

NOTICE TO ALL PROPOSERS

**ADDENDUM NO. 2
FINAL**

**TO THE REQUEST FOR PROPOSALS FOR
TUCSON AIRPORT AUTHORITY PROJECT
AIRPORT FINANCIAL CONSULTING SERVICES**

May 6, 2021

The following Addendum dated May 6, 2021 shall be made a part of the Request for Proposal (RFP) dated April 20, 2021 for Airport Financial Consulting Services.

GENERAL

- As discussed in the Pre-Proposal meeting, an Airline Use Agreement template is attached.

QUESTIONS

1. Regarding the Airport Financial Consulting Services RFP, Contents of Proposal, Section 3, Part A – Qualifications of the Firm, there are three specific and distinct requests noted in this section and a page limit of 3 pages for the section in total. Given the first two requested points will likely take a page each, we feel TAA may not get the best flavor for respondent experience with other airports in similar scope areas, if this third requested point is fitted into a single page. Would you therefore consider expanding the page limit of this section from 3 to 5 pages please to allow for at least 3 pages for related firm experience?

Answer: The page limit for this section will remain at 3 pages. Please note that the second bullet of Section 3, part A requests information on office(s) that would provide services. This may be as simple as listing the physical location and the primary function of each office that may provide support to TAA as described in the Scope of Services.

2. For the references question (#6), if we do not have any prior clients that are not clients anymore (the RFP asks for two), how should we respond? Should we simply note this in our response?

Answer: If a firm has no former clients (has retained all consulting clients), please note this in the reference section and list five firms that you currently service, rather than three.

END OF ADDENDUM #2

AIRPORT USE AGREEMENT

THIS AIRPORT USE AGREEMENT ("Agreement") is made as of the ___ day of _____, 20__ by and between the TUCSON AIRPORT AUTHORITY, an Arizona nonprofit corporation ("TAA") and _____, a _____ corporation ("Airline"),

RECITALS:

A. TAA, a nonprofit civic corporation organized and existing under the laws of the State of Arizona, leases Tucson International Airport pursuant to the terms of that certain Agreement of Lease with the City of Tucson, dated October 14, 1948, as amended, and leases Ryan Field from the City of Tucson pursuant to Lease with the State of Arizona, dated August 31, 1954 (ownership of Ryan Field having been transferred by Quitclaim Deed, dated December 16, 1959, to and accepted by the City of Tucson on December 21, 1959, subject to such Lease);

B. TAA has the obligation to operate, maintain and develop Tucson International Airport as a public facility for the accommodation of air commerce and has full power and authority to enter into this Agreement;

C. Airline is a corporation primarily engaged in the business of providing air transportation with respect to persons, cargo and mail;

D. Both TAA and Airline desire to enter into this Agreement to set forth the rights, privileges and obligations of both parties and to facilitate the development, promotion and improvement of air commerce.

NOW, THEREFORE, in consideration of the mutual covenants and considerations herein contained, TAA and Airline agree as follows:

ARTICLE 1 DEFINITIONS AND CONSTRUCTION

Section 1.1 Definitions.

In the event of conflicts between this Agreement and the Bond Resolution, the Bond Resolution will govern. All definitions that are not specifically defined herein shall have the meanings set forth in the Bond Resolution. The words and phrases recited in this section shall have the following meanings when used elsewhere in this Agreement:

(a) "Air Transportation" shall mean the carriage of persons, property, cargo, express and mail by aircraft.

(b) "Airport" shall mean the Tucson International Airport, shown on Exhibit "A" attached hereto and incorporated herein.

(c) "Airport Purpose" shall mean any action or undertaking by TAA reasonably related to the development and promotion of the Airport System as a destination for air commerce and as industrial or commercial sites and the development and promotion of air transportation and commerce by air in the State of Arizona, generally, and in the County of Pima, in particular. It shall include without limitation the preservation of TAA or of the Airport System or any part

thereof and any activity by TAA which has received prior approval of a Majority-In-Interest in the manner hereinafter provided.

(d) "Airport System" shall mean the Airport, Ryan Field, and such other facilities as may from time to time be added to the jurisdiction of TAA pursuant to the provisions of this Agreement. Ryan Field is shown on Exhibit "B" attached hereto and incorporated herein.

(e) [Intentionally left blank.]

(f) "FAA" shall mean the Federal Aviation Administration of the United States Government, or any Federal agency succeeding to its jurisdiction.

(g) "Fiscal Year" shall mean the fiscal year of TAA as established from time to time, which as of the date of this Agreement is the twelve-month period commencing on October 1 of any year and ending on September 30 of the succeeding year.

(h) "Gross Operating Income" shall mean the total of all income and revenue from all sources collected or received by TAA in connection with the Airport System, including all rates, charges, rentals, fees and any other compensation, regardless of form, investment income earned by TAA, except as hereinafter provided to the contrary, that amount on deposit in the Airline Reserve Fund which, by action of a Majority-In-Interest, is designated to be applied by TAA to reduce Landing Fees, and the proceeds of any special tax or fee that may hereafter be levied (whether on the use of the Airport System, on transportation, or otherwise) which are received and retained by TAA. "Gross Operating Income" shall not include:

(1) Proceeds from Bonds issued by TAA or proceeds from loans obtained by TAA;

(2) Condemnation proceeds or insurance proceeds except any received from rental insurance or from business interruption insurance;

(3) Revenues, other than ground rent, from properties and facilities, the construction and acquisition of which under this Agreement requires the approval of a Majority-In-Interest and for which such approval has not been given or deemed given;

(4) Revenues derived from any Self-Liquidating Facility which are assigned as security to liquidate indebtedness incurred to finance such Facility;

(5) Grants in aid or similar payments received from public agencies provided that (1) the application of such moneys is restricted to a specific purpose, or (2) such grant or payment constitutes a reimbursement to TAA for expenditures previously made from its Special Reserve Fund;

(6) Moneys received by TAA as gifts or grants the use of which is restricted by the donor or grantor;

(7) Investment income derived from moneys or securities on deposit in a Construction Fund and investment income derived from any moneys or securities which may be placed in escrow or trust to defease bonds of TAA, including the Bonds.

(8) The proceeds of any passenger facility charge or analogous charge or fee that may hereafter be levied, which are received and retained by TAA.

(i) "Majority-In-Interest" shall mean a numerical majority of Signatory Airlines, which numerical majority shall have landed more than 50% of the Total Landed Weight at the Airport in the latest 12 months for which such data are available and which months were not affected by schedule reductions resulting from labor disputes.

(j) "Maximum Gross Landing Weight" shall mean the maximum weight in 1,000-pound units at which each aircraft operated by Airline is authorized by the FAA to land at the Airport, as recited in Airline's flight manual governing that aircraft.

(k) "Revenue Landing" shall mean an aircraft landing at the Airport System in conjunction with a flight for which an airline makes a charge or from which revenue is derived for the transportation by air of persons, property, or mail, but "Revenue Landing" shall not include any landing of an aircraft which, after having taken off from the Airport System and without making a landing at any other airport, returns to land at the Airport System because of meteorological conditions, mechanical, emergency, precautionary or other operating reasons.

(l) "Signatory Airlines" shall-mean airlines providing scheduled transportation of persons or property by air to and from the Airport pursuant to any required governmental authorization which have executed agreements with TAA substantially similar to this Agreement. "Signatory Airlines" shall include Airline, but shall not include any intrastate air carrier operating only aircraft of less than 30,000 pounds gross landing weight for any foreign carrier which has an Airport use agreement with TAA which expires prior to the end of the term of this Agreement.

(m) "Total Landed Weight" shall mean the sum of the Maximum Gross Landing Weights for all of Airline's Revenue Landings over a stated period of time.

(n) "Total Landed Weight of the Signatory Airlines" shall mean the sum of the Maximum Gross Landing Weights for all of the Signatory Airlines' Revenue Landings over a stated period of time.

(o) "Self-Liquidating Facility" shall mean any specific improvement undertaken by TAA for the benefit of one or more Signatory Airlines or other Airport System tenants under the terms of a separate agreement which provides, among other things, for the payment of rentals or fees for the use or occupancy thereof in sufficient amounts to permit the financing of such improvement solely from such rentals or fees, and for the payment of the maintenance and operating costs of such improvement by the tenant or tenants thereof

(p) "1990 Bond Resolution" shall mean the resolution adopted by TAA on December 4, 1990, authorizing the issuance of airport revenue bonds.

(q) "1990 Bonds" shall mean the Series 1990 A, Series 1990 B and Series 1990 C Airport Revenue Bonds issued by TAA pursuant to the 1990 Bond Resolution and the Supplemental Resolution adopted on December 4,1990.

(r) "Refunding Bonds" shall mean the refunding series of Airport Revenue Bonds issued by TAA pursuant to the 1990 Bond Resolution and the Supplemental Resolution adopted on March 31, 1993.

(s) [Intentionally left blank.]

(t) "Bonds" shall mean Airport Revenue Bonds heretofore issued by TAA (including the 1990 Bonds and the Refunding Bonds) and revenue bonds issued for Airport Purposes under and pursuant to a Bond Resolution as permitted by this Agreement and including refunding bonds (whether issued under and pursuant to the Bond Resolution or otherwise), but Bonds shall not include any bonds, notes or other evidences of indebtedness (i) issued for a Self-Liquidating Facility, (ii) issued for a Capital Project (as defined in Section 6.1 hereof) undertaken by TAA under Section 6.5 hereof after disapproval by a Majority-In-Interest, unless such Capital Project is permitted without Majority-In-Interest approval under Section 6.3 or Section 6.4, (iii) issued in anticipation of the issuance and sale of Bonds, or (iv) constituting a charge upon all or any portion of the Gross Operating Income junior and inferior to the Charge on Gross Operating Income of the Bonds.

(u) "Bond Resolution" shall mean the 1990 Bond Resolution and any other subsequent such resolution adopted by the Board of Directors of TAA to permit the issuance of Bonds.

(v) "Debt Service" shall mean the total as of any particular date of computation and for any particular period or year, of the amounts (i) required pursuant to the Bond Resolution to be deposited during such period or year in the Bond Fund referred to in Article 7 hereof to provide for the payment of interest on the Bonds, to provide for the payment at maturity of any of the Bonds issued in serial form and to provide for the retirement of any of the Bonds issued in term form; and (ii) (subject to Section 7.1) required pursuant to a resolution or resolutions of TAA to be deposited during such period in the Bond Fund referred to in Article 7 hereof to provide for the payment of interest on bonds, notes or other evidences of indebtedness (including interest on bonds, notes or other evidences of indebtedness issued in anticipation of the issuance and sale of Bonds) constituting a charge upon all or any portion of the Gross Operating Income of the Bonds, to provide for the payment at maturity of any such bonds, notes or other evidences of indebtedness which constitute a charge upon all or any portion of Gross Operating Income junior and inferior to the charge on Gross Operating Income of the Bonds issued in serial form and to provide for the retirement of any such bonds, notes or other evidences of indebtedness issued in term form which constitute a charge upon all or any portion of the Gross Operating Income junior and inferior to the charge on Gross Operating Income of the Bonds, provided such bonds, notes or other evidences of indebtedness are issued (i) to finance a Capital Project undertaken pursuant to Article 6 hereof, or (ii) to meet casual deficits in Gross Operating Income for temporary periods.

(w) "Operating Affiliate" shall mean an airline that provides scheduled passenger service for and on behalf of Airline at the Airport as a service pursuant to an oral or written agreement and which has entered into an Operating Affiliate Use Agreement with Airline and TAA.

(x) "TSA" shall mean the Transportation Security Administration of the United States of any Federal agency succeeding to its jurisdiction.

Section 1.2 Construction.

This Agreement shall be construed in accordance with the laws of the State of Arizona.

ARTICLE 2 TERM

Section 2.1 Term.

The term of this Agreement shall commence _____ and shall expire _____.

Section 2.2 Prior Agreements.

Not applicable.

ARTICLE 3 USE OF AIRPORT AND FACILITIES

Section 3.1 General.

(a) Subject to the terms and provisions hereof and the rules and regulations of TAA, Airline shall be entitled to the use, in common with others authorized so to do, of the Airport and appurtenances, together with all facilities, equipment, improvements and services which have been or may hereafter be provided at or in connection with the Airport for common use, for the sole purposes of Air Transportation, which use, without limiting the generality hereof, shall include:

(1) The repairing, maintaining, conditioning, servicing, testing, parking or storage of aircraft or other equipment operated by Airline, any other air transportation company, or an agency or branch of the United States Government; provided that such right shall not be construed as authorizing the conduct of a separate business by Airline, but shall permit Airline to perform such functions only as an incident to its conduct of Air Transportation.

(2) The training on the Airport of personnel in the employ or service of or to be employed by Airline, any other air transportation company, or an agency or branch of the United States Government; provided that such right shall not be construed as authorizing the conduct of a separate business by Airline but shall permit Airline to perform such functions only as an incident to its conduct of Air Transportation.

