEVEL - COMMON USE AREA

CITY OF BILLINGS LOGAN INTERNATIONAL AIRPORT
AVIATION AND TRANSIT DEPARTMENT



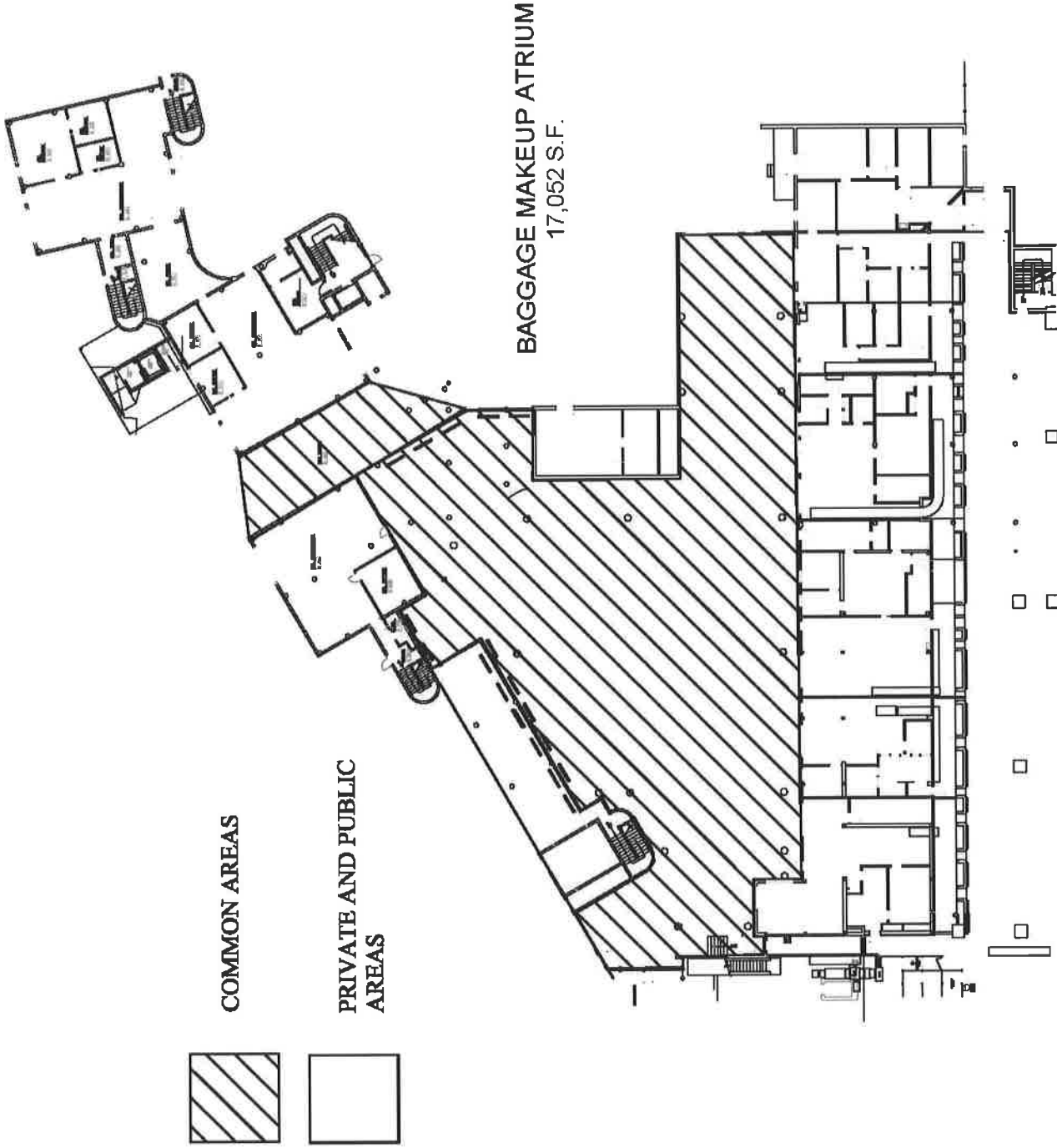
BAGGAGE CLAIM 7,010 S.F.

