

**NON-SIGNATORY AIRLINE OPERATING
AND
TERMINAL BUILDING USE PERMIT**

by and between

THE CITY OF PENSACOLA, FLORIDA

and

FRONTIER AIRLINES, INC.

DATE OF EXECUTION:

EFFECTIVE DATE:

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**NON-SIGNATORY AIRLINE OPERATING
AND TERMINAL BUILDING USE PERMIT**

This Non-Signatory Airline Operating and Terminal Building Use Permit (“Permit”), made and entered into this ____ day of _____, 201__, by and between the City of Pensacola, a municipal corporation of the State of Florida (hereinafter referred to as “City”), and Frontier Airlines, Inc., a corporation organized and existing under the laws of the State of Colorado and authorized to do business in the State of Florida (hereinafter referred to as “Permittee”):

WITNESSETH:

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

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

WHEREAS, Permittee desires to use the Airport and its facilities in the conduct of Permittee’s business as a scheduled air carrier; and

WHEREAS, City and Permittee have not entered into an agreement governing Permittee’s operations at or use of the Airport; and

WHEREAS, under the circumstances, Chapter 10-2 of the Code of Ordinances of the city of Pensacola governs Permittee's operations at and use of the Airport, and this Permit is issued pursuant to and in accordance with such Ordinance and is subject and subordinate to such Ordinance as it is as of the date of this Permit and as it may be amended and changed from time to time; and

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

WHEREAS, City and Permittee deem it desirable to issue this Permit setting forth the respective rights, privileges, obligations, and duties of the parties hereto and defining the rights, services, and privileges granted and the terms, conditions, and consideration on which they are granted;

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

ARTICLE 1. DEFINITIONS

Section 1.01 DEFINITIONS

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

"Aircraft Arrivals" shall mean any aircraft arrivals at the Airport (including, without limitation, scheduled, charter, sightseeing, training, test, ferry, courtesy, and inspection flights, or any other flights) operated by an Air Transportation company. Aircraft Arrivals shall not include any flight by aircraft owned or operated by the U.S. Government or flights that immediately return to the Airport because of mechanical, meteorological, or other precautionary reasons.

"Aircraft Parking Positions" shall mean the positions in the Airport's Apron Area designated on Exhibit E where aircraft are required to park in order to receive and discharge passengers.

"Air Transportation" shall mean the carriage of persons, property, cargo, or mail by aircraft to and from the Airport.

"Airport" shall mean Pensacola International Airport as it now exists or as it shall be or may be modified in the future, currently as shown on Exhibit A.

"Airport Budget" shall mean the Airport capital and operating budgets and allocated administrative costs prepared and periodically revised and updated by the Director and duly

adopted by the Pensacola City Council prior to commencement of the Fiscal Year in which it is to apply.

“Airport Cost Centers” shall mean the following cost centers, to be used in accounting for Airport revenues and expenses and for calculating and adjusting certain rentals and fees described herein:

1. **“Terminal Building”** shall mean the terminal building serving the airlines as it now exists or as it may hereafter be reconstructed, modified, changed, or developed in accordance with the terms hereof, currently as shown on Exhibits A, B, C, and E.
2. **“Baggage Handling System”** shall mean the Baggage Handling System located in the Terminal Building that serves the airlines as it now exists or as it may hereafter be reconstructed, modified, changed, or developed in accordance with the terms hereof, currently as shown on Exhibit D.
3. **“Terminal Area”** shall mean the landside access roads and parking areas surrounding the Terminal Building, as such areas now exist or as they may hereafter be modified, changed, or developed in accordance with the terms hereof, currently as shown on Exhibit A.
4. **“Airfield Area”** shall mean those areas of the Airport, as such areas now exist or as they may hereafter be modified, changed, or developed in accordance with the terms hereof, that provide for landing and takeoff, taxiing, parking, or other operations or aircraft but excluding the Apron Area, Cargo Apron Area, and Remote Parking Area, currently as shown on Exhibit A.
5. **“Apron Area”** shall mean the areas, as such areas now exist or as they may hereafter be modified, changed, or developed in accordance with the terms hereof, dedicated to parking, servicing, and ground handling of passenger aircraft at the Terminal

Building, currently as shown on Exhibits A and E.

6. **“Cargo Apron Area”** shall mean the areas, as such areas now exist or as they may hereafter be modified, changed, or developed in accordance with the terms hereof, dedicated to parking, servicing, and ground handling of cargo aircraft or other aircraft currently as shown on Exhibit F.
7. **“Loading Bridges”** shall mean the passenger loading bridges owned and maintained by City serving aircraft parked at the Gates as they now exist or as they may be modified, changed, or relocated from time to time, currently as shown on Exhibit E.
8. **“Rental Car Service Facilities”** shall mean the areas, as such areas now exist or as they may hereafter be modified, changed, or developed, dedicated to rental car service facilities, currently as shown on Exhibit G.
9. **“Other Buildings and Areas”** shall mean those portions of the Airport not included in the preceding Airport Cost Centers, including the facilities, installations, and improvements thereon as they now exist or as they may hereafter be modified, changed, or developed in accordance with the terms hereof.

“Airport Layout Plan” shall mean the plan, as it may be amended from time to time, required to be submitted by the Airport to the Federal Aviation Administration for review and acceptance showing the layout of the Airport and the current uses of the facilities at the Airport. The current version of the Airport Layout Plan is shown on Exhibit A.

“Airport Purposes” shall mean actions or undertakings by City reasonably relating to the development, operation, maintenance and preservation of the Airport for air commerce.

“Airport Revenue” shall mean all income, receipts, earnings, and revenues received by or accrued to City from the ownership or operation of the Airport, excluding, except to the extent deposited in the Airport Revenue Fund: (a) gifts, grants, and other funds that are restricted by

their terms to purposes inconsistent with the payment of Maintenance and Operating Expenses or payment of Obligations; (b) net insurance proceeds, to the extent that the use of such net insurance proceeds is restricted to a use inconsistent with the payment of Maintenance and Operating Expenses or the payment of Obligations; (c) any transfer from the Capital Fund to the Revenue Fund, except for transfers from the Prepaid Revenue Account; (d) revenues derived from or with respect to any Special Purpose Facility; (e) any gain from the sale, exchange, or other disposition of capital assets of the Airport; (g) any unrealized gains on securities held for investment by or on behalf of City; (h) any gains resulting from changes in valuation of any financial “SWAP” instruments; (i) any unrealized gains from the write-down, reappraisal, or revaluation of assets; (j) the proceeds of Obligations; (k) facilities construction credits; (l) Passenger Facility Charges unless specifically pledged by City; (m) Customer Facility Charges (except to the extent they are used to reimburse the Airport for rental car facility operating and maintenance expenses); (n) investment income derived from any moneys or securities that may be placed in escrow or trust to defease obligations; (o) any arbitrage earnings required to be paid to the United States of America pursuant to Section 148 of the United States Code; and (p) interest earnings or other investment earnings on any account in the Construction Fund established by any Bond Resolution unless otherwise provided in such Bond Resolution.

“Assigned Premises” shall mean the Exclusive Use Space, Per Term Gates, Baggage Handling Space, Per Turn Cargo Apron Areas, Per Turn Remote Parking Apron, and Loading Bridges assigned by City to Permittee for its use.

“Baggage Claim Area” shall mean the areas, as they now exist or as they may hereafter be modified, changed or developed in accordance with the terms hereof, used by passengers for baggage claim and pick-up. The current Baggage Claim Area is shown on Exhibits C and D.

“Baggage Handling Areas” shall mean the areas supporting the Baggage Handling System as shown on Exhibit D as they now exist or as they may hereafter be modified, changed, or developed in accordance with the terms hereof. The Baggage Handling Areas include the areas occupied by baggage conveyor systems, baggage screening areas, baggage makeup, tug lanes for

transporting baggage, baggage breakdown areas, and the Baggage Claim Area as shown on Exhibits C and D.

“Baggage Handling System” shall mean the baggage handling system shown on Exhibit D as it now exists or as it may hereafter be modified, changed or redeveloped in accordance with the terms hereof.

“Bond Funds” shall mean those funds and accounts established by and funded in accordance with the Bond Resolution and described herein:

1. **“Airport Revenue Fund.”** All Airport Revenue derived from operation of the Airport is deposited as received into the Airport Revenue Fund. All moneys shall be used and applied in the priority indicated below.
2. **“Rebate Fund.”** Amounts in the Rebate Fund shall be used to make payments to the United States Treasury in the amounts and at the times required by Section 148 of the Internal Revenue Code of 1986, as amended from time to time.
3. **“Maintenance and Operating Fund.”** Amounts shall be used to make payments out of the Maintenance and Operating Fund by City from time to time for the necessary expenses for the maintenance, operation, repair, and ordinary replacement of the Airport.
4. **“Bond Fund.”** Amounts shall be paid out of the Bond Fund from time to time as necessary for the payment of required interest and principal due on any Bonds outstanding and payable from Airport Revenue.
5. **“Debt Service Reserve Fund.”** Amounts shall be paid out of the Debt Service Reserve Fund from time to time as necessary for the payment of interest and principal due on any Bonds outstanding and payable from Airport Revenue to the extent that other moneys are not available within the Bond Fund.

6. **“Maintenance and Operating Reserve Fund.”** Amounts shall (1) be paid out of the Maintenance and Operating Reserve Fund for the necessary expenses for the maintenance, operation, repair, and ordinary replacement of the Airport to the extent that other moneys are not available in the Maintenance and Operating Fund for such purposes and (2) also be used to cure deficiencies in the Rebate Fund or the Bond Fund in accordance with the Bond Resolution.

