

AIRLINE OPERATING AGREEMENT

AND

TERMINAL BUILDING LEASE

by and between

THE CITY OF SAN ANTONIO, TEXAS

and

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**AIRLINE OPERATING AGREEMENT AND
TERMINAL BUILDING LEASE**

THE STATE OF TEXAS)(

COUNTY OF BEXAR)(

This Airline Operating Agreement and Terminal Building Lease ("the Agreement") is made and entered into by and between the City of San Antonio, Texas, a municipal corporation and home-rule city principally situated in Bexar County (hereinafter defined and referred to as "City") and _____, a corporation doing business in the State of Texas (hereinafter defined and referred to as "Airline") as of the date of countersignature by City representative(s) ("Effective Date").

WITNESSETH:

WHEREAS, City is the owner of San Antonio International Airport (hereinafter defined and referred to as "Airport" and more completely identified on Exhibit A attached hereto and made a part hereof), which is located in the City of San Antonio, Bexar County, Texas; and

WHEREAS, Airline is engaged in the business of commercial air transportation of persons, property, cargo, and mail as a scheduled air carrier and is certificated or otherwise authorized by the United States Government to engage in such business; and

WHEREAS, Airline has requested that City grant it certain rights, privileges, and services in connection with the use of said Airport and its facilities in the conduct of Airline's business as a scheduled air carrier; and

WHEREAS, City is willing to grant Airline such rights, privileges, and services upon the terms and conditions and for the consideration hereinafter stated; and

WHEREAS, City and Airline deem it desirable to enter into a written agreement setting forth the respective rights, privileges, obligations, and duties of the parties hereto and defining the rights, services, and privileges granted and the terms, conditions, and consideration on which they are granted;

NOW, THEREFORE, for and in consideration of the Leased Premises and the mutual covenants herein contained and the rents, fees, and charges to be paid by Airline, it is agreed and understood by and between City and Airline as follows.

ARTICLE 1. DEFINITIONS

1.1 DEFINITIONS

The terms used in the Agreement shall have the meanings indicated in this Article 1 unless the context clearly indicates otherwise. Words used in this Agreement in the present tense include the future as well as the present. Words used in the masculine gender include the feminine and neuter. The singular number includes the plural and the plural includes the singular. The word "person" means a business or corporation as well as a natural person. Additional words and phrases used in this Agreement shall have the meanings set forth in the Bond Ordinances (as defined below) or, if not so set forth, shall have their usual and customary meanings.

“Affiliate” means any air carrier that either (a) is wholly owned by Airline, or any parent airline that wholly owns Airline, or any sister airline wholly owned by the same company that wholly owns Airline provided that Airline shall be responsible for the operations at the Airport of such Affiliate, including payment of all related rents, fees, and charges incurred by such Affiliate or (b) conducts all or a portion of its air carrier operations at the Airport during the Term of this Agreement under Airline's name or a derivative thereof only with respect to such operations conducted under Airline's name or a derivative thereof and only if Airline shall have agreed, in writing, to be responsible for such operations, including payment of all related rents, fees, and charges and operates aircraft in Airline’s livery and has Airline’s flight numbers.

“Air Transportation” means the carriage of persons, property, cargo, or mail by aircraft to and from the Airport.

“Aircraft Arrivals” means any and all landings by aircraft of all airlines at the Airport, but shall exclude any landings by general aviation aircraft or by aircraft owned or operated by the U.S. Government or aircraft that returns after take-off for emergency or precautionary reasons.

“Airline” means the entity that has executed this Agreement and is identified in the first paragraph of this Agreement. The term Airline includes Airline’s Affiliates.

“Airport” means San Antonio International Airport as it now exists or as it shall be or may be modified in the future, as shown on Exhibit A.

“Airport Budget” means the Airport capital and operating budgets and allocated administrative costs prepared and periodically revised and updated by the Director and submitted to the City Manager, and approved/adopted by the San Antonio City Council prior to commencement of the Fiscal Year in which it is to apply.

“Airport Cost Centers” means the following direct cost centers to be used in accounting for Airport revenues and expenses and for calculating and adjusting certain rents, fees, and other charges associated with various Airport areas or facilities as they now exist or as they may hereafter be reconstructed, modified, changed, or developed:

1. **“Airfield Area”** means the airfield at the Airport, including runways, taxiways, taxilanes, and apron areas (other than the Apron Area, other leased apron areas, and common use cargo aprons), navigational aids, hazard designation and warning devices, airfield security roads and fencing, blast fencing, lighting, runway protection zones and safety areas for landing, taking off, and taxiing of aircraft, aviation easements, land used in connection therewith or acquired for such purpose, and facilities, the acquisition, construction, or installation cost of which is wholly or partially paid by City.
2. **“Apron Area”** means the areas at the Airport dedicated to the parking, servicing, and ground handling of aircraft at the Terminal Building, all as shown on the Airport’s Terminal Layout, Exhibit B.
3. **“Baggage Handling System”** means the areas and non-TSA equipment at the Airport associated with the consolidated baggage handling system (BHS) and related areas designed to automatically transfer checked baggage from airline-monitored inputs to a Transportation Security Administration (TSA) operated inline checked baggage inspection system with sortation capabilities to automatically transfer checked baggage inspection system cleared bags to designated baggage makeup carousels for pickup by Airline and other airline personnel, all as shown on the Airport’s Terminal Layout, Exhibit B.
4. **“Loading Bridges”** means any passenger loading bridges serving aircraft at the Terminal Building.

5. **“Landside Terminal Building”** means the portion of the Terminal Building and associated curbside entrance areas, including, but not limited to, passenger ticketing areas, TSA screening areas, baggage checking areas, and baggage claim areas, all as shown on the Airport’s Terminal Layout, Exhibit B.
6. **“Concourse A”** means the portion of the Terminal Building in which the “A-designated” aircraft Gates are located. Concourse A includes the secure area containing the holdrooms, concession areas, and public circulation areas, all as shown on the Airport’s Terminal Layout, Exhibit B.
7. **“Concourse B”** means the portion of the Terminal Building in which the “B-designated” aircraft Gates are located. Concourse B includes the secure area containing the holdrooms, concession areas, and public circulation areas, all as shown on the Airport’s Terminal Layout, Exhibit B.
8. **“Other Buildings and Areas”** means all other facilities that are not included in the other direct cost centers of the Airport, including air cargo buildings, rental car facilities, areas occupied by the Federal Aviation Administration (FAA), the fuel storage facility, areas for the sale and servicing of aircraft, and general aviation hangars, buildings, and aprons.
9. **“Parking”** means the public parking garage and associated access ramps, surface lots (hourly, daily, and economy), and other automobile parking areas; employee parking lots; and taxicab service areas at the Airport.
10. **“Reliever Airport”** means Stinson Municipal Airport and any other aviation facility as may be from time to time be owned or operated by City and designated by City to be part of the Airport System.

A current descriptive diagram of the above-described Airport Cost Centers shall be maintained at the Director's office.

“Airport Revenue” means all income, receipts, earnings, and revenues received by or accrued to City from the ownership or operation of the Airport, excluding, except to the extent deposited in the Revenue Fund: (a) gifts, grants, and other funds that are restricted by their terms to purposes inconsistent with the payment of Maintenance and Operating Expenses or payment of

Obligations; (b) net proceeds and other insurance proceeds, to the extent that the use of such net proceeds or other proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of Maintenance and Operating Expenses or the payment of Obligations; (c) any Transfer, except as and to the extent included in calculations under the Master Ordinances; (d) any Special Facility Revenue; (e) any gain from the sale, exchange, or other disposition of capital assets of the Airport; (f) any released revenues; (g) any unrealized gains on securities held for investment by or on behalf of City; (h) any gains resulting from changes in valuation of any Swap; (i) any unrealized gains from the write-down, reappraisal, or revaluation of assets; (j) the proceeds of Obligations; (k) Facilities Construction Credits; (l) Passenger Facility Charge revenues; (m) Customer Facility Charges; (n) grant funds; (o) investment income derived from any moneys or securities that may be placed in escrow or trust to defease Obligations; (p) any arbitrage earnings required to be paid to the United States of America pursuant to Section 148 of the United States Code; and (q) interest earnings or other investment earnings on any account in the Construction Fund established by any Supplemental Ordinance unless otherwise provided in such Supplemental Ordinance.

“Airport System” means all airport and aviation facilities, or any interest therein, now or from time to time hereafter owned, operated or controlled in whole or in part by the City, together with all properties, facilities and services thereof, and all additions, extensions, replacements and improvements thereto, and all services provided or to be provided by the City in connection therewith, but expressly excluding Special Facilities. The Airport System currently includes San Antonio International Airport and Stinson Municipal Airport.

“Annual Debt Service” means, with respect to any outstanding or contemplated Obligations, the amount of principal and interest on such Obligations accrued and expected to accrue during the Fiscal Year, excluding interest payable from capitalized interest.

“Bond Ordinance” means the Master Ordinances and any Supplemental Ordinances, heretofore or hereafter adopted, amendatory, or supplemental thereto, authorizing the issuance of Bonds and Obligations that are payable from or secured by all or any part of the gross revenues of the Airport, grant funds, Customer Facility Charges, or Passenger Facility Charges.

“Bond Reserve Fund” means the fund(s) by that name established by City for the Airport to assure that there are sufficient funds to pay debt service on a timely basis.

“Bonds” means any bonds or certificates of obligation issued in accordance with a Master Ordinance or any Supplemental Ordinance.

“Capital Improvement” means any single item having a net cost in excess of three hundred thousand dollars (\$300,000.00) and a useful life in excess of (5) years, acquired, purchased, or constructed to improve, maintain, or develop the Airport, as well as any extraordinary or substantial expenditure whose objective is to preserve, enhance, or protect the Airport.

“Capital Improvement Fund” means the fund by that name established by City for the Airport. Amounts on deposit in the Capital Improvement Fund will be used to pay the costs of constructing, equipping or otherwise acquiring any enlargements, extensions of, or any other improvements to the Airport System, or to provide for the early retirement of Airport System Revenue Bonds or other debt obligations.

“Capital Outlay” means equipment and capital outlays for individual items costing less than three hundred thousand dollars (\$300,000.00) and with a useful life of five (5) years or less.

“Common Use Formula” means a formula used to prorate charges for a particular facility, service, or space used in common with others, as follows: Twenty percent (20%) of the charges are prorated equally among all airline users leasing Terminal Building space under this Agreement for the facilities, service, or space. Eighty percent (80%) of the charges are prorated according to the ratio of the number of Airline’s Enplaned Passengers at the Airport to the total number of Enplaned Passengers of all airlines using such facilities, service, or space. For invoicing, City will use the most recent six (6) months of available information to calculate the Common Use Charges.

“Common Use” or “Common Use Space” means space managed by City that may be made available to Airline from time to time for use in common with other airlines, as assigned by the Director, subject to applicable Rules and Regulations.

“Competitive Credit” means the credit defined in Article 6.

“Customer Facility Charges” means charges collected or to be collected by the rental car companies and remitted to City. This term includes interest earnings on Customer Facility Charge proceeds.

“Director” means the person holding the position of Aviation Director of the City or any other person designated by the Director, the City Manager, or the City Council to exercise functions with respect to the rights and obligations of the Director.

“Enplaned Passenger” means the total number of passengers boarding aircraft.

“Environmental Laws” as defined in Section 16.4.

“Exclusive Use” or “Exclusive Use Space” means the space in the Terminal Building at the Airport assigned by the Director to Airline for its use and occupancy to the exclusion of all others.

“FAA” means the Federal Aviation Administration of the United States Government or any federal agency or agencies succeeding to its jurisdiction.

“FIS” means Federal Inspection Services spaces within the Terminal Building which are dedicated to processing arriving international passengers. FIS space includes sterile connectors from the aircraft to passport control (U.S. Immigration and Naturalization Service), baggage control (Customs), and other federal agencies.

“Fiscal Year” means the twelve (12) month period beginning October 1 of any year and ending September 30 of the following year, or any other period adopted by City for its financial affairs.

“Gates” means those portions of the Terminal Building consisting of a passenger holdroom and associated Apron Area and Loading Bridge.

“Hazardous Materials” means any and all substances, materials, wastes, pollutants, oils, or governmental regulated substances or contaminants as defined, designated or regulated as hazardous, toxic, radioactive, dangerous, or any other similar term in or under the Environmental Laws as herein defined. Examples of Hazardous Materials include but are not limited to, asbestos and asbestos containing materials, petroleum products including crude oil or any fraction thereof, gasoline, aviation fuel, diesel fuel, lubricating oils and solvents, urea formaldehyde, flammable explosives, PCBs, radioactive materials or waste.

“Landed Weight” means the maximum gross certificated landed weight, in thousand (1,000) pound units, that Aircraft Arrivals operated by Airline is authorized by the FAA to land at the

Airport, as recited in each Airline's flight manual governing that aircraft type. For all landing fee computations, said sum shall be rounded up to the nearest thousand (1,000) pound unit.

“Leased Premises” mean the Exclusive Use Space, Preferential Use Space, Common Use Space, and Loading Bridges leased by an airline.

“Maintenance and Operating Expenses” means the reasonable and necessary current expenses of the City paid or accrued (in accordance with generally accepted accounting practices) in administering, operating, maintaining, and repairing the Airport System. Without limiting the generality of the foregoing, the term "Maintenance and Operating Expenses" shall include all costs directly related to the Airport System, that is, (1) collecting Gross Revenues and of making any refunds therefrom lawfully due others; (2) engineering, audit reports, legal, and other overhead expenses directly related to its administration, operation, maintenance, and repair; (3) salaries, wages and other compensation of officers and employees, and payments to pension, retirement, health and hospitalization funds and other insurance, including self-insurance for the foregoing (which shall not exceed a level comparable to airports of a similar size and character); (4) costs of routine repairs, replacements, renewals, and alterations not constituting a Capital Improvement, occurring in the usual course of business; (5) utility services; (6) expenses of general administrative overhead of the City allocable to the Airport System; (7) equipment, materials and supplies used in the ordinary course of business not constituting a Capital Improvement, including ordinary and current rentals of equipment or other property; (8) fidelity bonds, or a properly allocable share of the premium of any blanket bond, pertaining to the Airport System or gross revenues or any other moneys held hereunder or required hereby to be held or deposited hereunder; and (9) costs of carrying out the provisions of the Master Ordinance, including paying agent's fees and expenses; costs of insurance required hereby, or a properly allocable share of any premium of any blanket policy pertaining to the Airport System or Gross Revenues, and costs of recording, mailing, and publication. To provide further clarification, Maintenance and Operating Expenses shall not include the following: (1) any allowances for depreciation; (2) costs of Capital Improvements; (3) reserves for major Capital Improvements, Airport System operations, maintenance or repair; (4) any allowances for redemption of, or payment of interest or premium on, Debt; (5) any liabilities incurred in acquiring or improving properties of the Airport; (6) expenses of lessees under Special Facilities Leases and operation and maintenance expenses pertaining to Special Facilities to the extent that

they are required to be paid by such lessees pursuant to the terms of the Special Facilities Leases; (7) liabilities based upon the City's negligence or other ground not based on contract; and (8) to the extent federal payments may not be included as gross revenues, an amount of expenses that would otherwise constitute Maintenance and Operating Expenses for such period equal to the Federal Payments for such period.

“Maintenance and Operating Reserve” means an amount equal to twenty-five percent (25%) of the amount included in the then current annual Airport Budget for Maintenance and Operating Expenses that is required to be maintained in the Maintenance and Operating Reserve Account under the Bond Ordinance. For any Fiscal Year, the entire Maintenance and Operating Reserve must be fully funded on the first day of the Fiscal Year. The Maintenance and Operating Reserve is to be used to prevent deficiencies in the payment of Maintenance and Operation Expenses.

“Net Revenues” means, for any period, Airport Revenues during such period less Maintenance and Operating Expenses during such period.

“Obligations” means any obligation of the Airport System, including any Bonds issued pursuant to the Bond Ordinance or other issuing instrument, as applicable.

“Passenger Facility Charges” or “PFCs” means those charges collected by the City pursuant to the authority granted by 49 U.S.C. Section 40117 and 14 Code of Federal Regulations (CFR) Part 158, as amended from time to time, in respect of any component of the Airport and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling, and remitting such PFC revenues.

“Performance Guarantee” as described in Section 5.14.

“Preferential Use” or “Preferential Use Space” means the nonexclusive use, to which an airline has priority over all other users, subject to the provisions of this Agreement as applicable, in common with others and subject to applicable Rules and Regulations. Preferential Use Space means that space that is not Exclusive Use Space or Common Use Space to which Airline has been given the privilege of preferential use.

“Prior Period Debt Service Coverage” means the debt service coverage paid by the airlines in one year that is transferred to the Revenue Fund in the following year and used to offset the reduction in the rates and charges for each associated Airport Cost Center.

“Remote Parking Area” or **“RON”** means those aircraft parking positions designated for the parking of aircraft that cannot be accommodated at Gates.

“Rentable Space” means the total amount of space available for rent in the Terminal Building to airlines, concessionaires, or any other rent-paying tenants, as may be adjusted and/or weighted during the course of any Fiscal Year for changes in space classifications with consultation with the airlines. Rentable space is shown on Exhibit B, which may be changed from time to time.

“Revenue Fund” means the fund by that name established by the City in which Airport System revenues are deposited.

“Rules and Regulations” as defined in Section 16.1.

“San Antonio Airline Consortium” or **“SAAC”** means the San Antonio Airline Consortium, Incorporated (SAAC), a Texas not-for-profit limited liability corporation, formed by certain airlines operating at the Airport to provide services within Airline Leased Premises and certain other areas of the Terminal Building assigned to airlines and to operate and maintain certain systems, equipment, and facilities in and about the Terminal Building on behalf of SAAC member and nonmember airlines and the City. SAAC is the authorized agent for fulfilling certain contractual responsibilities of Airline and other airlines.

“San Antonio International Airport” means San Antonio International Airport as it presently exists and as it may be changed from time to time in the future.

“Special Facilities” means any property, real or personal, incident or related to the Airport, which is financed by the issuance of Obligations that are not directly or indirectly secured or payable from Net Revenues.

“Term” means the period defined in Article 2.

“Terminal Building” means the Landside Terminal Building, Concourse A, and Concourse B.

“TSA” means the Transportation Security Administration of the United States Government or any federal agency or agencies succeeding to its jurisdiction.

1.2 CROSS-REFERENCES

All references in the text of this Agreement to articles, sections, and exhibits pertain to articles, sections, and exhibits of this Agreement, unless otherwise specified.

ARTICLE 2. TERM

2.1 INITIAL TERM

The Term of this Agreement shall begin on November 9, 2010, and shall end on September 30, 2015, unless the Term is extended or sooner terminated as hereinafter provided.

2.2 AIRLINE TERM EXTENSION

This Agreement shall be extended through September 30, 2017 if:

- a. Airline transmits written notice to the Director, on or before July 1, 2015 but no sooner than October 1, 2014, that it is exercising the option to extend the Agreement; and
- b. at least seventy-five percent (75%) of airlines having a similar agreement to this Agreement with City (excluding any Affiliates), and representing at least seventy-five percent (75%) of airline rents, fees, and charges associated with such agreements paid during the previous Fiscal Year transmit their notice to exercise their option to the Director within the prescribed timeframe.

No further action shall be required by Airline or City for the extension to take effect. The Director will notify Airline and other airlines if the requirements of Section 2.2.b. above have been met and that the Agreement is therefore extended through September 30, 2017.

2.3 TERM EXTENSION BY MUTUAL AGREEMENT

This Agreement may be further extended through September 30, 2020 if:

- a. the Agreement was extended as allowed under 2.2 above; and
- b. Airline transmits written notice to the Director, on or before July 1, 2017 but no sooner than October 1, 2016, that it is exercising the option to extend the Agreement; and
- c. at least seventy-five percent (75%) of airlines having a similar agreement to this Agreement with City (excluding any Affiliates), and representing at least seventy-five percent (75%) of airline rents, fees, and charges associated with such agreements paid during the previous Fiscal Year transmit their notice to exercise their option to the Director within the prescribed timeframe; and
- d. the Director does not provide written notice to Airline within 30 days after the requirements of Section 2.3.c. above are met that City is not extending the Agreement.

No further action shall be required by Airline or City for the extension to take effect. The Director will notify Airline and other airlines if the Agreement has been further extended through September 30, 2020 pursuant to this Section 2.3.

2.4 AIRLINE'S RIGHTS UPON EXPIRATION OR EARLY TERMINATION OF AGREEMENT

Upon expiration or early termination of this Agreement, all of Airline's rights, authority, and privileges to use the Leased Premises, services, and facilities of the Airport as herein granted shall cease.

2.5 SURRENDER OF LEASED PREMISES

Upon expiration or early termination of this Agreement, Airline shall surrender the Leased Premises to City in similar condition as such Leased Premises were in at the time of the original occupancy by Airline, excepting, however, (a) reasonable wear and tear that could not be prevented through routine maintenance required to be performed by Airline, (b) damage by fire or other casualty, (c) conditions existing prior to Airline's occupancy of Leased Premises, and (d) acts of God or the public enemy.

Except as otherwise provided in this Article, all equipment, trade fixtures, and other personal property installed or placed by Airline in the Leased Premises or on or about the Airport and which can be removed without structural damage to the Leased Premises or any other City-owned property, shall remain the property of Airline unless otherwise provided in subsequent agreements between Airline and City, and Airline shall have the right at any time during the Term of this Agreement and prior to its expiration or early termination to remove any and all of said property from the Airport provided Airline is not in default in its payments hereunder (beyond all applicable notices and opportunity to cure periods). Airline agrees to repair or pay for all damages, if any, resulting from such removal. All City property damaged by or as a result of the removal of Airline's property shall be restored at Airline's expense to the same condition as, or better condition than, it was prior to such damage.