MAIN LEVEL - COMMON USE AREA

CITY OF BILLINGS LOGAN INTERNATIONAL AIRPORT
 AVIATION AND TRANSIT DEPARTMENT



June 2017



June 2017

MAIN LEVEL - COMMON USE AREA
CITY OF BILLINGS LOGAN INTERNATIONAL AIRPORT
AVIATION AND TRANSIT DEPARTMENT

SUMMARY OF LEASED SPACE

MAIN LEVEL EXCLUSIVE USE SPACE

TICKETING	C118A	112 SF
BAGGAGE MAKEUP	C119A	393 SF
OFFICE	C120	86 SF
OFFICE	C121	132 SF
STAFF	C122	354 SF
OFFICE	C123	127 SF
WALKWAY	C124	44 SF
OFFICE	C126	108 SF
STORAGE	C127	44 SF
STORAGE	C128	189 SF
		<u>1,589 SF</u>

CONCOURSE LEVEL PREFERENTIAL USE SPACE

GATE HOLDROOM	D216	<u>2,890 SF</u>
---------------	------	-----------------

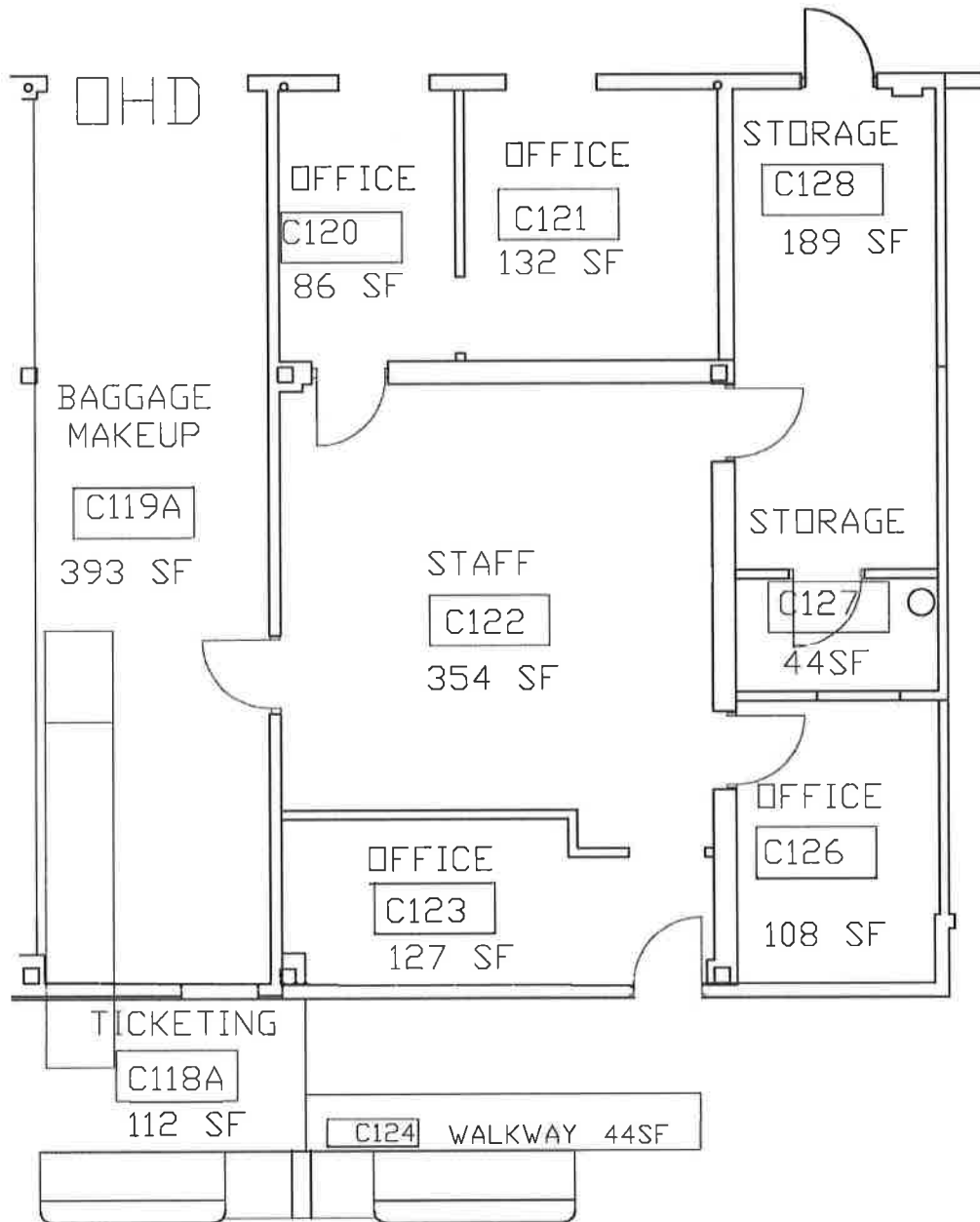
AMERICAN AIRLINES
TERMINAL AGREEMENT

CITY OF BILLINGS LOGAN INTERNATIONAL AIRPORT
AVIATION AND TRANSIT DEPARTMENT



June 2017

EXHIBIT E Page 1 of 3



**MAIN LEVEL
EXCLUSIVE USE SPACE**

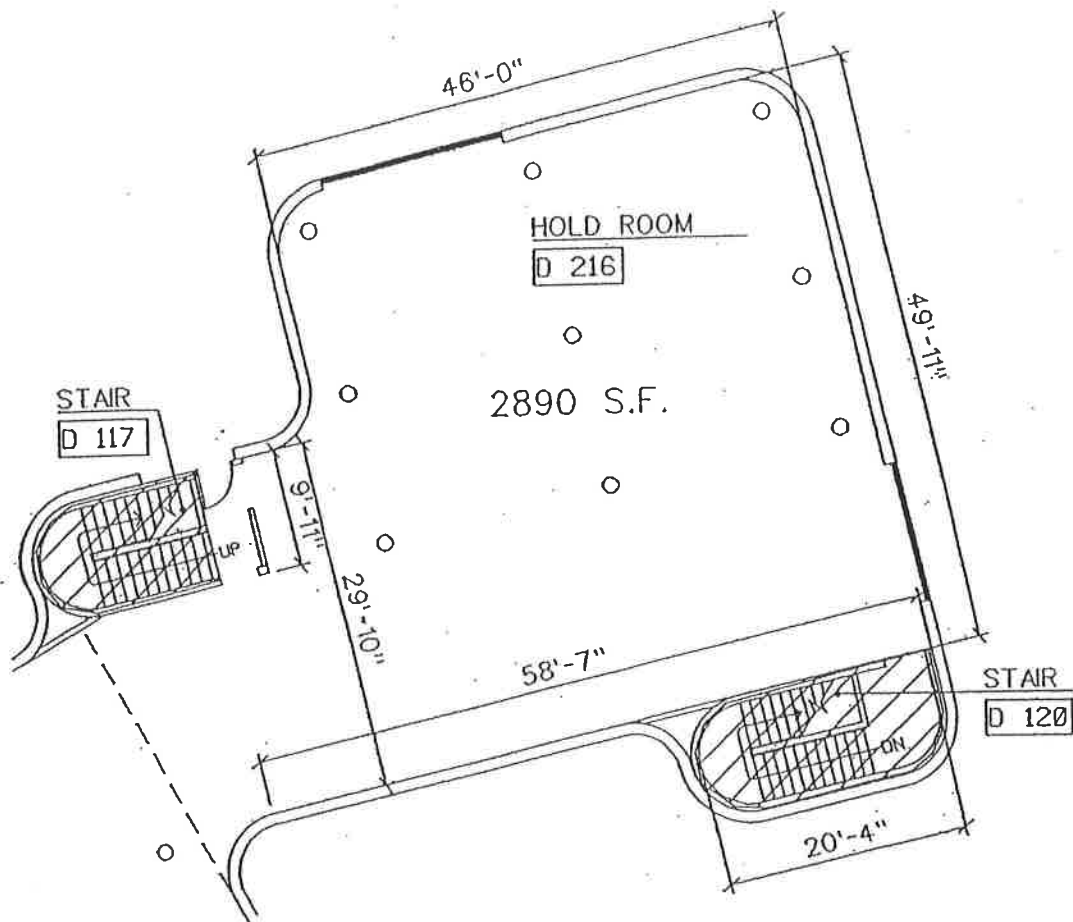
**AMERICAN AIRLINES
TERMINAL AGREEMENT**