7. **“Renewal and Replacement Fund.”** Amounts shall (1) be paid out of the Renewal and Replacement Fund from time to time for the costs of unanticipated or emergency repairs, renewals, and replacements to the Airport and (2) also be applied to deficiencies in the Rebate Fund, Maintenance and Operating Fund, and the Bond Fund in accordance with the Bond Resolution.

8. **“Subordinate Securities Fund.”** Amounts shall be paid out of the Subordinate Securities Fund from time to time as necessary for the payment of any obligations or indebtedness of the Airport payable from Airport Net Revenues junior and subordinate to the Bonds.

9. **“Capital Fund.”** Amounts in the Capital Fund shall be available for any lawful Airport purpose as permitted by the Bond Resolution and shall be applied during the term of this Permit in the following priority:
 - a. **“PFC Capital Account.”** Amounts shall be paid out for PFC approved Pay/Go projects and debt service on bonds, loans, or notes the proceeds of which were used to pay the cost of PFC approved projects.

 - b. **“Customer Facility Charge Capital Account.”** Amounts shall be paid out from time to time for rental car “Pay/Go” capital projects, maintenance and operation expenses allocable to rental car facilities, and debt service on bonds, loans, or notes

the proceeds of which were used to pay the costs of rental car facilities.

- c. **“Capital Improvement Account.”** Amounts shall be paid out of the Capital Improvement Account from time to time for Capital Improvements at the Airport.

“Bonds” shall mean Airport Revenue bonds as authorized by the Bond Resolution, both serial and term, heretofore and hereafter issued by City or any other similar or substitute debt financing instrument (including but not limited to notes, certificates, and commercial paper) which may or may not be junior or subordinate to Airport Revenue Bonds that might be issued and secured by Airport Revenue.

“Bond Resolution” shall mean Resolution No. 59-88, adopted September 8, 1988, as it has been or may be amended or supplemented from time to time, and any other Resolution of City regulating or authorizing the issuance of Bonds, as amended or supplemented from time to time, other than Special Purpose Facility Bonds, payable from Airport Revenue.

“Business Privilege Fee” shall mean a nondiscriminatory fee levied on any person or company for the privilege of conducting business. The Business Privilege Fee shall be based on a percentage of gross revenues derived by third party contractors or Permittee. Permittee’s Air Transportation business at the Airport shall not be subject to the Business Privilege Fee. As the term is used in this Permit, Permittee’s Air Transportation business does not include the sale of ground handling and other services.

“Capital Improvement” shall mean any single item having a cost of at least One Hundred Fifty Thousand Dollars (\$150,000) and a useful life in excess of five (5) years, acquired, purchased, or constructed to improve, maintain, or develop the Airport as well as any extraordinary or substantial expenditure whose object is to preserve, enhance, or protect the Airport.

“Capital Outlay” shall mean equipment and capital outlays for individual items costing less than one hundred fifty thousand dollars (\$150,000) and with a useful life of five (5) years or less.

“Customer Facility Charges” or “CFCs” shall mean charges collected or to be collected by the rental car companies and remitted to City pursuant to the Airport Rental Car Concession Agreement and the Rental Car Policy in the City Code. CFCs are not Airport Revenue and are dedicated for paying the capital and operating costs of rental car facilities. This term includes interest earnings on Customer Facility Charge proceeds.

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

“Director” shall mean the Airport Director, being the person currently authorized by the Mayor to exercise functions with respect to the rights and obligations of City under this Permit or such other person or persons authorized by the Mayor from time to time to exercise functions with respect to the rights and obligations of City under this Permit. The term also includes any person expressly designated from time to time by the Director or the Mayor to exercise functions with respect to the rights and obligations of the Director under this Permit.

“Enplaned Passengers” shall mean the total number of passengers boarding aircraft at the Airport.

“Environmental Laws” shall mean, collectively, all federal, state, water management district, and local environmental, land use, occupational safety, and health laws, rules, regulations, and ordinances, and common law, applicable to City, the Airport, the Assigned Premises, or Permittee , including, but not limited to, the Occupational Safety and Health Act of 1970 (29 U.S.C. § 651 et seq.); the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9601 et seq.); the Hazardous Materials Transportation Act (49 U.S.C. § 5101 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.); the Toxic Substances Control Act of 1976 (15 U.S.C. § 2601 et seq.); the Clean Air Act (42 U.S.C. § 7401 et seq.) (“CAA”); the Safe Drinking Water Act (42 U.S.C. §§ 300f-300j), the Federal Water Pollution Control Act (commonly known as the Clean Water Act) (33 U.S.C. §§ 1251-1387), and

Sections 253, 373, 376 and 403, Florida Statutes, as any of the foregoing may hereafter be amended, any rule or regulation pursuant thereto, and any other present or future law, ordinance, rule, regulation, code, permit or permit condition, order, notice of violation, decree, consent agreement, or directive addressing any environmental, safety, or health issue of or by the federal government, or of or by any state or other political subdivision thereof, or any agency, court, or body of the federal government or any state or other political subdivision thereof, exercising executive, legislative, judicial, regulatory, or administrative functions.

“Exclusive Use Space” shall mean the space leased under this Permit by City to Permittee for Permittee’s exclusive use, currently as shown on Exhibits B and C.

“FAA” or “Federal Aviation Administration” shall mean the Federal Aviation Administration created by the federal government under the Federal Aviation Agency Act of 1958 or such similar federal agency as may from time to time have similar jurisdiction over Permittee or its business.

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

“Gate” shall mean each portion of the Terminal Building consisting of a Passenger Holdroom and the associated Apron Area and Loading Bridge.

“Ground Handling Services” shall mean cabin services, aircraft catering, ramp services, refueling, passenger services, and field operations services.

“Hazardous Substances” shall mean any hazardous, toxic, or harmful substances, wastes, materials, pollutants, or contaminants (including, without limitation, asbestos, polychlorinated biphenyls, petroleum products, flammable explosives, radioactive materials, paint containing more than 0.5% lead by dry weight (“Lead Based Paint”), infectious substances, or raw materials

which include hazardous constituents), or any other substances or materials that are regulated by Environmental Laws.

“Landed Weight” shall mean the maximum gross certificated landed weight, in thousand (1,000) pound units, that Aircraft Arrivals operated by Permittee is authorized by the FAA to land at Airport, as recited in each Permittee’s flight manual governing that aircraft type. For all Landed Weight computations, said sum shall be rounded up to the nearest thousand (1,000) pound unit.

“Maintenance and Operating Expenses” shall, as further described in the Bond Resolution, mean City’s annual expenses of maintaining, operating, repairing, and administering the Airport, including City overhead reasonably allocable to the Airport; taxes, and assessments, if any; and expenses for defending, settling, or satisfying litigation, as set forth in the Airport Budget determined in accordance with generally accepted accounting principles. The categories of overhead expense allocable by City to the Airport shall also be determined in accordance with generally accepted accounting principles.

“Mayor” shall mean the elected officer serving as the Chief Executive of the City of Pensacola, Florida, pursuant to its charter.

“Obligations” shall mean any debt or obligation of City with respect to the Airport, including any Bonds issued pursuant to the Bond Resolution or other issuing instrument, as applicable.

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

“Passenger Holdrooms” shall mean the passenger waiting rooms located inside the Terminal Building adjacent to the associated Apron Area Aircraft Parking Position.

“Permit” shall mean this Airline Operating and Terminal Building Use Permit between City and Permittee, as the same may be amended, modified or altered from time to time pursuant to the terms hereof.

“Permittee” shall mean the entity that has executed this Permit and is identified in the first paragraph of this Permit.

“Personal Property” shall mean the equipment, inventory, furniture, trade fixtures, and supplies owned or leased by Permittee, and installed or used at the Airport in accordance with this Permit in the conduct of Permittee’s Air Transportation business, which is removable without material permanent injury or damage to the Assigned Premises or any other portion of City-owned property.

“Reasonable Wear and Tear” shall mean the deterioration resulting from normal use and that could not be prevented by routine maintenance.

“Remote Parking Area” shall mean those Aircraft Parking Positions designated for the parking of aircraft that cannot be accommodated at the Terminal Building, Apron Area or the Cargo Apron Area as set forth on Exhibit A. From a financial management standpoint, the Remote Parking Area is in the Other Buildings and Areas Cost Center.

“Rules and Regulations” mean those lawful and reasonable rules and regulations promulgated by City or the Director for the orderly use of the Airport or its facilities by both the airlines and other Airport tenants and users utilizing same pursuant to an agreement with City, as same may be amended, modified, or supplemented from time to time.

“Special Purpose Facility” shall mean capital improvements or facilities located on any property owned or leased by City and located at Airport that are financed by the issuance of Special Facilities Revenue Bonds, bank loans, note, or other debt instruments or financing mechanisms.

“Special Facilities Revenue Bonds” shall mean bonds, bank loans, notes, other debt instruments or financing mechanisms and other debt of City which is secured by and payable solely from rentals or other charges derived by City under a lease, sale or other agreement (or any document securing the same) between City and the person, firm or corporation utilizing the Special Purpose Facilities financed thereby.

“SWAP” shall mean a derivative agreement that includes, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap or exchange agreement, currency swap agreement, forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk; and (v) any other type of contract or arrangement that City entering into such contract or arrangement determines is to be used, or is intended to be used, to manage or reduce the cost of Obligations incurred or anticipated to be incurred, to convert any element of Obligations incurred or anticipated to be incurred from one form to another, to maximize or increase investment return, to minimize investment return risk or to protect against any type of financial risk or uncertainty and, in each case, which is designated by City as a Swap for purposes of this Agreement.

“TSA” shall mean the Transportation Security Administration of the Department of Homeland Security, or its authorized successor.

“Term” shall mean the period defined in Article 2.