Any and all property not removed by Airline within thirty (30) days after the expiration of this Agreement and the cessation of operations from all or a portion of the Leased Premises is deemed to be abandoned property. Airline hereby authorizes the City to remove and dispose of its abandoned property. Airline agrees to reimburse the City for the cost of removing and disposing of its abandoned property.

ARTICLE 3. LEASED PREMISES

The Leased Premises consist of Exclusive Use Space, Preferential Use Space, Common Use Space, and Loading Bridges. Airline hereby leases from City and City hereby leases to Airline the areas of the Terminal Building shown on Exhibit C, attached hereto and by reference made a part hereof for all purposes, which areas are to be used for the general purposes summarized below. Exhibit C can be changed from time-to-time based on changes to Leased Premises of Airline.

3.1 EXCLUSIVE USE SPACE

- a. Ticketing
- b. Ticket Offices
- c. Curbside Baggage Check-in
- d. Operations
- e. Baggage Services Offices
- f. VIP Club Room

3.2 PREFERENTIAL USE SPACE/EQUIPMENT

- a. Holdrooms
- b. Apron Area
- c. Loading Bridges

3.3 COMMON USE SPACE/SYSTEM AND EQUIPMENT

- a. Baggage Claim Area
- b. Passenger Screening Area
- c. Baggage Makeup
- d. Tug Lane
- e. Baggage Handling System
- f. Operations Areas

3.4 TRANSITION SPACE

Airline acknowledges and agrees that at various times during the Term of this Agreement, Airline may be required, upon written notice from the Director, to relocate to and operate out of space different from that shown in Exhibit C to facilitate the construction of projects or installation of fixtures and equipment. Such relocation shall be at the cost of the requesting party. If Airline is required to temporarily relocate to and operate out of different space, Airline's Exhibit C will be temporarily modified to reflect such transition change in square footage and space location in writing. All efforts will be made to relocate Airline to space of a comparable size and finish. If Airline did not request the transition move, Airline shall not pay for more square footage than what is leased under this Agreement during the transition period.

3.5 REASSIGNMENT OF LEASED PREMISES

Airline and City recognize 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. City may only make such reassignment, reallocation, or relocation for the following reasons:

- a. To comply with a rule, regulation, or order of any federal, State, or other governmental agency (other than City) that has jurisdiction over the Airport.
- b. To implement a Capital Improvement at the Airport that is a part of City's formal Airport Capital Improvement Program.
- c. To meet what the Director has determined to be a compelling necessity to resolve unforeseen and unforeseeable situations.

If it becomes necessary to make adjustments to Airline's Exclusive, Preferential, or Common 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 thirty (30) 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, at the expiration of the thirty (30) day negotiating period, the Director makes decisions regarding reassignment, reallocation, or relocation of Airline's Leased Premises, the Director shall give Airline notice of its intent to modify all or portions of Airline's Leased Premises.

Within fourteen (14) days of receipt of said notice, Airline may submit a written request summarizing its concerns, Airline shall be given an opportunity to meet with the Director to show cause why the reassignment, reallocation, or relocation should not be made.

In any case:

Airline shall not be required to:

- a. Accept premises not reasonably adequate based on conditions at the Airport and criteria established by the Director.
- b. Pay at its new location rental rates in excess of that amount it would have been required to pay in its original Airline Leased Premises.

City shall:

- a. Give Airline sixty (60) days' notice of the reassignment, reallocation, or relocation unless otherwise agreed to by the parties.
- b. Reimburse Airline the undepreciated capital cost on a straight-line basis of Airline's improvements (excluding trade fixtures, furnishings, and other personal property) in the space vacated.
- c. Make improvements and alterations necessitated by the reassignment, reallocation, or relocation as mutually agreed upon by City and Airline, the cost of which shall not be the responsibility of Airline.
- d. Reassign or reallocate the space in question to another airline or relocate Airline's Leased Premises or hold space without lease commitment.
- e. Relocate Airline not at Airline's expense.
- f. Upon completion of reassignment, Exhibit C will be updated to reflect the final reassignment and relocation.

3.6 RIGHT TO PREFERENTIAL USE OF GATES

This section defines procedures for the Preferential Use of Gates.

3.6.1 Minimum Activity Level

For the purpose of this Section 3.6, a “Flight” is defined as two (2) scheduled flight segments (one arrival and one departure). The minimum level of Gate use required for the continued Preferential Use of a Gate is four (4) Flights per Gate per day. For any month, Airline’s average Gate use will be calculated by dividing the total number of monthly Flights by the product of its number of preferentially assigned Gate(s) times the number of days in the month. Charter(s), or other non-Airline operations will not be counted in this calculation. The Gate use activity of all airlines will be reviewed monthly or as necessary by City to monitor current use of preferential Gates.

3.6.2 Gate Use

If Airline's average Gate use is less than four (4) Flights per day during the immediately preceding three (3) month “Test Period” [determined by taking the total number of scheduled Flights, excluding charter(s), or other non-Airline operations during the Test Period, and dividing by the number of days in the Test Period, and then dividing by the total number of Gate(s) preferentially assigned to Airline], the Director may, at his option and in order to accommodate the needs of other airline users of the Airport, in writing, require Airline to relinquish, for the remainder of the lease Term (a) a proportionate number of its Gate(s) such that, on a pro forma basis, excluding such relinquished Gate(s), the remaining Gates would have demonstrated an average use of at least four (4) flights per day during the Test Period and (b) a substantially identical proportionate amount of holdroom, ticket counter, ticket office, and other such Airline space.

3.6.3 Use of Gates by Others

Airline is herein granted the Preferential Use, but not the Exclusive Use, of its assigned Gate(s). At those times that Airline has no scheduled use (scheduled service of airlines having a ground handling agreement with Airline will be taken into consideration and treated the same as Airline’s schedule use) for one or more of its assigned Gate(s), Airline shall allow other scheduled or nonscheduled airlines authorized by City to use Airport facilities to use such Gate(s), as circumstances and the public interest may require, for loading and unloading only, but in no event shall said use by others take precedence over Airline's scheduled use. The preferential rights of Airline and other airlines to use Gates shall be governed by City’s aircraft

operation and facility procedures. Further, Airline may require such non-preferential airline user to enter into an agreement with Airline to provide adequate insurance and to indemnify Airline from liability in the use of the Leased Premises. Airline may charge for the use of its Leased Premises amounts that are consistent with the City Gate use charges.

3.7 CITY RIGHT OF ENTRY

City may enter upon Airline's Leased Premises (a) at any time after notice for any purpose necessary or connected with the performance of Airline's obligations hereunder, or in the exercise of City's governmental functions, and (b) upon the termination or cancellation of this Agreement, and such entry or reentry shall not constitute a trespass nor give Airline a cause of action for damages against City. Whenever possible, City will provide Airline a minimum of 24-hours notice.

3.8 QUIET ENJOYMENT

Upon payment by Airline of the rents, fees, and charges as herein required and subject to performance and compliance by Airline of the covenants, conditions, and agreements on the part of Airline to be performed and complied with hereunder, Airline shall peaceably have and enjoy the rights, uses, and privileges of the Airport, its appurtenances, and facilities as granted herein.

ARTICLE 4. USES OF AIRPORT

4.1 PERMISSIBLE USES

Subject to the terms and provisions of this Agreement and the Rules and Regulations, Airline, by paying all rents, fees, and charges due, shall be entitled to the use, in common with other duly authorized users, of the Airport for the sole purpose of providing Air Transportation. Such use may include the following purposes:

- a. The operation of an Air Transportation business, including all activities reasonably necessary to such operation.
- b. The landing, taking off, flying over, taxiing, pushing, towing, loading, unloading, delivering fuel to aircraft, repairing, maintaining, conditioning, servicing, parking, storing, and testing of aircraft or other equipment of or operated by Airline or others, including the right to provide or handle all or part of the operations or services of such others. For operations handled by Airline on behalf of others or service provided to others, Airline shall pay City a nondiscriminatory fee as established by the Director based on the gross revenues derived by Airline from such others. Services provided by third-party contractors will be subject to the nondiscriminatory fee. This fee, however, shall not apply to an Airline providing services to its Affiliates.
- c. The sale of tickets, documentation of shipments, handling of reservations, and loading and unloading of persons, property, cargo, baggage, and mail at the Airport in the operation of an Airline's Air Transportation business.
- d. The training at the Airport of employees of Airline. Training is to be limited to that incidental to Airline's Air Transportation business at the Airport. Flight training and testing of aircraft and other equipment shall be undertaken by Airline only with the prior written approval of the Director, and to the extent permitted by, and subject to, the Rules and Regulations.
- e. The purchase of Airline's requirements of fuel, lubricants, propellants, personal property, services, food, beverage, catering services, other passenger supplies, and any other materials and supplies used by Airline that are incidental to the operation of Airline's Air Transportation business. Nothing herein shall restrict City from requiring a permit and

levying a charge on any person or company for conducting non-Air Transportation business (food, beverage, commissary supplies, services) at the Airport.

- f. The sale, disposal, and exchange of Airline's aircraft, engines, 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.
- g. The servicing by Airline, or by its suppliers of materials or furnishers of services, of aircraft and other equipment operated by Airline, including the provision of line maintenance or other materials or supplies, on Exclusive Use Space or Preferential Use Space or at assigned Gates or other locations designated by the Director.
- 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. Such signs shall be substantially uniform in size, type, and location with those of other airlines, consistent with City's graphic standards and the Rules and Regulations, and in compliance with all applicable laws and ordinances.
- i. The installation, maintenance, and operation of such radio, meteorological, and aerial navigation equipment and facilities at suitable locations on the Airport as may be necessary or convenient in the opinion of Airline for its operations; provided that: (i) the location of such equipment and facilities shall be subject to the prior written approval of the Director; (ii) the use and location of such equipment and facilities shall not conflict with other similar equipment and facilities at the Airport; and (iii) the use and location of such equipment and facilities on the Airport shall be subject to the payment of standard rental rates established for such use.
- j. The installation, maintenance, and operation of passenger clubs, lounges, or VIP rooms in Airline's Exclusive Use Space or Preferential Use Space, 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.

- k. The installation, maintenance, and operation of computer data lines, non-revenue generating wi-fi networks, telephone communications equipment, associated cables, 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: (i) the location of such equipment shall be subject to the prior written approval of the Director; (ii) the use and location of such equipment shall not interfere with the use of other similar equipment on the Airport; (iii) the use and location of such equipment, except for cables, on the Airport shall be only in Exclusive Use Space, Preferential Use Space, or Common Use Space for which rents, fees and charges are being timely paid by Airline pursuant to this Agreement; (iv) all cables are installed in conduits, and when such cables are no longer needed, they are promptly removed by Airline without damage to the space and the conduits are also promptly removed by Airline if so required by the Director; and (v) all installation and/or removal is performed in accordance with the Airport's Physical Telecommunications Infrastructure & Security Policy and the Premises Distribution System Policy for the Terminal Building, as each may be amended from time to time.
- l. Nothing herein shall restrict City from requiring a permit and levying a charge on any person or company for conducting business at the Airport. Furthermore, City intends to levy a charge for business conducted at the Airport, including Airline's provision of non-Air Transportation services to others, except for ground transportation services provided free of any fee or charge.
- m. The storage and parking of equipment, cargo, and vehicles, but only at such locations as specifically designated by the Director.
- n. The maintenance and repair of equipment and vehicles, but only at such locations as specifically designated by the Director.

4.2 INGRESS AND EGRESS

Subject to the other provisions hereof and to the Rules and Regulations adopted by City, the following privileges of ingress and egress with respect to the Airport are hereby granted:

- a. For Airline, its agents, employees, contractors, subcontractors, and permitted sublessees and assigns, access to the public areas of the Airport and to those areas and facilities designated herein for Exclusive Use, Preferential Use, or Common Use by Airline or by Airline in common with other airlines. This right shall extend to Airline's aircraft, vehicles, machinery, and equipment used in its Air Transportation business.
- b. For Airline's passengers, guests, and invitees, access to areas leased exclusively to Airline and to areas provided for the use of Airline's passengers, guests, and invitees in common with those of other airlines and to public areas and public facilities. This privilege shall extend to vehicles of such passengers, guests, and invitees.
- c. For Airline's suppliers of materials and furnishers of service, access to the public areas of the Airport and to areas and facilities leased exclusively to Airline and to areas and facilities provided for the Common Use by Airline or its suppliers of materials and furnishers of services. This privilege shall extend to vehicles, machinery, or equipment of such suppliers and furnishers used in their business of furnishing such supplies and services to Airline.

The ingress and egress provided for above shall not be used, enjoyed, or extended to any person, airline, or vehicle 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.

4.3 RESTRICTIONS

In connection with the exercise of Airline's rights under this Agreement, Airline or any of its agents, employees, directors, officers, contractors, invitees, licensees, or representatives shall not do any of the following:

- a. Do anything 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 anything that may invalidate or conflict with any fire or other casualty insurance policies covering the Airport or any part thereof.

- c. Keep or store, at any time, flammable or combustible liquids except in storage facilities especially constructed for such purposes in accordance with federal, State, and City laws, including the Uniform Fire Code and the Uniform Building Code. For purposes of this Agreement, flammable or combustible liquids shall have the same definitions as set forth in the Uniform Fire Code, as that Code may be amended from time to time.
- d. Do anything that may be in conflict with 14 CFR Part 139 Airport Certification as that regulation may be amended from time to time, or jeopardize the operating certificate of the Airport.
- e. Do anything that may be in conflict with 49 CFR Part 1542 Airport Security or the TSA-approved security plan for the Airport.
- f. Permit any amusement machine, vending machine, public pay telephone, facsimile machine, copy machine, or other machine operated by coins, tokens, or credit cards to be installed or maintained in any publicly accessible area without the express written determination of the Director. Airline or its nominee may, however, install, maintain, and operate vending machines in Airline's Exclusive Use Space not accessible to the public for the purpose of providing and making available foods, beverages and sundry food items to Airline's employees only.
- g. Provide commercial ground transportation services to any person upon payment of any fee or charge. However, Airline is expressly excluded from the requirements of any Rules and Regulations promulgated, so long as this ground transportation is provided free of any fee or charge to any passenger (as a result of irregular operations) or employee.
- h. Perform aircraft engine run-ups only at locations and during time periods approved in writing in advance by the Director.
- i. Airline shall not enter into activities that compete with City in City's development of any non-airline revenue from Airport passengers, tenants, and other users. Should Airline engage in non-airline business activities not specifically permitted in this Agreement, the City may levy a non discriminatory fee.

4.4 CONCESSION SERVICES RIGHTS RESERVED BY CITY

Except as otherwise provided herein, City reserves the exclusive right to itself, its agents, and its franchisees to operate all concession services (including, but not limited to, food/beverage and news/gift concessions, specialty retail shops and carts, vending machines, pay telephones, facsimile machines, and other voice and data telecommunications systems, advertising displays, baggage lockers, and baggage carts) in the Landside Terminal, Concourse A, and Concourse B and the Federal Inspection Services (FIS), including Leased Premises, such as holdrooms and loading bridge exterior areas, and to retain the revenue there from; provided, however, that City agrees that no concession services shall be located or operated by City or its nominees in any non-public Exclusive Use Space without Airline's prior consent and providing that City shall not exercise such right in a manner that will materially impede passenger ingress or egress or Airline's business operations. Any concession services in public use Leased Premises must be approved by Airline leasing the Leased Premises; such approval shall not be unreasonably denied or withheld.

City shall operate all concessions and provide such other services (with reasonable due consideration to requests made by Airline) for scheduled airline passenger operations at the Airport as it deems necessary or appropriate. Nothing herein shall limit or preclude City from operating whatever concessions or providing whatever services it may desire at any and all airports and other facilities owned by City.

The distribution, serving or sale of food and/or beverages (including alcoholic beverages) meant to be consumed aboard Airline's aircraft by Airline or its in-flight catering provider shall be limited to Airline's passengers who are in the passenger loading bridge or entrance to the passenger loading bridge and in the process of boarding Airline's aircraft, unless otherwise agreed in writing by the Director. The provisions of this section notwithstanding, all distribution of alcoholic beverages shall comply with applicable laws.

Distribution of food and/or beverages (at no cost to the public) by Airline in passenger holdrooms shall be permitted only with advance written approval of the Director. Airline shall be allowed to provide water and typical on-board snacks (such as peanuts, pretzels, etc.) at no cost in the event of originating flights with delays greater than 2 hours, diverted flights or originating flights that have returned to the Gate. All such food and/or beverages shall be purchased only from City's food and

beverage concessionaires operating at the Airport or others that pay permit fees to the City or used from Airline's provisional flight supplies.

Club Rooms — Airline shall have the right to utilize Leased Premises for the purpose of maintaining and operating club rooms for its guests, invitees, and passengers and may serve beverages, including alcoholic beverages, and appetizers therein with or without charge and subject to all applicable laws, regulations and ordinances; provided, however, that the City reserves the right to charge Airline applicable percentages of its gross revenues from the sale of food and beverages consistent with the percentages charged to its food and beverage concessionaires at the Airport, not to exceed 10% on the sale of food and nonalcoholic beverages and 18% on the sale of alcoholic beverages, provided that no such payment shall be required with respect to items obtained from concessionaires already obligated to make such payments to City with respect to such obtained items.

Except as allowed herein or approved in writing by the Director, all other serving, distribution or sale of food or beverages by Airline at the Airport is prohibited.

4.5 GROUND HANDLING SERVICES BY AIRLINE OR OTHERS

Airline may contract with, or receive from other airlines serving the Airport or other companies, Ground Handling Services (both above and below the wing services) for Airline's aircraft, provided that Airline provides advance written notice to the Director (or his designated representative) of such arrangements and uses reasonable efforts to ensure that such other airline or other company shall have entered into an operating permit or agreement or other similar contract with City prior to commencing Ground Handling Services with Airline. Nothing herein shall restrict City from levying a nondiscriminatory concession fee for Ground Handling Services on any person or company (including Airline when Airline is providing these services to other non-Affiliate airlines). Airline's insurance, as required in this Agreement, shall provide insurance coverage for such Ground Handling Services.

4.6 SECURITY OF EXCLUSIVE USE SPACE, COMMON USE SPACE, AND PREFERENTIAL USE SPACE

Airline understands and agrees that it shall fully indemnify, defend, and hold harmless City, its elected representatives, officers, agents, volunteers, and employees from and against all penalties, fines, or demands of any kind (including, but not limited to, costs of investigation,

attorney fees, court costs, and expert fees) arising out of Airline's acts or omissions resulting in alleged violations of 49 CFR Part 1542 Airport Security or any successor regulations related to airport security.

4.7 REMOVAL OF DISABLED AIRCRAFT

Upon release of Airline's disabled aircraft by the proper authorities, Airline shall promptly remove any such disabled aircraft from any part of the Airport (including, without limitation, runways, taxiways, aprons, and Gate positions) and place any such disabled aircraft in such storage area as may be designated by the Director. Airline may store such disabled aircraft only for such length of time and on such terms and conditions as may be established by City. If Airline fails to remove any of its disabled aircraft promptly in accordance with this paragraph, the Director may, but shall not be obligated to, cause the removal of such disabled aircraft. However, City's obligation to remove or store such disabled aircraft shall not be inconsistent with federal laws and regulations. Airline agrees to reimburse City for all costs of such removal.

4.8 EMPLOYEE PARKING FACILITIES

Airline and its Airport employees shall have the right to use the vehicular parking facilities at the Airport, in common with employees of other airlines, tenants, and Airport-related services. Use of the employee parking facilities is subject to the payment of such employee parking fees as established from time to time by City. Such facilities shall be located in an area designated by the Director. Airline shall, on request of the Director, provide verification that it is only providing parking for its on-Airport employees or non-based employees at the specific locations where these employees park their vehicles at the Airport.

ARTICLE 5. RENTS, FEES, AND OTHER CHARGES

In consideration for use of the Leased Premises, facilities, rights, and privileges granted hereunder and for the undertakings of City, Airline agrees to pay City during the Term of this Agreement, without deduction or set-off, certain rents, fees, and other charges as set forth in this Article 5 and as recalculated according to the procedures of Article 6 hereof.

5.1 TERMINAL BUILDING RENTS

Airline shall pay the City for its Exclusive Use Space, Preferential Use Space and Common Use Space in the Terminal Building monthly rent based on the annual rental rates for areas calculated each Fiscal Year in accordance with Article 6 hereof.

5.2 LOADING BRIDGE FEES

Airline shall pay City a monthly fee for its Preferential Use of City-owned passenger Loading Bridges at the Terminal Building. Such fee shall be calculated each Fiscal Year in accordance with Article 6 hereof.

5.3 BAGGAGE HANDLING SYSTEM USE FEES

Airline shall pay City a monthly fee for its use, in common with other airlines, of the Baggage Handling System in the Terminal Building. Such charges shall be calculated each Fiscal Year in accordance with Article 6 hereof.

5.4 APRON AREA FEES

Airline shall pay City for its Preferential Use of the Apron Area, a monthly fee based on the annual rental rates for such areas calculated each Fiscal Year in accordance with Article 6 hereof.