(3) The sale, lease, transfer, disposal or exchange of Airline's aircraft, engines, accessories, and other equipment or supplies; provided that such right shall not be construed as authorizing the conduct of a separate business by Airline, but shall permit Airline to perform such functions only as an incident to its conduct of Air Transportation, and specifically, but without limitation, shall permit the sale, lease, transfer, or disposal of any article or goods used by or bought for use by Airline in connection with its conduct of Air Transportation. Airline shall not sell aviation fuel, propellants, or lubricants except when such aviation fuel, propellants, or lubricants are not available for sale by an authorized supplier located on the Airport.

(4) The servicing by Airline, TAA, or TAA's designee, of aircraft and other equipment operated by Airline on the apron by truck or otherwise, with aviation fuel, propellants, or lubricants, or any other materials or supplies required by Airline.

(5) The right to land, take-off, fly, taxi, tow, load, and unload aircraft and other equipment used by Airline in its conduct of Air Transportation.

(6) The right to install and operate advertising signs representing Airline's business, which signs shall be substantially uniform in size, type and location with those of other Signatory Airlines. The number, type, size, design and location of all of such signs shall be subject to the prior written approval of TAA.

(7) The right to install, maintain and operate by Airline alone, or in conjunction with any other Signatory Airlines, or through a designee, a communications systems between suitable locations on the Airport, subject to Section 3.9 and subject to the prior written approval of TAA.

(b) Airline may perform customary fueling and servicing of aircraft at its aircraft parking positions preparatory to loading and take-off or immediately following landing and unloading. Airline may perform any maintenance of aircraft, vehicles or equipment at places and in a manner which does not violate applicable fire or building codes or TAA's reasonable rules and regulations so long as such activities are not unreasonably unsightly, offensive or annoying to the public.

(c) Airline shall promptly remove any of its disabled aircraft from any part of the Airport, including without limitation, runways, taxiways, aprons, and gate positions, and may place any such disabled aircraft only in such storage areas as may be designated by TAA and may store such disabled aircraft only for such length of time and upon such terms and conditions as may be established by TAA. Should Airline fail to remove any of its disabled aircraft promptly in accordance with this Section, TAA may, but shall not be obligated to, cause the removal of such disabled aircraft and Airline agrees to reimburse TAA for all costs of such removal, and Airline further hereby releases TAA from any and all claims for damage to the disabled aircraft or otherwise arising from or in any way connected with such removal by TAA. This subparagraph (c) of this Section 3.1 shall be subject to the jurisdiction, rules and regulations of insurers of Airline and other properly constituted governmental authority.

(d) TAA will designate areas from time to time which may be used for parking automobiles by Airline's employees. Use of such areas shall be subject to TAA's rules and regulations and TAA shall have the right to make a charge for such privilege sufficient to finance the maintenance and security of such areas.

Section 3.2 Airline Leased Space.

The terms and conditions of Airline's lease and use of buildings and other facilities not described herein shall be governed by separate agreement. Airline subleases hereunder, for its exclusive use, _____ square feet of space in the Airport Terminal Building, such space being so marked on Exhibit "C". Airline is hereby granted the preferential but nonexclusive use in common with others of the aircraft parking positions and accompanying gates indicated on Exhibit "D" and facilities marked on Exhibit "E" to permit the taxiing, serving, loading and unloading of Airline's aircraft, space for a reasonable amount of apron equipment, paving, fencing, loading

bridges and lighting for loading bridges and for other facilities so designated adjacent to the terminal. The aircraft parking position(s), related apron area and aircraft loading bridge(s), if any, podium(s) and portal(s) (collectively referred to herein as "Gates") assigned and leased to Airline as set forth herein the Use Agreement are deemed assigned and leased on a preferential use basis only. Airline shall have the right to use associated holdroom area in common with other scheduled air transportation companies authorized by TAA to use the same.

Airline may use such space in the Terminal Building with respect to which it is granted the exclusive use hereunder and all such space and facilities inside or outside the Terminal Building with respect to which it is at any time granted the nonexclusive or preferential use, subject to reasonable rules and regulations of TAA as to the use of such space and facilities, for any and all purposes in connection with or incidental to its business of Air Transportation.

Airline shall use its exclusive space for offices and for the sale of Air Transportation, handling, ticketing, billing and manifesting of passengers, baggage, cargo, property, express and mail in the conduct of an Air Transportation business by Airline or on behalf of any other air transportation company authorized by TAA to use the Airport; provided, however, that such space shall not be used for sale of ground transportation unless such ground transportation is to be furnished by another party which has a separate agreement with TAA.

Airline shall, at its expense, maintain its exclusive and preferential space in a neat, clean and orderly condition, free from litter, debris, refuse, petroleum products or grease that may result from activities of its passengers, employees, agents or suppliers; it shall remove all oil and grease spillage which is attributable to Airline's aircraft from its aircraft parking positions. It shall reimburse TAA for any maintenance TAA is required to perform because of Airline's failure to perform such duties.

Airline shall have the right, at its sole expense, to repair, remodel and make additional improvements within the space to which it has the exclusive right of possession, subject to the following:

(a) Such improvements must first be approved by TAA, which shall have the right to disapprove if such improvements do not in its opinion conform to the design and architecture of the other improvements in the area, if they would in its opinion interfere with any other facilities, if they do not meet County and City building code requirements or if they would adversely affect any structural parts of the building.

(b) Such improvements must not adversely affect any structural parts of the building and they must meet requirements of the building codes of the County of Pima and the City of Tucson and meet requirements of any other governmental unit having jurisdiction.

(c) Before commencing such improvements, Airline must make arrangements satisfactory to TAA, to assure that all legitimate claims for labor and material furnished will be paid and that the job will be completed.

Section 3.3 Accommodation of Other Airlines.

(a) Airline and TAA acknowledge that it is TAA's objective to offer air transportation companies desiring to serve the Airport access to the Airport and to provide adequate gate positions

and space in the terminal building area. Recognizing that physical and financial limitations may preclude timely expansion of the terminal building and associated apron areas to meet the stated requests of Airline and air transportation companies for additional facilities, TAA intends to pursue the objective of achieving a reasonable balance in the overall utilization of the terminal building and associated apron areas to be achieved, if necessary, through sharing, from time to time, of gate positions and other passenger and baggage handling facilities.

(b) Accordingly, the aircraft parking position(s), related apron area and aircraft loading bridge(s), if any, podium(s) and portal(s) (collectively referred to herein as "Gates") and the baggage makeup space assigned and leased to Airline as set forth in the Use Agreement as amended hereby are deemed assigned and leased on a preferential use basis only. Airline shall have the right to use associated holdroom area in common with other scheduled air transportation companies authorized by TAA to use the same.

(c) Airline will have priority in using Gate(s) and baggage makeup space assigned to it on a preferential basis to accommodate its scheduled flights. However, TAA may, after coordination with local Airline management, assign such preferential use Gate for use by others in periods when not in use by Airline so long as there are no unassigned Gates available for use and Airline's preferential use Gate is not being used in connection with a scheduled flight, and permit use by others of Airline's preferential use baggage makeup space for the time period(s) necessary to permit the requesting airline to operate in conjunction with the scheduled operations of such requesting airline at times when the use of such facilities shall not interfere with Airline's planned operations, subject to the following:

(1) TAA will require a requesting airline to first coordinate directly with Signatory Airlines in writing for the use of such Gates or baggage makeup space, if TAA has no available space to accommodate the needs of the requesting airline;

(2) No other TAA Gates or baggage makeup space are available for use where such other scheduled air carrier desiring to be accommodated already operates its Air Transportation operations at the Airport, if any;

(3) With respect to accommodation of Gates, Airline shall be entitled to charge such scheduled air carrier (and such carrier's right to use shall be conditional upon its paying) an amount no greater than TAA's published gate use fees per use for the use of Airline's preferential use Gates and related equipment as such published fees may change from time to time; and

(4) With respect to accommodation of baggage makeup space, Airline shall be entitled to charge such scheduled air carrier (and such carrier's right to use shall be conditioned upon its paying) an amount set forth in a written agreement between Airline and the scheduled air carrier, approved in writing by TAA prior to the effective date thereof; and

(5) Such scheduled air carrier provides Airline with applicable insurance and indemnification prior to the commencement of such accommodation, provided that Airline may not require such scheduled air carrier to provide insurance or indemnification to a greater extent than is required of Airline pursuant to the Use Agreement. TAA shall require the scheduled air carrier to enter into a written agreement with TAA and Airline consistent with the terms hereof whereby the scheduled air carrier indemnifies TAA and Airline in the manner of and only to the extent required of Airline.

(d) When making its determination of whether to require use of Airline's preferential use Gates or baggage makeup space by more than one scheduled air carrier, TAA shall consider the following factors:

(1) TAA shall provide Airline with first priority for its scheduled arrivals and departures;

(2) TAA shall provide a Signatory Airline with priority over a non-Signatory Airline;

(3) Maintenance of a sixty (60) minute period before each scheduled departure and sixty (60) minutes after each scheduled arrival;

(4) TAA shall provide priority to scheduled operations over remain overnight (RON) parking; and

(5) Any other relevant consideration.

(e) Airline shall cooperate with TAA to accommodate other air transportation companies from time to time, as deemed necessary by TAA for situations including, but not limited to, unscheduled flights (including charters), mechanical problems and diversions due to weather.

(f) Airline shall have the right to park its aircraft overnight at its preferential use Gate(s), so long as that position is not needed by another scheduled air carrier. TAA reserves the right to require Airline to park its aircraft overnight at locations other than its preferential use Gate(s) if TAA determines that such Gate is needed to accommodate the operations of other air transportation companies. In making its determination, TAA shall take into consideration the following factors: (i) Signatory Airlines shall be given priority over non-signatory Airlines; (ii) scheduled flights shall be given priority over non-scheduled flights; and (iii) the last flight arriving in the evening and/or the first flight departing in the morning shall be given priority. Airline is entitled to reasonable reimbursement for costs of moving an aircraft from the Airline's preferential use Gate. The reimbursement of the cost of Airline shall be the responsibility of the accommodated airline.

Section 3.4 Terminal Utilities.

It is understood and agreed that TAA will furnish and maintain the following:

(a) Heating and air conditioning in the Terminal Building as seasonally required except for the basement operations space and the baggage make-up and storage space.

(b) Normal lighting throughout the premises in the Terminal Building (including fixtures, electricity and replacement tubes and bulbs) and electricity for the operation of computers, electric typewriters, calculators, dictating machines, and similar office equipment. In the event Airline desires additional electric power, Airline may at its own expense have the same installed and metered and Airline shall pay such metered rate directly to the power company. If such metering is not practicable and it becomes necessary to tap a TAA metered line, Airline shall tap such line at its expense and shall reimburse TAA monthly for the amount of additional power it consumes.

(c) Sewer and water facilities for normal domestic usage. In the event Airline requires additional water for washing of aircraft, air conditioning or other purposes, the same may be furnished to and paid for by Airline as mutually agreed upon between the parties hereto.

Section 3.5 Access.

TAA hereby grants the right of free ingress to and egress from the Airport and the premises and facilities of the Airport referred to in this Article to Airline, its employees, agents, passengers, invitees, suppliers, and furnishers of service, subject to the requirements and limitations of all applicable policies, rules and regulations.

Section 3.6 Substitution of Facilities.

In order that TAA will have the flexibility necessary to expand or make more efficient use of facilities when necessary and to make more efficient use of existing and additional facilities which may in the future be proposed, TAA shall have the right to transfer Airline's rights in any facility under this Use Agreement to substitute facilities; provided, however, that (a) no such transfer will be made unless reasonably necessary to either expand facilities or to make more efficient use of facilities, or both, (b) no such transfer shall be made unless the substitute facilities are reasonably comparable to those for which substituted, and (c) the costs of making any such move, including the physical transfer of equipment and the installation of tenant improvements comparable to those in the facilities from which transferred, shall be at no direct expense to the Airline. When any such transfer is requested by TAA, Airline will promptly cooperate in making such transfer. Any rights granted to Airline hereunder may be temporarily suspended or modified by TAA when such temporary suspension or modification is reasonably necessary because of emergency or construction.

Section 3.7 Common Use Holdroom

As used herein, the "holdroom area" shall mean the area designated as Common Use Holdroom on Exhibit "C" attached hereto. Airline shall have the right to use holdroom area in common with other scheduled air transportation companies authorized by TAA to use the same. The placement of stanchions or other equipment used by Airline in the holdroom area is subject to the approval of TAA. After consultation with Airline, TAA shall have the reasonable discretion to place seating, ticket podiums and stanchions in locations that maximize capacity and efficiency of the holdroom area and Airline's operations.

Section 3.8 Premises Distribution System

(a) TAA has installed a premises distribution system ("PDS") for use by TAA, Airline and other tenants and users of the Airport terminal complex. The PDS is defined to include the passive infrastructure installed at the Airport and is comprised of all copper cabling, fiber optic cabling, special cabling, routing infrastructure and pathways (i.e. conduit, duct bank and cable tray), patch panels, splicing equipment, termination hardware and communications rooms used for the interconnectivity of all communications systems throughout the airport.