“Total Landed Weight” shall mean the sum of the aggregate Landed Weights for all Aircraft Arrivals over a stated period of time. Said sum shall be rounded up to the nearest thousand (1,000) pound unit for all landing fee computations.

“Total Space” shall mean the total square feet in the Terminal Building.

“Turn” shall mean an aircraft arrival at the Airport and the departure of that same aircraft from the Airport.

Section 1.02 CROSS-REFERENCES

All references to articles, sections, and exhibits in this Permit relate to material in this Permit, unless specifically noted otherwise.

All defined terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Bond Resolution.

END OF ARTICLE

ARTICLE 2. TERM

Section 2.01 TERM

This Permit shall become effective at 12:01 a.m. on _____, and continue thereafter on a year-to-year basis (Term) until terminated at any time by either party on not less than thirty (30) days' advance written notice.

Section 2.02 PRIOR PERMITS AND LEASES

All permits, agreements and leases between Permittee and City, written or verbal, other than this Permit, shall be deemed terminated as of midnight of the day before the Effective Date.

Section 2.03 PERMITTEE'S RIGHTS UPON TERMINATION OF PERMIT

Upon termination of this Permit, all Permittee's rights, authority, and privileges to use the Assigned Premises, services, and facilities of the Airport as herein granted shall cease.

Section 2.04 SURRENDER OF ASSIGNED PREMISES

Upon termination of this Permit, Permittee shall surrender the Assigned Premises to City in substantially the same condition as such Assigned Premises were in on the Effective Date of this Permit, excepting, however, (a) Reasonable Wear and Tear, (b) damage by fire or other casualty not required by this Permit to be repaired by Permittee, its agents or employees, or by condemnation, (c) conditions existing prior to Permittee's occupancy of Assigned Premises, and (d) acts of God or the public enemy.

Except as otherwise provided in this Article, Permittee's Personal Property shall remain the property of Permittee unless otherwise provided in subsequent agreements between Permittee and City and Permittee shall have the right at any time during the Term of this Permit and prior to its expiration or early termination to remove all Personal Property from the Assigned Premises or Airport. Permittee agrees to repair or pay for all damages and repairs, if any, resulting from or necessitated by such removal. All City property damaged by or as a result of the removal of

Permittee's property shall be restored by Permittee at Permittee's expense to the same condition as, or better condition than, it was prior to such damage, Reasonable Wear and Tear excepted.

All Personal Property not removed by Permittee within thirty (30) days after the expiration or early termination of this Permit shall be conclusively deemed to be abandoned property (provided that Permittee and City do not enter into subsequent agreement for Permittee to continue operating at the Airport). Permittee hereby authorizes the Director to remove and dispose of its abandoned Personal Property. Permittee agrees to reimburse City, promptly upon demand, for the cost of removing and disposing of its abandoned property.

Permittee's obligations under this Section 2.04 shall survive the expiration or early termination of this Permit.

END OF ARTICLE

ARTICLE 3. ASSIGNED PREMISES

The Assigned Premises consist of the Exclusive Use Space as more particularly described in Exhibits B, C, D and E attached hereto and made a part hereof for all purposes. Permittee hereby accepts Assigned Premise from City, and City hereby assigns to Permittee, the Assigned Premises for the uses and purposes set forth below and for no other use or purpose without the Director's prior written consent. Exhibits B, C, D and E can be changed from time-to-time based on changes to the Assigned Premises of Permittee that are approved by Permittee and the Director or otherwise permitted hereunder.

Section 3.01 PERMITTEE ASSIGNED PREMISES

The Permittee Assigned Premises consist of the following categories of space:

Section 3.01 (a) Exclusive Use Space

The following are the categories of Exclusive Use Space and the permitted uses of the space:

1. Ticketing
 - a. For reserving space and selling, transferring, issuing, changing, and providing other services related to tickets for Air Transportation of passengers and the processing of small package delivery by Permittee.
 - b. For furnishing information to such passengers and the general public.
 - c. For checking baggage of Permittee's Enplaned Passengers.
 - d. For handling lost and found articles.
2. Ticket Offices
 - a. For administrative, customer service, and other office purposes in connection with Permittee's Air Transportation business.
 - b. For passenger and customer relations.
 - c. For handling lost and found articles.
3. Operations
 - a. For Permittee operations office.
 - b. For a baggage hold area.
 - c. For storage of equipment and catering supplies.
 - d. For crew space and weather, dispatch, and communications functions.
 - e. For handling lost and found articles.

4. Baggage Services Offices

- a. For storage of, and processing claims for, mishandled, damaged, or misplaced baggage.
- b. Unclaimed baggage must be stored in designated areas in the baggage service offices.
- c. For other services related to baggage.

Section 3.01 (b) Per Turn Use Space and Equipment

For each flight by Permittee to or from the Airport, City will assign to Permittee for its use the following categories of space and equipment. Pursuant to Article 5, Permittee will pay City Per Turn use fees for the use of such space and equipment by Permittee.

1. Passenger Holdrooms

- a. For selling, issuing, changing, and collecting passenger tickets and for issuing seat assignments.
- b. For a waiting area for passengers boarding an aircraft.
- c. For check-in passengers and Gate check-in of baggage.
- d. For furnishing information to passengers and the general public.
- e. For installing and displaying Permittee corporate identification on the check-in podium and background screen.

2. Loading Bridges

- a. For aircraft passenger boarding and deboarding.
- b. For aircraft boarding of Permittee personnel, contractors, and furnishers of services.
- c. For providing Permittee's aircraft with air-conditioning and 400 Hz and 28 volts ground power.

3. Apron Area

- a. For the proper parking of one aircraft per Gate in a manner that will not impede the movement of aircraft and ground equipment of other airlines.
- b. For loading and unloading of passengers, cargo, and mail.
- c. For servicing of aircraft with ground equipment.

4. Remote Parking Area

1. For the parking of aircraft in assigned areas in a manner that will not impede the movement of aircraft and ground equipment of other airlines.
2. For servicing of aircraft.
3. Not for loading and unloading of passengers.

5. Cargo Apron Area:

- a. For the parking of aircraft in assigned areas in a manner that will not impede the movement of aircraft and ground equipment of other airlines.
- b. For loading and unloading of cargo and mail.
- c. For servicing of aircraft.

Section 3.01 (c) Baggage Handling Space and Equipment

The Baggage Handling Space and Equipment consists of the Baggage Handling Areas and Equipment in the Terminal Building all as more particularly shown on Exhibit B.

Section 3.02 SELF-TICKET MACHINES

Permittee self-ticket machines shall only be installed, operated, or maintained with the prior written approval of the Director, and will be installed within Permittee's Assigned Premises in specific locations as approved by the Director.

Section 3.03 EMPLOYEE PARKING

Permittee and its Airport employees shall have the right to use the vehicular parking facilities at the Airport, in common with employees of other airlines, tenants, and Airport-related services. Use of the employee parking facilities is subject to the payment of such employee parking fees as may be established from time to time by the Director after review and discussion with the airlines. Such facilities shall be located in an area designated by the Director.

Permittee shall, on request of the Director, provide verification that it is only providing parking for its own employees employed at the Airport.

END OF ARTICLE

ARTICLE 4. USES OF THE AIRPORT

Section 4.01 PERMISSIBLE USES

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

1. The operation of an Air Transportation business by Permittee for the carriage by aircraft of persons, property, cargo, and mail, including all activities reasonably necessary to such operation.
2. The landing, taking off, flying over, taxiing, pushing, towing, loading, unloading, delivering fuel to aircraft, repairing, maintaining, conditioning, servicing, parking, storing, and testing of aircraft or other equipment of or operated by Permittee or others, including the right to provide or handle all or part of the operations or services of such others. Nothing herein shall restrict the Director from levying a Business Privilege Fee for operations handled by Permittee on behalf of others or service provided to others. Permittee shall pay City a Business Privilege Fee as established by the Director pursuant to Section 17.07 below based on the gross revenues derived by Permittee from such others. Services provided to Permittee by third-party contractors will be subject to the Business Privilege Fee.
3. The sale of tickets, documentations of shipments, handling of reservations, and the loading and unloading of persons, property, cargo, and mail at the Airport by such motor vehicles or other means of conveyance as Permittee may desire to use in the operation of its Air Transportation business. Any ground commercial carrier (including Permittee, except for such ground transportation as Permittee may provide solely for the benefit of its employees and passengers without charge) regularly transporting persons or their baggage to and from the Airport shall first secure and thereafter hold a valid permit, lease, license, or other agreement with City for the right to carry persons or their baggage to and from the Airport and shall pay City such rentals, fees, and percentages of the fares of such ground transportation commercial carrier for such right, as City or the Director may set by agreements, ordinances, or Rules and Regulations.

4. The training of personnel in the employment of or to be employed by Permittee and the testing of aircraft and other equipment utilized at the Airport in the operation of Permittee's Air Transportation business; provided, however, that said training and testing shall be incidental to the use of the Airport in the operation by Permittee of its Air Transportation business and shall not unreasonably hamper or interfere with the use of the Airport and its facilities by others entitled to use of same. The Director may restrict or prohibit such training and testing operations if, in in the Director's reasonable discretion, the Director deems them to interfere with the use of the Airport. Flight training and testing of aircraft and other equipment shall be undertaken by Permittee only with the prior written approval of the Director, and to the extent permitted by, and subject to, the Rules and Regulations.
5. The purchase of Permittee's requirements of Personal Property or services, including fuel, lubricants, food, beverage, and other passenger supplies, and any other materials and supplies used by Permittee from any person or company of Permittee's choice, and the making of agreements with any person or company of Permittee's choice for services to be performed for Permittee that are incidental to the operation of Permittee's Air Transportation business. Storage of fuel at the Airport is not permitted by this Permit, but Permittee and the Director, on behalf of the City, may negotiate a separate agreement regarding the storage of fuel at the Airport. Nothing herein shall restrict the Director from levying a Business Privilege Fee on any person or company for conducting business at the Airport. Permittee, related organizations and subsidiaries' (e.g., Delta Global Services) engaged in sale of ground service, other services, and goods to other airlines and organizations shall be subject to the Business Privilege Fee. Permittee and City agree that the proceeds from the Business Privilege Fee constitute Airport Revenue and may only be used for Airport purposes. The sale, disposal, and exchange of Permittee's aircraft, engines, accessories and other equipment, and materials or supplies, provided that such right shall not be construed as authorizing the conduct of a separate regular business by Permittee, but as permitting Permittee to perform only such functions as are incidental to the operation of its Air Transportation business at the Airport.
6. The servicing by Permittee, or by its suppliers of materials or furnishers of services, of aircraft and other equipment operated by Permittee, including the provision of line

maintenance or other materials or supplies, on Exclusive Use Space or at assigned Gates or other locations designated by the Director.