5.5 LANDING FEES

Airline shall pay City for its use of the Airfield Area monthly Landing Fees based on the annual Landing Fee rate calculated each Fiscal Year in accordance with Article 6 hereof. City will use its best efforts to charge and collect Landing Fees from all commercial Air Transportation users of the Airfield Area as the Director may reasonably determine.

5.6 PER USE CHARGES

Airline shall pay City for its use of the City Gates and non-preferential use of other airline's Gate, unless otherwise agreed to by the parties, and ticket counters and Common Use charge based on the annual per use charges calculated each Fiscal Year in accordance with Article 6 hereof.

5.7 FIS CHARGES

Airline shall pay City for its use of the City FIS as established annually by City.

5.8 UTILITIES CHARGES

With respect to its Leased Premises and Airline-installed equipment, machinery, and facilities, Airline agrees to pay all water, sewage, electricity, gas, and other utility charges that may be charged to Airline for the use thereof, if such charges are separately assessed or metered as appropriate to Airline. Utility bills for metered utilities furnished by City shall be paid monthly or less frequently depending on the billing schedule established by City. Meters will be installed where it is economically and mechanically feasible. For those areas not separately metered, the cost or utilities will be included as a direct Maintenance and Operating Expense and allocated accordingly (except Loading Bridges and Baggage Handling System).

Loading Bridges will be charged for electricity in the amount of \$300,000. The amount may be adjusted annually based on changes in the cost of electricity per kilowatt hour. Baggage Handling System is under review for amount to be charged, to be agreed upon by Airline and other airlines having a similar agreement to this Agreement.

5.9 OTHER CHARGES

City reserves the right to assess, and Airline agrees to pay, reasonable charges for the use of City-provided facilities and equipment, including, but not limited to, telecommunications trunk equipment charges, employee parking facilities, and the issuance of security identification badges.

5.10 NO FURTHER FEES AND CHARGES

Following the effective date of this Agreement, except as provided elsewhere herein, upon the payment of the rents, fees, and charges described herein, no additional charges shall be levied

against Airline for the use and occupancy of the Leased Premises as described herein and use of the Airfield Area for the landing and taking off of aircraft, except as provided by separate agreement between the parties.

5.11 TIME OF PAYMENT

The following sets forth the time of Airline payments of rents, fees, and charges to City.

- a. Rents and fees for Exclusive Use Space, Preferential Use Space, and Common Use Space in the Terminal Building, preferential Loading Bridge Fees, and preferential Apron Area Fees shall be due and payable, without deduction or setoff, in monthly installments in advance on or before the first day of each month.
- b. Landing Fees, City Gate Charges, FIS Fees and RON charges for each month of operations shall be due and payable without deduction or setoff within fifteen (15) days after transmittal of an invoice, given that Airline's monthly statistical report as required in Article 7 shall be received by the City within ten (10) days after the last day of the month after such month of operations.
- c. Airline shall faithfully collect and promptly remit to City (without notice or demand by City and in accordance with 14 CFR 158 Passenger Facility Charges as this regulation may be amended from time to time) the proceeds of the City's Passenger Facility Charge so long as the City has an approved Passenger Facility Charge in effect.
- d. Rents, fees, and charges not described in paragraphs (a), (b), and (c) above shall be due and payable within thirty (30) days after transmittal of a monthly invoice therefore by City. City will provide such invoice within thirty (30) days of activity for which charge is generated.
- e. The acceptance 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 or preclude Airline from later demonstrating that Airline's report was inaccurate and that a lesser amount was properly owed (and to recover any such overpayment).

- f. In establishing the rents, fees, and charges set forth in this Agreement, City is anticipating timely payment of such rents, fees, and charges. Untimely payment of these rents, fees, and charges jeopardizes the operation of the Airport. Therefore, in the event that rents, fees, and charges are not paid timely by Airline, the Director is authorized and directed to seek any necessary legal and administrative remedy to obtain collection of the unpaid rents, fees, and charges and to assure timely payment of future rents, fees, and charges. These remedies shall be in addition to late fees required herein and may include any of the following:
1. Seeking administrative relief through appropriate federal agencies, including the FAA.
 2. Equitable and judicial remedies.
 3. Such other legal and administrative remedies as permitted by law.
- g. Failure to send a timely invoice does not relieve Airline from any obligation of payment.

5.12 PAYMENTS

Rents, fees, and charges shall be paid in United States Dollars by wire, electronic funds transfer, or check payable to San Antonio International Airport the City of San Antonio, which shall be delivered or mailed, postage prepaid, to City of San Antonio, Aviation Department, Accounting Section, 457 Sandau Road, San Antonio, TX 78216 or which may be paid by wire transfers to accounts of the Airport designated in writing by the Director.

To arrange payment by wire or electronic funds transfer, Airline shall contact the Aviation Department's Accounting Section at (210) 207-7242 for further information.

5.13 LATE FEES ON OVERDUE PAYMENTS

Without waiving any other right available to City in the event of a default in Airline's payment of any rents, fees, and charges under this Agreement, including Passenger Facility Charge proceeds, in the event that Airline is delinquent for a period of thirty (30) calendar days or more from the date when such payment is due to City, Airline shall pay City late fees thereon, from the date such rents, fees, or charges become payable to the date of payment at the rate of one and one-half percent (1.5%) per month; provided, however, that if the maximum rate then provided

by law is less than 1.5% per month, then the rate shall be such maximum legal rate. City may, but is not obligated to, provide Airline with a written reminder when invoiced rents, fees, or charges have not been received within thirty (30) calendar days of transmittal of the invoice therefore.

5.14 PERFORMANCE GUARANTEE

To guarantee Airline's faithful performance of all terms and conditions contained herein, including but not limited to the timely payment of all rents, fees, and charges, Airline shall remit to City prior to Airline's use of the space or the commencement of Airline's operations or activities in regard to the Airport and that in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect City, a Performance Guarantee in the amount of:

- a. Airline's estimated rents for Exclusive Use Space and Preferential Use Space for two (2) months
- b. Airline's estimated Loading Bridge Fee for two (2) months
- c. Airline's estimated Common Area Use Fees for two (2) months (as determined using activity data for the most recent six (6) months calendar month to determine Airline's obligation using the Common Use Formula)
- d. Airline's estimated Landing Fees for two (2) months, (determined on the basis of Airline's estimated landed weight each year times two-twelfths at the actual Landing Fee rate effective for the Fiscal Year. Either Airline or its Affiliate will also include a Performance Guarantee for the Affiliate.

The Performance Guarantee may be adjusted by City annually, or more frequently, if there is a material change to the amount required in this Section 5.14 from the Airline. Such Performance Guarantee shall be in the form of a Letter of Credit, Bond, or other instrument satisfactory to City, in a form acceptable to the Director. Performance Guarantee must provide that it shall remain in full force and effect for a period extending three (3) months following termination of this Agreement.

In the event City is required to draw down or collect against Airline's Performance Guarantee for any reason, Airline shall, within ten (10) business days after City's written demand, take such

action as may be necessary to replenish the existing Performance Guarantee to its original value or to provide a replacement Performance Guarantee from another source so that the aggregate of Performance Guarantee (s) is equal to two (2) months' estimated rents and landing fees payable by Airline as described above.

In the event that any such Performance Guarantee shall be for a period less than the full period required above or if the Performance Guarantee will be cancelled, Airline shall provide a renewal or replacement Performance Guarantee for the remaining required period so that there is no interruption in coverage.

Upon Airline's election to assume this Agreement under Federal Bankruptcy Rules and Regulations and the Federal Judgeship Act of 1984 or any successor statute, as such may be amended, supplemented, or replaced, City, by written notice to Airline given at any time within ninety (90) days of the date such event becomes known to City, may impose or re-impose the Performance Guarantee requirements on Airline. In such event, Airline shall provide City with the required Performance Guarantee within ten (10) days from its receipt of such written notice and shall thereafter maintain such Bond in effect until the expiration or termination of this Agreement.

If Airline shall fail to obtain or keep in force such Performance Guarantee required hereunder, such failure shall be grounds for immediate termination of this Agreement. City's rights under this Article shall be in addition to all other rights and remedies provided to City under this Agreement.

Airline and City agree that this Agreement constitutes an 'unexpired lease' for the purposes of Section 365 of the United States Bankruptcy Code (Title 11 U.S.C.) subject to assumption or rejection, and subject to the terms and conditions of assumption or rejection, as provided in said Section 365. Furthermore, Airline and City agree that if Airline provides a Performance Guarantee in the form of a Contract Bond or irrevocable letter of credit, such Performance Guarantee provided by Airline is not 'property of the estate' for purposes of Section 541 of the United States Bankruptcy Code (Title 11 U.S.C.), it being understood that any Performance Guarantee is the property of the third (3rd) party providing it (subject to City's ability to draw against the Performance Guarantee) and that all PFCs, less the allowable collection fees, collected by Airline with respect to Enplaned Passengers at the Airport are the property of City.

ARTICLE 6. CALCULATION OF RENTS, FEES, AND OTHER CHARGES

6.1 ANNUAL CALCULATIONS

Each Fiscal Year, during the Term of the Agreement, the Terminal Building Rental Rates, the Apron Area Fee, the Loading Bridge Fee, the Baggage Handling System Use Fee, and the Landing Fee rate for the succeeding Fiscal Year will be calculated by the Director as provided in this Article 6. Any such calculation of rents, fees, and other charges will be effective on the first day of the applicable Fiscal Year.

By July 1 of each year, but no later than August 1, the Director will provide Airline with a complete copy of the proposed Airport Budget, capital improvement plan and exhibits showing proposed rents, fees, and charges, calculated in accordance with Article 6 of this Agreement, for the succeeding Fiscal Year. The Director will consult with airlines concerning the proposed Airport Budget and the proposed rents, fees, and charges.

By September 1 of each year, but no later than October 1, the Director will make any revisions to the proposed rents, fees, and charges as the Director determines to be warranted as a result of consultation with the airlines or otherwise, and will provide written notice to each airline then currently engaged in Air Transportation at the Airport of new rents, fees, and charges to be effective as of October 1 of that year.

6.2 CALCULATION OF LANDSIDE TERMINAL BUILDING RENTAL RATES

- a. Each year, City will calculate the Landside Terminal Building Requirement for the applicable Fiscal Year by totaling the following estimated amounts:
 1. The total of direct and indirect estimated Maintenance and Operating Expenses allocable to the Landside Terminal Building. Direct expenses are those that can be assigned either because of specific use or can be allocated based on given criteria such as square footage, man-hour units, Enplaned Passengers, management decision. Indirect expenses (airport management and support as well as City indirect charges) are allocated based on direct expenses for each cost center as a percentage of total direct expenses of all cost centers.
 2. The total of Capital Outlays allocable to the Landside Terminal Building.

3. An amount equal to 1.25 times the Annual Debt Service on all Bonds allocable to the Landside Terminal Building or such other amount as may be required by the Bond Ordinance in effect, less amounts paid by other sources (e.g. PFC revenues).
 4. The amount of any deposit to the Maintenance and Operating Reserve allocable to the Landside Terminal Building required by the Bond Ordinance in effect.
 5. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by City relating directly to the Airport, or its operation, allocable to the Landside Terminal Building.
 6. The amount required to replenish any Bond Reserve Fund allocable to the Landside Terminal Building.
 7. Less previous year debt service coverage amount, as defined in accordance with “Prior Period Debt Service Coverage” in this Article 6 as allocable to the Landside Terminal Building.
 8. Less a portion of “Competitive Credit” as defined in this Article 6 as allocable to the Landside Terminal Building.
- b. The average annual Landside Terminal Building rental rate per square foot will then be calculated by dividing the Landside Terminal Building Requirement by the total amount of Landside Terminal Building Rentable Space. In determining Landside Terminal Building Rentable Space, the average airline rental rate is differentiated so that the rate for unenclosed ramp level space is sixty percent (60%) of the rental rate for other Exclusive Use Space and Preferential Use Space.
 - c. The rents for all Exclusive Use Space and Preferential Use Space assigned to Airline or other airline will be computed as the product of the Landside Terminal Building rental rate and the total amount of square footage of such space assigned to Airline.
 - d. The rents for all Common Use Space in the Landside Terminal Building will be computed based on the Common Use Formula.

6.3 CALCULATION OF CONCOURSE A RENTAL RATES

- a. Each year, City will calculate the Concourse A Requirement for the applicable Fiscal Year by totaling the following estimated amounts:
 1. The total of direct and indirect estimated Maintenance and Operating Expenses allocable to Concourse A. Direct expenses are those that can be assigned either because of specific use or can be allocated based on given criteria such as square footage, man-hour units, Enplaned Passengers, management decision. Indirect expenses (airport management and support as well as City indirect charges) are allocated based on direct expenses for each cost center as a percentage of total direct expenses of all cost centers.
 2. The total of Capital Outlays allocable to the Concourse A.
 3. An amount equal to 1.25 times the Annual Debt Service on all Bonds allocable to the Concourse A or such other amount as may be required by the Bond Ordinance in effect, less amounts paid by other sources (e.g. PFC revenues).
 4. The amount of any deposit to the Maintenance and Operating Reserve allocable to the Concourse A required by the Bond Ordinance in effect.
 5. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by City relating directly to the Airport, or its operation, allocable to the Concourse A.
 6. The amount required to replenish any Bond Reserve Fund allocable to the Concourse A.
 7. Less previous year debt service coverage amount, as defined in accordance with “Prior Period Debt Service Coverage” in this Article 6 as allocable to Concourse A.
 8. Less a portion of “Competitive Credit” as defined in this Article 6 as allocable to Concourse A.

- b. The average annual Concourse A rental rate per square foot will then be calculated by dividing the Concourse A Requirement by the total amount of Concourse A Rentable Space. In determining Concourse A Rentable Space, the average airline rental rate is differentiated so that the rate for unenclosed ramp level space is sixty percent (60%) of the rental rate for other Exclusive Use Space and Preferential Use Space.
- c. The rents for all Exclusive Use Space and Preferential Use Space assigned to Airline or other airline will be computed as the product of the Concourse A rental rate and the total amount of square footage of such space assigned to Airline.
- d. The rents for all Common Use Space in Concourse A will be computed based on the Common Use Formula.

6.4 CALCULATION OF CONCOURSE B RENTAL RATES

- a. Each year, City will calculate the Concourse B Requirement for the applicable Fiscal Year by totaling the following estimated amounts:
 - 1. The total of direct and indirect estimated Maintenance and Operating Expenses allocable to Concourse B. Direct expenses are those that can be assigned either because of specific use or can be allocated based on given criteria such as square footage, man-hour units, Enplaned Passengers, management decision. Indirect expenses (airport management and support as well as City indirect charges) are allocated based on direct expenses for each cost center as a percentage of total direct expenses of all cost centers.
 - 2. The total of Capital Outlays allocable to the Concourse B.
 - 3. An amount equal to 1.25 times the Annual Debt Service on all Bonds allocable to the Concourse B or such other amount as may be required by the Bond Ordinance in effect, less amounts paid by other sources (e.g. PFC revenues).
 - 4. The amount of any deposit to the Maintenance and Operating Reserve allocable to the Concourse B required by the Bond Ordinance in effect.

5. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by City relating directly to the Airport, or its operation, allocable to the Concourse B.
 6. The amount required to replenish any Bond Reserve Fund allocable to the Concourse B.
 7. Less previous year debt service coverage amount, as defined in accordance with “Prior Period Debt Service Coverage” in this Article 6 as allocable to Concourse B.
 8. Less a portion of “Competitive Credit” as defined in this Article 6 as allocable to Concourse B.
- b. The average annual Concourse B rental rate per square foot will then be calculated by dividing the Concourse B Requirement by the total amount of Concourse B Rentable Space. In determining Concourse B Rentable Space, the average airline rental rate is differentiated so that the rate for unenclosed ramp level space is sixty percent (60%) of the rental rate for other Exclusive Use Space and Preferential Use Space.
 - c. The rents for all Exclusive Use Space and Preferential Use Space assigned to Airline or other airline will be computed as the product of the Concourse B rental rate and the total amount of square footage of such space assigned to Airline.
 - d. The rents for all Common Use Space in Concourse B will be computed based on the Common Use Formula.

6.5 CALCULATION OF APRON AREA FEES

- a. Each year, City will calculate the Apron Area Requirement for the applicable Fiscal Year by totaling the following estimated amounts:
 1. The total of direct and indirect estimated Maintenance and Operating Expenses allocable to Apron Area. Direct expenses are those that can be assigned either because of specific use or can be allocated based on given criteria such as square footage, man-hour units, Enplaned Passengers, management decision. Indirect expenses (airport management and support as well as City indirect charges) are

allocated based on direct expenses for each cost center as a percentage of total direct expenses of all cost centers.

2. The total of Capital Outlays allocable to the Apron Area.
 3. An amount equal to 1.25 times the Annual Debt Service on all Bonds allocable to the Apron Area or such other amount as may be required by the Bond Ordinance in effect, less amounts paid by other sources (e.g. PFC revenues).
 4. The amount of any deposit to the Maintenance and Operating Reserve allocable to the Apron Area required by the Bond Ordinance in effect.
 5. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by City relating directly to the Airport, or its operation, allocable to the Apron Area.
 6. The amount required to replenish any Bond Reserve Fund allocable to the Apron Area.
 7. Less previous year debt service coverage amount, as defined in accordance with “Prior Period Debt Service Coverage” in this Article 6 as allocable to the Apron Area.
 8. Less a portion of “Competitive Credit” as defined in this Article 6 as allocable to the Apron Area.
- b. The Apron Area Fee will then be calculated by dividing the Apron Area Requirement by the total linear feet in the Apron Area.
 - c. The rents for any Preferential Use Space assigned to Airline on a Preferential Use basis will be computed as the product of the Apron Area Fee and the linear feet assigned to Airline.

6.6 CALCULATION OF LOADING BRIDGES FEE

- a. Each year, City will calculate the Loading Bridges Requirement for the applicable Fiscal Year by totaling the following amounts:

1. The total of direct and indirect estimated Maintenance and Operating Expenses allocable to Loading Bridges. Direct expenses are those that can be assigned either because of specific use or can be allocated based on given criteria such as square footage, man-hour units, Enplaned Passengers, management decision. Indirect expenses (airport management and support as well as City indirect charges) are allocated based on direct expenses for each cost center as a percentage of total direct expenses of all cost centers.
 2. The total of Capital Outlays allocable to the Loading Bridges.
 3. An amount equal to 1.25 times the Annual Debt Service on all Bonds allocable to the Loading Bridges or such other amount as may be required by the Bond Ordinance in effect, less amounts paid by other sources (e.g. PFC revenues).
 4. The amount of any deposit to the Maintenance and Operating Reserve allocable to the Loading Bridges required by the Bond Ordinance in effect.
 5. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by City relating directly to the Airport, or its operation, allocable to the Loading Bridges.
 6. The amount required to replenish any Bond Reserve Fund allocable to the Loading Bridges.
 7. Less previous year debt service coverage amount, as defined in accordance with “Prior Period Debt Service Coverage” in this Article 6 as allocable to the Loading Bridges.
 8. Less a portion of “Competitive Credit” as defined in this Article 6 as allocable to the Loading Bridges.
- b. The Loading Bridges Fee will then be calculated by dividing the Loading Bridge Requirement by the total number of Loading Bridges at the Terminal Building. The fees for all Loading Bridges associated with Gates assigned to Airline on a Preferential Use basis will be computed as the product of the Loading Bridges Fee and the number of Loading Bridges so assigned to Airline.

- c. The Loading Bridges Fee for airlines owning their own Loading Bridge(s) shall not include Annual Debt Service on any Bonds allocable to the Loading Bridges.

6.7 CALCULATION OF BAGGAGE HANDLING SYSTEM USE FEE

- a. Each year, City will calculate the Baggage Handling System Use Fee Requirement for the applicable Fiscal Year by totaling the following estimated amounts:
 - 1. The total of direct and indirect estimated Maintenance and Operating Expenses allocable to Baggage Handling System. Direct expenses are those that can be assigned either because of specific use or can be allocated based on given criteria such as square footage, man-hour units, Enplaned Passengers, management decision. Indirect expenses (airport management and support as well as City indirect charges) are allocated based on direct expenses for each cost center as a percentage of total direct expenses of all cost centers.
 - 2. The total of Capital Outlays allocable to the Baggage Handling System.
 - 3. An amount equal to 1.25 times the Annual Debt Service on all Bonds allocable to the Baggage Handling System or such other amount as may be required by the Bond Ordinance in effect, less amounts paid by other sources (e.g. PFC revenues).
 - 4. The amount of any deposit to the Maintenance and Operating Reserve allocable to the Baggage Handling System required by the Bond Ordinance in effect.
 - 5. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by City relating directly to the Airport, or its operation, allocable to the Baggage Handling System.
 - 6. The amount required to replenish any Bond Reserve Fund allocable to the Baggage Handling System.
 - 7. Less previous year debt service coverage amount, as defined in accordance with “Prior Period Debt Service Coverage” in this Article 6 as allocable to the Baggage Handling System.

8. Less a portion of “Competitive Credit” as defined in this Article 6 as allocable to the Baggage Handling System.
- b. The Baggage Handling System Requirement will be prorated monthly among all airlines using the Common Use Formula.