(b) TAA has adopted a Premises Distribution System Policy and Procedures ("PDS Policy and Procedures") which governs, among other things, installation and ownership of cabling, applicable standards, maintenance, location of equipment, procedures for moves, adds and changes

and technical support. Airline and all tenants and users of the Airport must adhere to the PDS Policy and Procedures, a copy of which has been provided to Airline.

(c) TAA hereby grants Airline the right to use the PDS under the terms and conditions set forth herein. Airline shall at all times comply with the PDS Policy and Procedures, as it may change from time to time, with respect to any matter governed thereby. TAA shall give Airline not less than thirty days advance written notice of any changes in the PDS Policy and Procedures. The obligation of TAA in the event of a service interruption shall be limited to the reasonable restoration of the proper functioning of the PDS, and for no other related or special direct, indirect or consequential damage or loss whatsoever. Airline is responsible, at Airline's expense, for any upgrades or other changes in the circuit provisioning. Airline is also responsible for the cost of maintenance and repair of the PDS and its associated equipment if such maintenance and repair is necessitated in whole or in part by the action or omission by Airline, its agents, servants, employees or invitees.

Section 3.9 Janitorial Services

No person or entity other than TAA is authorized to provide janitorial services in the public and common areas of the Airport terminals, including the ticket counter areas, the baggage claiming area and holdroom areas. Notwithstanding the foregoing, Airline is permitted to hire third parties to clean other exclusively leased space provided all security requirements are satisfied.

Section 3.10 Operating Affiliates

Airline shall be permitted to contract with qualified Operating Affiliates. In order to qualify as an Operating Affiliate, Airline and the Operating Affiliate shall execute an agreement with TAA acknowledging their respective responsibilities, including the following: (i) all fees, rates, landing fees and other charges applicable to Airline's operations shall be similarly applicable to the operations of the Operating Affiliate for and on behalf of Airline and shall be paid by Airline; (ii) All Revenue Landings, landed weights and passengers associated with the Operating Affiliate's operations shall be attributable to and reported by Airline.

Airline shall be responsible for all obligations of its Operating Affiliate(s) pertaining to fees and charges and reporting requirements under this Agreement. Airline shall separately and independently report Airline's and any Operating Affiliates' aviation activities as required under this Agreement. Airline shall be responsible for payment of all fees and charges incurred by its Operating Affiliate(s) for the Operating Affiliate's use of the Airport. If TAA permits an Operating Affiliate to pay such fees and charges in whole or in part separately to TAA, Airline shall remain liable for any unpaid fees and charges incurred by its Operating Affiliate. Each Operating Affiliate shall remain separately and independently responsible to TAA for fees and charges incurred by the Operating Affiliate for its use of the Airport and shall execute an Operating Affiliate Use Agreement directly with TAA prior to commencing any operations at the Airport.

ARTICLE 4 RENTALS AND CHARGES

Section 4.1 General.

Airline agrees to pay to TAA for the use of the premises, facilities and rights granted hereunder, during the term hereof, the rentals, fees and charges specified in this Agreement. The acceptance by TAA of any such payment shall not preclude TAA from questioning the accuracy of Airline's report submitted pursuant to Article 5 or any other Airline report upon which its fees and charges are based.

Rents shall be paid monthly, in advance, without notice. Landing fees shall be paid in accordance with Article 5 hereof. Security fees shall be paid in accordance with Section 4.13 hereof. Fueling fees shall be paid no later than 10 days after the date of TAA's monthly statement therefor. Charges for miscellaneous services for such items as janitorial, telephone, utilities, ramp cleaning, and other services incidental to Airline's operation at the Airport at the then-applicable rates shall be paid no later than 10 days after the date of TAA's invoices therefor.

Rents and charges for the use of any jet bridge or other equipment leased from TAA shall be paid pursuant to the terms and conditions of a separate agreement between the parties.

Section 4.2 Leased Space.

(a) Annual rental for Terminal Building space herein leased to Airline shall be:

_____ square feet of ticket counter space, office space behind the ticket counter, instant ticketing machine and self-service equipment space all at the rate of \$_____ per square foot per annum, or \$_____

_____ square feet of operations space at the rate of \$_____ per square foot per annum, or \$_____

_____ square feet of baggage storage space at the rate of \$_____ per square foot per annum, or \$_____

_____ square feet of baggage makeup space at the rate of \$_____ per square foot per annum, or \$_____, subject to pro-rata as provided in subsection (f) below.

The foregoing rates do not include janitorial fees.

The foregoing rentals shall be paid by Airline in advance in equal monthly installments.

(b) Common Use Holdroom. The total annual charge for the common use holdroom shall be \$_____ per preferential aircraft parking position, which includes the cost of TAA-provided custodial service. Such charges shall be paid by Airline in advance in equal monthly installments.

(c) Instant Ticketing Machines and Other Similar Free-Standing Self-Service Equipment. There is no additional charge for instant ticketing machines ("ITMs") or other similar free-standing self-service equipment ("SSE") located within Airline's leased premises.

Airline's ITMs located outside of Airline's leased premises shall bear a monthly fee ("ITM Fee") to be paid to TAA in advance, calculated based on the number of Airline's ITMs outside of Airline's leased premises, times eight (8) square feet, times the rental rate for ticket counter space. If TAA determines the ITM occupies more than eight (8) square feet, TAA may charge the Airline for additional square footage or deny the request for placement outside of Airline's leased premises.

Airline's SSE located outside of Airline's leased premises shall bear a monthly fee ("SSE Fee") to be paid to TAA in advance, calculated based on the square footage occupied by the SSE plus appropriate circulation area, as determined by TAA in its sole discretion, times the rental rate for ticket counter space.

(d) Baggage makeup space. In the event Airline leases baggage makeup space that is configured to be used by more than one airline, so long as Airline is the only party using the baggage makeup area, Airline will be responsible for the full amount of the annual rent. In the event the area is used by more than one airline, the annual rent shall be prorated between the airlines based on enplaned passengers. Such proportion shall be computed for the six-month periods ending the first of January and July of each year and shall remain in effect until the earlier of (i) the next computation, or (ii) the space ceases to be shared.

Section 4.3 Air Cargo.

The terms and conditions of any use by Airline of air cargo buildings or facilities shall be governed by separate agreement.

Section 4.4 Baggage Claim Area.

As used herein, the "baggage claiming area" shall mean the area so designated on Exhibit "C" attached hereto.

Airline shall have the right to use the baggage claiming area for the purpose of delivering to its incoming passengers the baggage of such passengers. Such use shall be in common with other scheduled air carriers authorized by TAA to use the same.

The total charge made by TAA to all scheduled air carriers for the right to use the baggage claiming area containing 66,966 square feet shall be computed at the rate of \$_____ per square foot per annum.

For each calendar month during the term of this Agreement Airline shall pay to TAA its pro rata share of the total monthly charge, which pro rata share shall be determined as follows:

Twenty percent of the total monthly charge shall be divided equally among all the scheduled air carriers having the right to use said area during such calendar month or any fraction thereof.

Eighty percent of the total monthly charge shall be apportioned among all scheduled air transportation companies so that each pays the proportion thereof which the number of its passengers enplaning at the Airport bears to the total number of enplaning passengers of all said air transportation companies. Such proportion shall be

computed for the six month periods ending the first of January and July of each year and shall remain in effect until the next computation.

Section 4.5 Aircraft Parking.

Airline shall have the preferential use of the Aircraft Parking Positions set forth on Exhibit "D" attached hereto. Airline shall pay TAA a charge of \$_____ per month per aircraft parking position. The total of such charges shall be paid by Airline monthly in advance. It is understood that the assignment of such parking positions is preferential but not exclusive and that the parking positions are subject to the use by other air carriers that have passenger holdrooms adjacent to each gate position, taking into account such air carriers' needs and requirements for the use thereof. The gate positions, parking positions and loading ramps are to be used for the loading and unloading of aircraft which is being used for passenger service, in keeping with industry practice at the Airport. To facilitate the entry of new air carriers and to maximize the utilization of facilities at the Airport, Airline agrees that it will not use the gate positions, parking positions and loading ramps for long term aircraft parking or for aircraft maintenance purposes. It is agreed that the use of Airline's parking positions shall be in accordance with policies, rules and regulations adopted by TAA from time to time.

Section 4.6 Aircraft Storage.

Airline shall pay TAA for storage of Airline's aircraft on designated storage aprons at the rates fixed by TAA from time to time.

Section 4.7 Adjustments.

Effective with the end of TAA's current budget biennium and every two (2) years thereafter for the balance of the term hereof, the rates of rentals and charges specifically set forth in this agreement shall be adjusted upward or downward by the percentage of upward or downward changes in the implicit price deflator index published by the U. S. Department of Commerce; provided, however, that the maximum change hereunder on any one change date shall not exceed 10%. Computations set forth in Exhibit "F" attached hereto and made a part hereof show the manner of making such adjustments. Should the Department of Commerce discontinue publication of such index, then the adjustments shall be made in accordance with the public index currently being published which is the most similar to the implicit price deflator index. Rate changes in accordance herewith and any agreed changes of space will be documented by letter.

Section 4.8 Flight Meals; Maintenance Contracts; Ground Transportation.

(a) Should Airline purchase flight meals for consumption by its passengers aboard its aircraft or other prepared foodstuffs for consumption within Airline's exclusive space from any supplier other than a food concessionaire at the Airport or Airline's own flight kitchen, TAA may impose a percentage fee upon such supplier no greater than the percentage fee paid TAA by any in-flight food concessionaire at the Airport for similar sales.

(b) Should Airline contract with a third party other than another Signatory Airline to provide maintenance and service upon its aircraft or to furnish ground services which might otherwise be performed by Airline under this Agreement, such third party (if other than another

Signatory Airline operating at and on the Airport) shall be deemed to be conducting a business at the Airport and must at all times while so engaged meet the requirements of and have an agreement with TAA. TAA may impose charges, rentals and fees upon such third parties for facilities used and for services provided to others than Signatory Airlines.

(c) Notwithstanding anything herein to the contrary, any ground transportation commercial carrier regularly transporting persons or their baggage to and from the Airport, any contractor or supplier who is requested by Airline to supply goods or services on the Airport and all parties who are requested by Airline to go beyond the roads furnished for the public on the Airport shall first secure and thereafter hold a valid license or other agreement with TAA for the right to perform such acts respectively and shall pay TAA fees in amounts substantially equal to the cost of issuing and administering such licenses and agreements. In addition, any ground transportation commercial carrier (including Airline) regularly transporting persons or their baggage from the Airport shall first agree in writing to pay to TAA such rentals, fees and/or percentages of the fares or charges for such ground transportation as TAA and such carrier may provide in such written agreement.

Section 4.9 Fixed Power Operation and Maintenance.

TAA has caused the installation of a 400 Hz fixed power system to service the gates at the Terminal Building assigned to Airline.

The costs of making such installations, including architectural and engineering fees and costs of financing were funded from the proceeds of the general revenue bonds previously issued by TAA.

Airline shall pay additional rental hereunder, in the amount of \$180.84 per month in advance for each aircraft parking position assigned to Airline.

Airline shall also pay a monthly charge for the maintenance and operation of the fixed power system which shall be computed as follows:

The total charge made by TAA to all scheduled airlines having use of the fixed power system, for the maintenance and operation expenses of said system, shall include all expenses incurred in connection with the continuing maintenance and operation of the entire fixed power system.

For each month during the term of this Agreement. Airline shall pay to TAA its pro rata share of the total said monthly charge, which pro rata share shall be determined as follows:

Twenty percent (20%) of the total monthly charge shall be apportioned among all scheduled airlines having use of the fixed power system so that each pays the proportion thereof which the number of gates assigned to it bears to the total number of gates assigned to all scheduled airlines having use of the fixed power system.

Forty percent (40%) of the total monthly charge shall be apportioned among all scheduled airlines having use of the fixed power system

so that each pays the proportion thereof which the number of its passengers enplaning at the airport bears to the total number of enplaning passengers of all scheduled airlines having use of the fixed power system.

Forty percent (40%) of the total monthly charge shall be apportioned among all scheduled airlines having use of the fixed power system so that each pays the proportion thereof which the total of its landed weights bears to the total of landed weights of all scheduled airlines having use of the fixed power system.

Said proportions shall be computed on the basis of the maintenance and operation expense for the six-month periods ending the first of January and July of each year. The proportion based upon January through June shall be effective for the billing period of October through March and that based upon July through December shall be effective for the billing period of April through September.

Section 4.10 Performance Guaranty.