7. The installation and operation of identifying signs, posters, and graphics on Permittee's Exclusive Use, subject to the prior written approval of the Director. Such signs shall be substantially uniform in size, type, and location with those of other airlines, consistent with the Airport's graphic standards, the Rules and Regulations, and in compliance with all applicable laws and ordinances.
8. The installation, maintenance, and operation of such radio, meteorological, and aerial navigation equipment and facilities at suitable locations on the Airport as may be necessary or convenient in the opinion of Permittee for its operations; provided that: (i) the location of such equipment and facilities shall be subject to the prior written approval of the Director; (ii) the use and location of such equipment and facilities shall not conflict with other equipment and facilities at the Airport; and (iii) the use and location of such equipment and facilities on the Airport shall be subject to the payment of standard rental rates established for such use.
9. The installation, maintenance, and operation of computer data lines, non-revenue generating Wi-Fi networks, telephone communications equipment, associated cables, associated conduits, and telephone communications switchgear and support computers at suitable locations on the Airport as may be necessary or convenient in the opinion of Permittee for its operations; provided that: (i) the location of such equipment shall be subject to the prior written approval of the Director; (ii) the use and location of such equipment shall not interfere with the use of other equipment on the Airport; (iii) the use and location of such equipment, except for cables, on the Airport shall be only in Exclusive Use Space for which rents, fees and charges are being timely paid by Permittee pursuant to this Permit; (iv) all cables are installed in conduits, and when such cables are no longer needed, they are promptly removed by Permittee without damage to the space and the conduits are also promptly removed by Permittee if so required by the Director; and (v) all installation and/or removal is performed in accordance with the Airport's telecommunications infrastructure and security requirements.
10. The installation, maintenance, and operation of passenger clubs, lounges, or VIP rooms in Permittee's Exclusive Use Space, subject to the approval of the Director and provided that

such right shall not be construed as authorizing the conduct of a separate regular business by Permittee, but as permitting Permittee to perform only such functions as are incidental to the conduct or operation of its Air Transportation business.

11. Permittee will require its contractors to obtain required permits from the Director and pay Business Privilege Fees promptly.
12. The storage and parking of equipment, baggage and cargo equipment, and vehicles, but only at such locations as specifically designated by the Director.
13. The maintenance and repair of equipment and vehicles, but only at such locations as specifically designated by the Director.

Section 4.02 RESTRICTIONS

In connection with the exercise of Permittee's rights under this Permit, Permittee or any of its agents, employees, directors, officers, contractors, invitees, licensees, or representatives shall not do any of the following, notwithstanding any contrary provision in this Permit:

1. Do or permit its agents, employees, directors, or officers to do anything at or about the Airport that may interfere with the effectiveness or accessibility of the drainage and sewage system, electrical system, air conditioning system, fire protection system, sprinkler system, alarm system, fire hydrants and hoses, if any, installed or located on or within the premises of the Airport.
2. Do anything that may invalidate or conflict with any fire or other casualty insurance policies covering the Airport or any part thereof.
3. Keep or store, at any time, flammable or combustible liquids except in accordance with federal, State, and City laws, including the Uniform Fire Code and the Uniform Building Code. For purposes of this Permit, flammable or combustible liquids shall have the same definitions as set forth in the Uniform Fire Code, as that Code may be amended from time to time.

4. Do anything that may be in conflict with 14 CFR Part 139 Airport Certification as that regulation may be amended from time to time, or jeopardize the operating certificate of the Airport.
5. Do anything that may be in conflict with 49 CFR Part 1542 Airport Security or the TSA-approved security plan for the Airport.
6. Permit any amusement machine, vending machine, public pay telephone, facsimile machine, copy machine, or other machine operated by coins, tokens, or credit cards to be installed or maintained in any publicly accessible area without the express written determination of the Director in his discretion. Permittee or its nominee may, however, install, maintain, and operate vending machines in Permittee's Exclusive Use Space not accessible to the public for the purpose of providing and making available foods, beverages and sundry food items to Permittee's employees only.
7. Provide commercial ground transportation services to any person upon payment of any fee or charge. However, Permittee is expressly excluded from the requirements of any Rules and Regulations promulgated, so long as this ground transportation is provided free of any fee or charge to any passenger (as a result of irregular operations) or employee.
8. Dispose of or permit its agents, employees, directors or officers to dispose of any waste material taken from or products used (whether liquid or solid) with respect to its aircraft into the sanitary or storm sewers at the Airport unless such waste material or products first be properly treated by equipment installed with the approval of the Director for that purpose. Such disposal shall take place only after receipt by Permittee of written permission from the Director.
9. Perform aircraft engine run-ups except at locations and during time periods approved in writing in advance by the Director.

10. Enter into activities that compete with City in City's development of any non-airline revenue from Airport passengers, tenants, and other users. Should the Director allow Permittee to engage in non-airline business activities not specifically permitted in this Permit, the Director may levy a Business Privilege Fee.

Section 4.03 INGRESS AND EGRESS

Subject to the other provisions hereof and to the Rules and Regulations, and laws and regulations of federal authorities such as the TSA or the Department of Homeland Security, the following privileges of ingress and egress with respect to the Airport are hereby granted:

1. For Permittee, its agents, employees, contractors, and subcontractors access to the Exclusive Use Space, Baggage Handling Areas, and Baggage Handling System areas and to space used by Permittee in common with other airlines. This right shall extend to Permittee's aircraft, vehicles, machinery, and equipment used in its Air Transportation business.
2. For Permittee's passengers, guests, and invitees, access to the public facing Exclusive Use Space and to other Airport areas provided for the use of Permittee's passengers, guests, and invitees in common with those of other airlines, and to public facilities.
3. For Permittee's suppliers of materials and furnishers of service, access to the Exclusive Use Space and Baggage Handling Areas.

The ingress and egress provided for above shall not be used, enjoyed, or extended to any person, airline, or vehicle engaging in any activity or performing any act or furnishing any service for or on behalf of Permittee that Permittee is not authorized to engage in or perform under the provisions hereof unless expressly authorized by the Director.

Section 4.04 CONCESSION SERVICES RIGHTS RESERVED BY CITY

Except as otherwise expressly provided herein, City reserves the exclusive right to itself, its agents, and its franchisees to operate all concession services (including, but not limited to,

food/beverage and news/gift concessions, specialty retail shops and carts, vending machines, pay telephones, facsimile machines, and other voice and data telecommunications systems, advertising displays, baggage lockers, and baggage carts) in the Terminal Building, including the Assigned Premises, such as Passenger Holdrooms and Loading Bridge interiors and exterior areas, and to retain the revenue therefrom; provided, however, that City agrees that no concession services shall be located or operated by City or its nominees in any Exclusive Use Space without prior notice to Permittee.

City shall operate all concessions and provide such other services (with reasonable consideration to requests made by Permittee) for scheduled airline passenger operations at the Airport, as it deems necessary or appropriate.

The distribution, serving or sale of food and/or beverages (including alcoholic beverages) meant to be consumed aboard Permittee's aircraft by Permittee or its in-flight catering provider shall be limited to Permittee's passengers who are in the passenger Loading Bridge or entrance to the passenger Loading Bridge and in the process of boarding Permittee's aircraft, unless in Permittee's clubroom, otherwise agreed in writing by the Director, or in the event of irregular operations as described above and below. The provisions of this Section notwithstanding, all distribution of alcoholic beverages shall comply with applicable laws.

Permittee may provide food and beverages, at no cost, to Permittee's customers and passengers in the assigned Passenger Holdrooms during irregular operations. For purposes of this section irregular operations are defined as situations in which actual flight operations vary materially from schedule flight operations. The provision of food and refreshments during irregular operations are not subject to the Business Privilege Fee discussed above so long as food and beverages are disseminated by Permittee to Permittee's ticketed passengers at no charge.

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

Section 4.05 GROUND HANDLING SERVICES BY PERMITTEE OR OTHERS

Permittee may contract with or receive from other airlines serving the Airport or other companies Ground Handling Services (both above and below the wing services) for Permittee's aircraft, provided that Permittee provides advance written notice to the Director (or his designated representative) of such arrangements and uses reasonable efforts to ensure that such other airline or other company shall have entered into an operating permit or agreement or other similar contract with City prior to commencing Ground Handling Services with Permittee.

If the Permittee receives Ground Handling Services from a Ground Handling Services provider, it will require provider to pay the City monthly an amount equal to ten (10.0%) of the gross amount invoice by the provider to Permittee for Ground Handling Services. If the provider does not pay the Business Privilege Fee to the City when due, the amount due will become an Additional Rent obligation of Permittee under this Permit. Nothing herein shall restrict City from requiring the service provider to have a Permit with City, and City levying a Business Privilege Fee for Ground Handling Services on any person or company (including Permittee when Permittee is providing these services at the Airport.).