6.8 CALCULATION OF LANDING FEE RATE

- a. Each year, City will calculate the Airport Landing Fee Requirement for the applicable Fiscal Year by totaling the following amounts:
 1. The total of direct and indirect estimated Maintenance and Operating Expenses allocable to Airfield Area. Direct expenses are those that can be assigned either because of specific use or can be allocated based on given criteria such as square footage, man-hour units, Enplaned Passengers, management decision. Indirect expenses (airport management and support as well as City indirect charges) are allocated based on direct expenses for each cost center as a percentage of total direct expenses of all cost centers.
 2. The total of Capital Outlays allocable to the Airfield Area.
 3. An amount equal to 1.25 times the Annual Debt Service on all Bonds allocable to the Airfield Area or such other amount as may be required by the Bond Ordinance in effect, less amounts paid by other sources (e.g. PFC revenues).
 4. The amount of any deposit to the Maintenance and Operating Reserve allocable to the Airfield Area required by the Bond Ordinance in effect.
 5. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by City relating directly to the Airport, or its operation, allocable to the Airfield Area.
 6. The amount required to replenish any Bond Reserve Fund allocable to the Airfield Area.

7. Less previous year debt service coverage amount, as defined in accordance with “Prior Period Debt Service Coverage” in this Article 6 as allocable to the Airfield Area.
 8. Less a portion of “Competitive Credit” as defined in this Article 6 as allocable to the Airfield Area.
- b. From this total, City will deduct the estimated fuel flowage fees and RON fees allocable to the Airfield Area to yield the Net Airfield Area Requirement.
 - c. The Landing Fee rate per one thousand (1,000) pound units of Landed Weight will then be calculated by dividing the Net Airfield Area Requirement by total Landed Weight of Aircraft Arrivals.
 - d. The Landing Fee for each airline will be calculated by multiplying Airline’s total Landed Weight for the month by the Landing Fee rate then in effect.

6.9 CALCULATION OF PER USE CHARGES

- a. Each year, City will calculate the per use charges for Gate use for the applicable Fiscal Year by totaling the following amounts:
 1. Calculate the average size of holdrooms times the average rate for holdrooms in Concourses A and B and divide by 365 for a daily rate. Then obtain the per use charge by dividing by three (3) Flights as defined under Article 3.6.1.
 2. Calculate the average size of Apron times the rate for Apron and divide by 365 for a daily rate. Then obtain the per use charge by dividing by three (3) Flights as defined under Article 3.6.1.
 3. Divide the Loading Bridge Fee by 365 for a daily rate. Then obtain the per use charge by dividing by three (3) Flights as defined under Article 3.6.1.
 4. Add the above together to get a rate for the first hour of use. Each additional half (1/2) hour will be at half of the first hours’ rate.
- b. Each year, City will calculate the per use Ticket Counter charge for the applicable Fiscal Year by calculating the average size for each ticket counter position times the average

rate for space in the Landside Terminal Building and dividing by 365 for a daily rate. Then obtain the per use charge by dividing by three (3) Flights as defined under Article 3.6.1.

- c. Each year, City will calculate the per use Common Use fee for those airlines that are not included in the Common Use Formula by dividing the total Common Use requirement by the total estimated passengers. Such Common Use charges will be credited in the calculation of Airline and other airlines Common Use charges.
- d. For non-leasing airline users, there will be an administrative fee of 15% added for the use of these areas.

6.10 CREDITS

This section describes credits that reduce rents, fees, and charges.

6.10.1 One-Time Credit

In FY 2011, to moderate cost per Enplaned Passenger during the initial fiscal period of this Agreement, the City has given Airline, together with other airlines, a one-time rents and fees credit of \$1.5 million. Airline, together with other airlines, has agreed to repay one half of the advance (\$750,000) over the subsequent four Fiscal Years. Repayment is based on the amortization of the \$750,000 at an annual interest rate of one and one half percent (1.5%).

6.10.2 Prior Period Debt Service Coverage

In the calculation of airline rents, fees, and charges each year, City will reduce the amount of rents, fees, and charges for each cost center by the amount of the airlines' funded portion of the actual Prior Period Debt Service Coverage. The credit will be applied to the calculation of rents, fees, and charges in the Airport Cost Centers that generated the airlines' prior Fiscal Year's Debt Service Coverage funding.

6.10.3 Competitive Credit

The purpose of the Competitive Credit is to keep cost per Enplaned Passenger competitive with that of other airports similarly situated for the development and retention of air service. The City's intent is to use the Competitive Credit to reduce, to the extent prudent, cost per Enplaned Passenger and to prevent material year-to-year variations.

6.10.4 Amounts Available for the Competitive Credit

City and Airline agree that the Competitive Credit will be calculated as follows: Gross Revenues, less deposit to Bond Fund, less deposit to Debt Service Reserve Fund, less deposit to Maintenance and Operating Fund (which includes the Maintenance and Operating Expenses and Maintenance and Operating Reserve) equals the transfer amount to the Capital Improvement Fund (“the Transfer”). This Transfer less 20% of non-Airline Revenue to be retained by Airport for Capital Improvements and less amount of the Prior Period Debt Service Coverage is defined as the Amount Available for Competitive Credit.

City and Airline agree that a fixed fifty percent (50%) of Amounts Available for Competitive Credit (“Fixed Share”) will be applied to airline terminal rents and/or Landing Fees. It is the intent of the City to use its best efforts to apply the remaining fifty percent (50%) of Amounts Available for the Competitive Credit (“Variable Share”) to airline terminal rents and/or Landing Fees, however this Variable Share may be used to fund projects that would otherwise be charged to airline rents, fees and charges; other purposes determined by the Director to be an Airport priority including managing the cost per Enplaned Passenger of the airlines; or retained by the City in the event it is needed to satisfy requirements of the Bond Ordinance. Any use of the Variable Share will be done in consultation with airlines.

The combined total of Prior Period Debt Service Coverage and Fixed Share of Amounts Available for Competitive Credit cannot, in any one year, exceed fifty percent (50%) of the total amount of the Transfer. If the combined total exceeds fifty percent (50%), the amount in excess of the fifty percent (50%) will be added to the Variable Share.

6.11 ADJUSTMENTS

The adjustments are as described in the following paragraphs.

6.11.1 Midyear Adjustment

City will provide quarterly budget updates to airlines. If it appears to City during the course of any Fiscal Year, that the budgeted expenses or projected levels of airline activity City used to calculate the rents, fees, and charges set forth above are likely to vary by more than ten percent (10%) from actual results, City may make adjustments to such rents, fees, and charges at midyear. City shall provide Airline with at least thirty (30) days' advance written notice of any

adjustments to be made under this paragraph, which shall include accompanying budget variances and calculations to demonstrate need for adjustment and resulting change in rates, fees and charges. Any such mid-year adjustment will be effective the first day of the month following notification period.

6.11.2 Year-End Adjustment to Actual and Settlement

As soon as possible following the completion of the audit for each Fiscal Year, City shall furnish Airline with an accounting of the costs and expenses actually incurred, actual allocations for direct and indirect expenses, revenues and other credits actually realized (reconciled to the audited financial statements of the Airport System), and actual Enplaned Passengers and Landed Weight during such Fiscal Year with respect to each of the components of the calculation of the various rates, fees and charges identified in this Article 6 and shall recalculate the rates, fees, and charges required for the Fiscal Year based on those actual costs and revenues.

In the event that Airline's rentals, fees, and charges billed and paid during the prior Fiscal Year were more than the amount of airline's rentals, fees, and charges required (as recalculated based on actual costs and revenues), such excess amount shall be paid in lump sum or issued as a credit to Airline within sixty (60) days of the calculation of such final settlement.

In the event that airline's rentals, fees, and charges billed and paid during the prior Fiscal Year were less than the amount of airline's rentals, fees, and charges required (as recalculated based on actual costs and revenues), such deficiency shall be billed to Airline and payable by Airline within sixty (60) days of the date of invoice. However, in the event that the amount of the Airline deficiency is more than ten percent (10%) of total rentals, fees, and charges billed and paid by the Airline during the prior Fiscal Year (which deficiency must be at least \$50,000), Airline may pay the deficiency to City in equal monthly installments without interest over the remaining months of the current Fiscal Year.

6.12 EXTRAORDINARY ADJUSTMENTS OF RENTS, FEES, AND CHARGES

Notwithstanding any other provisions hereof, if, at any time during the Term of this Agreement, Airport Revenue (and the reserves designated for such purposes) is not sufficient to pay when due Airport obligations, including, without limitation, emergency repairs or expenses that relate to the Airport or any aspect thereof, City may, with thirty (30) days' notice to and in consultation

with Airline and other airlines, recalculate the rents, fees, and charges in accordance with this Article 6 using revised Airport operating costs, expenses and projected Airport activity.

If such an extraordinary adjustment of rents, fees, and charges is necessary, the City will review operating costs and as a prudent airport operator make appropriate adjustments, if possible, to Airport operating expenses. Any adjustment to operating expenses would be reflected in the adjustment of rents, fees, and charges. Also, adjustments must be consistent with the requirement of the Bond Ordinance, FAA Sponsor's Assurances, requirements of the traveling public, and the needs of Airport users.

ARTICLE 7. MONTHLY ACTIVITY REPORTS

7.1 REQUIRED MONTHLY ACTIVITY REPORTS

Airline shall furnish to the Director, on or before the tenth (10th) day of each month, an accurate verified report detailing its operations for the previous month on forms prescribed by the Director. Said report shall include, but shall not be limited to:

- a. Airline's total number of Aircraft Arrivals and departures, by type of aircraft and Maximum Gross Landing Weight of each type of aircraft
- b. the total number of domestic and international enplaning and deplaning passengers
- c. the total weight of freight, mail, and other cargo, enplaned and deplaned, domestic and international, for such month
- d. the total number of turns on non-leased Gates
- e. the total number of times Airline parked aircraft overnight at non-leased Gates
- f. the total number of times Airline parked aircraft at RON Parking Positions.

The Monthly Activity Reports can be submitted electronically at AirlineMonthlyReports@sanantonio.gov. The City reserves the right to periodically audit these reports to verify the accuracy of the information.

7.2 FAILURE TO FURNISH REPORT

If Airline fails to furnish City with the report described above, Airline's Landing Fee shall be determined by assuming that the total Landed Weight for Airline during the preceding month was one hundred twenty-five percent (125%) of the total Landed Weight for the most recent month for which such figure is available or other available data. Any necessary adjustment in such Landing Fee shall be calculated after an accurate report is delivered to the Director by Airline for the month in question, and resulting surpluses or deficits shall be applied to Airline's Landing Fee for the next succeeding month. An accounting fee of \$100 for each occurrence will be charged to Airline and shall be payable by Airline for the additional services required by City pursuant to this paragraph.

ARTICLE 8. AIRPORT IMPROVEMENTS

The parties hereto recognize that Capital Improvements to preserve, protect, enhance, expand, or otherwise improve the Airport, or any part thereof, will be required during the Term of this Agreement. Any such Capital Improvement shall be subject to the provisions of this Article 8.

8.1 CAPITAL IMPROVEMENT COORDINATION WITH AIRLINE

On or about July 1, or approximately ninety (90) days prior to the end of the then-current Fiscal Year, City shall notify Airline in writing of its proposed Capital Improvement program for the subsequent Fiscal Year, as contained in City's proposed Capital Improvement budget for the Fiscal Year. City further reserves the right to notify Airline in writing at any other time of proposed Capital Improvements.

The City agrees to provide Airline a written description of such Capital Improvements, such description to include the purpose, method of financing, and any reasonably anticipated effect on airline rents, fees, and charges hereunder and, to meet with Airline and other airlines within thirty (30) days after notification to Airline of said Capital Improvement to further discuss the proposed Capital Improvement. Such meeting may occur concurrently with the airline consultation described in Article 6.

The City will give due consideration to the comments and recommendation of Airline with respect to the proposed Capital Improvements. Certain Capital Improvements are subject to deferral if Airline, together with other airlines, requests a deferral of a proposed Capital Improvement.

If seventy-five percent (75%) in number of the airlines currently leasing premises from the City and operating at the Airport (excluding any Affiliates), and representing at least seventy-five percent (75%) of airline rents, fees, and charges associated with this Agreement paid during the previous Fiscal Year request deferral of a particular Capital Improvement not excluded below, it will be deferred for a period of twelve (12) months. Any such request for deferral must be in writing and submitted to City by Airline within thirty (30) days following the meeting as described above in accordance with Section 19.5.

In the event of a Capital Improvement deferral, the Capital Improvement will be deferred for twelve (12) months following the deferral request. Following the twelve (12) months deferral

period, the Capital Improvement may be constructed and the capital, operating, and maintenance costs and expenses will be included in airline's rents, fees and charges upon the Capital Improvement's completion.

8.2 ADDITIONAL TERMINAL AND/OR CONCOURSE CONSTRUCTION

The planning of projects to construct additional terminals and/or concourses will require close coordination between Airline, other airlines, and the City. The City will include Airline in the planning process. Airline will be provided opportunities to present planning input to the City planners to ensure that any terminal and/or concourse project is properly scoped, necessary, operationally efficient, cost effective, and will meet the needs of the traveling public.

If the City decides to construct additional terminals or concourses, the costs of which are to be included in airlines' rents, fees, and charges during the Term hereof, the City shall submit a report to the Airline providing the following information on the proposed additional terminals and/or concourses construction:

- a. A description of the proposed additional terminals and/or concourses together with cost estimates and preliminary drawings (including alternatives considered by the City).
- b. A statement of the need for such expenditures.
- c. A statement of the benefits to be derived from such expenditure.
- d. The allocation of the cost thereof to the various Airport System Cost Centers.
- e. The City's preferred means of paying for or financing the cost.
- f. An analysis that shows the projected impact of the cost of the proposed additional terminals and/or concourses on airline rents, fees, charges and the cost per Enplaned Passenger at the Airport.

The report shall be submitted at least ninety (90) days before the expiration of the then-current Fiscal Year.

Within a reasonable time, but no sooner than thirty (30) days and no later than forty-five (45) days after distribution of the report, the Airline and other airlines serving the Airport, shall meet

with the City to discuss salient factors and implications of the proposed additional terminals and/or concourses construction. The City will provide Airline reasonable notice of the date, time, and place of the meeting.

The additional terminals and/or concourses construction shall be deemed concurred with unless, within thirty (30) days after consultation, at least seventy-five percent (75%) of the airlines having a similar agreement to this Agreement with City leasing Terminal Building space, representing at least seventy-five percent (75%) of airline rents, fees, and charges associated with this Agreement paid during the previous Fiscal Year request, in writing, deferral of the additional terminals and/or concourses construction. Airline will submit its notice withholding concurrence to the Director in accordance with Section 19.5. If concurrence is withheld, the construction of additional terminals and/or concourses will be deferred twelve (12) months.

Ninety (90) day prior to the end of the initial twelve (12) month deferral period, if the City still desires to construct the additional terminals and/or concourses the City shall repeat the Capital Improvement coordination process described above for the additional terminals and/or concourses construction. If, concurrence on the previously deferred additional terminals and/or concourses construction is again specifically withheld, in writing, by the airlines as above provided, the additional terminals and/or concourses construction will be deferred an additional twelve (12) months.

After twenty-four months of deferral, the City may construct the additional terminals and/or concourses. When such facilities are available for airline operations, the City may include all capital, operating and maintenance costs and expenses of such additional terminals and/or concourses, in the rents, fees, and charges of Airline and other airlines using the facilities constructed.

Nothing herein shall prohibit the City from:

- a. Developing preliminary plans, cost estimates, and preliminary financing plans for additional terminals and/or concourses and including the cost of these items in the rents, fees, and charges paid by Airline and other airlines.

- b. Constructing projects or project elements involving the renovating, renewing, improving and incrementally expanding the Landside Terminal Building, Concourse A and Concourse B are not subject to the two year deferral described in this Section 8.2.
- c. Constructing additional terminals and/or concourses should the City have a request from a viable airline, not providing service to the Airport at the time and without available space in the facilities at the time, with a lease commitment for a concurrent term for a substantial portion of the additional terminal and/or concourse. Such arrangement must be economically feasible without allocating costs to other airlines not occupying or using the facilities.

8.3 CAPITAL IMPROVEMENT NOT SUBJECT TO DEFERRAL

The following types of Capital Improvements are not subject to deferral by the airlines:

- a. Capital Improvements under way as of the Effective Date of this Agreement or shown in the City of San Antonio, Texas, Official Statement for Airport System Revenue Improvement and Refunding Bonds, Series 2010A; Airport System Revenue Refunding Bonds, Taxable Series 2010B; and Passenger Facility Charge and Subordinate Lien Airport System Revenue Improvement and Refunding Bonds, Series 2010 dated December 9, 2010 (Official Statement).
- b. Capital Improvement in Airport Cost Centers other than the Landside Terminal Building, Concourse A, Concourse B, the Baggage Handling System, Loading Bridges, the Apron Area, and the Airfield Area, which will not impact airline's rents and fees.
- c. Acquisition of land that is crucial for the Airport.
- d. Capital Improvements that are planning projects.
- e. Any Capital Improvements having a net cost to City of less than One Million Dollars (\$1 million), provided that such Capital Improvement shall be for a functionally complete project. It is the intent of the parties hereto that a single project not be spread across multiple Fiscal Years solely to escape the provisions of this section. This provision shall not, however, act to preclude City from completing separate projects that are reasonably part of a multiyear program, City will advise Airline of the general scope of the program

encompassing such individual project elements. If a project originally not subject to deferral due to this Section 8.3.e is reestimated to a cost in excess of said One Million Dollars (\$1 million) prior to the construction solicitation process, the project will be subject to coordination with the airlines pursuant to Section 8.1 above.

- f. Projects required for public safety when directed by the governmental authority having jurisdiction over the Airport, Airline's operations, or the safety aspect of the Airport's operations.
- g. Casualty damage to the Airport that exceeds the proceeds of insurance, which property must be rebuilt in kind or replaced in kind to satisfy City's obligations or maintain a source of revenue.
- h. Special Facilities as defined herein. In all cases, the tenant or other users of such Special Facilities shall be required to pay directly or reimburse City for all costs associated with such Special Facilities.
- i. Capital Improvements or additions necessary to ensure compliance with lawful orders or requirements of other authorities and that are necessary for aircraft operations or are related to the issuance of federal or State grants to City.
- j. Capital Improvements or expenditures necessary to settle claims, satisfy judgments, or comply with orders against City by reason of its ownership, operation, maintenance, or use of the Airport.
- k. Capital Improvements or expenditures of an emergency nature, which, if not made, would result in the closing of the Airport.
- l. Any financially self-supporting projects, which will not impact airline's rents and fees.
- m. Capital Improvements to the Airport necessitated by the unique requirements of Airline for which Airline has agreed to pay the costs thereof.
- n. Capital Improvements to be funded in whole or in part with the proceeds of the Passenger Facility Charge, which will be subject to the FAA required consultation and review process for application and use of such funds, as may be amended from time to time.

ARTICLE 9. BOND ORDINANCE SUBORDINATION AND APPLICATION OF REVENUES

9.1 SUBORDINATION TO BOND ORDINANCE

This Agreement and all rights of Airline hereunder are expressly subordinated and subject to the lien and provisions of any pledge, transfer, hypothecation, or assignment made (at any time) by City to secure Airport Bond financing. This Agreement is subject and subordinate to the terms, covenants, and conditions of the Bond Ordinance authorizing the issuance of Airport Bonds by the City of San Antonio. City may amend or modify the Bond Ordinance or make any change thereto that does not materially adversely affect Airline rights under this Agreement. Conflicts between this Agreement and the Bond Ordinance shall be resolved in favor of the Bond Ordinance.

All definitional terms that are not specifically defined herein are to have the meanings set forth in the Bond Ordinance.

9.2 DISPOSITION OF AIRPORT REVENUE, PASSENGER FACILITY CHARGE, AND CUSTOMER FACILITY CHARGE PROCEEDS

All Airport Revenue shall be deposited, applied, and allocated to the funds and accounts in the manner and according to the priority provided for in the applicable Bond Ordinance(s).

All Passenger Facility Charge proceeds shall be deposited, applied, and allocated in a manner consistent with applicable federal laws and regulations. If Passenger Facility Charge proceeds are pledged to repay Bonds, then those proceeds shall be deposited, applied, and allocated in the funds and accounts in the manner and according to the priority provided for in the applicable Bond Ordinance(s).

All Customer Facility Charge proceeds shall be deposited, applied, and allocated in a manner consistent with applicable State laws and regulations. If Customer Facility Charge proceeds are pledged to repay Bonds, then those proceeds shall be deposited, applied, and allocated in the funds and accounts in the manner and according to the priority provided for in the applicable Bond Ordinance(s).

ARTICLE 10. CITY RECORDS

10.1 REVENUES AND EXPENSE RECORDS

City will establish an Airport accounting system and will maintain accounting records that document the following items: (a) Annual Airport Revenue, (b) Maintenance and Operating Expenses, (c) Capital Outlays, (d) Annual Debt Service, (e) amortization, and (f) Capital Improvements and other expenses incurred by City for the improvement, renovation, or enhancement of the Airport as they may be charged directly or allocated to each Airport Cost Center.

ARTICLE 11. MAINTENANCE AND OPERATING RESPONSIBILITIES

11.1 CITY'S RESPONSIBILITIES

Except as otherwise provided in this Agreement, City will (a) furnish only structural maintenance (including maintenance of the roof) of City-owned facilities; (b) provide maintenance and operation of City-installed equipment and systems, excluding the Baggage Handling System and Loading Bridges or other systems transferred to SAAC's responsibility, (c) install and furnish electrical power for interior area lighting throughout the Terminal Building, Loading Bridges and Baggage Handling System, (d) provide heating and air conditioning in enclosed interior areas of the Terminal Building, Loading Bridges and Baggage Handling System, (e) provide electrical re-lamping in areas in public view and the unrented areas of the Terminal Building, and (f) provide maintenance of plumbing lines. The City will be responsible for maintaining and operating the Airfield Area. If it is determined by City that acts of Airline have caused the need for maintenance as described in this paragraph or repairs to facilities or systems, Airline agrees to pay the cost of maintenance or repair plus fifteen percent (15%) for administration provided Airline has not elected to make the repair itself in a manner approved by City to the full extent of the damage.