**CITY OF BILLINGS LOGAN INTERNATIONAL AIRPORT
AVIATION AND TRANSIT DEPARTMENT**



June 2017

EXHIBIT E Page 2 of 3



SCALE 1/16"-1'-0

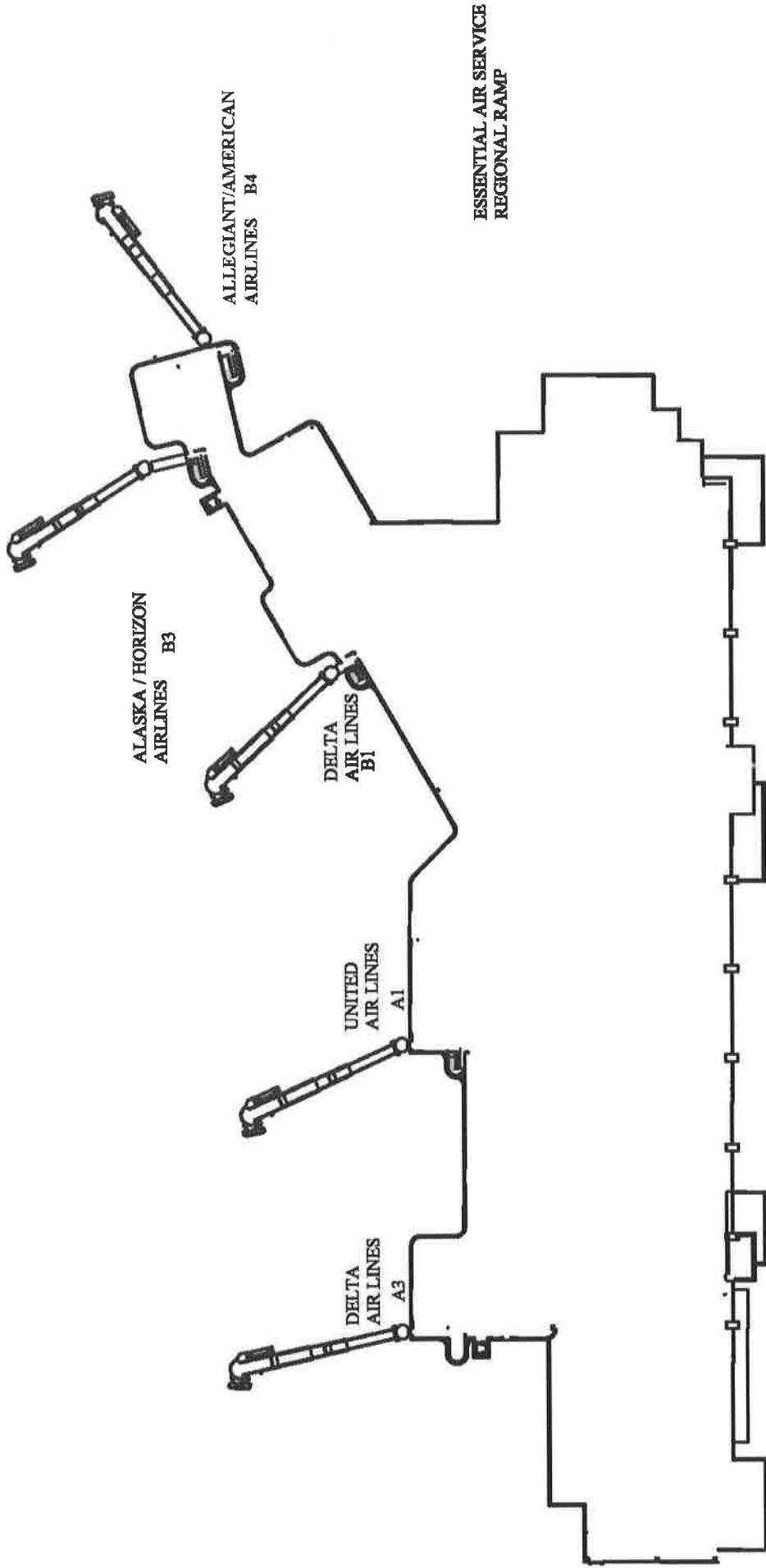
**CONCOURSE LEVEL
PREFERENTIAL USE SPACE**

**AMERICAN AIRLINES
TERMINAL AGREEMENT**

**CITY OF BILLINGS LOGAN INTERNATIONAL AIRPORT
AVIATION AND TRANSIT DEPARTMENT**



June 2017



June 2017

AIRCRAFT PARKING POSITIONS
CITY OF BILLINGS LOGAN INTERNATIONAL AIRPORT
AVIATION AND TRANSIT DEPARTMENT

	A	B	C	D	E	F	G	H	J	K	L
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											
14											
15											
16											
17											
18											
19											
20											
21											
22											
23											
24											
25											

(FB-D8)/6 or
(3,024,000 - 2,784,000)/6 = 40,000

(GB-B8)/6 or
(2,829,000 - 2,885,000)/6 = (9,333)