Subject to the Permittee's payment of the Business Privilege Fee, Permittee may provide Ground Handling Services to aircraft of other airlines operating at the Airport provided that Permittee provides advance written notice to the Director (or his designated representative) of such arrangements and uses commercially reasonable efforts to ensure that such other airline has entered into an operating permit or agreement or similar contract with City prior to conducting its operations at the Airport. Permittee's insurance, as required in this Permit, shall provide insurance coverage for such Ground Handling Services.

Section 4.06 REMOVAL OF DISABLED AIRCRAFT

Upon release of Permittee's disabled aircraft by the proper authorities, Permittee shall promptly remove any such disabled aircraft from any part of the Airport (including, without limitation, runways, taxiways, aprons, and Gate positions) and place any such disabled aircraft in such storage area as may be designated by the Director.

Permittee may store such disabled aircraft only for such length of time and on such terms and conditions as may be established by the Director. If Permittee fails to remove any of its disabled aircraft promptly in accordance with this Section, the Director may, but shall not be obligated to, cause the removal of such disabled aircraft. However, City's election to remove or store such disabled aircraft shall not be inconsistent with federal laws and regulations. Permittee agrees to reimburse City for all costs of such removal.

Alternatively, at the discretion of Permittee, the disabled aircraft can be stored at an Off-Airport location.

SECTION 4.07 PERMITTEE PRECAUTIONS

Precaution shall be exercised at all times by Permittee for the protection of all persons, including employees, and property. Permittee shall make special effort to detect hazardous conditions and shall take prompt action where loss control/safety measures shall reasonably be expected.

END OF ARTICLE

ARTICLE 5. RENTS AND FEES

Section 5.01 CONSIDERATION

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

Section 5.02 PERMITTEE TERMINAL BUILDING RENTS

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

Section 5.03 PERMITTEE PER TURN GATE USE FEE

Permittee shall pay City a Permittee Per Turn Gate Use Fee for its use of the Passenger Holdrooms, Loading Bridges, and Aircraft Apron parking positions. The Permittee Per Turn Use Gate Fee will be based on the annual rental requirements for Passenger Holdrooms, Loading Bridges, and Apron Areas divided by the projected number of annual aircraft Turns for each Gate as calculated pursuant to Article 6 hereof; provided that Permittee will be charged an amount equal to two Permittee Per Turn Gate Use Fees for overnight aircraft parking at a Terminal Building Gate. The Permittee Per Turn Gate Use Fees, for City controlled Gates, will be recalculated each Fiscal Year in accordance with Article 6 hereof.

Section 5.04 PERMITTEE BAGGAGE HANDLING SYSTEM USE FEE

Permittee shall pay City for its use of the Baggage Handling System and baggage processing areas in the Terminal Building a monthly Permittee Baggage Handling System Use Fee based on the annual Permittee Baggage Handling System Use Fee rate recalculated each Fiscal Year in accordance with Article 6 hereof.

The Permittee Baggage Handling System Use Fee is compensation for (1) Terminal Building space used for handling and processing baggage including, but not limited to baggage conveyer

areas, baggage screening system and the areas it occupies, baggage, makeup areas, tug-ways, baggage breakdown areas, baggage claim areas, and (2) the direct and indirect cost of operation and maintenance of all baggage handling, screening, conveying, and processing equipment.

Section 5.05 PERMITTEE CARGO APRON AREA USE FEES

Permittee shall pay City a Permittee Per Turn Cargo Apron Area Use Fee for its use of City controlled aircraft parking positions located in the Cargo Apron Area. The City Permittee Per Turn Cargo Apron Area Use Fee will be based on the annual requirement for each City controlled aircraft parking position located in the Cargo Apron Area divided by the projected number of annual aircraft Turns for each City controlled aircraft parking position in the Cargo Apron Area. The annual Permittee rental requirements for each City controlled aircraft parking position in the Cargo Apron Area will be recalculated each Fiscal Year in accordance with Article 6 hereof.

Section 5.06 PERMITTEE REMOTE PARKING APRON AREA USE FEES

Permittee shall pay City a Permittee Per Turn Remote Parking Area Use Fee for its use of City controlled aircraft parking positions in the Remote Parking Area. The City Permittee Per Turn Remote Parking Apron Area Use Fees will be based on the annual rental requirement for each City controlled aircraft parking position in Remote Parking Apron Area divided by the projected number of annual aircraft Turns for each City controlled aircraft parking position in the Remote Parking Apron Area. Permittee will be charged an amount equal to two Permittee Per Turn Remote Parking Apron Area Use Fees for overnight aircraft parking at the Remote Parking Apron Area. The annual Permittee rental requirements for each City controlled aircraft parking position in the Remote Parking Apron Area will be recalculated each Fiscal Year in accordance with Article 6 hereof.

Section 5.07 PERMITTEE LANDING FEES

Permittee shall pay City for its use of the Airfield Area monthly Landing Fees based on the annual Permittee Landing Fee rate calculated each Fiscal Year in accordance with Article 6 hereof; provided that at no time during the term of this Permit shall the landing fee rate per 1,000

pounds of Permittee's aircraft landed weight be less than forty six cents (\$0.46) per one thousand pounds of Permittee's aircraft landing weight.

Section 5.08 OTHER CHARGES

City reserves the right to assess, and Permittee agrees to pay other reasonable charges that include but would not be limited to the following:

1. Rents, fees, and charges for land, facilities, and equipment – the use of which has not been conveyed above. This category of charges would include, but is not limited to, the use of Airport-controlled Remote Aircraft Parking Area, Airport's Triturator, Airport aircraft de-icing equipment, and potable water cabinets.
2. Interest and penalties on Permittee's delinquent rents, fees, and charges.
3. Fines levied by the Director for Permittee's violations of the Rules and Regulations, lost badges, etc. per the schedule of fines set forth in the Rules and Regulations.
4. Fines levied by government authorities against the Airport for Permittee's acts or failure to act.
5. Telecommunications trunk equipment charges.
6. Charges for employee parking facilities
7. Charges for security processing and the issuance of security identification badges for Permittee's employees.

Section 5.09 TIME OF PAYMENT

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

1. Permittee Exclusive Use Space rents shall be paid on or before the first day of each month in advance. The Airport's invoice for monthly Permittee Exclusive Use Space rent will be transmitted to Permittee by the fifteenth (15th) day of each month and is payable on or before the first day of the following month.
2. The Permittee Per Turn Gate Use Fee for the use of City Gates shall be due and payable without deduction or setoff within fifteen (15) days after the last day of the month after

such month of operations and shall be transmitted to the Director together with Permittee's monthly statistical report.

3. The Permittee Baggage Handling System Use Fee shall be paid on or before the first day of each month in advance based on an Airport invoice that will calculate the amount due based on the most recent month's enplanement statistics available. The Airport's invoice for monthly Permittee Baggage Handling System Use Fee will be transmitted to Permittee by the fifteenth (15th) day of each month and is payable on or before the first day of the following month.
4. The Permittee Per Turn Use Cargo Apron Area Use Fees shall be due and payable without deduction or setoff within fifteen (15) days after the last day of the month after such month of operations and shall be transmitted to the Director together with Permittee's monthly statistical report.
5. Permittee Landing Fees shall be due and payable without deduction or setoff within fifteen (15) days after the last day of the month after such month of operations and shall be transmitted to the Director together with Permittee's monthly statistical report.

Rents, fees, and charges not described in paragraphs (1) through (5) above shall be due and payable within thirty (30) days after transmittal of an invoice therefor by the Director.

The acceptance of any payment made by Permittee shall not preclude City from verifying the accuracy of Permittee's report and computations or from recovering any additional payment actually due from Permittee or preclude Permittee from later demonstrating that Permittee's report was inaccurate and that a lesser amount was properly owed (and to recover any such overpayment).

Section 5.10 PFC COLLECTION AND HANDLING

Permittee shall faithfully collect and promptly remit to City, not less than monthly (without notice or demand by City and in accordance with 14 CFR 158 Passenger Facility Charges as this

regulation may be amended from time to time) the proceeds of City's PFCs and shall punctually file quarterly reports in accordance with 49 U.S.C. 40177 and the requirements of 14 CFR 158, so long as City has an approved PFC in effect. Permittee shall keep and maintain all of City's PFCs in a separate account used solely for such purpose and shall not commingle the proceeds of City's PFCs with any other monies or funds of Permittee or any other person or entity. The PFCs shall at all times be the sole and separate property of City, and all PFCs collected by Permittee shall be held in trust by Permittee for the sole use and benefit of City until remitted to City. In no event shall the PFCs constitute property of the estate of the Permittee under 11 U.S.C. Section 541 in the event of the filing of a petition in bankruptcy by or against Permittee or any other person or entity.

Section 5.11 PLACE OF PAYMENT

Rents, fees, and charges shall be paid in United States Dollars by wire, electronic funds transfer, or check payable to City of Pensacola, Florida, which shall be delivered or mailed, postage prepaid, to City of Pensacola, Pensacola International Airport, 2430 Airport Blvd., Ste. 225, Pensacola, FL 32504 or which may be paid by wire transfers to accounts of the Airport designated in writing by the Director. To arrange payment by wire or electronic funds transfer, Permittee shall contact the Director at (850) 436-5000 for further information.

Section 5.12 ADDITIONAL RENT

City, after written notice to Permittee, may, but is not obligated to, cure any default on Permittee's part in fulfilling Permittee's covenants and obligations under this Permit. Actual amounts paid or costs incurred by City to cure any such default, together with an administration fee equal to fifteen percent (15%) of such actual amounts paid or costs incurred, are hereby agreed on and declared to be additional rent. Unless otherwise provided herein, all additional rent shall be due and payable on the later of either fifteen (15) days after receipt by Permittee of an invoice therefor or with the next succeeding installment of monthly rent due under this Permit. This Section will not apply in the case of a default where Permittee is diligently acting to cure the default; provided that Permittee is proceeding in good faith with reasonable dispatch to cure same.