11.1.1 Common Use Space

In the Common Use Space (as shown on Exhibit D), City will furnish structural maintenance, area lighting, heating, and air conditioning.

11.1.2 Apron Area

City will provide structural maintenance for the Apron Area (as shown on Exhibit D), maintain Apron Area lighting, and inspect aircraft parking position painting for conformity with aircraft parking plans submitted by Airline and accepted by City.

11.1.3 Loading Bridges and Baggage Handling System

City will provide electricity to the Loading Bridges and Baggage Handling System. The cost of electricity shall be included in City's fees for use of the Loading Bridges and Baggage Handling System.

11.1.4 Airport Facilities

Except as otherwise provided in this Agreement, City agrees to maintain, operate, and keep in good repair the areas and facilities provided by City for use by the airlines and the public in accordance with the practices of a reasonably prudent airport operator. City agrees to use its best efforts to keep the Airport free from obstructions and to do all things reasonably necessary for the safe, convenient, and proper use of the Airport by those who are authorized to use same.

11.1.5 Public Areas of the Terminal Building

Except as otherwise provided in this Agreement, City will operate and keep in good, sanitary, and neat condition and repair the public areas of the Terminal Building as shown on Exhibit B (except for those areas leased to others for their exclusive, preferential, or Common Use) and all additions, improvements, and facilities now or hereafter provided by City at or in connection with the Terminal Building for use by all airlines and the public, excepting any improvements or facilities constructed or installed by Airline, either individually or jointly with others, and those that Airline has agreed under the provisions hereof to operate and maintain as aforesaid.

Except as otherwise provided in this Agreement, City will keep the roof, structure, and utility systems of the Terminal Building in good repair. City will keep the public areas in and around the Terminal Building adequately supplied, equipped, and furnished to accommodate the public using same and will operate and maintain directional signs in said public areas.

City will use reasonable efforts to provide (a) sufficient heat and air conditioning to those areas of the Terminal Building equipped with such service; (b) illumination and drinking water in the public areas of the Terminal Building; (c) adequate lighting for the public vehicular parking facilities; and (d) except as may otherwise be provided herein, such janitorial and cleaning services as necessary to keep the public areas of the Terminal Building and areas adjacent thereto in a reasonably presentable and usable condition at all times.

11.1.6 Airfield Area Maintenance

In Airfield Area the City will maintain, operate, and keep in good repair the areas and facilities provided by City for use by the airlines in accordance with the practices of a reasonably prudent airport operator.

11.2 AIRLINE'S RESPONSIBILITIES

The following are responsibilities of Airline and may be performed by Airline or Airline's third party service provider.

11.2.1 Exclusive Use Space and Preferential Use Space

Airline shall provide all maintenance, as shown in Exhibit D, in its Exclusive Use Space and Preferential Use Space. Airline shall furnish all janitorial services, all maintenance and operation of Airline-installed improvements and systems in its Exclusive Use Space and Preferential Use Space. Airline shall provide electrical relamping in its non-public view Exclusive Use Space, all decorating and redecorating when required in the Exclusive Use Space. Airline shall maintain the Exclusive Use Space and Preferential Use Space in a neat, clean, sanitary, and operable condition.

11.2.2 Common Use Space

Airline along with other airlines shall furnish all maintenance of Common Use Space (as shown in Exhibit D) including the maintenance of all equipment, systems and fixtures located therein. Airline will conduct its operations in a neat, clean, and sanitary manner through SAAC.

11.2.3 Preferential Use Apron Area

Airline shall perform or cause to be performed such cleaning of the Apron Area leased to Airline (as shown on Exhibit D) as shall be necessary to keep said area in a clean, neat and orderly condition and free of foreign objects, and shall periodically on an as-needed basis remove grease, oil, and fuel spills caused by Airline with ramp scrubbing equipment and repair any foreign object damage. Airline will be responsible for striping and un-striping its Preferential Use Apron Areas.

11.2.4 Passenger Loading Bridges

Airline shall not modify or attach personal property or signage to City-owned passenger loading bridges without the advanced written approval of the Director (which approval may be withheld at Director's sole discretion).

11.2.5 Airline-Constructed Improvements

Airline shall cause all improvements and facilities, and additions thereto, constructed or installed by Airline, either alone or in conjunction with others, and all vehicles and equipment operated by Airline on the Airport to be kept and maintained in a safe condition and in good repair in accordance with uniform standards applicable to all similarly situated Airport tenants as established from time to time by the Director. Airline shall keep the Exclusive Use Space and Preferential Use Space and improvements thereon in a sanitary and neat condition.

11.2.6 Maintenance Responsibilities

Airline shall perform ordinary preventive maintenance and upkeep and nonstructural repair of all facilities located in its Exclusive Use Space and Preferential Use Space. Airline shall be responsible for interior window cleaning for its Exclusive Use Space and Preferential Use Space. Exhibit D shows a matrix of Airline and other airlines maintenance responsibilities and the City's responsibilities.

Nonstructural maintenance of Airline's Exclusive Use Space and Preferential Use Space, Loading Bridge(s), and Apron Area shall be at Airline's sole cost and expense. Nonstructural maintenance costs for Common Use Space will be prorated among the airlines by SAAC using the methodology agreed upon by all airlines or the Common Use Formula.

Structural maintenance of the Leased Premises will be provided by City at the sole cost and expense of City so long as the need for structural maintenance was not caused by Airline or other airlines, in which case City shall be reimbursed for repair costs by the party or parties causing the need for structural maintenance.

11.2.7 Performance by City Upon Failure of Airline to Maintain

In the event Airline fails within thirty (30) days after receipt of written notice from City to perform any obligation required hereunder, City may enter the Leased Premises involved, without such entering causing or constituting a termination of this Agreement or an interference with the possession of said Leased Premises by Airline, and do all things reasonably necessary to perform such obligation. Director may charge Airline the reasonable cost and expense of performing such obligation and Airline agrees to pay to City upon demand such charge in addition to any other amounts payable by Airline hereunder; provided, however, that if Airline's failure to perform any such obligation endangers the safety of the public, the employees or

property of City, or other tenants of the Airport and Director so states in its written notice to Airline, City may perform such obligation of Airline at any time after the giving of such notice and charge to Airline the reasonable cost and expense of such performance which Airline shall pay as aforesaid.

11.2.8 Alterations and Improvements

Airline shall make no alterations, additions, improvements, or installations on the space assigned or allocated to it by City without prior written approval from the Director and without obtaining all applicable permits.

ARTICLE 12. SAN ANTONIO AIRLINE CONSORTIUM

Certain airlines have come together and formed SAAC to perform certain of the maintenance and janitorial services that are the responsibility of Airline and other airlines under the terms of this Agreement. Airline and other airline members of SAAC shall provide a copy of SAAC's articles of incorporation/formation and By-Laws and other documentation to the Director. Airline understands that for SAAC to operate at Airport it must meet certain expectations as described in this Article 12. If Airlines is a voting member or officer of SAAC, Airline will cast its vote (or use its position within SAAC) in support of SAAC's compliance with this Article 12.

12.1 SAAC

The purpose of SAAC is to provide operation, maintenance, and janitorial services that airlines are obligated to perform under this Agreement within their Leased Premises and certain other areas of the Terminal Building, and to operate and maintain certain systems, equipment, and facilities (more fully describe on Exhibit D) in and about the Terminal Building on behalf of SAAC member and nonmember airlines and the City. Also, SAAC will initially be assigned janitorial responsibilities by the City for certain portions of the Terminal Building more fully described on Exhibit E. SAAC is to provide these services on a "*not for profit*" basis to Airline, other airlines, and the City.

Airline hereby appoints SAAC as its authorized agent for fulfilling the following obligations of Airline: janitorial services, Baggage Handling System operation and maintenance, Passenger Loading Bridge maintenance and Apron Area striping.

The operation and maintenance of Baggage Handling System and Passenger Loading Bridges, the janitorial services described herein, Apron Area striping and other areas assigned by the City are not subject to the City's percentage fee on gross receipts. For other third party services provided by SAAC to Airline, other airlines and others, the City may levy a nondiscriminatory fee for services to any person or company.

For any space occupied by SAAC, not already included in airlines rents and fees, SAAC shall either pay rent to City monthly based on the prevailing airline rental rate for the space it occupies or it shall be added to the applicable Common Use area.

12.1.1 Operational Funding

The City will fund certain eligible SAAC costs in the amount of ONE MILLION DOLLARS AND NO CENTS (\$1,000,000.00) which may include start-up expenses, professional fees, management and labor costs, and the costs of service contracts incurred by SAAC in connection with its role in the commissioning and operation of its services and operational reserves to provide the services outlined in this Agreement. This funding will be provided at an interest rate of 1.5% annually.

The City will pay the Funds to SAAC, as agent for certain airlines, in a lump-sum payment to be disbursed thirty (30) days prior to operational start-up in accordance with any and all agreements between the City, airlines and SAAC. SAAC shall reimburse the City in three installments according to the following schedule:

- \$333,333 plus associated interest charges within one (1) year of operational start-up
- \$333,333 plus associated interest charges within two (2) years of operational start-up
- \$333,334 plus associated interest charges within three (3) years of operational start-up

The City will allow prepayment of the Operational Funding plus interest through the date of prepayment, without penalty. Further, if at the end of the third year the total amount of the advance plus interest is not recovered, the City may recover the unpaid amount by placing a surcharge on Airline's (together with other airlines) rents and fees until the total amount of the advance and interest are recovered. The surcharge will not exceed the unpaid balance on the loan. The unpaid balance will be allocated according to the Common Use Formula.

12.1.2 City/SAAC Interface

City will designate a representative to monitor and observe the maintenance and operation of the Baggage Handling System, Loading Bridges, and other systems. Airline and SAAC agree to use their best efforts to implement suggestions and requests of City's representative. Additionally, City will designate a non-voting representative to attend Board of Directors meetings and other organizational meetings of SAAC.

12.1.3 SAAC Response Times

SAAC shall provide services within appropriate response times. Response time shall be at least equal to response time at other airports with similar systems and equipment. Services requiring immediate action shall be responded to appropriately. SAAC shall also perform preventive maintenance on a scheduled basis.

12.2 SAAC JANITORIAL SERVICES

SAAC shall provide janitorial services to Airline's Leased Premises and for the City-designated areas of the Terminal shown on Exhibit E. To maintain a uniform level of janitorial service within both airline Leased Premises and other space in the Terminal Building, it is preferable that one entity be responsible for providing such services. Further, the parties hereto agree that, over time, it is more cost effective for a single entity to provide janitorial services within both airline and non-airline Terminal Building space. Therefore, the parties have agreed that responsibility for janitorial services within defined areas of the Terminal Building will be migrated, over a period of three (3) years, from City to the SAAC. At the end of three (3) years, the City agrees that any janitorial services still being provided by City will be in Airport Cost Centers that are not paid for by Airline, except to the extent that they are part of the indirect cost allocation.

12.2.1 City's Janitorial Service Contract Assignment

As soon as practical after the execution of this Agreement, the City will assign its janitorial service contract to SAAC for administration. At its discretion, SAAC may maintain the contract or replace the contract as SAAC determines is appropriate, in accordance with provisions of the contract. Any termination liability will be the responsibility of SAAC.

12.2.2 City's Baggage Handling System and Passenger Loading Bridge Service Contract Assignment

As soon as practical after the execution of this Agreement, the City will assign its Baggage Handling System and Passenger Loading Bridge service contract to SAAC for administration. At its discretion, SAAC may maintain the contract or replace the contract as SAAC determines is appropriate, in accordance with provisions of the contract. Any termination liability will be the responsibility of SAAC.

12.2.3 Janitorial Specification

Exhibit F shows SAAC's janitorial specification for janitorial services in the Terminal Building.

12.2.4 Leased Premises Janitorial Services

The Airline hereby appoints SAAC as its janitorial services provider within Airline's Leased Premises and Common Use Areas of the Terminal Building as shown on Exhibit E.

The janitorial services provided must result in Airline's Leased Premises and other defined areas, being kept in a neat, clean, sanitary, safe, and orderly condition at all times.

Janitorial services within Airline's Leased Premises shall be at Airline's sole cost and expense. SAAC janitorial services costs for Common Use Space shall be prorated among all airlines by SAAC using the methodology agreed upon by all airlines—in the absence of agreement between the airlines, the Common Use Formula will be used. SAAC will invoice Airline and other airlines for the services that are provided on Airline's behalf.

12.2.5 Public and Other Areas Janitorial Services

The cost of janitorial services provided by SAAC to other defined areas of the Terminal assigned by the Director to SAAC for the provision of janitorial services will be at City's expense. Initially, the City assigns SAAC the janitorial responsibility of the areas shown on Exhibit D. SAAC shall invoice the City monthly in accordance with Section 12.2.6 for the cost of these services.

As soon as practical after the execution of this Agreement, SAAC (on behalf of City) shall provide the janitorial services to the areas shown on Exhibit D. Over the Term of this Agreement, the Director may authorize SAAC to provide additional services. It is the goal of the parties hereto that as SAAC's capacity to provide janitorial services increases additional area in the Terminal Building will be added to SAAC's janitorial responsibilities. The City is responsible for paying the costs of public and other areas as shown on Exhibit B that it assigns to SAAC for janitorial services in the Terminal Building.

12.2.6 Budget Process

The intent of this section is to provide a basis to increase or decrease SAAC janitorial services for City areas of responsibility from time to time as City staffing levels change.

Each year, as part of City's Aviation Department budget development process, City will advise SAAC of space in the Terminal Building for which SAAC shall be responsible for providing janitorial services for the City in the subsequent year. Increases or decreases in scope will result in an appropriate adjustment in compensation due SAAC. The City will also advise SAAC of the number of unleased Loading Bridges.

At least one hundred twenty (120) days before the end of each Fiscal Year, SAAC shall provide City with a preliminary estimate of the cost of janitorial services and unleased Loading Bridge that will be invoiced to City in the subsequent Fiscal Year. At least ninety (90) days prior to the end of the then-current Fiscal Year, SAAC will provide the City with its final budget for the cost of janitorial services that will be invoiced to the City in the subsequent Fiscal Year. The City will advise SAAC of its acceptance of the proposed costs.

12.2.7 Janitorial Services Termination

The City may terminate the janitorial services being performed for City by SAAC on ninety (90) days advance written notice to SAAC. In the event that the City terminates this obligation and Airline is a voting member or officer of SAAC, Airline will cast its vote (or use its position within SAAC) for SAAC to assign its janitorial service contract to the City upon request.

12.3 SAAC BAGGAGE HANDLING SYSTEM MAINTENANCE AND OPERATION SERVICES

Airline, together with other airlines and acting through SAAC, shall operate, maintain, and clean the Baggage Handling System. The maintenance, operation, and cleaning of the Baggage Handling System shall be at the sole cost and expense of Airline together with other airlines. The Baggage Handling System costs shall be prorated among all airlines by SAAC using the methodology agreed upon by all airlines; in the absence of agreement between the airlines the Common Use Formula will be used.

SAAC shall maintain the Baggage Handling System in accordance with the manufacturer's recommended maintenance program. The manufacturer's specifications for maintenance of the Baggage Handling System are on file in the Director's office and available for inspection during normal Airport business hours. SAAC shall keep appropriate documentation showing that proper maintenance has been performed. Also, SAAC shall maintain logs showing the maintenance history of key components of equipment and systems.

The City or airlines may terminate SAAC's obligation to maintain the Baggage Handling System on ninety (90) days advance written notice. In the event that the City terminates this obligation and Airline is a voting member or officer of SAAC, Airline will cast its vote (or use its position within SAAC) for SAAC to assign its Baggage Handling System service contract(s) to the City upon request.

12.4 SAAC LOADING BRIDGE MAINTENANCE

Airline, acting through SAAC, shall maintain and clean the Loading Bridge(s) shown on Exhibit C (including 400 Hz power, preconditioned air, Loading Bridge air conditioning, and potable water cabinets). Maintaining and cleaning of the Loading Bridges shall be at the sole cost and expense of Airline and other airlines using the Loading Bridge(s). As soon as practical after the execution of this agreement, the City will assign its Loading Bridge service contract to SAAC for their administration. At its discretion, SAAC may maintain the contract or replace the contract as SAAC determines is appropriate, in accordance with provisions of the contract. Any termination liability will be the responsibility of SAAC. Monthly, the City will pay SAAC for the cost of maintaining and operating unleased bridges.

SAAC shall maintain the Loading Bridges in accordance with the manufacturer's recommended maintenance program. The manufacturer's specifications for maintenance of Loading Bridges are on file in the Director's office and available for inspection during normal Airport business hours. SAAC shall keep appropriate documentation showing that proper maintenance has been performed. Also, SAAC shall maintain logs showing the maintenance history of key components of equipment and systems.

The City or airlines may terminate SAAC's obligation to maintain the Loading Bridges on ninety (90) days advance written notice. In the event that City terminates this obligation and Airline is a voting member or officer of SAAC, Airline will cast its vote (or use its position within SAAC) for SAAC to assign its Loading Bridge service contract to City upon request.

12.5 OTHER SAAC SERVICES AND MAINTENANCE

The overall scope of maintenance and operating responsibilities of SAAC may be increased or decreased, if agreed to by SAAC, by the Director, from time to time, based on operational necessity and the requirements of the airlines (including Airline), City, and the traveling public.

Each year, as part of City's Airport budget development process, the Director will advise Airline and SAAC of changes to its Baggage Handling System, Loading Bridges, and other buildings system maintenance and operating responsibilities in the subsequent year. Agreed upon increases or decreases in scope shall result in an appropriate adjustment in compensation due SAAC.

12.6 SAAC INSURANCE REQUIREMENTS

SAAC shall be required to purchase and maintain or caused to be maintained in force the insurance coverage for itself and its officers, agents, employees, contractors, subcontractors, licensees, and suppliers. SAAC shall maintain in full force and effect the forms of insurance specified in this section. All such insurance hereunder shall be maintained by SAAC's with insurance underwriters who have been approved by the Director.

All liability insurance policies shall provide coverage that includes, or has the same substantive effect as, the following wording:

1. "The City of San Antonio and each of its officers, agents, elected representatives, volunteers, and employees, in their respective capacities as such, shall be additional insureds hereunder with respect to the products, premises, and operations of the named insured to the full limits of liability purchased by SAAC even if those limits of liability are in excess of those required by this Lease."
2. "SAAC's insurance shall be primary insurance and non-contributory with respect to all other available sources."
3. "This insurance shall not be materially changed, altered, canceled, or non-renewed until after thirty (30) days advance written notice has been given to the City of San Antonio except that only ten (10) day notice shall be required in the event of cancellation due to non-payment of premium."

At least ten (10) calendar days prior to SAAC begins its responsibilities, SAAC shall furnish City with evidence of all insurance policies required hereunder. Prior to the expiration of any then-current policy of insurance, SAAC shall deliver to City evidence showing that such insurance coverage has been renewed. At least five (5) calendar days prior to the date of cancellation or reduction of coverage, as received in the written notice from the insurer, SAAC

shall deliver to the Director evidence showing reinstatement or other provision for the required insurance.

All such evidence shall be in the form of certificates of insurance satisfactory to the Director.

- a. General Liability insurance with a liability limit of not less than Twenty Five Million Dollars (\$25,000,000.00) combined single limit per occurrence, on occurrence form policy.
- b. Automobile liability insurance with a liability limit of not less than Five Million Dollars (\$5,000,000.00) for all owned, non-owned, and hired vehicles operated by or on behalf of SAAC at the Airport, including any additional or replacement vehicles.
- c. Professional liability insurance in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence.
- d. SAAC shall have and require that each of its agents, licensees, subcontractors, and suppliers maintains workers' compensation insurance or evidence of self-insurance with statutory limits of liability and employers liability with limits of not less than \$1,000,000 per each accident and/or disease, in accordance with the laws of the State of Texas, covering all of its employees who may from time to time be at the Airport in such capacity. The workers' compensation policy(s) required hereunder shall be endorsed to state that the workers' compensation carrier waives its right of subrogation against City, its officers, agents, elected representatives, volunteers, and employees. Upon request by the Director, SAAC shall furnish the Director with evidence of such workers' compensation insurance in a form acceptable to City.
- e. The minimum limits of the insurance herein required may become inadequate during the Term of this Agreement and that, in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect the City. City hereby reserves the right to review all coverages and amounts and request adjustments as necessary in City's reasonable discretion.
- f. If, at any time, SAAC fails to obtain or maintain in force the insurance required herein, such failure, if not cured within 48 hours, shall constitute a default permitting City, upon

prior reasonable written notice to SAAC, to terminate SAAC's use of the space or SAAC's operations or activities in regard to the Airport and that, in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect City.