(HB-G8)/6 or
(3,115,000 - 2,829,000)/6 = 47,667

D21-D23or
2,147,173 - 2,178,000 = (30,827)
Flows to cell F12

E21-E23 or
2,169,358 - 2,178,000 = (8,642)
Flows to cell G12

G21-G23 or
2,202,696 - 2,316,000 = (113,304)
Flows to cell H12

ILLUSTRATIVE CALCULATION OF AIRLINE TERMINAL RATE
CITY OF BILLINGS LOGAN INTERNATIONAL AIRPORT
AVIATION AND TRANSIT DEPARTMENT

	A	B	C	D	E	F	G	H	J	K	L
27											
28											
29											
30											
31		Section									
32		Calculation of Airline Landing Fees									
33											
34		A.1	Fiscal 12 Budget	Fiscal 12 Projected	Fiscal 12 Actual	Fiscal 13 Budget	Fiscal 13 Projected	Fiscal 14 Budget			
35		A.2	7,233,000	7,006,000	6,951,000	7,393,000	6,805,000	7,619,000			(F34-D34)/6 or (7,393,000-7,006,000)/6
36		A.5	1,220,000	1,285,000	1,220,000	1,348,000	1,348,000	1,347,000			(G34-E34)/6 or (6,805,000-6,951,000)/6
37		A.4	102,000	93,400	84,300	64,500	(24,333)	135,667			
38		A.3	1,193,000	1,227,000	1,193,000	1,220,000	1,269,000	1,263,000			
39		A.7	596,000	651,500	668,650	661,200	655,900	634,600			
40		A.8	(409,000)	(2,110,000)	(2,110,000)	(922,525)	(1,853,216)	(1,687,786)			(H34-G34)/6 or (7,619,000-6,805,000)/6
41		Airport Costs	9,935,000	8,152,900	8,006,950	9,764,175	8,200,351	9,311,480			
42											
43		Less:									
44		B.	(5,960,000)	(6,515,000)	(6,686,500)	(6,612,000)	(6,559,000)	(6,346,000)			
45		B.	(2,178,798)	(2,178,000)	(2,178,000)	(2,313,793)	(2,316,000)	(2,037,056)			
46		B.	(244,000)	(244,000)	(244,000)	(244,000)	(244,000)	(244,000)			
47		5.01.B.	(839,000)	580,000							
48		Airline Landing Fees Required	713,202	(204,100)	(1,101,550)	594,382	(918,649)	684,424			
49											
50		C.	730,000	716,200	724,432	727,300	759,000	701,000			
51		C.	0.98	(0.28)	(1.52)	0.82	(1.21)	0.98			
52											
53		Actual or Projected Landing Fees Collected		718,425	751,666		769,137				
54		Deficit or (Credit) Carried Forward		(922,525)	(1,853,216)		(1,687,786)				
55											
56											

D48-D53 or
(204,100)-718,425=(922,525)
Flows to Cell F40

E48-E53 or
(1,101,550)-751,666=(1,853,216)
Flows to G40

G48-G53 or
(918,649)-769,137=(1,687,786)
Flows to H40

ILLUSTRATIVE CALCULATION OF AIRLINE LANDING FEE RATE
CITY OF BILLINGS LOGAN INTERNATIONAL AIRPORT
AVIATION AND TRANSIT DEPARTMENT



June 2017

	EXCLUSIVE	PREFERENTIAL	JOINT USE SPACE (a)	BAGGAGE CLAIM COMMON AREA (b)	BAGGAGE MAKEUP/ATRIUM COMMON AREA (b)	TOTAL
BAGGAGE CLAIM/ATRIUM				12,203	17,052	29,255.0
ALLEGiant AIR	644	0	X			644.0
AMERICAN AIRLINES	1,589		X			1,589.0
CAPE AIR	1,007	810.5				1,817.5
DELTA AIR LINES	3,583	3,725				7,308.0
ALASKA/HORIZON	1,438	153	X			1,591.0
UNITED AIR LINES	2,512	1,817				4,329.0
HORIZON/ALLEGiant/AMERICAN JOINT USE			2,890			2,890.0
TOTALS	10,773	6,505.5	2,890	12,203	17,052	49,423.5

(a) Joint Use Holdroom Space Allocated According to Joint Use Formula
(b) Baggage Claim/Makeup Space Allocated According to Common Use Formula

TERMINAL SPACE RENTALS
CITY OF BILLINGS LOGAN INTERNATIONAL AIRPORT
AVIATION AND TRANSIT DEPARTMENT



June 2017

EXHIBIT I

INTENTIONALLY OMITTED



EXHIBIT J

SEE ATTACHED

**BILLINGS LOGAN INTERNATIONAL AIRPORT
RULES AND REGULATIONS**

APPROVED & ADOPTED

MARCH 1999