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Section 5.13 LIQUIDATED DAMAGE ON OVERDUE PAYMENTS

Without waiving any other right available to City in the event of a default in Permittee's payment of any rents, fees, and charges under this Permit, including Passenger Facility Charge proceeds, which continues for a period of thirty (30) calendar days or more from the date when such payment is due to City, Permittee shall pay City late fees thereon, from the date such rents, fees, or charges become payable to the date of payment at the rate of one and one-half percent (1.5%) per month; provided, however, that if the maximum rate then provided by law is less than 1.5% per month, then the rate shall be such maximum legal rate. City may, but is not obligated to provide Permittee with a written reminder when invoiced rents, fees, or charges have not been received within thirty (30) calendar days of transmittal of the invoice therefor.

Section 5.14 PERFORMANCE GUARANTEE – PERMITTEE RENTS AND FEES

To guarantee and secure Permittee's faithful performance of all terms and conditions contained herein, including but not limited to the timely payment of all rents, fees, and charges, Permittee shall deliver to City upon the execution of this Permit, and shall thereafter continuously maintain in effect until the expiration or termination of this Permit, a "Performance Guarantee" in the aggregate amount of:

- a. Estimated Permittee rents for Exclusive Use Space for two (2) months;
- b. Estimated Permittee Per Turn Gate Use Fees for two (2) months;
- c. Estimated Permittee Baggage Handling System Use Fee for two (2) months;
- d. Estimated Permittee Per Turn Cargo Apron Use Fees for two (2) months;
- e. Estimated Permittee Per Turn Remote Parking Apron Use Fees for two (2) months;
- f. Estimated Permittee Landing Fees for two (2) average months (determined by multiplying Permittee's estimated landed weight each year by sixteen and two thirds (16.667%) percent and then multiplying such product by the actual Landing Fee rate effective for the Fiscal Year).

The amount of the Performance Guarantee may be adjusted by the Director annually, or more frequently to maintain an average two (2) months rents and fees Performance Guarantee based on current rent and fee levels. Such Performance Guarantee shall be in the form of a Letter of Credit, quick pay bond (i.e., payable within ten (10) days of demand), or other instrument reasonably satisfactory in all respects to the Director, in a form reasonably acceptable to the Director. The Performance Guarantee must provide that it shall automatically renew and remain in full force and effect for a period extending two (2) months following the expiration or early termination of this Permit.

In the event City is required to draw down or collect against Permittee's Performance Guarantee for any reason, Permittee shall, within ten (10) business days after City's written demand, take such action as may be necessary to replenish the existing Performance Guarantee to its original value or to provide a replacement Performance Guarantee from another source so that the aggregate of Performance Guarantee (s) is equal to the total amount required above.

In the event that any such Performance Guarantee shall be for a period less than the full period required above or if the Performance Guarantee will be cancelled, then not less than fifteen (15) days prior to the termination or cancellation of the Performance Guarantee, Permittee shall provide a renewal or replacement Performance Guarantee for the remaining required period so that there is no interruption in coverage.

Permittee and City agree that this Permit constitutes an 'unexpired lease' for the purposes of Section 365 of the United States Bankruptcy Code (Title 11 U.S.C.) subject to assumption or rejection, and subject to the terms and conditions of assumption or rejection, as provided in said Section 365. Upon Permittee's election to assume this Permit under the United States Bankruptcy Code (Title 11 U.S.C.) or any successor statute, as such may be amended, supplemented, or replaced, City, by written notice to Permittee given at any time within ninety (90) days of the date that such election becomes known to City, may impose or re-impose the Performance Guarantee requirements on Permittee. In such event, Permittee shall provide City with the required Performance Guarantee within ten (10) days from its receipt of such written notice and shall thereafter maintain such Performance Guaranty in effect until the expiration or termination

of this Permit. Furthermore, Permittee and City agree that if Permittee provides a Performance Guarantee in the form of a bond or irrevocable letter of credit, whether before or after the commencement of any bankruptcy or insolvency proceeding by or against Permittee, such Performance Guarantee provided by Permittee is not 'property of the estate' for purposes of Section 541 of the United States Bankruptcy Code (Title 11 U.S.C.), it being understood that any Performance Guarantee is the property of the third (3rd) party providing it (subject to City's ability to draw against the Performance Guarantee) and that all PFCs, less the allowable collection fees, collected by Permittee with respect to Enplaned Passengers at the Airport are the property of City.

END OF ARTICLE

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

Section 6.01 ANNUAL CALCULATIONS

Each Fiscal Year, beginning with Fiscal Year 2018, the following will be calculated by the Director as provided in this Article 6:

1. Terminal Building Rental Rate
2. Per Turn Gate Use Fee consisting of:
 - a. Passenger Holdroom Use Fee
 - b. Apron Area Use Fee
 - c. Loading Bridge Use Fee
3. Baggage Handling System Use Fee
4. Per Turn Cargo Apron Area Use Fee
5. Per Turn Remote Parking Apron Area Use Fee
6. Landing Fee rate

Any such calculation of rents, fees, and other charges will be effective on the first day of the applicable Fiscal Year or the first day of the month during the Fiscal Year following a midyear rate adjustment.

By July 15th of each year, or as soon as practical thereafter, the Director will provide each permittee then currently engaged in Air Transportation at the Airport with a complete copy of the proposed Airport Budget and exhibits showing proposed rents, fees, and charges, calculated in accordance with Article 6 of this Permit, for the succeeding Fiscal Year. The Director will consult with such permittees concerning the proposed Airport Budget and the proposed rents, fees, and charges.

By September 1st of each year, or as soon as practical thereafter, the Director will make any revisions to the proposed rents, fees, and charges as the Director determines, in its reasonable discretion, to be warranted as a result of consultation with the airlines or otherwise, and will provide written notice to each permittee then currently engaged in Air Transportation at the

Airport of new rents, fees, and charges to be effective as of October 1st of that year, contingent upon the Pensacola City Council's adoption of the Budget.

Section 6.02 CALCULATION OF PERMITTEE TERMINAL BUILDING RENTAL RATE

- a. Each year, the Director will calculate the Terminal Building Requirement for the applicable Fiscal Year by totaling the following estimated amounts:
 1. The total of direct and indirect estimated Maintenance and Operating Expenses allocable to the Terminal Building.
 2. The total of Capital Outlays allocable to the Terminal Building
 3. An amount equal to 1.25 times the Annual Debt Service Requirement on all Bonds and other obligations and indebtedness allocable to the Terminal Building or such other amount as may be required by a Bond Resolution or loan document, less amounts paid by other sources (e.g. PFC revenues).
 4. The amount of any deposit to the Maintenance and Operating Reserve Fund allocable to the Terminal Building
 5. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by City relating directly to the Airport, or its operation, allocable to the Terminal Building.
 6. The amount required to replenish any Bond Fund allocable to the Terminal Building.
 7. Any other expenses allocable to the Terminal Building not included above.
- b. The Permittee Rental Rate Per Square Foot will then be calculated by dividing the total Terminal Building Requirement by the Total Space. If the Permittee's rental rate per square foot is less than one hundred thirty (130.0%) percent of the projected rental rate requirement of the Signatory Airlines calculated pursuant to the Signatory Airline Operating Agreement and Terminal Building Lease, then Permittee's rental rate for the Fiscal Year will be one hundred thirty (130.0%) percent of Signatory Airlines Terminal

Building rental rate calculated pursuant to the Signatory Airline Operating Agreement and Terminal Building Lease.

- c. Permittee's rents for Permittee's Exclusive Use Space in the Terminal Building will be computed as the product of the Permittee's Rental Rate Per Square Foot and the total amount of square footage of Permittee's Exclusive Use Space in the Terminal Building.

Section 6.03 PERMITTEE PER TURN GATE USE FEES

The Permittee Per Turn Gate Use Fee requirement for each City controlled Gate is the sum of the annual Apron Area Requirement, Loading Bridge Requirement, and Passenger Holdroom Requirement associated with each Gate, as calculated in accordance with this Section 6.03. The Per Turn Gate Use Fee is determined by dividing each of the Gate's use fee requirements by City's projection of the number of annual Turns at each Gate pursuant to this Section 6.03. Each City controlled Gate will have a unique fee based on the size of each Gate's Passenger Holdroom and Apron Area.

The components of the Permittee Per Turn Gate Use Fees are calculated as follows:

Section 6.03 (a) Calculation of Holdroom Use Fee

The Holdroom Requirement for each City controlled Passenger Holdroom in the Terminal Building will be computed as the product of the Permittee Rental Rate Per Square Foot (calculated in accordance with Section 6.02) and the total amount of square footage in such City controlled Passenger Holdroom. The Holdroom Requirement for each Passenger Holdroom will be divided by the Director's projection of the number of annual Turns for such Passenger Holdroom to determine such Passenger Holdroom's Per Turn Holdroom Use Fee. This calculation will result in each Passenger Holdroom having a unique fee based on the size of each Passenger Holdroom.