- g. If any claim for damages is filed with SAAC or if any lawsuit is instituted against SAAC, SAAC shall give prompt and timely notice thereof to the Director, provided that claims and lawsuits subject to such notice are only those that arise out of or are in any way connected with SAAC's or its officers', representatives', agents', employees', contractors', subcontractors', licensees', or suppliers' use of their approved Premises or SAAC's operations or activities in regard to the Airport and that, in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect City. Notice shall be deemed prompt and timely if given within thirty (30) calendar days following the date of receipt of a claim or ten (10) calendar days following the date of service of process of a lawsuit. Accident or property damage claims in an amount less than One Thousand Dollars (\$1,000.00) shall be excluded from the requirements of this paragraph.
- h. If any claim for damages is filed with City or if any lawsuit is instituted against City, City shall give prompt and timely notice thereof to SAAC, provided that claims and lawsuits subject to such notice are only those that arise out of or are in any way connected with the operation of the Airport by City and that, in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect SAAC. Notice shall be deemed prompt and timely if given within thirty (30) calendar days following the date of receipt of a claim or ten (10) calendar days following the date of service of process of a lawsuit. Accident or property damage claims in an amount less than One Thousand Dollars (\$1,000.00) shall be excluded from the requirements of this paragraph.

12.7 AIRLINE/SAAC PERFORMANCE FAILURE

City may, but is not obligated to, perform any repairs, maintenance, janitorial service, or other work that Airline/SAAC has failed to perform in a timely manner. In the event that City, after providing Airline/SAAC with reasonable notice and opportunity to perform, must perform repairs, maintenance, janitorial service, or other work that are Airline's responsibility within Airline's Exclusive Use, Preferential Use Space, Passenger Loading Bridges, or Baggage

Handling System, Airline agrees to pay the cost of this service plus fifteen percent (15%) for administration, which sum is due upon receipt of invoice.

In Common Use Space, City may, but is not obligated to, perform any repairs, maintenance, janitorial service, or other work that Airline/SAAC has failed to perform in a timely manner. In the event that City, after providing Airline/SAAC with reasonable notice and opportunity to perform, must perform repairs, maintenance, janitorial service, or other work that are the Airline/SAAC responsibility within Common Use Space, Airline, together with other airlines, agrees to pay the cost of this service plus fifteen percent (15%) for administration, which sum shall be prorated among the airlines according to the Common Use Formula. Payments for these services are due upon receipt of invoice.

12.8 MORE FAVORABLE TERMS, CONDITIONS, FEES OR CHARGES

Airline agrees that it will not to take any action (or inaction) to enable SAAC to enter into any agreement or arrangements with Airline, other airlines, or others containing more favorable terms, conditions, or charges for services, or fees, than those provided the City for the services that the City requests of SAAC to be performed at the Airport. Should SAAC enter into any agreement or arrangements with Airline, other airlines, or others containing more favorable terms, conditions, fees or charges for its services, those more favorable terms, conditions, fees or charges are deemed to be concurrently provided to the City.

12.9 ADJUSTMENT OF SAAC CHARGES TO CITY TO ACTUAL

Within three (3) months following the completion of each calendar year, SAAC shall furnish Airline and City with an accounting of the costs and expenses actually incurred, actual allocations for direct and indirect expenses, revenues and other credits actually realized and shall recalculate the charges required for the calendar year based on those actual costs and revenues.

In the event that City's charges billed and paid during the year were more or less than the amount of City's charges required (as recalculated based on actual costs), such excess or deficit amount will be credited immediately or charged to the City over the next succeeding three (3) months.

12.10 CITY RIGHT TO AUDIT SAAC

Should Airline be a member of SAAC, Airline agrees that SAAC will keep books and records on its operations at the Airport and the Director or any other authorized City representative, upon

reasonable advance written notice to Airline and SAAC, shall have the right to inspect and audit such books and records to determine that SAAC is meeting all of the requirements of it that are memorialized in this Agreement.

12.11 SAAC EMPLOYEE BADGES

All SAAC employees and their subcontractors employees shall obtain the appropriate badges for the areas in which they will be working. The City will charge SAAC the standard badging fee for each badge issued to its employees and the employees of subcontractors.

12.12 REVERSION OF SERVICES

If SAAC stops being responsible for any or all of the maintenance and operation of Loading Bridges, Baggage Handling System, public view areas of the Terminal Building and Common Use Space, the City will assume these responsibilities and charge Airline together with other airlines for the costs associated with these areas. If Airline is a voting member or officer of SAAC, Airline will cast its vote (or use its position within SAAC) for SAAC to assign the applicable Baggage Handling System, Loading Bridge or Janitorial service contract(s) to City upon request. These costs will be calculated based on the procedures established in Article 6.

ARTICLE 13. DAMAGE OR DESTRUCTION OF LEASED PREMISES

13.1 LEASED PREMISES INHABITABLE

If any of the Leased Premises shall be partially damaged by fire or other casualty, but such Leased Premises remain inhabitable, same will be repaired with due diligence by City to the condition existing just prior to such casualty, but City's responsibility in this regard shall be limited to the extent of the proceeds of insurance received with respect to such premises and to the extent funds are appropriated for such repair by the City's governing body.

13.2 LEASED PREMISES UNINHABITABLE

If any of the Leased Premises shall be completely destroyed or partially damaged by fire or other casualty rendering all or a substantial portion of the Leased Premises uninhabitable and it is reasonably estimated by the Director that it will take more than one hundred eighty (180) days to repair, the Director will notify Airline in writing within ninety (90) days of such casualty whether the damaged or destroyed Leased Premises will be repaired. If any or all of the Leased Premises is to be repaired, it will be repaired with due diligence by City, and the rent allocable to the damaged or destroyed Leased Premises will be abated for the period from the occurrence of the damage to the substantial completion of the repairs. If the repair period is estimated to exceed 180 days, City will make good faith efforts to provide Airline with temporary substitute space, if available, during such period of repair, at a rental rate for comparable space based on the rents, fees, and charges principles set forth in this Agreement. If Airline's Leased Premises have been reduced due to City's election not to repair damaged premises, Airline shall be entitled to request and City shall consider further proportionate reductions in Leased Premises so that Airline has use of an operative remainder.

13.3 AUTOMATIC DELETION OF UNREPAIRED DAMAGED PREMISES

If City shall fail to notify Airline of its decision as set forth in the above paragraph (or gives written notice of its intent not to repair), City will be deemed to have elected to not repair the damaged premises, and the damaged premises shall be automatically deleted from the Leased Premises as of the date of the damage or destruction, with no further liability therefore by either City or Airline except those liabilities that accrued, including rent, prior to such damage or destruction. Airline shall reconstruct all its improvements in the damaged or destroyed Leased Premises necessary for the conduct of Airline's business operations in the manner existing just

prior to the casualty, consistent with the City's obligations set forth in the paragraphs above. Parties will negotiate in good faith if additional premises should be deleted.

13.4 CITY INSURANCE

The Terminal Building in which Airline's Exclusive Use and Preferential Use Space is located, exclusive of Airline's property, will be insured by City under a policy of fire and extended coverage insurance to the extent of not less than eighty percent (80%) of the insurable value of such property if such percentage of coverage is available. Insurance moneys and funds received on account of the damage to or destruction of such property will be applied by City to the repair, construction, or replacement of such damaged or destroyed property. Premiums paid by City for insurance provided in compliance herewith shall be included by City as a part of Airport maintenance and operating expenses.

ARTICLE 14. INSURANCE

By use and occupancy of Airport premises, Airline understands and agrees that it shall, at its sole expense and in a manner acceptable to City, purchase and maintain or caused to be maintained in force the following insurance coverage for itself and its officers, agents, employees, passengers, guests, patrons, contractors, subcontractors, licensees, subtenants, invitees, and suppliers. Airline shall maintain in full force and effect the forms of insurance specified in this Article 14. All such insurance hereunder shall be maintained with insurance underwriters who have been approved by the Director in consultation with City's Risk Manager. Airline may satisfy this requirement through Airline's captive only upon showing of similar financial strength to the satisfaction of the City's Risk Manager.

All liability insurance policies shall provide coverage that includes, or has the same substantive effect as, the following wording:

1. "The City of San Antonio and each of its officers, agents, elected representatives, volunteers, and employees, in their respective capacities as such, shall be additional insureds hereunder with respect to the products, premises, and operations of the named insured to the full limits of liability purchased by the Airline even if those limits of liability are in excess of those required by this Lease."
2. "Airline's insurance shall be primary insurance and non-contributory with respect to all other available sources."
3. "This insurance shall not be materially changed, altered, canceled, or non-renewed until after thirty (30) days advance written notice has been given to the City of San Antonio except that only ten (10) day notice shall be required in the event of cancellation due to non-payment of premium."

At least ten (10) calendar days prior to the Effective Date of this Agreement, Airline shall furnish City with evidence of all insurance policies required hereunder. Prior to the expiration of any then-current policy of insurance, Airline shall deliver to City evidence showing that such insurance coverage has been renewed. At least five (5) calendar days prior to the date of cancellation or reduction of coverage, as received in the written notice from the insurer, Airline

shall deliver to the Director evidence showing reinstatement or other provision for the required insurance.

All such evidence shall be in the form of certificates of insurance satisfactory to the Director.

- a. Aircraft liability insurance and comprehensive form general liability insurance, covering bodily injury, personal injury, property damage, products/completed operations liability, premise liability, and contractual liability, with a liability limit of not less than Three Hundred Million Dollars (\$300,000,000.00) combined single limit per occurrence, on occurrence form policy. Said limit shall be reduced to One Hundred Fifty Million Dollars (\$150,000,000.00) where Airline's maximum seating capacity on the largest aircraft operated at the Airport by Airline is thirty (30) or less. With respect to coverage for products/completed operations and personal injury, except with respect to passengers, a sublimit of not less than Twenty-Five Million Dollars (\$25,000,000.00) per occurrence, and in the annual aggregate, shall be permitted with the approval of the Director. Said aircraft liability shall be applicable to owned, non-owned, and hired aircraft.
- b. Automobile liability insurance with a liability limit of not less than Five Million Dollars (\$5,000,000.00) for all owned, non-owned, and hired vehicles operated by or on behalf of Airline at the Airport, including any additional or replacement vehicles.
- c. Liquor liability insurance for Airline serving alcoholic beverages in an amount not less than Ten Million Dollars (\$10,000,000.00) per occurrence.
- e. Employer's liability insurance in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence.
- f. Airline shall likewise maintain workers' compensation insurance or evidence of self-insurance, in accordance with the laws of the State of Texas, covering all of its employees who may from time to time be at the Airport in such capacity. Airline shall require each of its agents, licensees, subcontractors, and suppliers of the Leased Premises to maintain such workers' compensation insurance covering their employees coming on Airport premises in connection with Airline's operations hereunder. The workers' compensation policy(s) required hereunder shall be endorsed to state that the workers' compensation carrier waives its right of subrogation against City, its officers, agents,

elected representatives, volunteers, and employees. Upon request by the Director, Airline shall furnish the Director with evidence of such workers' compensation insurance in a form acceptable to City.

- g. The minimum limits of the insurance herein required may become inadequate during the Term of this Agreement and that, in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect the City. City hereby reserves the right to review all coverages and amounts and request adjustments as necessary in City's reasonable discretion.
- h. If, at any time, Airline fails to obtain or maintain in force the insurance required herein, such failure, if not cured within 48 hours, shall constitute a default permitting City, upon prior reasonable written notice to Airline, to terminate Airline's use of the space or Airline's operations or activities in regard to the Airport and that, in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect City. Notice shall be deemed prompt and timely if given within thirty (30) days following the date of receipt of a claim or ten (10) days following the date of service of process of a lawsuit. Accident or property damage claims in an amount less than One Thousand Dollars (\$1,000.00) shall be excluded from the requirements of this paragraph.
- i. If any claim for damages is filed with Airline or if any lawsuit is instituted against Airline, Airline shall give prompt and timely notice thereof to the Director, provided that claims and lawsuits subject to such notice are only those that arise out of or are in any way connected with Airline's or its officers', representatives', agents', employees', passengers', guests', patrons', contractors', subcontractors', licensees', subtenants', invitees', or suppliers' use of the Leased Premises or Airline's operations or activities in regard to the Airport and that, in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect City. Notice shall be deemed prompt and timely if given within thirty (30) calendar days following the date of receipt of a claim or ten (10) calendar days following the date of service of process of a lawsuit. Accident or property damage claims in an amount less than One Thousand Dollars (\$1,000.00) shall be excluded from the requirements of this paragraph.

- j. If any claim for damages is filed with City or if any lawsuit is instituted against City, City shall give prompt and timely notice thereof to Airline, provided that claims and lawsuits subject to such notice are only those that arise out of or are in any way connected with the operation of the Airport by City and that, in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect Airline. Notice shall be deemed prompt and timely if given within thirty (30) calendar days following the date of receipt of a claim or ten (10) calendar days following the date of service of process of a lawsuit. Accident or property damage claims in an amount less than One Thousand Dollars (\$1,000.00) shall be excluded from the requirements of this paragraph.

- k. The time limitations set forth above are directory. If the notice required to be given by these paragraphs is not given within the time limitations set forth herein, then the party giving the notice shall not be precluded from establishing that the notice actually given was timely under the circumstances of the particular claim or lawsuit, unless by the failure to give such notice within the applicable time period, the other party has been prejudiced in its ability to consider such claim or to respond to, or properly defend, such lawsuit. If the other party is so prejudiced by a late notice, then the late notice shall not be deemed to be prompt and timely.

ARTICLE 15. INDEMNIFICATION

AIRLINE covenants and agrees to FULLY INDEMNIFY and HOLD HARMLESS, the City and the elected officials, employees, directors, volunteers and representatives of the City, individually and collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions demands, causes of actions, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the City directly or indirectly arising out of resulting from or related to use of the Airport, or Airline's activities in, on or about Airline premises, or from any operation or activity of Airline upon the Airport premises, or in connection with its use of Airline premises, including any acts or omissions of Airline, any agent, officer, director, representative, employee, consultant or subcontractor of Airline, and their respective officers, agents, employees, directors and representatives while in the exercise of performance of the rights or duties under this Agreement, all without however, the City waiving any governmental immunity available to the City under Texas Law and without waiving any defenses of the parties under Texas Law. IT IS FURTHER COVENANTED AND AGREED THAT SUCH INDEMNITY SHALL APPLY EVEN WHERE SUCH COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND/OR SUITS ARISE IN ANY PART FROM THE NEGLIGENCE OF CITY, THE ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS AND REPRESENTATIVES OF CITY, UNDER THIS AGREEMENT.

The provisions of this INDEMNITY are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. Airline shall promptly advise the City in writing of any claim or demand against the City or Airline known to Airline related to or arising out of Airline's activities under this Agreement and shall see to the investigation and defense of such claim or demand at Airline's cost. The City shall have the right, at its option and at its own expense, to participate in such defense without relieving Airline of any of its obligations under this paragraph.

It is the express intent of the parties to this Agreement, that the indemnity provided for in this Article 15, is an indemnity extended by Airline to indemnify, protect, and hold

harmless, the City from the consequences of the City's own negligence, provided however, that the indemnity provided for in this section shall apply only when the negligent act of the City is a contributory cause of the resultant injury, death, or damage, and shall have no application when the negligent act of the City is the sole cause of the resultant injury, death or damage. Airline further agrees to defend, at its own expense and on behalf of the City and in the name of the City, any claim or litigation brought against the City and its elected officials, employees, officers, directors, volunteers, and representatives, in connection with any such injury, death, or damage for which this indemnity shall apply, as set forth above.

Notwithstanding anything in this Article 15 to the contrary, the liability of Airline for City's negligence, inclusive of all defense costs expended solely for City's defense, under this Article 15 and shall not exceed \$1,000,000 per occurrence.

ARTICLE 16. FEDERAL, STATE, AND LOCAL REGULATIONS

16.1 RULES AND REGULATIONS

City, in its governmental capacity, has adopted and will enforce Rules and Regulations with respect to the occupancy and use of the Airport, its services, and facilities by persons, vehicles, aircraft, and equipment that in the City's opinion will reasonably ensure the safe, efficient, and economically practicable operation of the Airport and provide for the safety and convenience of those using the Airport, and to protect the Airport and its facilities and the public from damage or injury resulting from operations on, into, and from the Airport.

The Director is authorized to enforce the Rules and Regulations and promulgate other rules and regulations, from time to time, in furtherance of said purposes and/or that the Director deems are necessary to implement the intent and express terms of this Agreement (Collectively the Rules and Regulations). All such Rules and Regulations, promulgated through the Director's authority but without governmental action or mandate, shall be reasonable and not unjustly discriminatory and 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 or City, as the same now are or may from time to time be amended or supplemented nor inconsistent with the reasonable exercise by Airline of any right or privilege granted under this Agreement.

City shall provide Airline with reasonable notice prior to adoption of any new or amended Rules or Regulations in order to provide Airline with the opportunity to comment on same prior to adoption. Airline, upon written request to the Director, shall be furnished (at the notice address provided herein and to Airline's on-Airport manager) a current copy of any such Airport rules or regulations and any amendments thereto.

Airline agrees to observe and obey all Rules and Regulations as are currently in place and as may be reasonably established from time to time, and to require its officers, agents, employees, contractors, and suppliers to observe and obey the same. It shall be a violation of this Agreement for Airline, or any of its officers, representatives, agents, employees, guests, contractors, subcontractors, licensees, subtenants, invitees, or suppliers to violate, or to cause another person to violate, any Rule or Regulation promulgated by the Director regarding operation of the Airport.

City reserves the right to deny access to the Airport or its facilities to any person, firm, or corporation that fails or refuses to obey and comply with the Rules and Regulations.

16.2 COMPLIANCE WITH LAW

Airline shall not use the Airport or any part thereof, or knowingly permit the same to be used by any of its employees, officers, agents, subtenants, contractors, 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 the City, the State of Texas, and the federal government, and of any governmental bodies that has jurisdiction over the Airport.

16.3 COMPLIANCE WITH STATUTES, ORDINANCES, AND REGULATIONS

At all times during the Term of this Agreement, Airline shall, in connection with its activities and operations at the Airport:

- a. Comply with and conform to all applicable present and future statutes and ordinances, and regulations promulgated thereunder, of all federal, State, and other government bodies of competent jurisdiction that apply to or affect, either directly or indirectly, Airline or Airline's operations and activities under this Agreement. Airline shall comply with all applicable provisions of the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12101), as may be amended from time to time, and federal regulations promulgated there under that may be made applicable as a result of construction activities conducted by Airline.
- b. Make, at its own expense, all non-structural improvements, repairs, and alterations to its Exclusive Use Space, equipment, and personal property that are required to comply with or conform to any of such statutes, ordinances, or regulations. Airline shall secure the written approval of the Director before proceeding under this Section 16.3(b).

16.4 COMPLIANCE WITH ENVIRONMENTAL LAWS

Airline shall comply with all applicable federal, State, and local statutes, ordinances, regulations, rules, or codes now or hereafter in effect during the Term of this Agreement, as same may be amended from time to time, that govern Hazardous Materials or relate to the protection of human health, safety, or the environment (including the ambient air, ground water, surface water and land use, including substrata soils), and shall include, but not be limited to: the Federal

Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Section 136 *et seq.*; the Safe Drinking Water Act, 42 U.S.C. Section 300(f) *et seq.*; the Oil Pollution Control Act of 1990, 33 U.S.C. Section 270 *et seq.*; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C., Section 9601 *et seq.*; and as amended by the Superfund Amendments and Reauthorization Act of 1986, Pub. Law No. 99-499, 100 Stat. 1613; the Toxic Substances Control Act, 15 U.S.C., Section 2601 *et seq.*; the Clean Air Act as amended, 42 U.S.C. 7401 *et seq.*; the Clean Water Act, 33 U.S.C., Section 1251, *et seq.*; the Hazardous Materials Transportation Act, 49 U.S.C., Section 1801 *et seq.*; the Solid Waste Disposal Act [SWDA], 42 U.S.C. Sections 6901 *et seq.*; the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C., Section 651-678; the Resource Conservation and Recovery Act, 42 U.S.C., Section 6901 *et seq.*; and their State counterparts; and all substances defined as hazardous substances under the laws of Texas and/or the United States or in regulations promulgated pursuant to such laws (collectively, "Environmental Laws").

- a. Any fines, penalties, or remediation costs that may be levied against the City by the Environmental Protection Agency or the Texas Commission on Environmental Quality (TCEQ) or any other governmental agency for Airline's failure to comply with the Environmental Laws as required herein shall be reimbursed to the City by Airline pursuant to Section 5.11.d. Unless prohibited by law, regulation or judicial/governmental/law enforcement verbal or written order, City shall promptly notify Airline of any TCEQ proceedings or investigations so that Airline has the opportunity to defend against such fines or penalties as appropriate.
- b. Airline shall not use, generate, release, emit, discharge, store, dispose or transport any hazardous materials by Airline on, under, in, above, to, or from the Airport or any other areas or facilities subject to this Agreement, other than in strict compliance with all applicable Environmental Laws.
- c. Airline acknowledges that the Airport has represented that the Airport is subject to the National Pollutant Discharge Elimination System (NPDES) program and its regulations relating to stormwater discharges, 40 CFR Part 122, for operations that occur at the Airport. Airline further acknowledges that it is familiar with these NPDES stormwater regulations, and that it shall conduct its operations at the Airport in compliance with

applicable provisions of 40 CFR Part 122 or any applicable NPDES permit, as either may be amended from time to time.