Prior to commencing operations at the Airport under this Agreement, Airline shall furnish TAA with an unconditional, irrevocable letter of standby credit, in a form reasonably acceptable to TAA, or such other security approved by TAA to assure the faithful and full performance by Airline of this Agreement and to stand as security for the payment by Airline of any valid claim by TAA against Airline. The letter of credit shall be drawn in favor of TAA upon a bank that is satisfactory to TAA and that is authorized to do business in Arizona. Such irrevocable letter of credit shall be in an amount equal to the total fees, rates and charges, including without limitation passenger facility charges, that are estimated to be payable to TAA under this Agreement for a three (3) month period; shall be in a form that is satisfactory to TAA and shall remain in effect without interruption during the term of this Agreement and sixty (60) days thereafter. The bank may issue the letter of credit for a term of one (1) year and may renew such letter of credit annually; provided, however that Airline shall deliver written notice of such renewal from the bank to TAA no later than sixty (60) days before the stated expiration of the letter of credit.

As an alternative to the letter of credit, Airline shall have the option of furnishing TAA with a valid surety bond, in an amount equal to the total fees, rates and charges, including without limitation passenger facility charges, that are estimated to be payable to TAA under this Agreement for a three (3) month period and issued in a form reasonably acceptable to TAA. The bond shall be issued by a surety company which is an admitted insurer in the State of Arizona qualified to do business in the State of Arizona and acceptable and satisfactory to TAA. The surety bond shall be maintained and kept by Airline in full force and effect during the Term of this Agreement and sixty (60) days thereafter and shall be conditioned to assure the faithful and full performance by Airline of this Agreement and to stand as security for the payment by Airline of any valid claim by TAA against Airline. The surety company may issue the performance bond for a term of one (1) year and may renew such performance bond annually; provided, however that Airline shall deliver written notice of such renewal from the surety company to TAA no later than sixty (60) days before the stated expiration of the performance bond.

In the event Airline's operations increase and there is a commensurate increase in the rates, fees and charges payable to TAA, at the time of renewal of the letter of credit or surety bond,

Airline shall increase the amount of the letter of credit or surety bond so that it is once again in an amount equal to the total fees, rates and charges that are estimated to be payable to TAA under this Agreement for a three (3) month period.

Section 4.11 Instant Ticketing Machines and Other Free-Standing Equipment.

Prior to installation of any instant ticketing machine ("ITM") or self-service equipment ("SSE") on its leased premises, Airline must submit for review and approval detailed installation plans. All cost of installation, operation, maintenance, repair, replacement and removal of the ITM or SSE shall be borne by Airline. Airline shall not relocate the ITM or SSE without the prior written consent of TAA, which consent shall not be unreasonably withheld. If an Airline desires to place an ITM or SSE in an area not included within its leased premises, such space will be rented to Airline on a month-to-month basis. In the event that the designated space is required for some other use or operational need by TAA, or the ITM or SSE is, in the judgment of TAA, impeding passenger flow, TAA may require removal or relocation of an ITM or SSE not located within Airlines' leased premises, at Airline's sole cost, upon the giving of thirty (30) days written notice. Airline may elect to remove an ITM or SSE from an area not included in its leased premises, and cease paying rent by giving TAA at least thirty (30) days written notice and removing the ITM or SSE and restoring the space to its pre-lease condition. Until the ITM or SSE is removed and the space is restored, Airline will continue to pay rent for any impacted space outside of its leased premises. The monthly rental rate for an ITM or SSE not located within Airline's leased premises is set forth in Section 4.2. ITMs or SSEs not located within Airline's leased premises will be added or deleted by letter agreement with the understanding that all terms and provisions of the Use Agreement, as amended herein, shall apply to that ITM or SSE space as long as it is being rented by Airline.

Section 4.12 Security Fee.

Airline shall pay TAA its pro rata share of Security Costs. The monthly Security Costs shall be apportioned among all scheduled air transportation companies so that each pays the proportion thereof which the number of its passengers enplaning at the Airport bears to the total number of enplaning passengers of all air transportation companies during the applicable month. Monthly Security Costs shall mean one-twelfth of the annual total of all actual costs and expenses associated with providing passenger security in the terminal at the Airport in compliance with federal requirements and the Airport security plan. Rental costs associated with the EDS bag screening areas shall be included in the Security Costs paid by Airline to TAA.

Section 4.13 Passenger Facility Charges

Airline is aware that TAA has imposed a passenger facility charge ("PFC"), for which Airline is responsible to collect, pursuant to this Agreement and 49 U.S.C. App. § 40117 and the rules and regulations thereunder (14 CFR Part 158) (the "PFC Regulations"). Airline is aware that the letter of credit or performance bond required of Airline in accordance with Section 6 above includes an amount to guarantee payment of PFCs due TAA collected by airline.

Airline shall hold the net principal amount of all PFCs that are collected by Airline or its agents pursuant to the PFC Regulations, in trust, for the benefit of and on behalf of TAA. For purposes of this subsection, net principal amount shall mean the total principal amount of all PFCs

that are collected by Airline or its agents on behalf of TAA, reduced by all amounts that Airline is permitted to retain pursuant to Section 158.53(a) of the PFC Regulations.

ARTICLE 5 LANDING FEES

Section 5.1 Landing Fees.

Airline shall pay monthly fees for landing aircraft (hereinafter referred to as "Landing Fees") to TAA which, for each month, shall be calculated by multiplying Airline's Total Landed Weight for that month by the then-current landing fee rate.

Section 5.2 General.

Anything which might appear to the contrary notwithstanding, Airline shall not be responsible by way of Landing Fees or otherwise for any indebtedness incurred by TAA by bonds or otherwise for a purpose which is not permitted or provided for under this Agreement. The landing fee rate shall be determined, adjusted and revised annually as set forth in Section 5.3 hereof and shall become effective at the times and in the manner therein specified.

Section 5.3 Calculation of Landing Fee Rate.

(a) On or about ninety (90) days prior to the close of each Fiscal Year during the term hereof TAA shall furnish the Signatory Airlines a statement in reasonable detail of its estimated requirement for income from the Airport System in the next succeeding Fiscal Year (Airport System Income Requirement), together with TAA's current or proposed (as the case may be) operating and capital budgets applicable to such next succeeding Fiscal Year and its estimate of Gross Operating Income, excluding Signatory Airlines' Landing Fees, expected to be received during such next succeeding Fiscal Year. For this purpose TAA will use the accounting format attached hereto as Exhibit "G."

(b) TAA's Airport System Income Requirement each Fiscal Year shall consist of the following:

(1) amounts necessary to pay 1.25 times Debt Service due in the next succeeding Fiscal Year.

(2) Operation and Maintenance Expense, which are defined to be all necessary and reasonable expenses to be incurred in the maintenance, operation and administration of the Airport System, including, but not limited to, (i) salaries, wages and costs of customary fringe benefits (such as employee pension or retirement plans and health insurance), provided the cost of such fringe benefits shall not materially exceed those offered employees of municipal or county governments in Arizona, (ii) costs of equipment, materials, supplies, utilities and contract services, and (iii) professional fees and other expenditures that are not covered by the provisions of Article 6 hereof;

(3) a sum equal to the aggregate of deficiencies in any of the Funds referred to in Article 7 which should be made up in such Fiscal Year;

(4) a sum equal to fifty-two percent (52%) of TAA's net income from the industrial areas of Airport shown as Exhibit "H" actually received and estimated to be received in the current Fiscal Year. This amount will constitute an estimate of the sum to be deposited in the Special Reserve Fund the next succeeding Fiscal Year. Financial statements and reports of TAA will show the expenses and income of the industrial area separately. Attached as Exhibit "I" is a demonstration of the method to be used in determining net income from the industrial areas;

(5) a sum equal to the investment income to be derived in the current Fiscal Year from moneys and securities in the Special Reserve Fund.

TAA's operation of ground transportation to or from the Airport or any payments by TAA in support thereof shall not be included in TAA's Airport System Income requirement.

(c) Within thirty (30) days of receipt of TAA's Airport System Income Retirement and supporting material, the Signatory Airlines shall meet with TAA at the Airport or at such other place as may be agreed upon and shall furnish TAA the Signatory Airlines' best estimate of the Total Landed Weight of the Signatory Airlines to be landed at the Airport in the next succeeding Fiscal Year. The parties shall use their best efforts to reconcile any differences over data submitted pursuant to this Section 5.3, but in the absence of mutual agreement to adjust such data, the Airport System Income Requirement, budget, Gross Operating Income of TAA and Total Landed Weight of the Signatory Airlines shall be employed in the calculation required by subparagraph (d) below, as originally submitted by the parties.

(d) The Airport System Income Requirement for the next succeeding Fiscal Year shall be reduced by the Gross Operating Income, excluding Signatory Airlines' Landing Fees as such data may be adjusted by mutual agreement. The resulting net Airport System Income Requirement shall be divided by the Total Landed Weight of the Signatory Airlines (as such may be adjusted by mutual agreement) to produce the landing fee rate applicable during the next succeeding Fiscal Year.

(1) Not later than one hundred twenty (120) days after the start of each Fiscal Year, TAA shall review the Landing Fees in the light of actual experience during and revised estimates for the current Fiscal Year. TAA and a Majority-In-Interest may then agree to adjust the landing fee rate retroactive to the commencement of such Fiscal Year so as to minimize the prospect of incurring either a deficiency or an excess of Gross Operating Income in such Fiscal Year. All deficiencies in Landing Fees resulting from such an increase in rate shall be paid in equal monthly installments over the remainder of such Fiscal Year after the increase in rate is determined.

(2) If at any time the amount in the Operating and Maintenance Reserve Account falls below one-twelfth (1/12) of the amount budgeted for Operation and Maintenance Expense for the current Fiscal Year, Airline and all other Signatory Airlines shall be notified by TAA. Signatory Airlines shall promptly meet and adjust the landing fee rate or authorize an appropriation from the Airline Reserve Fund so as to remedy any such deficiency by the end of the current Fiscal Year.

Section 5.4 Airline Reporting.

For the purpose of determining Airline's Landing Fees for any month and for the purpose of TAA's record keeping, Airline shall furnish to TAA, on or before the 10th day of the next

succeeding month, a written report of the data necessary to calculate Landing Fees including (1) the total number of Airline's Revenue Landings by type at the Airport; (2) the Maximum Gross Landing Weight of each type of aircraft making such Revenue Landings; (3) the number of passengers enplaned and deplaned during such month; (4) the number of pounds of mail and air cargo transported; and (5) the total number of seats on its aircraft landed during the month. The information described in numbers 1, 2, 3 and 5 above shall be reported orally to TAA not later than the third day of each month. On or before the 15th day of each month TAA shall submit to Airline an invoice for the amount of Landing Fees incurred by Airline for the preceding month, which amount shall be due and payable by Airline not later than fifteen (15) days after receipt of said invoice.

Section 5.5 Books and Records.

Airline shall, at all times, maintain and keep books, ledgers, accounts or other records at Tucson, Arizona, wherein are accurately kept all entries reflecting the total number of revenue aircraft trips actually arriving at Airport and the Maximum Gross Landing Weight of each such aircraft together with the traffic statistics to be reported hereunder. Such books, ledgers, accounts and records shall be available for examination by TAA or its duly authorized representative at all reasonable business hours.

Section 5.6 Intent.

For their mutual advantage the parties enter into this Agreement recognizing that it will enable TAA to finance the orderly expansion of the Airport System and its facilities and also recognizing that this necessarily requires the Signatory Airlines to assume increased financial responsibility in support of the Airport System.

TAA agrees that the Airport System will be managed and operated in accordance with sound business practices and in a reasonably prudent and efficient manner, and to this end agrees that Airline may, jointly with other Signatory Airlines, at reasonable times and upon reasonable notice, review TAA's costs and practices at the Airport and those of TAA's Airport System for the purpose of suggesting improvements and economies. Any such suggestions shall be made in writing.

Section 5.7 Year-End Reconciliation - Signatory Airline Default.

At the end of each Fiscal Year, TAA shall determine whether its Airport System Income Requirement has been satisfied. If any Signatory Airline has failed to pay in full its Landing Fees pursuant to this Article 5, TAA shall declare that Signatory Airline in default, invoke against the defaulting Signatory Airline whatever remedy TAA deems advisable and, if the Airport System Income Requirement has not been met in such Fiscal Year, TAA shall after reasonable notice to Airline, allocate to Airline a pro rata share of such defaulted Landing Fees, which pro rata share shall be paid on demand. For the purposes of this Section 5.7, Airline's "pro rata" share shall be determined by the relationship that the number of pounds of Maximum Gross Landing Weight landed at the Airport in the Fiscal Year just closed, bears to the total number of pounds of Maximum Gross Landing Weight of all aircraft landed at the Airport by the non-defaulting Airlines in that period. Any of such Landing Fees subsequently recovered from the defaulting Signatory Airline shall be reimbursed by TAA to each non-defaulting Signatory Airline on the same "pro rata share" basis as above.

Section 5.8 Year-End Reconciliation.

(a) If TAA finds at the end of a Fiscal Year that it has failed to meet its actual Airport System Income Requirement for such year then and in such event

(1) TAA shall immediately give written notice of such fact to all Signatory Airlines, stating the total amount necessary in order that the deficiency will be remedied and stating the proportionate share of such amount which must be borne by each Signatory Airline (based on the Landing Fees payable by each under the established rates for such Fiscal Year), and

(2) Immediately upon receipt of such notice Airline shall remit its proportionate share which shall be considered additional Landing Fees for such Fiscal Year.