Section 6.03 (b) Calculation Permittee Apron Area Use Fee

- a. Each year, the Director will calculate the Permittee Apron Area Requirement for the applicable Fiscal Year by totaling the following estimated amounts and multiplying the result by one hundred thirty (130.0%) percent:

1. The total of direct and indirect estimated Maintenance and Operating Expenses allocable to the Apron Area.
 2. The total of Capital Outlays allocable to the Apron Area
 3. An amount equal to 1.25 times the Annual Debt Service Requirement on all Bonds and other obligations and indebtedness allocable to the Apron Area or such other amount as may be required by a Bond Resolution or loan document, less amounts paid by other sources (e.g. PFC revenues).
 4. The amount of any deposit to the Maintenance and Operating Reserve Fund allocable to the Apron Area required by a Bond Resolution.
 5. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by City relating directly to the Airport or its operation allocable to the Apron Area.
 6. The amount required to replenish any Bond Fund allocable to the Apron Area.
 7. Any other expenses allocable to the Apron Area not included above.
- b. The sum of items 1 through 7 above multiplied by one hundred thirty (130.0%) percent is the Permittee Apron Area Requirement. The Permittee Apron Area Requirement per linear foot will then be calculated by dividing the Permittee Apron Area Requirement by the total linear feet in the Apron Area measured 100 feet from the Terminal Building.
- c. The Permittee Apron Area Requirement for each City controlled Gate will be computed as the product of the Permittee Apron Area Requirement per linear foot and the linear feet of Apron Area assigned to such City controlled Gate.
- d. The Permittee Apron Area Requirement for each Gate will be divided by City's projection of the number of annual Turns for each Gate to determine such Gate's Per Turn Permittee Apron Area Use Fee.

Section 6.03 (c) Calculation of Permittee Loading Bridge Use Fee

a. Each year, the Director will calculate the Permittee Loading Bridge Requirement for the applicable Fiscal Year by totaling the following amounts and multiplying the result by one hundred thirty (130.0%) percent:

1. The total of direct and indirect estimated Maintenance and Operating Expenses allocable to the Loading Bridges.
2. The total of Capital Outlays allocable to the Loading Bridges.
3. An amount equal to 1.25 times the Annual Debt Service Requirement on all Bonds and other obligations and indebtedness allocable to the Loading Bridges or such other amount as may be required by a Bond Resolution or loan document, less amounts paid by other sources (e.g. PFC revenues).
4. The amount of any deposit to the Maintenance and Operating Reserve Fund allocable to the Loading Bridges required by a Bond Resolution.
5. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by City relating directly to the Airport or its operation allocable to the Loading Bridges.
6. The amount required to replenish any Bond Fund allocable to the Loading Bridges.
7. Any other expenses allocable to the Loading Bridges not included above.

b. The sum of items 1 through 7 above multiplied by one hundred thirty (130.0%) percent is the Permittee Loading Bridge Requirement.

c. The Permittee Loading Bridge Requirement per Loading Bridge will then be calculated by dividing the Permittee Loading Bridge Requirement by the total number of Loading Bridges at the Terminal Building.

d. The Per Turn Permittee Loading Bridge Use Fee for each Loading Bridge will be divided by City's projection of the number of annual Turns for each Loading Bridge to determine such Loading Bridge's Per Turn Loading Bridge Use Fee.

Section 6.04 CALCULATION OF PERMITTEE BAGGAGE HANDLING SYSTEM USE FEE

- a. Each year, the Director will calculate the Permittee Baggage Handling System Requirement for the applicable Fiscal Year by totaling the following estimated amounts.
1. An amount equal to 1.30 times the total of direct and indirect estimated Maintenance and Operating Expenses allocable to the Baggage Handling System.
 2. An amount equal to 1.30 times the total of Capital Outlays allocable to the Baggage Handling System.
 3. An amount equal to 1.30 times the amount equal to 1.25 times the Annual Debt Service Requirement on all Bonds and other obligations and indebtedness allocable to the Baggage Handling System or such other amount as may be required by a Bond Resolution or loan document, less amounts paid by other sources (e.g. PFC revenues).
 4. An amount equal to 1.30 times any deposit to the Maintenance and Operating Reserve Fund allocable to the Baggage Handling System required by a Bond Resolution.
 5. An amount equal to 1.30 times the estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by City relating directly to the Airport or its operation allocable to the Baggage Handling System.
 6. An amount equal to 1.30 times the amount required to replenish any Bond Fund allocable to the Baggage Handling System.
 7. An amount equal to 1.30 times any other expenses allocable to the Baggage Handling System.
 8. An amount equal to 52,482 square feet of baggage handling areas of the Terminal Building (baggage conveyer areas, baggage, makeup, tug ways, baggage breakdown areas, baggage claim areas) or such other amount of square footage for this function that may result from modifications and changes in the Terminal Building from time to time multiplied by Permittee Terminal Building Rental Rate calculated in accordance with Section 6.02 of this Permit

- b. The sum of items 1 through 8 above is the Permittee Baggage Handling System Requirement. The Permittee Baggage Handling System Use Fee rate will be calculated by dividing the Permittee Baggage Handling System Requirement by the total estimated number of Enplaned Passengers for the applicable Fiscal Year

- c. Permittee Baggage Handling System Use Fee will be calculated by multiplying Permittee's Enplaned Passengers for each month of the applicable Fiscal Year by the Permittee Baggage Handling System Use Fee rate then in effect.

Section 6.05 CALCULATION OF PERMITTEE CARGO APRON AREA USE FEES

- a. Each year, the Director will calculate the Permittee Cargo Apron Area Requirement for the applicable Fiscal Year by totaling the following estimated amounts and multiplying the result by one hundred thirty (130.0%) percent:
 - 1. The total of direct and indirect estimated Maintenance and Operating Expenses allocable to the Cargo Apron Area.
 - 2. The total of Capital Outlays allocable to the Cargo Apron Area
 - 3. An amount equal to 1.25 times the Annual Debt Service Requirement on all Bonds and other obligations and indebtedness allocable to the Cargo Apron Area or such other amount as may be required by a Bond Resolution or loan document, less amounts paid by other sources (e.g. PFC revenues).
 - 4. The amount of any deposit to the Maintenance and Operating Reserve Fund allocable to the Cargo Apron Area required by a Bond Resolution.
 - 5. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by City relating directly to the Airport or its operation allocable to the Cargo Apron Area.
 - 6. The amount required to replenish any Bond Fund allocable to the Cargo Apron Area.
 - 7. Any other expenses allocable to the Cargo Apron Area not included above.

- b. The sum of items 1 through 7 above multiplied by one hundred thirty (130.0%) percent is the Permittee Cargo Apron Area Requirement. The Permittee Cargo Apron Area Requirement per linear foot will then be calculated by dividing the Permittee Cargo Apron Area Requirement by the total linear feet in the Cargo Apron Area.
- c. The Permittee Cargo Apron Area Requirement for each City controlled Cargo Apron Area aircraft parking position will be computed as the product of the Permittee Cargo Apron Area Requirement per linear foot and the linear feet of Cargo Apron Area assigned to such City controlled aircraft parking position.
- d. The Permittee Cargo Apron Area Requirement for each City controlled aircraft parking position will be divided by City's projection of the number of annual Turns for such City controlled aircraft parking position to determine each City controlled aircraft parking position's Per Turn Permittee Cargo Apron Area Use Fee.

Section 6.06 CALCULATION OF PERMITTEE REMOTE PARKING AREA FEES

- a. Each year, the Director will calculate the Permittee Remote Parking Area Requirement for the applicable Fiscal Year by totaling the following estimated amounts and multiplying the result by one hundred thirty (130.0%):
 - 1. The total of direct and indirect estimated Maintenance and Operating Expenses allocable to the Remote Parking Area.
 - 2. The total of Capital Outlays allocable to the Remote Parking Area
 - 3. An amount equal to 1.25 times the Annual Debt Service Requirement on all Bonds and other obligations and indebtedness allocable to the Remote Parking Area or such other amount as may be required by a Bond Resolution or loan document, less amounts paid by other sources (e.g. PFC revenues).
 - 4. The amount of any deposit to the Maintenance and Operating Reserve Fund allocable to the Remote Parking Area required by a Bond Resolution.

5. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by City relating directly to the Airport or its operation allocable to the Remote Parking Area.
 6. The amount required to replenish any Bond Fund allocable to the Remote Parking Area.
 7. Any other expenses allocable to the Remote Parking Area not included above.
- b. The sum of items 1 through 7 above multiplied by one hundred thirty (130.0%) percent is the Permittee Remote Parking Area Requirement. The Permittee Remote Parking Area Requirement per linear foot will then be calculated by dividing the Permittee Remote Parking Area Requirement by the total linear feet in the Remote Parking Area.
 - c. The Permittee Remote Parking Area Requirement for each City controlled Remote Parking Area aircraft parking position will be computed as the product of the Permittee Remote Parking Area Requirement per linear foot and the linear feet of Remote Parking Area assigned to such City controlled aircraft parking position.
 - d. The Permittee Remote Parking Apron Area Requirement for each City controlled Remote Parking Area aircraft parking position will be divided by City's projection of the number of annual Turns for such City controlled Remote Parking Area aircraft parking position to determine such City controlled Remote Parking Area aircraft parking position's Per Turn Permittee Remote Parking Area Use Fee.

Section 6.07 CALCULATION OF PERMITTEE LANDING FEE RATE

- a. Each year, the Director will calculate the Permittee Landing Fee Requirement for the applicable Fiscal Year by totaling the following amounts:
 1. The total of direct and indirect estimated Maintenance and Operating Expenses of the Airfield Area.
 2. The total of Airport Capital Outlays allocable to the Airfield Area.
 3. An amount equal to 1.25 times the Annual Debt Service Requirement on all Bonds and other obligations and indebtedness allocable to the Airfield Area or such other amount as

may be required by a Bond Resolution or loan document, less amounts paid by other sources (e.g. PFC revenues)

4. The amount of any deposit, allocable to the Airfield Area, to the Airport Maintenance and Operating Reserve Fund required by a Bond Resolution.
5. The estimated amount of any assessment, judgment, or charge (net of insurance proceeds) to become payable by City relating directly to the Airport, or its operation allocable to the Airfield Area.
6. The amount required to replenish any Airport Bond Fund allocable to the Airfield Area.
7. Any other Airport expenses allocable to the Airfield Area.
8. An amount equal to seventeen and one-half percent (17.5%) of non-airline revenues derived by City during the Fiscal Year that is allocable to the Airfield Area.
9. The portion allocable to the Airfield Area for any overpayment or underpayment for the operation of the Airport during the then-current Fiscal Year or any adjustment carried over from preceding Fiscal Years.