- d. City and Airline both acknowledge that close cooperation is necessary to ensure compliance with any NPDES stormwater discharge permit, as well as to ensure safety and minimize costs. Airline acknowledges that it may be necessary to minimize the exposure of stormwater to materials generated, stored, handled, or otherwise used by Airline as defined in the federal stormwater regulations, by implementing and maintaining applicable "Best Management Practices" as defined in 40 CFR, Part 122.2 and as implemented in any applicable NPDES permit, as either may be amended from time to time.
- e. Airline acknowledges that City's NPDES stormwater discharge permit and any subsequent amendments, extensions, or renewals thereto, to the extent affecting Airline's operations at the Airport, are incorporated by reference into this Agreement. City shall promptly notify Airline of any notices received by City from TCEQ or other regulatory agency regarding actual or proposed changes to City's permit.
- f. City and Airline acknowledge that each must maintain a NPDES stormwater discharge permit in a form and content prescribed entirely by TCEQ or appropriate regulatory agency. City and Airline acknowledge that City has the obligation to prepare a stormwater pollution prevention plan (SWPPP) and submit such to TCEQ or appropriate regulatory agency. City and Airline acknowledge that Airline may prepare its own SWPPP or subscribe to the SWPPP of the City. City shall provide Airline with written notice of City's NPDES stormwater discharge permit requirements (including any modifications thereto) that are applicable to Airline's operations and that Airline shall be obligated to perform from time to time at the Airport including, but not limited to: certification of non-stormwater discharges; implementation of "good housekeeping" measures or Best Management Practices applicable to Airline's operation; and maintenance of necessary records. Such written notice shall include applicable deadlines. Airline, within thirty (30) days of receipt of such written notice, shall notify City in writing if it disputes any of the NPDES stormwater discharge permit requirements it is being directed to undertake. If Airline does not provide such timely notice, it is deemed to assent to undertake such requirements applicable to Airline's operations. If Airline

provides City with written notice, as required above, that it disputes such NPDES stormwater discharge permit requirements, City and Airline agree to negotiate a prompt resolution of their differences. Airline agrees that it will not object to City notices required pursuant to this paragraph unless Airline has a good faith basis to do so.

- g. City and Airline agree to make available for inspection to each other upon request any non-privileged information collected and submitted to any governmental entity or entities pursuant to applicable NPDES stormwater regulations.
- h. Airline agrees to participate, to the extent reasonably practical, in any reasonable manner requested by City in any City organized task force or other work group established to coordinate stormwater activities at the Airport.
- i. Upon reasonable notice (except in cases of emergencies when notice shall not be required) based on the circumstances and without materially disrupting Airline's operations and in the presence of the Airline or a representative of the Airline, City shall have the right at any time and from time to time to enter upon Airline's Leased Premises for purposes of inspection to ensure that Airline is complying with the Agreement without such inspection constituting a trespass.
- j. Airline shall not dispose of any waste material or any product used (whether liquid or solid) with respect to its aircraft into the sanitary or storm sewers, or any waste or recycling receptacle at the Airport unless such waste material or products are disposed of in compliance with all federal (including the Environmental Protection Agency) State of Texas, and City of San Antonio laws for disposal of these waste materials and products. Airline shall not store waste in violation of Environmental Laws.
- k. The Triturator Facility is an airport facility built specifically to grind aircraft lavatory waste prior to entry of such waste into the sanitary sewer system. Prior to any other waste disposal including waste disposal in contravention of this section or which could have a corrosive or degrading effect on the Facility, Airline is required to obtain prior written approval of the Director and a waste water pre-treatment permit if such is necessary or required by law. The written approval of the Director shall not relieve

Airline of full responsibility and liability for the disposal of any waste materials or products. The Director may withhold approval for any reason under this provision.

1. All such remedies of City with regard to environmental requirements as set forth herein shall be deemed cumulative in nature and shall survive termination of this Agreement

16.5 NONDISCRIMINATION

As a condition of the use of Airport services and facilities, Airline shall be subject to the following:

- a. In the event facilities are constructed, maintained, or otherwise operated on the space assigned to Airline for a purpose for which a U.S. Department of Transportation (USDOT) program or activity is extended or for another purpose involving the provision of similar services or benefits, Airline shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, USDOT, Subtitle A, Office of the Secretary, Part 21, "Nondiscrimination in Federally Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964," and as such regulations may be amended from time to time.
- b. No person on the grounds of race, color, national origin, sex, handicap, or religion shall be excluded by Airline from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the facilities assigned to Airline.
- c. In the construction of any improvements on, over, or under the space assigned to Airline, and the furnishing of services thereon, no person on the grounds of race, color, national origin, sex, or handicap shall be excluded by Airline from participation in, denied the benefits of, or otherwise be subject to discrimination.
- d. Airline shall use the premises assigned to it in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, "Nondiscrimination in Federally Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964," and as such regulations may be amended.

- e. Airline shall insert the substance of the provisions of these paragraphs on nondiscrimination in any lease, agreement, or contract by which Airline grants a right or privilege to any person, firm, or corporation to render accommodations or services to the public on the space assigned to it at the Airport.

16.6 BREACH OF NONDISCRIMINATION

In the event of a breach of any of the nondiscrimination covenants set forth above, City will have the right to terminate Airline's right to use Airport services and facilities and to re-enter and repossess the space and the facilities thereon that had been assigned to Airline, and hold the same as if such assignment had never been made. This provision regarding the termination of Airline's rights to use Airport services and facilities shall not become effective until the procedures of Title 49, Code of Federal Regulations, Part 21, are followed and completed, including the expiration of appeal rights, by either Airline or City.

16.7 FAIR AND EQUAL FURNISHING OF SERVICES

As a condition of the use of Airport services and facilities, Airline shall furnish its accommodations or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service. In the event of noncompliance with this paragraph, City may terminate Airline's right to use Airport services and facilities.

16.8 AFFIRMATIVE ACTION PROGRAM

As a condition of the use of Airport services and facilities, Airline shall undertake an affirmative action program as required by FAA regulations, Title 14, Code of Federal Regulations, Part 152, Subpart E, entitled "Nondiscrimination in Airport Aid Program," or as otherwise approved by the FAA, to ensure that no person shall on the grounds of race, creed, color, national origin, sex, or handicap be excluded from participation in any employment activities covered in such Subpart E. Airline shall not exclude any person on such grounds from participating in or receiving the services or benefits of any program or activity covered by such Subpart E. Airline shall require that its covered suborganizations provide assurances to Airline that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by Title 14, Code of Federal Regulations, Part 152, Subpart E, to the same effect.

16.9 MINORITY BUSINESS ENTERPRISE

As a condition of its use of Airport services and facilities, Airline shall comply with the requirements of Title 49 of the Code of Federal Regulations, Part 23, and entitled “Participation by Minority Business Enterprise in Department of Transportation Programs” as this Part may be amended from time to time.

16.10 RIGHTS OF FEDERAL GOVERNMENT

Any use of Airport services and facilities by Airline shall be subject to whatever right the U.S. government now has or in the future may have or acquire affecting the control, operation, regulation, and taking over of the Airport or the exclusive or nonexclusive use of the Airport by the United States during the time of war or national emergency.

16.11 SUBORDINATION OF AGREEMENT

The use of Airport services and facilities by Airline, pursuant to this Agreement, is subordinated to City’s existing and future obligations or agreements with or to the federal government including, but not limited to, federal grant assurances.

Nothing contained in this Agreement is intended, nor shall be construed, as a waiver by either party of any right to assert any claim or defense, or raise any issue in any context or forum including, but not limited to, a court or administrative forum, regarding the preemption by federal law, including but not limited to the Airline Deregulation Act (49 U.S.C. § 41713), of any state or local law or ordinance, or the [Airport] Rules and Regulations.

ARTICLE 17. TERMINATION

17.1 TERMINATION BY CITY

City, in addition to any other right of cancellation herein given to it or any other rights to which it may be entitled by law or equity or otherwise, may cancel this Agreement by giving Airline sixty (60) days advance written notice, to be served as hereinafter provided, upon or after the happening of any one or more of the following events without cure, except default in timely payment of any money due City, including Passenger Facility Charges, if applicable, for which fifteen (15) days written notice shall be given and except default in providing copies of insurance policies or maintaining required insurance coverages as described in this Agreement, for which ten (10) days written notice shall be given:

- a. The filing by Airline of a voluntary petition in bankruptcy or any assignment for benefit of creditors of all or any part of Airline's assets; or
- b. Any institution of proceedings in bankruptcy against Airline and the adjudication of Airline as a bankrupt pursuant to such proceedings; or
- c. The taking of jurisdiction by a court of competent jurisdiction of Airline or its assets pursuant to proceedings brought under the provisions of any federal reorganization act; or
- d. The appointment of a receiver or trustee of Airline's assets by a court of competent jurisdiction or by a voluntary agreement with Airline's creditors; or
- e. The abandonment by Airline of its conduct of its Air Transportation business at the Airport and in this connection, suspension of operations for a period of ninety (90) days will be considered abandonment in the absence of an explanation satisfactory to and accepted in writing by the Director; or
- f. If Airline shall be prevented for a period of ninety (90) days, after exhausting or abandoning all appeals, by any action of any governmental authority, board, agency, or officer having jurisdiction thereof from conducting its Air Transportation business at the Airport, or it is so prevented from conducting its Air Transportation business, either by (i) reason of the United States or any agency thereof, acting directly or indirectly, taking possession of, in whole or substantial part, the Leased Premises or premises required for

the actual operation of Airline's aircraft to and from the Airport; or (ii) if all or a substantial part of the Leased Premises shall be acquired through the process of eminent domain.

- g. The default by Airline in the performance of any covenant, obligation, or condition herein required to be performed by Airline and the failure of Airline to remedy such default for a period of thirty (30) days after receipt from City of written notice to remedy same, except default in timely payment of any money due City under this Agreement, for which a total of fifteen (15) days written notice will be given; and except default in providing copies of insurance policies or maintaining required insurance coverages described herein, for which ten (10) days written notice shall be given; provided, however, that no notice of cancellation as above provided shall be of any force or effect if Airline shall have remedied the default prior to receipt of City's notice of cancellation or if, within the applicable period, Airline commences the process of remedying the default and diligently prosecutes the same to completion. Failure by City to take any authorized action upon default by Airline of any of the terms, covenants, or conditions required to be performed, kept, and observed by Airline shall not be construed to be or act as a waiver of said default or of any subsequent default of any of the terms, covenants, and conditions herein contained to be performed, kept, and observed by Airline. The acceptance of rents by City from Airline for any period or periods after a default by Airline of any of the terms, covenants, and conditions herein required to be performed, kept, and observed by Airline shall not be deemed a waiver or estoppel of any right on the part of City to cancel this Agreement for failure by Airline to so perform, keep, or observe any of said terms, covenants, or conditions.

17.2 TERMINATION BY AIRLINE

In addition to any other right of cancellation herein given to Airline or any other rights to which Airline may be entitled by law, equity, or otherwise, so long as Airline is not in default in payment to City of any amounts due City under this Agreement or otherwise, Airline may cancel this Agreement and thereby terminate all of its rights and unaccrued obligations hereunder by giving City sixty (60) days advance written notice, to be served as hereinafter provided, upon or after the happening of any of the following events:

- a. Termination, suspension, revocation or cancellation, by any federal agency (including foreign government agency) with competent jurisdiction of Airline's right or authority to operate as a scheduled air carrier serving the Airport;
- b. Issuance by a court of competent jurisdiction of an injunction that in any way substantially prevents or restrains the use of the Airport or any part thereof necessary for Airline's scheduled flight operations and which injunction remains in force for a period of at least thirty (30) days after City has exhausted or abandoned all appeals, if such injunction is not necessitated by or issued as the result of an act or omission of Airline;
- c. If, at any time during the Term of this Agreement, because of City's failure to provide within a reasonable time safe aircraft operating facilities, the Federal Aviation Administration or its successor fails or refuses to certify the Airport as adequate to accommodate aircraft that Airline is licensed to operate and is operating into and from all other airports of like size and character and with similar facilities and which aircraft are in general use on Airline's scheduled transportation route system; and which Airline may reasonably desire to operate into or from the Airport; provided such refusal or failure is not due to any fault of Airline;
- d. The inability of Airline for a continuing period in excess of ninety (90) days to use the Airport or to exercise any rights or privileges granted to Airline hereunder and necessary to its scheduled flight operations because of any law or ordinance by any governmental authority having jurisdiction over the operations of the Airport or Airline, or because of any order, rule, regulation, or other action or any nonaction of the Federal Aviation Administration, its successor, or any other authorized governmental agency; prohibiting such use, or because of earthquake or other casualty (excepting fire), acts of God or the public enemy, and beyond the control of Airline.
- e. The default by City in the performance of any covenant or condition within the control of City and herein required to be performed by City and failure of City to use its best efforts to remedy such default for a period of thirty (30) days after receipt from Airline of written notice to remedy the same; provided, however, that no notice of cancellation as above provided shall be of any force or effect if City shall have remedied the default prior to receipt of Airline's notice of cancellation or within the aforesaid thirty (30) day period

or during said period commences the process of remedying the same and diligently prosecutes the same to completion.

- f. The assumption by the United States government or any authorized agency thereof of the operation, control, or use of the Airport and facilities, or any substantial part thereof, in such a manner as to substantially restrict Airline, for a continuous period of at least ninety (90) days, from operating its Air Transportation business.
- g. Termination, suspension, or discontinuation of Airline's services at the Airport by a governmental agency authorized to do so because of a war or national emergency declared by the government. Airline's performance of all or any part of this Agreement for or during any period or periods after a default of the terms, covenants, and conditions herein contained to be performed, kept, and observed by City shall not be deemed a waiver of any right on the part of Airline to cancel this Agreement for failure by City to perform, keep, or otherwise observe any of the terms, covenants, or conditions hereof to be performed, kept, and observed by City, or be construed to be or act as a waiver by Airline of said default or of any subsequent default of any of said terms, covenants, and conditions herein contained and to be performed, kept, and observed by City.
- h. In any event where the use of the Airport by Airline is materially affected as provided herein and whether or not Airline is entitled to cancel this Agreement as herein provided, while such event is continuing, an equitable adjustment to the rents herein required to be paid by Airline shall be made by City.

ARTICLE 18. ASSIGNMENT AND SUBLETTING

Airline shall not at any time assign this Agreement in whole or in part without the prior written consent of the Director; provided, however, that the foregoing shall not prevent the assignment of this Agreement to any corporation with which Airline may merge or consolidate or which may succeed to the business of Airline and provided further that, in connection with any such requested assignment, Airline may request City to release the assigned portion of said Leased Premises from this Agreement and to relieve Airline of rental obligation therefore. In the event City fails or refuses to approve such request and relief, Airline may then assign all or a portion of the Leased Premises to another Air Transportation company or companies that have executed an Agreement with City.

Airline may sublet all or any part of the Leased Premises only after obtaining the prior written consent of the Director, but if an event of default shall occur and be continuing under this Agreement, City may collect rent from such sublessee or occupant and apply the amount collected to the extent possible to satisfy the obligations of Airline hereunder, but no such collection shall be deemed a waiver by City of the covenants contained herein or the acceptance by City of such sublessee or occupant as a successor to Airline or a release of Airline by City from its obligations hereunder.

All of the terms, provisions, covenants, stipulations, conditions, and consideration in this Agreement shall extend to and bind the legal representatives, successors, sublessees, and assigns of the respective parties hereto.

ARTICLE 19. MISCELLANEOUS

19.1 ACKNOWLEDGMENT

The parties hereto acknowledge that they have thoroughly read this Agreement, including any exhibits or attachments hereto, and have sought and received whatever competent advice and counsel was necessary for them to form a full and complete understanding of all rights and obligations hereunder. The parties further acknowledge that this Agreement is the result of extensive negotiations between the parties and shall not be construed against City by reason of the preparation of this Agreement by City.

19.2 AUTHORITY OF DIRECTOR

The Director or his designee may exercise all rights and obligations of City under this Agreement, unless specifically provided otherwise or required by law.

19.3 CAPACITY TO EXECUTE

The individuals executing this Agreement personally warrant that they have full authority to execute this Agreement on behalf of the entity for whom they are acting hereunder.

19.4 COVENANT AGAINST LIENS

Airline shall not cause nor permit any lien against the Leased Premises or any improvements thereto to arise out of or accrue from any action or use thereof by Airline; provided, however, that Airline may, in good faith, contest the validity of any alleged lien.

19.5 DELIVERY OF NOTICES

Any notice required in this Agreement shall be in writing and served personally or sent by registered or certified mail, postage prepaid, or by courier service such as DHL, FedEx, or UPS. Any notice mailed pursuant to this paragraph shall be presumed to have been received by the addressee five (5) business days after deposit of it in the mail, unless sent by courier service.

Notices to City shall be addressed to:

CITY OF SAN ANTONIO
Director of Aviation
San Antonio International Airport
9800 Airport Blvd.
San Antonio, Texas 78216-9990

Notices to Airline shall be addressed to:

Telephone: (____) _____
Telecopier: (____) _____

19.6 EMPLOYEES OF AIRLINE

Airline shall require all of its employees and subcontractors or independent contractors hired by Airline working in view of the public and about the Terminal Building to wear clean and neat attire (as appropriate to the job duties performed) and to display appropriate identification. Airline employees shall obtain identification badges from the City. Airline shall be responsible for paying the cost of Transportation Security Administration required employee background checks and badging.

19.7 ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement of the parties on the subject matter hereof and may not be changed, modified, discharged, or extended except by written instrument duly executed by City and Airline. This Agreement supersedes all prior agreements and understandings, written and oral, expressed or implied, between the City and Airline related hereto. Airline agrees that no representations or grant of rights or privileges shall be binding upon City unless expressed in writing in this Agreement.

19.8 EXCLUSIVENESS OF AIRLINE'S RIGHTS

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.

19.9 FAVORED NATIONS

Airline shall have the same rights and privileges and pay the same City-established fees and charges, not to exceed those established under the provisions of this Agreement as periodically revised under the terms hereof, with respect to the use of the Airport as are granted to or charged any other airline executing a similar use and lease agreement with City for use of the Airport. It is understood that rents and fees are set as established in this Agreement and to the extent permitted under applicable federal law therefore may vary among lessees on account of the different premises to be leased.

19.10 FORCE MAJEURE

Neither City nor Airline shall be deemed in violation of this Agreement if it is prevented from performing any of its obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, shortages of material, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, tides, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which is not in its control; provided, however, that these provisions shall not excuse Airline from paying rents, fees, and charges.

19.11 GENERAL INTERPRETATION

Insofar as this Agreement grants, permits, or contemplates the use of space or facilities or the doing of any other act or thing at the Airport by Airline, such use or the doing of such act or thing by Airline is to be in connection with the operation of its Air Transportation on scheduled or nonscheduled flights, whether as a common carrier, a contract carrier, a private carrier, or otherwise. Each of the parties, however, has entered into this Agreement solely for its own benefit; and (without limiting the right of either party to maintain suits, actions, or other proceedings because of breaches of this Agreement) the Agreement does not grant to any third person (excepting a successor party to City or Airline) a right to claim damages or bring any suit, action, or other proceeding against either City or Airline because of any breach hereof.

19.12 GOVERNING LAW

The laws of the State of Texas shall govern this Agreement and all disputes arising hereunder, with venue in Bexar County, Texas.

19.13 HEADINGS

The headings of the Articles and paragraphs of this Agreement are inserted only as a matter of convenience and for reference and do not define or limit the scope or intent of any provisions of this Agreement and shall not be construed to affect in any manner the terms and provisions of this Agreement or of its interpretation.

19.14 INCORPORATION OF EXHIBITS

All exhibits referred to in this Agreement are intended to be and hereby are specifically incorporated and made a part of this Agreement.

19.15 INCORPORATION OF REQUIRED PROVISIONS

The parties incorporate herein by this reference all applicable provisions lawfully required to be contained herein by any governmental body or agency.

19.16 INDEPENDENT CONTRACTOR

As respects City, Airline shall be and remain an independent contractor for all intents and purposes.

19.17 INVALID PROVISIONS

In the event any covenant, condition, or provision herein contained is held to be invalid by a court of competent jurisdiction, the invalidity of any such covenant, condition, or provision shall in no way affect any other covenant, condition, or provision herein contained, provided the invalidity of any such covenant, condition, or provision does not materially prejudice either City or Airline in its respective rights and obligations contained in the valid covenants, conditions, and provisions of this Agreement.

19.18 NONLIABILITY OF INDIVIDUALS

No director, officer, agent, elected official, or employee of either party 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 thereof or because of its or their execution or attempted execution.

19.19 NONINTERFERENCE WITH AIRPORT OPERATIONS

Airline, by accepting this Agreement, expressly agrees for itself, its successors, and assigns that it will not make use of its Leased Premises in any manner that might interfere with the landing and taking off of aircraft at the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, on reasonable notice to Airline and opportunity to cure, City reserves the right to enter the Airline Leased Premises and cause the abatement of such interference at the expense of Airline.

19.20 NOTICE OR CONSENT

Any notice or consent required herein to be obtained from or given by City (or the Director) may be given by the Director unless otherwise provided. Consent of City or Airline when required herein shall not be unreasonably withheld, delayed, or conditioned.

19.21 NON-WAIVER

The acceptance of rents and fees by City for any period or periods after a default of any of the terms, covenants, and conditions herein contained to be performed, kept, and observed by Airline shall not be deemed a waiver of any right on the part of City to terminate this Agreement.

19.22 OPERATION OF AIRPORT

City agrees to maintain and operate the Airport in accordance with all applicable standards, rules, and regulations of the Federal Aviation Administration or its successor. City shall exercise its rights hereunder and otherwise operate the Airport with due regard for the operational requirements and long-term interests of the Airline and the interests of the traveling public, in a manner that is consistent with applicable laws, federal aviation regulations, federal grant assurances, and City Bond Ordinances.

19.23 OTHER LAND AND BUILDINGS EXCLUDED

It is agreed and understood that it is not intended by this Agreement or any exhibit hereto to lease any building, space, or area or to set any rental rates for any building, space, or area other than what is specifically described herein.