(b) If TAA finds at the end of a Fiscal Year that it exceeded its Airport System Income Requirement for such Fiscal Year, TAA shall immediately notify the Signatory Airlines of the existence of such surplus. A Majority-In-Interest shall thereupon elect either to direct TAA (i) to revise the current landing fee rate by recalculating the net Airport System Income Requirement for the Current Fiscal Year using such surplus as additional Gross Operating Income, or (ii) to deposit such surplus to the credit of the Airline Reserve Fund, or (iii) any combination of the foregoing.

ARTICLE 6 CAPITAL PROJECTS

Section 6.1 Definition.

As used herein, a "Capital Project" shall mean any single project, net of funding sources that do not impact the rate base such as grants, passenger facility charges, common area maintenance charges and customer facility charges, that costs more than \$500,000 (as adjusted by the Consumer Price Index, U.S. City Average, All Items, all Urban Consumers, each October 1).

Section 6.2 Majority-In-Interest (MII).

TAA may initiate a Capital Project, prosecute it to completion and finance the same through the use of any funds lawfully available, including the use of the Capital Improvement Fund and the issuance of Bonds, provided, however, that (except as provided to the contrary in Section 6.3 hereof) TAA must first obtain the approval of a Majority-In-Interest in the manner hereinafter set forth.

Section 6.3 Certain Capital Projects Exempt From MII.

Majority-In-Interest approval shall not be required for the following Capital Projects:

(a) Projects that are funded through the Maintenance Reserve Fund or the Special Reserve Fund;

(b) Projects necessary to comply with federal, state or local agency laws, executive orders or regulations;

(c) Expenditures of an emergency nature to ensure safe, secure and continuous functioning of critical aviation infrastructure;

- (d) Projects necessary to replace or repair damaged, destroyed or condemned property where insurance proceeds are inadequate;
- (e) Projects to settle claims, satisfy judgments or comply with judicial orders against TAA;
- (f) Self-Liquidating Facilities;
- (g) Projects for restoration or replacement of Airport capacity;
- (h) Project formulation activities (single project not to exceed \$600,000) such as planning, conceptual design, architectural, engineering studies and environmental studies;
- (i) Airfield projects eligible for grant funding when TAA has received at least seventy percent (70%) funding participation;
- (j) Projects, other than passenger terminal projects, for which TAA has received commitments to lease at least eighty percent (80%) or more of leasable premises;
- (k) Projects needed to provide capacity for new entrants provided a reasonable accommodation cannot be reached among the airlines and TAA;
- (l) Projects to improve the safe operation of the Airport.

Section 6.4 MII Process.

In the event TAA desires to undertake a Capital Project, it shall submit the proposed Capital Project to the Signatory Airlines in sufficient detail, including cost estimates and preliminary drawings, if applicable, to permit the Signatory Airlines to make an informed decision thereon. A Capital Project shall be deemed approved unless, within forty-five (45) days of the date given in the original notice, approval is specifically withheld by a Majority-In-Interest, in writing, with an explanation from the Signatory Airlines. In the event a Capital Project is constructed notwithstanding its failure to achieve approval (as provided in the sentence immediately preceding this sentence), then (except as provided to the contrary in Section 6.3 hereof) the cost thereof and any Operations and Maintenance Expenses associated therewith shall not be included in TAA's Airport System Income Requirement and any revenues therefrom shall not be considered in Gross Operating Income in any Fiscal Year but shall go directly to TAA free of the pledge to bondholders. This provision shall be applicable even though such Capital Project is wholly or partly in the Airport system.

ARTICLE 7 ISSUANCE OF BONDS AND FLOW OF FUNDS

Section 7.1 Outstanding Bonds and Junior Indebtedness.

In 1990, TAA issued the 1990 A, 1990 B and 1990 C Series Bonds and subsequently issued the 1993 Refunding Bonds (which refunded previously outstanding and 1983 Bonds) and it pledged Net Revenues (as defined in the 1990 Bond Resolution) from the Airport System as security for the payment of the principal thereof and interest and premium, if any, thereon. TAA has issued and may hereafter issue additional Bonds on a parity with said series at such times as are appropriate to provide TAA with the moneys necessary to complete Capital Projects as

provided hereunder or to refund in whole or in part any Bonds issued pursuant to the Bond Resolution.

In the event TAA deems it necessary and advisable and in the best interest of TAA, it may issue bonds, notes or other evidences of indebtedness which constitute a charge on Gross Operating Income junior and inferior to the charge on Gross Operating Income of the Bonds; provided, however, that no debt service requirements on such bonds, notes or other evidences of indebtedness shall be included in the term Debt Service unless issued (i) to finance a Capital Project undertaken pursuant to Article 6 hereof, or (ii) to meet casual deficits in Gross Operating Income for temporary periods.

Section 7.2 [Intentionally left blank].

Section 7.3 Pledge.

The Bonds shall be payable solely from and secured solely by an irrevocable pledge of the Net Revenues.

Section 7.4 Funds.

Except as may be otherwise required or specifically allowed under the Bond Resolution, the following Special Funds shall be maintained and the purposes for which moneys and securities therein shall be applied are as follows. In the event there is any difference or discrepancy between the language, definitions or requirements contained in the Bond Resolution, the terms of the Bond Resolution shall apply.

(a) Revenue Fund - There has been established a separate special fund of TAA to be designated as the Revenue Fund. All of the Gross Operating Income shall be set aside as collected and, except as is specifically provided otherwise herein, shall be deposited in the Revenue Fund. The moneys and securities in the Revenue Fund shall be applied at the times, in the amounts, and in the order of priority set forth in Section 7.5 hereof and shall be used for the purposes for which moneys and securities in the respective fund may be applied as set forth in this section.

There has been established in the Revenue Fund an Operation and Maintenance Reserve Account. From the proceeds of the first series of Bonds issued after the starting date of this Agreement there has been deposited in the Revenue Fund to the credit of the Operation and Maintenance Reserve Account an amount equal to the one-fourth (1/4) of the estimated and budgeted Operation and Maintenance Expenses for the then Current Fiscal Year. Thereafter, TAA shall, in the manner and at the time hereinafter provided by Section 7.5(e) maintain said operation and Maintenance Reserve Account at an amount equal to one-fourth (1/4) of the estimated and budgeted Operation and Maintenance Expenses for the then current Fiscal Year. Moneys and securities on credit to the Operation and Maintenance Reserve Account shall be used as a reserve for the payment of Operation and Maintenance Expenses in the event other moneys and securities on deposit in the Revenue Fund shall not be sufficient for such purpose.

(b) Construction Fund - Subject to the provisions of Article 6, there has been established TAA Construction Fund with provisions for accounts for one or more Capital Projects. The proceeds of each series of Bonds issued by TAA, after making the payments to the Bond Fund and other Funds as required by the supplemental resolution providing for such Bonds, shall be

deposited to the appropriate account of the Construction Fund and disbursements shall be made therefrom as appropriate to complete the project or projects. Any investment income shall remain in the account from which such investment was made to be used for the project to which account relates. When, in the opinion of the President/CEO of TAA, the project is completed and provisions have been made for the payment of the completed project, the balance, if any, then on credit to the account in the Construction Fund which relates to such project, shall be transferred to the Revenue Fund. Appropriate moneys and securities may also be transferred, subject to Article 6 above, from the Capital Improvement Fund and the Airline Reserve Fund to finance the completion of the Capital Project or Projects.

(c) Bond Fund - There has been established and maintained with the Bond Fund Trustee a separate Fund to be designated the Bond Fund. Moneys and securities on deposit in the Bond Fund each year shall be used exclusively for the purpose of paying (i) the principal of and interest and premium, if any, on the Bonds as and when the same become due, whether such due date be by reason of stated maturity or by redemption or otherwise, and (ii) the principal of and interest and premium, if any, on bonds, notes or other evidences of indebtedness which constitute a charge on Gross Operating Income junior and inferior to the charge on Gross Operating Income of the Bonds as and when the same become due, whether such due date be by reason of stated maturity or by redemption or otherwise. TAA may provide for the establishment of such accounts in the Bond Fund as it deems necessary and proper. The Bond Fund Trustee shall make transfers of the moneys on deposit in said Bond Fund to the proper paying agents for the bonds, notes or other evidences of indebtedness, including the Bonds, in such amounts and at such times as shall be necessary to pay the principal of and interest and premium, if any, on such bonds, notes or other evidences of indebtedness, including the Bonds, as the same become due and payable. In addition to the amount required to be paid to meet Debt Service, any surplus remaining in the Bond Fund may be used for the purpose of redeeming Bonds prior to maturity at the applicable redemption price or for the purpose of purchasing Bonds in the open market for retirement at prices not greater than par value plus accrued interest of any Bonds thus purchased.

(d) Bond Reserve Fund - There has been established a separate special fund to be designated the Bond Reserve Fund. Except as otherwise provided under the Bond Resolution, the Bond Reserve Fund shall be maintained in an amount equal to the average annual principal and interest requirements for all the outstanding Bonds and shall be maintained so long as any of the Bonds are outstanding. The Bond Reserve Fund shall be used as a reserve for the payment of principal of and interest and premium, if any, on the Bonds in the event the moneys of deposit in the Bond Fund shall not be sufficient for such purposes. If deficiencies occur in the Bond Fund, moneys on deposit in the Bond Reserve Fund shall be transferred to the Bond Fund for the uses specified for the Bond Fund and the deficiency thus occurring in the Bond Reserve Fund shall be restored at the times required by Section 7.5 hereof. The Bond Reserve Fund shall be fully funded from the proceeds of the issuance of the first series of Bonds issued after the starting date of this Agreement. As additional Bonds are issued, TAA shall make appropriate provisions in the supplemental resolution authorizing such additional Bonds whereby the bond Reserve Fund shall be supplemented and maintained in an amount equal to not less than the average annual principal and interest requirements of all Bonds which will be outstanding after the issuance of such additional Bonds, and to that end, additional amounts shall be provided for the Bond Reserve Fund upon each such occasion either by appropriation from the proceeds of the sale of the additional Bonds or by transfers from the Revenue Fund in equal monthly installments within not more than

five (5) years and one (1) month from the date of adoption of the supplemental resolution providing for such additional Bonds.

In the event TAA issues bonds, notes or other evidences of indebtedness which constitute a charge upon all or any portion of the Gross Operating Income junior or inferior to the charge on Gross Operating Income of the Bonds, TAA may establish such accounts in the Bond Reserve Fund as it deems necessary and proper and provide for deposits to the Bond Reserve Fund and credits to such accounts in order to provide reasonable reserves for the payment of such bonds; notes or other evidences of indebtedness.

(e) Capital Improvement Fund - There shall be established a separate special fund to be designated the Capital Improvement Fund. The moneys and securities on deposit in the Capital Improvement Fund may be expended, pursuant to the provisions of Article 6 above, for any Airport Purpose. From moneys on deposit in the Revenue Fund, amounts shall annually be deposited in the Capital Improvement Fund. The aggregate of such deposits during the fiscal year beginning October 1, 2006, shall total \$687,606 and the aggregate of such deposits shall be increased by 5% for the fiscal year beginning October 1, 2007, and for each year thereafter. If at any time the balance in the Capital Improvement Fund exceeds four times the amount deposited into the Capitol Improvement Fund that year, the amount of such excess shall be transferred to and deposited in the Airline Reserve Fund.

(f) Special Reserve Fund - There has been established a separate special fund to be designated the Special Reserve Fund. The moneys and securities in the Special Reserve Fund may be applied for any Airport Purpose at the sole discretion of TAA. There shall annually be deposited in the Special Reserve Fund (i) an amount equal to fifty-two percent (52%) of TAA's net operating income from industrial areas of the Airport as shown in Exhibit "G" and determined in the manner set forth in Exhibit "I," and (ii) an amount equal to the income derived from investment of moneys on deposit to the Special Reserve Fund during such Fiscal Year.

(g) Airline Reserve Fund - There has been established a separate special fund to be designated the Airline Reserve Fund. All or any part of the moneys and securities on deposit to the Airline Reserve Fund may be used for any Airport Purpose that a Majority-In-Interest may in its sole discretion direct, including reduction of Signatory Airlines Landing Fees.

(h) Maintenance Reserve Fund - There shall be established a separate special fund to be designated the Maintenance Reserve Fund. The moneys and securities on deposit in the Maintenance Reserve Fund may be expended for capital outlay items and preventive and corrective maintenance of facilities and equipment as required under Article VIII. From moneys on deposit in the Revenue Fund, amounts shall be deposited annually in the Maintenance Reserve Fund. The aggregate of such deposits during the fiscal year beginning October 1, 2009 shall not exceed \$1,500,000 (as adjusted by the Consumer Price Index, U.S. City Average, All Items, all Urban Consumers, each October 1). If at the end of any fiscal year the balance in the Maintenance Reserve Fund exceeds \$4,000,000 (as adjusted by the Consumer Price Index, U.S. City Average, All Items, all Urban Consumers, each October 1), the amount of such excess shall be transferred to and deposited in the Airline Reserve Fund.

Section 7.5 Flow of Funds.

Except as otherwise required or allowed under the Bond Resolution, moneys and securities on deposit in the Revenue Fund shall be applied at the following times and in the following order of priority and shall be used for the purposes for which moneys in the respective fund may be applied as set forth in Section 7.4 hereof:

(a) (1) On the first business day of each month, commencing with the month which follows the month in which the Bonds of any series are delivered and paid for (or if interest on the Bonds of such series is to be capitalized from the proceeds of Bonds and is to be paid from moneys credited to a Construction Interest Account in the Construction Fund pursuant to the provisions of the resolution providing for the issuance thereof, commencing with the month which follows the last month to which the interest on the Bonds of such series is provided for from moneys credited to such Construction Interest Account) and continuing in each month thereafter so long as any of the Bonds of such series are outstanding, there shall be deposited in the Bond Fund in order to provide for the payment of interest on such Bonds an amount such that, if the same amount were deposited in the Bond Fund in each succeeding month thereafter prior to the next date upon which an installment of interest falls due on the Bonds of such series, the aggregate of the amounts on deposit in the Bond Fund for the payment of interest on such series of Bonds will on such next interest payment date be equal to the installment of interest falling due on the Bonds of such series on such interest payment date.

In making the foregoing deposits to the Bond Fund, consideration shall be given to and allowance made for accrued interest received upon the sale of a series of the Bonds deposited in the Bond Fund and for deposits made or to be made to the Bond Fund from moneys credited to a Construction Interest Account.

(2) On the first business day of each month, commencing with the month which is twelve months prior to the first principal payment of the Bonds of any series maturing serially and in each month thereafter so long as any of the Bonds of such series so maturing are outstanding, there shall be deposited in the Bond Fund in order to provide for the payment of the principal of Bonds of such series maturing serially an amount such that, if the same amount were so deposited in the Bond Fund on the first business day of each succeeding month thereafter prior to the next date upon which the principal of any of such Bonds series maturing serially becomes due and payable, the aggregate of the amounts on deposit to the Bond Fund for the payment of the principal of the Bonds of such series maturing serially will on each such next principal payment date be equal to the principal amount of the Bonds of such series becoming due on such principal payment date.

(3) With respect to any series of Bonds issued in the form customarily known as "term bonds," the resolution providing for the issuance of the Bonds of such series shall provide for monthly credits to the Bond Fund commencing with the month which is twelve months prior to the date the first installment to provide for the retirement of the Bonds of such series is due, so that the retirement of any Bonds of such series issued in the form of term bonds will be provided for.

(4) With respect to any bonds, notes or other evidences of indebtedness of TAA which constitute a charge on the Gross Operating Income junior or inferior to the charge on Gross Operating Income of the Bonds, the resolution or resolutions providing for the issuance thereof

shall provide for the establishment of additional accounts in the Bond Fund and monthly credits thereto sufficient to provide for the payment of the principal of and interest and premiums, if any, on such bonds, notes or other evidences of indebtedness.

(b) During each month, after making the transfers required by paragraph (a) of this section, TAA shall be authorized to expend any moneys remaining on deposit in the Revenue Fund for the purpose of paying Operation and Maintenance Expenses of TAA.

(c) After making the transfers required by paragraphs (a) and (b) of this section, unless upon delivery of a series of Bonds there shall then already be on deposit in the Bond Reserve Fund the maximum amount required to be on deposit therein, then moneys remaining on deposit in the Reserve Fund shall be deposited in the Bond Fund in such amounts and at such times as TAA may determine. At such times as the Bond Reserve Fund shall contain the maximum amount required to be on deposit therein pursuant to Section 7.4 hereof, no further transfers shall be made thereto from the Revenue Fund. If at the end of any Fiscal Year, the Bond Reserve Fund shall be deficient and shall contain less than the maximum amount then required to be on deposit therein, then moneys and securities remaining unexpended in the Revenue Fund, after making provisions for the transfers required by paragraphs (a) and (b) of this section, shall be deposited in the Bond Reserve Fund in such amount as may be necessary to restore such deficiency.

After making the payments required by paragraphs (a) and (b) of this Section 7.5 and the preceding provisions of this paragraph (c), TAA shall make any payments required by a resolution or resolutions providing for the issuance of bonds, notes or other evidences of indebtedness which constitute a charge on Gross Operating Income junior or inferior to the charge on Gross Operating Income of the Bonds to the Bond Reserve Fund and credited to such accounts therein as provided by said resolution or resolutions.

(d) At the end of each Fiscal Year, after making provision for the monthly transfers required by the preceding paragraphs of this section, there shall be deposited in the Special Reserve Fund from moneys and securities remaining on deposit in the Revenue Fund the amount due the Special Reserve Fund in such year as provided in Section 7.4(f) hereof.

(e) At the end of each Fiscal Year, after making provision for the payments required by the preceding paragraphs of this section, satisfying or making provision for the payment of all current legal obligations authorized by this Agreement, if any, against TAA and, if the amount on credit to the Operation and Maintenance Reserve Account is less than one-fourth (1/4) of the estimated and budgeted Operation and Maintenance Expenses for the ensuing Fiscal Year, retaining an amount which together with the amounts then in said account will equal one-fourth (1/4) of the total estimated and budgeted Operation and Maintenance Expenses for the ensuing Fiscal Year, there shall be deposited in the Capital Improvement Fund the amount set forth in Section 7.4(e) above or such lesser amount as may then be in the Revenue Fund.

(f) All remaining moneys and securities in the Revenue Fund and all remaining moneys and securities then in the Capital Improvement Fund in excess of the maximum amount allowed to be deposited in said Fund as provided in Section 7.4(e) shall be deposited into the Airline Reserve fund.

Section 7.6 Investments.

All moneys on deposit in the Funds described in this Article 7 shall be invested and held in accordance with the applicable Bond Resolution. The investment income on all moneys and securities except those in the Construction Fund, shall first be considered Gross Operating Income and be credited to the Revenue Fund.

Section 7.7 Trustee.

Any definition of or reference to a "Trustee" and "Trust Indenture" shall not be construed to prevent TAA from acting as Trustee for any or all Funds described in this Article.

ARTICLE 8 MAINTENANCE OF AIRPORT FACILITIES AND PUBLIC AREAS

Section 8.1 Maintenance and Repair of Airport System.

TAA, during the term of this Agreement, shall operate, maintain and keep in good repair, or arrange for the operation, maintenance and good repair of, the Airport System, including but not limited to, the terminal building (including all public areas and the public address system), vehicular parking areas, runways, taxiways, aprons, roadways and all appurtenances, facilities and services now or hereafter connected with the foregoing, including, without limiting the generality hereof, all field lighting and other appurtenances, facilities and services which meet the requirements of the FAA, TSA and all other appropriate regulatory authorities having jurisdiction over Airline's present and future operations. TAA, also, shall keep the Airport free from removal of snow, vegetation, stones and other foreign matter as reasonably necessary, from the landing area, ramp area, taxi area, roadways, vehicular parking areas and aircraft parking areas for the safe, convenient and proper use of the Airport by Airline.

TAA shall keep, or make appropriate arrangements to keep, the public areas of terminal buildings adequately and attractively supplied, equipped, furnished and decorated, clean and presentable. Except as otherwise provided, TAA shall provide and supply adequate signage, heat, electricity, light, power, air conditioning, sewage, water and janitorial services (including waste removal), in the terminal buildings. TAA shall also provide adequate field lighting for all landing taxiing and ramp areas and also for all vehicular parking areas.

The undertakings by TAA under this Section are not intended to relieve any tenant, including Airline, of its duty to maintain any leased facilities and its duty to use due care in using common facilities.

ARTICLE 9 DAMAGE OR DESTRUCTION; INSURANCE; INDEMNITY

Section 9.1 Fire and Casualty.

Should the premises used by Airline hereunder or portions thereof or buildings or structures of which portions of such premises may be a part (and which are leased by TAA) be damaged by fire or other casualty, and if the damage is repairable within a reasonable time from the date of the occurrence, the premises shall be repaired with due diligence by TAA, and in the meantime the rental allocable to the particular building, rooms or other portion of the premises rendered

untenantable, for the period from the occurrence of the damage to the completion of the repairs, shall be abated in the same proportion that the untenantable portion thereof bears to the whole thereof, or, if the damage or destruction has rendered the entire building untenantable, said rental shall be abated entirely.

Should the premises used by Airline hereunder or portion thereof or buildings or structures of which portions of such premises may be a part (and which are leased by TAA) be completely destroyed by fire or other casualty, or should they be damaged to such an extent that the damage cannot, in the opinion of TAA, be repaired within a reasonable time after the occurrence, TAA shall have the option to terminate this Agreement to the extent that it shall apply to the particular building, rooms or other portions of the premises so rendered untenantable, on sixty (60) days written notice effective as of any date not more than ninety (90) days after the occurrence. In the event that this paragraph shall become applicable, TAA shall advise Airline within thirty (30) days after the happening of any such damage whether TAA has elected to continue the Agreement in effect as to the portions of the premises damaged or destroyed, or to terminate it. If TAA shall elect to continue this Agreement in effect, it shall commence and prosecute with due diligence any work necessary to restore or repair the premises and will exert its best efforts to provide Airline with temporary substitute space while the repairs are being completed. If TAA shall fail to notify Airline of its election within said thirty (30) day period, TAA shall be deemed to have elected to terminate this Agreement as to the portions of the premises damaged or destroyed, and the Agreement shall automatically terminate as to such portions ninety (90) days after the occurrence of the damage. For the period from the occurrence of any damage to the premises to the date of completion of the repairs to the premises (or to the date of termination of the Agreement as to such portions of the premises if TAA shall elect not to restore them), the rental allocable to the particular building, rooms or other portion of the premises involved shall be abated in the same proportion as the untenantable portion thereof bears to the whole thereof, or, if the damage or destruction has rendered the entire building untenantable, said rental shall be abated entirely, and upon termination of the Agreement as to such damaged or destroyed premises, Airline shall have no further obligation to pay the rental allocable thereto. If temporary substitute space is furnished by TAA, a reasonable rental may be charged therefor.

Section 9.2 Insurance Provided by TAA.

TAA shall insure or cause to be insured at all times during the term of this Agreement with a responsible insurance company, companies or carrier authorized and qualified under the laws of the State of Arizona to the extent insurable, all of TAA's buildings, structures, fixtures and equipment on the Airport (unless such are insured by others under the terms of other agreements) against direct physical damage or loss from fire and against the hazards and risks covered under so-called extended coverage in an amount not less than ninety percent (90%) of the replacement value of the property so insured; provided, however, if at any time TAA shall be unable to obtain such insurance to the extent above required, TAA shall maintain such insurance to the extent reasonably obtainable.

Section 9.3 Indemnity.

Airline agrees fully to indemnify and save and hold harmless TAA from and against all claims and actions and all expenses incidental to the investigation and defense thereof, based upon or arising out of damages or injuries or death to third persons or their property caused by the fault or negligence of Airline, its agents or employees, in the use or occupancy of the said leased

premises by Airline; provided, however, that Airline shall not be liable for any injuries, death or damage or loss occasioned by the fault or negligence of TAA, its agents or employees; and provided further that TAA shall give to Airline prompt and reasonable notice of any such claims or actions and Airline shall have the right to investigate, compromise and defend the same.

Section 9.4 Insurance.

Airline shall obtain and maintain in full force, with a company or companies authorized to transact the business of insurance in the State of Arizona and of sound and adequate financial responsibility selected by Airline and acceptable to TAA, insurance covering all of its activities on the Airport Premises.

(a) Insurance Requirements. The insurance policy or policies shall be no more restrictive than the standard form in use in the State of Arizona at the time, providing for the protection of TAA and its officers, agents, servants and employees, and insuring said parties against:

(1) general liability, including all direct or contingent loss or liability for damages for bodily injury, personal injury or death or damage to property, including loss of use thereof, occurring on or in any way related to the Airline's leased premises or occasioned by reason of occupancy by and the operations of Airline upon, in and around the Airport, with limits of no less than \$10,000,000 per occurrence for bodily injury, personal injury or death or damage to property with coverage at least as broad as that provided by Insurance Services Office Commercial General Liability Coverage Form CG0001 (occurrence form) and such policy or policies shall cover all of Airline's operations on the Airport, including but not limited to any elevators and escalators therein and any sidewalks, streets or other public ways;

(2) automobile liability, covering owned, non-owned, leased and hired vehicles with combined single limits of no less than \$2,000,000 per occurrence with coverage at least as broad as that provided by Insurance Services Office form CA0001; and

(3) aircraft liability, (owned and non-owned, including Passenger Liability Insurance) of no less than \$30,000,000 combined single limit, per occurrence, for personal injury or death or damage to property.