19.24 PAYMENT OF TAXES

Airline shall pay all taxes that may be levied upon, assessed, or charged Airline or its property located on the Airport by the State of Texas or any of its political subdivisions or municipal corporations, and shall obtain and pay for all licenses and permits required by law. However, Airline shall have the right to contest, in good faith, the validity or application of any such tax, license, or permit and shall not be considered in default hereunder so long as such contest is in progress. Further, Airline agrees to diligently prosecute such contest.

19.25 REMEDIES TO BE NONEXCLUSIVE

All remedies provided in this Agreement shall be deemed cumulative and additional and not in lieu of or exclusive of each other or of any other remedy available to City or Airline at law or in equity (to the extent not inconsistent with the express provisions hereof) and the exercise of any remedy or the existence herein of other remedies or indemnities shall not prevent the exercise of any other remedy.

19.26 RIGHT TO AUDIT BOOKS AND RECORDS

Airline agrees to keep books and records on its operations at the Airport and the Director or any other authorized City representative, upon reasonable advance written notice to Airline, shall have the right to inspect and audit such books and records to ensure compliance with the prevailing municipal bond disclosure requirements and to determine that City has received from Airline all moneys due City under the terms hereof, including, but not limited to, rents, fees, and charges and PFCs (if applicable) payable to City by Airline. Likewise, Airline shall have the right to inspect the books and records of the City relating to the provisions hereof.

19.27 RIGHT TO LEASE TO UNITED STATES GOVERNMENT

During time of war or national emergency, City shall have the right to lease the Airport landing area or any part thereof to the United States government for use by the Armed Forces and, if any such lease is executed, the provisions of this Agreement insofar as they are inconsistent with the provisions of the lease to the Government shall be suspended; however, such suspension shall not extend the Term of this Agreement. If, as a result of any such lease, the rights or duties of Airline hereunder are materially affected, then Airline shall receive an equitable rental adjustment.

19.28 RIGHTS RESERVED TO CITY

Nothing contained herein shall unlawfully impair the right of City to exercise its governmental or legislative functions. This Agreement is made subject to the Constitution and laws of the State of Texas and to the Charter of the City of San Antonio, Texas, and to the provisions of the Airport Improvement Program Grant Agreements applicable to the Airport and its operation, and the provisions of such agreements, insofar as they are applicable to the terms and provisions of this Agreement, shall be considered a part hereof to the same extent as though copied herein at length to the extent, but only to the extent, that the provisions of any such agreements are required generally by the United States at other civil airports receiving federal funds. To the best of City's knowledge, nothing contained in such laws or agreements conflicts with the express provisions of this Agreement.

19.29 SUCCESSORS AND ASSIGNS

The provisions of this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto; provided, however, this provision shall in no way whatsoever alter the restriction herein regarding assignment and subletting by Airline.

19.30 TIME IS OF THE ESSENCE

Time is of the essence in this Agreement.

EXECUTED this _____ day of _____, A.D. 201__.

ATTEST:

City Clerk

CITY OF SAN ANTONIO:

By: _____

City Manager

ATTEST:

Secretary

_____ AIRLINE

By: _____

Title: _____

APPROVED AS TO FORM:

City Attorney

EXHIBIT D

**TERMINAL BUILDING & APRON AREA
RESPONSIBILITY OF CITY AND AIRLINE
FOR SERVICES, MAINTENANCE AND OPERATIONS**

	Airline Exclusive / Preferential Use Space					FIS	Common Use Space	City Occupied	Apron Area	Loading Bridges
	Public Area	Ticket Counter	Holdrooms	Other Space						
Heating, Ventilation and Air Conditioning										
a. Maintenance	C	C	C	C	C	C	C	C	N/A	A
b. Operation	C	C	C	C	C	C	C	C	N/A	A
c. Chilled Air Distribution	C	C	C	C	C	C	C	C	N/A	A
d. Warm Air Distribution	C	C	C	C	C	C	C	C	N/A	A
Electrical										
a. Bulb & Tube Replacement (excluding ballasts)	C	A	A	A	C	C	C	C	C	A
b. Illumination Incl. Power	C	C	C	C	C	C	C	C	C	N/A
c. Power exc. For Illumination	C	C	C	C	C	C	C	C	C	N/A
d. Maintenance	C	C	C	C	C	C	C	C	C	C
e. Operation	C	A	A	A	C	C	C	C	A	A
Elevator/Escalator										
a. Maintenance	C	N/A	N/A	N/A	C	N/A	C	N/A	N/A	N/A
b. Operation	C	N/A	N/A	N/A	C	N/A	C	N/A	N/A	N/A
Water Maintenance										
a. Distribution	C	C	C	C	C	C	C	C	C	N/A
b. Fixtures	C	C	C	C	C	C	C	C	C	N/A
Maintenance										
a. Other than Structure	C	A	A	A	C	C	C	C	A	C/S
b. Structure	C	C	C	C	C	C	C	C	C	A
c. Exterior	C	C	C	C	C	C	C	C	C	A
Sewage & Plumbing										
a. Distribution	C	C	C	C	C	C	C	C	C	N/A
b. Fixtures	C	C	C	C	C	C	C	C	C	N/A
Public Address System	C	C	C	C	C	C	C	C	N/A	N/A
Custodial Service	C/S	C/S	C/S	A	C/S	C/S	C	C	A	C/S
Window Cleaning										
a. Exterior	C	N/A	C	C	C	C	C	C	N/A	N/A
b. Interior	C/S	N/A	A	A	C/S	C/S	C	C	N/A	N/A
Security Items	C	C	C	C	C	C	C	C	C	C

A=Airline
C= City
C/S = City, assigned to SAAC

EXHIBIT E
Financial Responsibility for Airline and City Janitorial Space

	City/Other ¹	Airline ²	Airline Common Use	Total
Landside Terminal				
Ticketing including queueing		13,526		13,526
Ticket Offices		16,120		16,120
Baggage Services		2,645		2,645
Curbside/Remote bag check		1,322		1,322
Baggage Claim	2,818		20,802	23,620
Passenger Screening	6,872		6,872	13,744
Tug Lane			31,509	31,509
BHS			22,766	22,766
Bag Make-Up			27,089	27,089
FIS	23,784			23,784
Public Space	108,838			108,838
Concession Space	11,193			11,193
Other	75,245			75,245
Sub-Total Landside Terminal	228,750	33,613	109,037	371,400
Airside A				
Holdrooms		33,840		33,840
Operations		18,548		18,548
Fenced Area		2,752		2,752
Tug Lane			2,542	2,542
Clubroom		623		623
FIS	9,448			9,448
Public Space	45,150			45,150
Concession Space	27,187			27,187
Other	29,542			29,542
Sub-Total Airside A	111,327	55,763	2,542	169,632
Airside B				
Holdrooms		16,110		16,110
Operations		11,143		11,143
Clubroom		2,431		2,431
Bag Make-Up			11,903	11,903
Public Space	27,144			27,144
Concession Space	19,557			19,557
Other	11,939			11,939
Sub-Total Airside B	58,640	29,684	11,903	100,227
	398,717	119,060	123,482	641,260
TOTAL				

¹ City/Other space may be identified to be assigned to the consortium and paid by City

² Unleased airline space becomes the responsibility of the City

EXHIBIT F

Custodial Specifications

SAN ANTONIO INTERNATIONAL AIRPORT

This is a generic list, provided for informational purposes to support the janitorial responsibilities between the City and the Airlines or SAAC. It should not be considered all-inclusive, and is subject to further definition and revision.

This list represents baseline, routine, custodial tasks, and their typically required frequency, by areas within the Terminal and other Facilities. These benchmarks (and schedules based on these guidelines, developed during negotiations) provide a useful gauge for estimating the scope and cost of providing requested standards, but the respondent should bear in mind that they reflect an estimated minimum standard. It will be up to the Respondent to manage each task as needed to meet the Performance Requirements.

For purposes of these Cleaning Specifications, "Clean" is defined as:

1. Free from dirt, dust, litter, stain, or impurities, and
2. Free from foreign matter, pathogens, or pollution, and
3. Presence of appropriate surface gloss protection, unadulterated clean air and drinking water.

For purposes of these Cleaning Specifications, "continuous cleaning" is defined as the execution of cleaning tasks performed on an ongoing hourly basis, at minimum.

For purposes of these Cleaning Specifications, "continuous cleaning" is defined as the execution of cleaning tasks to achieve a clean (see above definition) environment, but on a daily basis at minimum.

Periodically, but at least annually, the City and Airline and other airlines will meet and review the janitorial service to be provided by SAAC and update this list as necessary. The adjustment of either the janitorial specifications or who will be performing which specific areas (City or SAAC) will be identified in a letter agreement and attached to this Agreement by reference, superseding any previous letter agreements.

TICKETING LOBBY (including ticket counter, queuing and passenger screening areas)

Task	Frequency
Remove graffiti	Continuous
Police Litter	Continuous
Empty/Clean Trash & Recycle Receptacles	Continuous
Replace Trash Liners	Continuous
Spot Clean Building Surfaces	Continuous
Dust signs and MUFIDS display screens	As Needed
Spot Clean Furniture Surfaces	Daily
Dust mop or Sweep	Daily
Damp mop non-carpeted floors	As Needed
Restore Terrazzo (wet mop, burnish)	Daily
Clean door glass and frames	Daily
Dust windows within reach	Daily
Clean/disinfect ticket counters (computers, keyboards, calculators & counter surfaces)	Daily
Clean and disinfect telephones	Daily
Police and clean Planters and Pots	Daily
Spot clean/wash signage	Daily
Spot clean/wash floor mats	Daily
Police/clean stairwells	Continuous
Clean Ambassador Booths	Daily

EXHIBIT F

ENTRY AND EXIT

<u>Task</u>	<u>Frequency</u>
Remove graffiti	Continuous
Cleaning glass	Every 6 weeks
Power washing/cleaning of skycap booth Exterior façade of upper and lower level building, entry doors, bus shuttle booths and any fixture or furniture on the exterior of the upper and lower levels	Monthly
Police Litter	Continuous
Empty/clean trash & Recycle receptacles	Continuous
Maintain doors and glass	Continuous
Dust mop or Sweep	As Needed
Damp mop non-carpeted floors	As Needed
Restore Terrazzo (wet mop, burnish)	As Needed
Maintain entry carpet mats	As Needed
Curb cleaning (smoking areas, benches)	Continuous
Reachable windows along sidewalk from ground	As Needed

BAGGAGE CLAIM LEVEL

<u>Task</u>	<u>Frequency</u>
Remove graffiti	Continuous
Police Litter	Continuous
Empty/Clean Trash & Recycle Receptacles	Continuous
Replace Trash Liners	Continuous
Spot Clean Building Surfaces	Continuous
Spot Clean Furniture Surfaces	Daily
Dust mop or Sweep	Daily
Damp mop non-carpeted floors	As needed
Spot mop	As needed
Clean/disinfect windows	As needed
Clean/disinfect water fountains	As needed
Restore Terrazzo, (wet mop, burnish)	Daily
Clean door glass and frames	Daily
Dust windows within reach	Daily
Clean walls and partitions	As needed
Clean and disinfect telephones	Daily
Spot clean/wash signage	Daily
Police/clean stairwells	Continuous
Clean baggage carousels	Daily
Clean Ambassador Booths	Daily

EXHIBIT F

PUBLIC CONCOURSE AREAS (including Holdrooms)

<u>Task</u>	<u>Frequency</u>
Remove graffiti	Daily
Jet Bridge cleaning	As needed
Police Litter	As needed
Empty/Clean Trash & Recycle Receptacles	Continuous
Spot Clean Building Surfaces	As needed
Dust mop or sweep obvious soil	As needed
Spot mop	As needed
Dust Building Surfaces	Daily
Damp mop non-carpeted floors	As needed
Seating – Clean & Disinfect	Continuous
Vacuum all carpet	Daily
Remove carpet stains	As needed

RESTROOM FACILITIES

<u>Task</u>	<u>Frequency</u>
Remove graffiti	Continuous
Police Litter	Continuous
Empty/Clean Trash Receptacles	Continuous
Spot clean building surfaces	Continuous
Spot clean mirrors, partitions & fixtures	Daily
Spot clean furniture surfaces	Daily
Dust mop or sweep	Continuous
Damp mop non-carpeted floors	As needed
Remove carpet stains	As needed
Vacuum Traffic Lanes & remove soil	As needed
Dust building surfaces	Continuous
Dust furniture surfaces & High Dust	Weekly
Vacuum completely	Bi-weekly
Restore Terrazzo (wet mop, burnish)	As needed
Clean and disinfect fixture	Continuous
Refill dispensers	As needed
Disinfect all surfaces	Continuous
Disinfect toilets and urinals	Continuous
Wet clean and disinfect floors	Continuous
Clean and refill floor drains	As needed
Replenish supplies and dispensers	As needed

EXHIBIT F

FIS (CUSTOMS AREA)

<u>Task</u>	<u>Frequency</u>
Clean Restrooms	Continuous
Remove graffiti	Continuous
Empty/Clean Trash & Recycle Receptacles	Daily
Dust mop non-carpeted floors	Daily
Clean break room / kitchen area	Daily
Damp mop non-carpeted floors	As Needed
Restore Terrazzo (wet mop, burnish)	As needed
Police Litter	As needed
Remove carpet stains	As needed
Clean wall surfaces	As needed
Clean door glass and frames	Weekly
Dust furniture surfaces	Weekly
Clean Escalator	Weekly
Vacuum Completely	Weekly
Dust Building Surfaces & High Dust	Weekly
Clean and disinfect telephones	Weekly
Spot Clean Building Surfaces	Weekly

CONCESSIONS COURT; EATING AND VENDING AREAS

<u>Task</u>	<u>Frequency</u>
Remove Graffiti	Continuous
Police Litter	Continuous
Empty Trash & Recycle Receptacles	Continuous
Spot Clean Building Surfaces	Continuous
Spot Clean Furniture Surfaces	Daily
Dust mop or Sweep	As Needed
Damp mop non-carpeted floors	As Needed
Vacuum Traffic Lanes & Remove Soil	As Needed
Dust Building Surfaces & High Dust	Weekly
Dust Furniture Surfaces	Weekly
Vacuum Completely	Bi-Weekly
Restore Terrazzo, Clean Floors, & Burnish Floor	Daily
Clean door glass and frames	Daily
Dust windows within reach	Daily
Clean and disinfect furniture	Daily
Clean and disinfect telephones	Daily
Police and clean Planters and Pots	Daily
Spot clean/wash signage	Daily
Clean/empty ash urns	Daily
Police/clean stairwells	Continuous
Clean/replace food court trays	Continuous
Trash removal all concession spaces	Daily (5 times a day)

EXHIBIT F

OFFICES/WHERE APPLICABLE

<u>Task</u>	<u>Frequency</u>
Remove graffiti	As needed
Police Litter	As needed
Empty/Clean Trash & Recycle Receptacles	As needed
Clean writing boards	As needed
Clean erasers and writing board trays	As needed
Spot clean wall surfaces	As needed
Spot clean furniture surfaces	As needed
Remove carpet stains	As needed
Vacuum Traffic Lanes & remove soil	As needed
Spot mop	As needed
Arrange Furniture	As needed
Clean wall surfaces	As needed
Clean furniture surfaces	As needed
Vacuum completely	As needed
Clean door glass and frames	Daily
Dust windows within reach	Daily
Clean and disinfect telephones	Daily
Police and clean Planters and Pots	Daily
Spot clean/wash floor mats	Daily
Police/clean stairwells	Continuous
Clean break room/kitchens	Daily

ELEVATORS & ESCALATORS

<u>Task</u>	<u>Frequency</u>
Remove graffiti	As needed
Police Litter	As needed
Door tracks and frames cleaned	Twice Daily
Door tracks and frames polished	Daily
Light diffusers, side panels, base plates, tracks and thresholds cleaned	Daily
Escalators, elevators and moving Walkways, including glass and Balusters, cleaned	As needed
Dust mop or sweep	Daily
Remove carpet stains	As needed
Damp mop non-carpeted floors	Bi-weekly
Vacuum completely	Daily
Elevator call button panel clean	Twice Daily

EXHIBIT F

CONFERENCE ROOMS

<u>Task</u>	<u>Frequency</u>
Remove graffiti	Daily
Police Litter	Daily
Empty/Clean Trash & Recycle Receptacles	Daily
Clean writing boards	Daily
Clean erasers and writing board trays	Daily
Spot clean wall surfaces	Daily
Spot clean furniture surfaces	Daily
Remove carpet stains	As needed
Vacuum Traffic Lanes & remove soil	Daily
Spot mop	Weekly
Dust building surfaces	Weekly
Dust furniture surfaces	Weekly
Vacuum completely	As needed
Dust mop non-carpeted floors	Daily

STAIRS

<u>Task</u>	<u>Frequency</u>
Remove graffiti	Continuous
Police Litter	Continuous
Empty/Clean Trash Receptacles	Continuous
Spot clean building surfaces	Continuous
Dust mop non-carpeted floors	As needed
Dust mop or sweep	As needed
Remove carpet stains	As needed
Vacuum Traffic Lanes & remove soil	As needed
Dust building surfaces	Weekly
Vacuum completely	Bi-weekly

STORAGE AREAS

<u>Task</u>	<u>Frequency</u>
Remove graffiti	Daily
Police Litter	As needed
Empty/Clean Trash Receptacles	As needed
Spot clean building surfaces	Weekly
Dust mop or sweep obvious soil	As needed
Spot mop	Weekly
Dust mop or sweep	As needed
Remove carpet stains	As needed
Damp mop non-carpeted floors	As needed
Vacuum completely	Bi-weekly

EXHIBIT F

CUSTODIAL CLOSETS

<u>Task</u>	<u>Frequency</u>
Remove graffiti	Daily
Police Litter	Daily
Spot clean surfaces	Daily
Dust mop or sweep	Daily
Clean and disinfect fixtures	Daily
Clean building surfaces	Weekly
Damp mop non-carpeted floors	Weekly
Clean and disinfect mop sinks & drains	Daily
Stock paper & cleaning supplies in janitor closet	As Needed

CONCESSIONS COURT; EATING AND VENDING AREAS

<u>Task</u>	<u>Frequency</u>
Remove Graffiti	Continuous
Police Litter	Continuous
Empty Trash & Recycle Receptacles	Continuous
Spot Clean Building Surfaces	Continuous
Spot Clean Furniture Surfaces	Daily
Dust mop or Sweep	As Needed
Damp mop non-carpeted floors	As Needed
Vacuum Traffic Lanes & Remove Soil	As Needed
Dust Building Surfaces & High Dust	Weekly
Dust Furniture Surfaces	Weekly
Vacuum Completely	Bi-Weekly
Restore Terrazzo, Clean Floors, & Burnish Floor	Daily
Clean door glass and frames	Daily
Dust windows within reach	Daily
Clean and disinfect furniture	Daily
Clean and disinfect telephones	Daily
Police and clean Planters and Pots	Daily
Spot clean/wash signage	Daily
Clean/empty ash urns	Daily
Police/clean stairwells	Continuous
Clean/replace food court trays	Continuous
Trash removal all concession spaces	Daily (5 times a day)

LOCKER ROOMS

<u>Task</u>	<u>Frequency</u>
Police Litter	Daily
Empty/Clean Trash Receptacles	Daily
Spot clean furniture surfaces	Daily
Dust mop or sweep	Daily
Remove carpet stains	Daily
Vacuum Traffic Lanes & remove soil	Daily
Dust furniture surfaces & High Dust	Weekly
Damp mop non-carpeted floors	Weekly
Vacuum completely	Bi-weekly
Restore Terrazzo/clean floors	Bi-weekly

EXHIBIT F

COPY ROOMS

<u>Task</u>	<u>Frequency</u>
Police Litter	Daily
Empty/Clean Trash Receptacles	Daily
Spot clean furniture surfaces	Daily
Dust mop or sweep	Daily
Remove carpet stains	As needed
Vacuum Traffic Lanes & remove soil	Daily
Dust mop or sweep	Daily
Spot mop	Daily
Dust building surfaces	Weekly
Dust furniture surfaces	Weekly
Spot clean building surfaces	Weekly
Damp mop non-carpeted floors	Weekly
Vacuum completely / high dust	Bi-weekly
Restore Terrazzo/clean floors	Bi-weekly

PROJECT WORK Frequency

Carpets cleaned with Dry cleaning method or using "Carpet Manufacturer's preferred method" for the carpet	Once per quarter
Carpet Shampooing "Water Extraction Method"	Twice per year
Finished Floors stripped of old sealer & new floor sealer replaced	Once Per year
Windows - Exterior	3 times per year
Blinds	Yearly
Wall Washing	Yearly
Furniture Cleaning	Yearly
Exterior Surfaces – Terminal/Concourse Walls	Yearly

MINIMUM DAILY CUSTODIAL DUTIES

Clean up floor spills (water, human waste, soda, coffee, etc.) immediately once identified.

Set-up for scheduled meetings, clean up afterward and return room, equipment, etc. to original set-up.

Respond immediately to facility emergencies (clogged toilets, broken glass, etc.)

Secure or restrict working areas as they pertain to performing custodial services specified in Scope of Services.

Mop continuously all entranceways and corridors during inclement weather or construction.

Clean all glass as needed.

Report any unsafe condition to Department. Address immediately those specified in Scope of Services.

Report Status and condition of Terminal and other Facilities sections and defined areas to the Department.

Report any items needing repair to proper contact so they can be repaired / replaced.