(b) Limits and Deductibles. The insurance required hereunder may be procured and maintained as part of or in conjunction with any other policy or policies carried by Airline. The deductible or self insured retention of any policy required hereunder must be reported to and approved by TAA. If the amount of the deductible or self-insured retention is unacceptable to TAA, then, at the option of TAA, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects TAA and the City of Tucson; or Airline shall provide satisfactory security to TAA guaranteeing payment of losses and related investigations, claim administration and defense expenses. TAA may adjust or increase liability insurance amounts and requirements as TAA deems reasonably necessary, or as may be required because of changes in the insurance requirements imposed by TAA's insurer or by applicable law. Airline shall comply with such adjustments or increases within such reasonable time period as is requested by TAA. For any claims related to occupancy and use of premises by Airline or claims related to any other subject of this agreement, Airline's insurance coverage shall be primary insurance as respects TAA and the City of Tucson and their officers, officials and employees. Any insurance or self-insurance

maintained by TAA or the City of Tucson shall be excess of Airline's insurance and shall not contribute with it.

(c) Evidence of Insurance. Upon or prior to the commencement of this Agreement and at least annually thereafter Airline shall furnish to TAA original endorsements effecting all coverages and conditions required to be procured and maintained by it hereunder and stating the date and term of the policies evidencing such insurance. Airline shall, upon request, supply TAA with certified copies of all applicable insurance policies, riders, endorsements and declaration pages. Certificates and endorsements evidencing any renewal, replacement or extension of any or all of the insurance required hereunder, or of renewals, replacements or extensions of such renewals, replacements or extensions, shall be delivered by Airline to TAA not less than thirty (30) days prior to the expiration of any policy of insurance renewed, replaced or extended by the insurance represented by any such certificate or endorsement. Each policy of insurance required hereunder shall provide for not less than thirty (30) days notice to TAA and Airline before such policy may be cancelled, suspended, terminated or changed materially in coverage or limits.

(d) Additional Insureds. All insurance required hereunder shall be procured and maintained in the name of Airline and shall add TAA and the City of Tucson as additional insureds as their interests appear. The insurance shall contain no special limitations on the scope of protection afforded to the additional insureds.

ARTICLE 10 RULES AND REGULATIONS NON-DISCRIMINATION; INCORPORATION BY REFERENCE

Section 10.1 TAA Policies, Rules and Regulations.

Airline agrees to observe and obey all reasonable policies, rules and regulations promulgated, from time to time, by TAA governing conduct on and operations at the Airport, and use of its facilities, except that TAA agrees that all policies, rules and regulations so promulgated shall not be inconsistent with the terms of this Agreement or any legally authorized rule or regulation of FAA or TSA which is binding in law on Airline, as the same now are or may from time to time be amended or supplemented.

Section 10.2 FAA Required Provisions.

(a) Airline agrees that in the event facilities are constructed, maintained, or otherwise operated on its exclusive or preferentially leased premises ("Premises") for a purpose for which a Department of Transportation ("DOT") program or activity is intended or for another purpose involving the providing of similar services or benefits, Airline shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, as it may be amended.

(b) Airline agrees that: (i) no person shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination on the grounds of race, color, creed, disability, age, sex or national origin in the use of its Premises; (ii) that in the construction of any improvements on, over, or under its Premises and the furnishing of services thereon, no person shall be excluded from participation in, denied the benefits of, or otherwise be subjected to

discrimination on the grounds of race, color, or national origin; and (iii) that Airline shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, as it may be amended.

(c) Airline assures that it will comply with pertinent statutes, Executive Orders and rules promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision obligates Airline for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the provision obligates the party for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property. In the case of contractors, this provision binds the contractors from the bid solicitation period through the completion of the contract.

(d) TAA reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Airline, and without interference or hindrance

(e) TAA reserves the right, but shall not be obligated to Airline, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Airline in this regard.

(f) This Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between TAA and the United States relative to the development, operation or maintenance of the Airport. Failure of Airline or any occupant to comply with the requirements of any existing or future agreement between TAA and the United States, which failure shall continue after reasonable notice to make appropriate corrections, shall be cause for immediate termination of Airline's rights hereunder

(g) There is reserved unto TAA, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises, which shall include the right to cause in the airspace any noise inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in or through the airspace, and for the use of the airspace for landing on, taking off from, or operation on the Airport

(h) Airline agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises

(i) Airline shall not erect or permit the erection of any structure or building, nor permit the growth of any tree on the Premises, or any other obstruction, that exceeds the height requirements contained in 14 CFR Part 77 or amendments thereto, or interferes with the runway and/or taxiway "line of sight" of the control tower. In the event these covenants are breached, TAA reserves the right to enter upon the Premises and to remove the offending structure or object at the expense of Airline

(j) Airline shall not make use of the Premises in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event this covenant is breached, TAA reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Airline

(k) Nothing contained in this Agreement shall be construed to grant or authorize the granting of an exclusive right within the meaning 49 U.S.C. §§ 40103(e) and 47107(a)(4).

(l) This Agreement and all the provisions hereof shall be subject to whatever right the United States 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 non-exclusive use of the Airport by the United States during the time of war or national emergency. Airline and TAA recognize that during the time of war or national emergency the City of Tucson, owner of the Airport, has the right to enter into agreements with the United States government for military or naval use of part or all of the Airport. If any such agreement is executed by the City of Tucson, the provisions of this Agreement, insofar as they are inconsistent with the provisions of any agreement so made by the City of Tucson with the United States government, shall be subject to the terms of such agreement and Airline shall have no claim against TAA or the City of Tucson for any loss or damage sustained by Airline because of the making of such agreement by the City of Tucson.

(m) To the extent that Airline conducts or engages in any aeronautical activity for furnishing services to the public at the Airport, Airline shall furnish its services on a reasonable and not unjustly discriminatory basis to all users and charge reasonable and not unjustly discriminatory prices for each unit or service; provided that Airline may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers

(n) Airline shall conform to TAA and Federal Aviation Administration safety and security rules and regulations regarding use of the airport operations area including runways, taxiways, aircraft aprons by vehicles, employees, customers, visitors, etc. in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; shall complete and pass airfield safe driving instruction program when offered or required by TAA; and shall be subject to penalties as prescribed by TAA for violations of the airport safety and security requirements.

Section 10.3 Incorporation of Mandatory Terms in Reference.

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

ARTICLE 11 ASSIGNMENT OR SUBLEASE

Section 11.1

Airline shall not, at any time, assign this Agreement or any part thereof, nor sublet all or any portion of the leased premises herein to other than a wholly-owned subsidiary without written approval of TAA, provided 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.

ARTICLE 12 DEFAULTS

Section 12.1

In the event of the failure of Airline to keep any of the covenants and agreements herein set forth to be kept and performed, TAA may elect to terminate Airline's rights under the Agreement and re-enter and take possession of the premises provided that prior to any such termination TAA shall give Airline advance written notice stating the nature of the default in order to permit such default to be remedied by Airline within thirty (30) days, or such other period as may be agreed upon between the parties hereto, after such written notice has been sent or delivered to Airline, provided, however, that no notice of termination, as above provided, shall be of any force or effect if Airline shall have remedied the default prior to receipt of such notice, or have begun and be continuing in a course of action to remedy the default within a reasonable period of time. If, upon such re-entry, there remains any personal property of Airline or of any other persons upon the premises, TAA may, but without the obligation to do so, remove said personal property and hold it for the owners thereof or may place the same in a public garage or warehouse, all at the expense and risk of the owners thereof, and Airline shall reimburse TAA for any expense incurred by TAA in connection with such removal and storage. TAA shall have the right to sell such stored property provided that it shall give Airline not less than sixty (60) days written notice, in advance, that it intends to conduct such a sale. The proceeds of such sale shall be applied first to the cost of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may then be due from Airline to TAA, and the balance, if any, shall be paid to Airline. Notwithstanding any such re-entry, none of the liability of Airline for the rentals, fees and charges provided for herein shall be extinguished for the balance of the term of this Agreement; the entire remaining amount of such rentals, fees and charges shall, at the option of TAA, become immediately due and payable. As to any such rent which is prepaid because of such an acceleration, TAA will refund to Airline such portions thereof as may be obtained from another tenant or tenants as a result of reletting such space; provided, however, that under no circumstances will the amounts of such refunds, in the aggregate exceed the total amounts so paid. In the event TAA or Airline is reasonably required to obtain counsel in order to enforce any of its rights under this Agreement or to collect its rental, fees and charges, the successful party shall be entitled to recover the reasonable attorney's fees incurred by such successful party in connection with such proceedings.

ARTICLE 13 LIMITATIONS ON FEES AND CHARGES

Section 13.1

Except as otherwise provided under federal law, there shall be no other rentals, fees, charges or tolls payable, directly or indirectly, by Airline or by Airline's employees, guests, patrons, passengers, invitees, consignees, furnishers of services or suppliers, to TAA for the rights, powers, licenses, privileges, facilities and services covered by this Agreement, other than those provided for herein.

ARTICLE 14 COVENANT NOT TO GRANT MORE FAVORABLE TERMS

Section 14.1

(a) TAA covenants and agrees not to enter into any lease, contract or any other agreement with any other certificated air carrier containing more favorable terms than this Agreement, or to grant to any certificated air carrier rights, privileges, or concessions with respect to the Airport which are not accorded Airline hereunder, unless the same rights, terms and privileges are concurrently made available to Airline; provided, however, that this covenant shall not extend to any intrastate carrier operating only aircraft of less than 30,000 pounds gross weight nor shall it require an agreement whose term extends to the expiration of the term of this Agreement with regard to any foreign certificated carriers.

(b) In the event that any aircraft operator shall undertake any operations at the Airport System for the carriage of passengers, cargo or mail by air, TAA shall require, to the extent legally permissible, such other aircraft operator to execute and deliver an agreement, lease or contract with TAA providing for:

(1) the payment of landing fees at rates and on such other terms and conditions as are not less than those rates or terms and conditions currently in effect for the Signatory Airlines;

(2) the payment of rentals, for any space leased from TAA in the terminal building at rates not less than those rates then payable by the Signatory Airlines for similar space, or, if space has been constructed by TAA for such operator, then at rates that will fully compensate TAA for the cost of providing, maintaining, operating and administering such space over the term of the agreement with such operator; or alternatively;

(3) the payment of a terminal operations charge if such operator does not lease space in the terminal building from TAA, which charge shall be payable for each aircraft arrival at the terminal in an amount to be calculated by multiplying the number of passenger seats on the aircraft by the terminal cost per passenger (said cost being the total of all Signatory Airlines' rentals, charges, taxes and costs payable or incurred pursuant to this Agreement during the immediately preceding Fiscal Year, divided by the total of all revenue passengers enplaned by Signatory Airlines during such year); and

(4) the payment for use by such aircraft operator of all jointly leased areas and operating costs of all baggage handling, public address, porter service or other passenger service systems, calculated and billed to such operator as in the case of the Signatory Airlines.

ARTICLE 15 SUBJECT TO UNDERLYING LEASE

Section 15.1

The parties are aware that TAA occupies the Airport as a tenant under a lease from the City of Tucson with which lease Airline is familiar. It is agreed that, in case of any inconsistency between this Agreement and said City lease, the latter will govern.

ARTICLE 16 FEDERAL AND STATE FUNDS

Section 16.1

To the extent that TAA considers it is prudent, considering the requirements attached to the acceptance of such funds, TAA shall apply for and make maximum use of all available Federal and State funds for the development of the Airport.

ARTICLE 17 DISPOSAL OF ENCUMBRANCE OF AIRPORT LAND

Section 17.1

TAA covenants that it will not at any time during the term of this Agreement dispose of or encumber any land which may now be or hereafter become a part of the Airport to an extent which will substantially inhibit or prevent the use of said Airport for commercial air transport purposes, unless such disposal or encumbrance has been approved in writing by a Majority-In-Interest of the Signatory Airlines.

ARTICLE 18 TERMINATION BY AIRLINE

Section 18.1

Airline, in addition to any other rights of termination given herein or by law, may terminate this Agreement and terminate all of its future obligations hereunder (those not accrued as of the date of termination) at any time that Airline is not in default in its payments to TAA, hereunder, by giving TAA thirty (30) days' advance written notice, upon or after the happening of any one of the following events:

The lawful order or the action of any governmental agency which has jurisdiction to do so (not solicited by Airline) terminating or suspending Airline's right to operate into and from the Airport; the termination of Airline's obligation or right (not caused by Airline's voluntary act) to the Federal Government for the carriage of United States airmail to, from or through the Pima County area or its environs, for the receiving and dispatching of United States airmail; issuance by any court of competent jurisdiction of any injunction preventing or restraining the use of the Airport for Airport Purposes to the extent that it is not practicable to use the Airport for commercial air transport purposes, and the remaining in force of such injunction for a period of at least thirty (30) days; the inability of Airline to use said premises and facilities continuing for a period exceeding thirty (30) days due to any deficiency of the Airport or unsafe condition for operating at the Airport of the type of aircraft then being flown by Airline or any law, order, rule or regulation of any appropriate governmental authority having jurisdiction over the operations of Airline or due to war, or other casualty; the assumption by the Federal Government of any authorized agency thereof of

control of said Airport; the erection of any obstacle on or in the vicinity of the Airport which would occasion a modification of Airline's air carrier operating certificate or similar authorization establishing minimum safety standards for the operation of Airline.

ARTICLE 19 AIRLINES COMMITTEE

Section 19.1

With respect to all matters required or permitted hereunder to be approved or undertaken by the Signatory Airlines or a Majority-In-Interest, and further with respect to any other matter arising pursuant to this Agreement, Airline hereby appoints and will continue to permit a representative to act in its behalf. Such person is and shall be Airline's designated representative on the Airline/Airport Affairs Committee for Tucson International Airport hereby established to cooperate with TAA in matters related to the planning, development, operation and financing of the Airport System.

Section 19.2

Whenever in this Agreement approval of an act, thing or document is required or permitted by only a Majority-In-Interest, such act may be taken, such thing may be done or such document shall be considered approved for the purposes hereof upon the receipt of the approval of a Majority-In-Interest, as certified by the then Chairman of the Airline Airport Affairs Committee, and TAA, Signatory Airlines and all affected third parties may rely upon such approval as conclusively binding on Airline.

ARTICLE 20 NOTICES

Section 20.1

Delivery of notices provided for herein may be accomplished by depositing the same in the United States Mail in the continental United States, postage prepaid, and either registered or certified. Either party shall have the right, by giving written notice to the other, to change the address at which its notices are to be received. Until any such change is made notice shall be delivered as follows:

(a) When to TAA:

President/CEO
TUCSON AIRPORT AUTHORITY
7250 S. Tucson Blvd., Suite 300
Tucson, Arizona 85756

(b) When to Airline:

Contact
Title
Airline
Address
City, State, Zip

If notice is given in any other manner or at any other place, it will also be given at the place and in the manner specified above.

ARTICLE 21 SUCCESSORS AND ASSIGNS BOUND; GOVERNING LAW

Section 21.1

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

Section 21.2

This Agreement and all disputes arising hereunder shall be governed by the laws of the State of Arizona.

ARTICLE 22 MISCELLANEOUS

Section 22.1

Whenever a consent or approval from one of the parties is required hereunder, such consent or approval will not be unreasonably withheld.

Section 22.2

In the event one or more clauses, sections or provisions of this Agreement shall be held to be invalid or unenforceable, it is agreed that even so the remainder of the Agreement shall remain in effect and enforceable.

Section 22.3

This Agreement shall be effective as of the date upon which both parties have executed below ("Effective Date").

Section 22.4

Airline shall enter into a Lift Device Agreement in the form attached hereto as Exhibit "K".

Section 22.5

TAA may temporarily reassign Airline's leased premises as set forth on Exhibit "C" of the Use Agreement during construction after TAA provides sixty (60) days prior written notice and detailed construction drawings to Airline, or if sixty (60) days notice is not possible, then as soon as possible prior to such reassignment. During the construction period, Airline shall pay appropriate charges only for those areas designated and utilized for Airline's use. The cost of such temporary relocation resulting from construction shall be included as part of the project cost, as determined by TAA in its sole discretion.

Section 22.6

TAA shall designate areas in the Terminal, or elsewhere on the Airport, to be used by the FAA, TSA, Department of Homeland Security and other agencies of the United States government for the inspection of passengers and their baggage, and for the exercise of the responsibilities of said agencies with respect to the movement of persons and property to and from the United States.

TAA:

AIRLINE:

TUCSON AIRPORT AUTHORITY, an
Arizona nonprofit corporation

_____ a _____ corporation

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBITS

Description

- A. Map of Tucson International Airport
- B. Map of Ryan Field
- C. Airline's Leased Space in Terminal Building and Baggage Claiming area.
- D. Airline's Preferential Gate and Parking Position(s)
- E. Facilities for Taxiing, Loading, etc.
- F. Computations on Implicit Price Deflator Index
- G. Accounting Format to be Used for Airlines
- H. Industrial Areas
- I. Demonstration of Method to be Used in Determining Net Operating Income from Industrial Areas
- J. Map of Land in Acquisition Project
- K. Lift Device Agreement

EXHIBIT A

Map of Tucson International Airport

EXHIBIT B
Map of Ryan Field

EXHIBIT C

Airline's Exclusive Space in Terminal Building and Baggage Claiming area.

EXHIBIT D

Preferential Gate and Parking Positions

EXHIBIT E

Facilities for Taxiing, Leading, etc

EXHIBIT F

Computations on Implicit Price Deflator Index

EXHIBIT G

Accounting Format to be Used for Airlines

EXHIBIT H
Industrial Areas

EXHIBIT I

Demonstration of Method to be Used in Determining Net Operating Income from Industrial Areas

EXHIBIT J

Map of Land in Acquisition Project

EXHIBIT K

REVOCABLE LICENSE AGREEMENT
FOR THE USE OF
LIFT DEVICE EQUIPMENT

THIS AGREEMENT is made as of October 1, 2006, by and between the TUCSON AIRPORT AUTHORITY, INC., an Arizona non-profit corporation ("TAA"), and _____ AIRLINES, INC., a Colorado corporation ("Airline").

RECITALS

WHEREAS, Title 14 of the Code of Federal Regulations, Part 382 (as it may be amended from time to time, "Part 382") and Title 49 of the Code of Federal Regulations, Part 27 (as it may be amended from time to time, "Part 27") impose certain responsibilities relative to boarding assistance for passengers with disabilities and require TAA and Airline to agree upon the allocation of such responsibilities; and,

WHEREAS, TAA has purchased or will purchase one or more passenger lift devices (individually and collectively, the "Lift") used to enable disabled passengers to access aircraft serving the Tucson International Airport in Tucson, Arizona (the "Airport") in accordance with Part 382 and Part 27; and,

WHEREAS, TAA desires to grant to Airline and Airline desires to accept a non-exclusive revocable license for Airline's use of the Lift at the Airport, upon and subject to certain terms and conditions; and,

WHEREAS, TAA and Airline desire to allocate responsibility for providing boarding assistance for passengers with disabilities in accordance with Part 382 and Part 27.

NOW, THEREFORE, for and in consideration of the benefits which will accrue to the parties hereto by virtue of this Agreement and the covenants herein, it is mutually covenanted and agreed as follows:

1. Use and Control of Passenger Lift; Compliance with Part 382 and Part 27.

TAA hereby grants to Airline a revocable non-exclusive license to use the Lift as set forth herein, subject to and upon such additional terms and conditions as TAA may reasonably impose, for Airline's use in compliance with Part 382 in loading and unloading passengers from aircraft owned and operated by Airline at the Airport. Airline shall be solely responsible for determining that the Lift is compatible for use with Airline's aircraft, and TAA makes no representation or warranty in this regard.

2. Lift Storage, Maintenance, and Condition.

a. The Lift shall be stored in an area designated by TAA. Airline shall require its employees to return the Lift to the storage area immediately after use.

b. Prior to any and each use by Airline, Airline shall be responsible for inspecting the Lift to determine whether the Lift is in good working order, free of defects, and is suitable for Airline's use. If Airline determines that the Lift is fit for its intended use and compatible with Airline's aircraft, Airline shall accept the Lift for use and proceed to use the Lift in accordance with this Agreement. If Airline determines that the Lift appears in any way to be damaged, unsafe, broken, improperly maintained, in need of repair, or not fit for its intended use, Airline shall immediately notify TAA, and Airline shall not use the Lift until such time as: (i) TAA has inspected the Lift and taken any action TAA deems necessary; and (ii) TAA has notified Airline of the action taken.

c. TAA shall maintain and repair the Lift, provided that Airline shall immediately reimburse TAA for the reasonable cost of any repairs necessitated by Airline's use of the Lift or any damage caused by any employee of Airline.

d. Airline further covenants and agrees that in the event the Lift is not available or suitable for use by Airline due to: (i) mechanical failure of any kind; (ii) incompatibility of the Lift with Airline's aircraft; (iii) use of the Lift by other airlines; or (iv) failure of the Lift due to age or condition; then, TAA shall be under no obligation of any kind to provide a substitute Lift, similar device or any other means of assisting Airline with the boarding of Airline's passengers, and that Airline shall be solely responsible for complying with its obligations pursuant to Part 382.

3. Payments.

Airline shall pay TAA for the non-exclusive rights granted under this Agreement on a per-use basis at a reasonable rate to be determined from time to time by TAA ("Per Use Fee"). For purposes of this paragraph, a "use" is defined as the use of the Lift to enplane or deplane one or more passengers from a single flight. The Per Use Fee shall be paid at such time and in such manner as provided for the payment of other fees in the Use Agreement between Airline and TAA.

4. No Warranties.

Airline hereby acknowledges, covenants and agrees that the Lift will be utilized by other airlines and that it is made available to Airline "as is." TAA makes no warranty or representation, either express or implied, as to the design or condition of, or as to the quality of the lift or workmanship in the lift, and TAA makes no warranty of merchantability or fitness for a particular purpose or any component thereof as to any other matter, it being agreed that all such risks, as between TAA and airline, are to be borne by the airline, and the benefits of any and all implied warranties of TAA are hereby waived by the airline.

5. Lift Operation; Training.

Airline shall be solely responsible for the proper operation and use of the Lift, and all training and supervision of Airline's personnel operating the Lift. The training by Airline of Airline personnel involved in providing boarding assistance shall include, without limitation, proper use of the Lift and appropriate boarding assistance procedures that safeguard the safety and dignity of the passengers. Airline agrees that only Airline employees who have received training and demonstrated competency in the use of the Lift, as determined by Airline, shall operate the Lift, and that the Airline employees shall operate the Lift properly and in compliance with any manufacturer recommendations and any applicable law or regulation. Airline shall return the Lift

to its storage area in a clean condition and will promptly inform TAA of any damage caused to the Lift or any need for repair or maintenance discovered by Airline.

6. Waiver and Indemnification.

Airline agrees to assume all risks of liability or loss of any kind arising from or pertaining to its delivery, possession, operation, use or transportation of the Lift, or arising from the condition of the Lift, and hereby waives any claims against TAA related thereto. The Airline further agrees to defend, indemnify, and hold the TAA, its officers, directors, agents, and employees harmless from and against any and all losses, suits and expenses, including attorney's fees and costs of litigation, in any way arising out of or related to:

- a. Airline's use or operation of the Lift;
- b. Airline's performance or failure to perform this Agreement; or
- c. Airline's violation or failure to conform to any law, rule, regulation, statute, ordinance or court decree with respect to the use of the Lift or the provision of boarding assistance to passengers.
- e. Any amounts required to be paid by Airline under this paragraph and not paid when due and payable may be paid by TAA and shall, at TAA's option, become immediately due and payable from Airline to TAA. Airline's indemnification obligations hereunder shall survive termination of this Agreement.

7. Insurance.

Prior to use of the Lift, Airline shall provide and maintain with TAA evidence of current comprehensive general liability insurance, available on a per occurrence basis, in an amount not less than Ten Million Dollars (\$10,000,000.00) aggregate, covering use and operation of the Lift and the performance of this Agreement by Airline, including contractually assumed liability. TAA, its officers, agents, and employees shall be listed as additional insureds, and the policy shall provide that such insurance shall not be cancelled or terminated without at least thirty (30) days prior written notice to TAA.

8. Title to Lift.

As between TAA and Airline, the Lift is and at all times shall be owned by TAA. The Lift may be used only on the ramp at the Airport. The Airline shall not sell, mortgage, assign, transfer, lease, sublet, loan, part with possession of, or encumber the Lift, or permit any liens to become effective thereon, or permit or attempt to do any of these acts aforesaid. Airline agrees, at its own expense, to take such action as may be necessary (i) to remove any such lien or charge, and (ii) to prevent any third party from acquiring any interest in the Lift or any part thereof.

9. General Provisions.

- a. Assignment. Airline shall not assign this Agreement or any interest therein, or allow any party to take possession of the Lift without prior written consent of TAA.

b. Entire Agreement. This Agreement represents the entire agreement between TAA and Airline as to the Lift, and may not be altered, amended, changed or terminated without a written agreement signed by an authorized officer of TAA.

c. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona.

d. Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed by each party on separate copies, which copies, when combined so as to include the signatures of all parties, shall constitute a single counterpart of this Agreement.

e. Effective Date; Termination. Upon proper execution by both parties, this Agreement shall be effective immediately and may be terminated at any time upon thirty (30) days prior written notice by one party to the other but such termination shall not relieve either party from any obligation that accrued hereunder prior to such termination.

IN WITNESS WHEREOF, TAA and Airline have caused their duly authorized representatives to execute and deliver this Agreement effective as of the date first above written.

TUCSON AIRPORT AUTHORITY, an
Arizona nonprofit corporation

_____ AIRLINES, INC., a
Colorado corporation

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

TUCSON INTERNATIONAL AIRPORT

SIGNATORY AIRLINE USE AGREEMENT

TUCSON AIRPORT AUTHORITY

AND

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