The sum of items 1 through 9 multiplied by 130% is the Permittee Landing Fee Requirement.

The Permittee Landing Fee Rate per one thousand (1,000) pound units of Landed Weight will then be calculated by dividing the Permittee Landing Fee Requirement by the Total Landed Weight. If the Permittee Landing Fee Rate per one thousand (1,000) pound units of Landed Weight is greater than one hundred thirty (130.0%) percent of the projected Landing Fee rate per one thousand (1,000) pound units of Landed Weight of the Signatory Airlines calculated pursuant to the Signatory Airline Operating Agreement and Terminal Building Lease, then the Permittee Landing Fee Rate per one thousand (1,000) pound units of Landed Weight for the Fiscal Year will be one hundred thirty (130.0%) percent of Signatory Airlines Landing Fee rate calculated pursuant to the Signatory Airline Operating Agreement and Terminal Building Lease.

The foregoing notwithstanding, in no event will the Permittee Landing Fee Rate be less than one hundred thirty (130.0%) percent of Signatory Airlines Landing Fee rate calculated pursuant to the Signatory Airline Operating Agreement and Terminal Building Lease.

Permittee Landing Fee will be calculated by multiplying Permittee's Landed Weight for the month by the Permittee Landing Fee Rate then in effect.

Section 6.08 RENTS, FEES, AND CHARGES ADJUSTMENTS

Notwithstanding any other provisions hereof, City may, with thirty (30) days' advance written notice to and in consultation with Permittee, implement recalculated rents, fees, and charges in accordance with this Article 6.

END OF ARTICLE

ARTICLE 7. MONTHLY ACTIVITY REPORTS

Section 7.01 REQUIRED MONTHLY ACTIVITY REPORTS

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

- a. Permittee's total number of Aircraft Arrivals by type of aircraft and Maximum Gross Landing Weight of each type of aircraft.
- b. The total number of Enplaned Passengers and deplaned passengers of Permittee.
- c. The total weight of freight, mail, and other cargo, enplaned and deplaned for such month.
- d. Total amounts paid to third-party contractors for services provided to Permittee at the Airport during the previous month. Permittee will itemize this information for each of its third-party contractors.

The Monthly Activity Reports can be submitted electronically at RC@cityofpensacola.com or such other email address as the Director may designate from time to time.

City reserves the right to periodically audit these reports to verify the accuracy of the information.

Section 7.02 FAILURE TO FURNISH REPORT

If Permittee fails to furnish the Director with the report described above, Permittee's Landing Fee shall be determined by assuming that the Total Landed Weight for Permittee during the preceding month was one hundred percent (100.0%) of the Total Landed Weight for the most recent month for which such figure is available or other available data. Any necessary adjustment in such Landing Fee shall be calculated after an accurate report is delivered to the Director by Permittee for the month in question, and resulting surpluses or deficits shall be applied to Permittee's Landing Fee for the next succeeding month. An accounting fee of fifteen percent (15%) of the amount due as shown on such statement, or such lesser accounting fee as

may be determined by the Director to be sufficient to reimburse City, shall be payable by Permittee for the additional services required by City pursuant to this paragraph.

END OF ARTICLE

ARTICLE 8. CAPITAL IMPROVEMENTS

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

Section 8.01 CAPITAL IMPROVEMENT COORDINATION WITH PERMITTEE

On or about July 1, or approximately ninety (90) days prior to the end of the then-current Fiscal Year, the Director shall notify Permittee in writing of the Airport's proposed Capital Improvement program for the subsequent Fiscal Year, as contained in the Airport's proposed Capital Improvement budget for the Fiscal Year. Also, the Director may notify Permittee in writing at any other time of proposed Capital Improvements.

The Director will provide Permittee a written description of such Capital Improvements, such description to include the purpose, method of financing, and any reasonably anticipated effect on Permittee rents, fees, and charges hereunder and, to meet with Permittee and other airlines within thirty (30) days after notification to Permittee of said Capital Improvement to further discuss the proposed Capital Improvement.

The Director will give due consideration to the comments and recommendation of Permittee with respect to the proposed Capital Improvements.

END OF ARTICLE

ARTICLE 9. BOND RESOLUTION SUBORDINATION AND APPLICATION OF REVENUES

Section 9.01 SUBORDINATION TO BOND RESOLUTION

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

The City represents and warrants that to the best of its knowledge the provisions hereof relating to the Airport Bonds are consistent with the Bond Resolutions and financing documents and that there are no conflicts between the terms hereof and the Bond Resolutions or any such financing documents.

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

Section 9.02 DISPOSITION OF AIRPORT REVENUE, PASSENGER FACILITY CHARGE, AND CUSTOMER FACILITY CHARGE PROCEEDS

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

All Passenger Facility Charge proceeds shall be deposited, applied, and allocated in a manner consistent with applicable federal laws and regulations. If Passenger Facility Charge proceeds are pledged to repay Bonds, then those proceeds shall be deposited, applied, and allocated in the

funds and accounts in the manner and according to the priority provided for in the applicable Bond Resolution(s).

All Customer Facility Charge proceeds are not Airport Revenue and are restricted to pay the costs of rental car and related facilities. They shall be deposited, applied, and allocated in a manner consistent with applicable agreements, financing documents, laws and regulations.

Section 9.03 REVENUES AND EXPENSE RECORDS

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

END OF ARTICLE

ARTICLE 10. MAINTENANCE, REPAIR, AND OPERATION OF THE AIRPORT

Section 10.01 CITY'S RESPONSIBILITIES

The following are City's responsibilities.

Section 10.01 (a) Airport Facilities - General

Except as otherwise provided in this Permit, and subject to applicable laws governing City's right to budget, appropriate and spend money, City agrees to maintain, operate, and keep in good repair the areas and facilities required by this Permit to be maintained, operated and repaired by City in accordance with the practices of a reasonably prudent airport operator operating an airport comparable and similarly situated to the Airport. City agrees to use commercially reasonable efforts to keep the Airport free from obstructions and to provide for the safe, convenient, and proper use of the Airport by those who are authorized to use same.

Section 10.01 (b) Airfield Area Maintenance

Subject to Permittee's obligations in Section 10.02, City will maintain, operate, and keep in good repair the areas and facilities in the Airfield Area provided by City for use by the airlines in accordance with the practices of a reasonably prudent airport operator operating an airport comparable and similar situated to the Airport.

Section 10.01 (c) Apron Area

Subject to Permittee's obligations in Section 10.02, City will provide maintenance for the Apron Area (as shown on Exhibit E), drainage maintenance, and Apron Area lighting. City will provide electricity for Apron Area lighting and will include the cost of electricity in City's fees for use of the Apron Area.

Section 10.01 (d) Baggage Handling System

City shall be responsible for maintenance and operation of the Baggage Handling System (as shown in Exhibit D) including, without limitation, the maintenance of all equipment, systems

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

Section 10.01 (e) Cargo Apron Area

Subject to Permittee's obligations in Section 10.02, City will provide maintenance for the Cargo Apron Area (as shown on Exhibit F) and drainage maintenance. City will provide electricity for Cargo Apron Area lighting and will include the cost of electricity in City's fees for use of the Cargo Apron Area. Cargo Apron Area lighting will be provided by the airline requiring such lighting.

Section 10.01 (f) Loading Bridges

City will provide maintenance, janitorial, and electricity to the Loading Bridges. The cost of maintenance, janitorial, and electricity shall be included in City's fees for use of the Loading Bridges.

Section 10.01 (g) Terminal Building - General

Except as otherwise provided in this Permit, and subject to applicable laws governing City's right to budget, appropriate and spend money, City will: (a) furnish structural maintenance (including maintenance of the roof) of City-owned facilities including the Terminal Building; (b) provide maintenance and operation of City-installed equipment and systems; (c) install and furnish electrical power for interior area lighting throughout the Terminal Building, Apron Area, Loading Bridges and Baggage Handling System; (d) provide heating and air conditioning in enclosed interior areas of the Terminal Building, Loading Bridges and Baggage Handling System; (e) provide lighting fixture repair in Public View Areas and the unrented areas of the Terminal Building; (f) provide maintenance of City installed plumbing lines (but excluding plumbing fixtures); and (g) provide drinking water in the Terminal Building.

Section 10.01 (h) Terminal Building Public View Areas

The City will keep in good repair and provide janitorial services in the areas of the Terminal Building in public view (the "Public View Areas") in both Exclusive Use, as shown on Exhibits B and C and all additions, improvements, and facilities now or hereafter provided by City at or in

connection with the Terminal Building for use by all airlines and the public, excepting any improvements or facilities constructed or installed by Permittee, either individually or jointly with others, and those that Permittee has agreed under the provisions hereof to operate and maintain. City shall be responsible for interior and exterior window cleaning in Public View Areas of the Terminal Building.

Section 10.01 (i) Terminal Building Baggage Handling Space

In the Baggage Handling Space, in addition to any other obligations set forth herein, City will furnish janitorial services, repair, maintenance, electricity, and area lighting. In enclosed areas, where appropriate, City will provide heating and air conditioning. The Maintenance and Operating Expenses of the Baggage Handling Space shall be included in City's rent for the use of the Baggage Handling Space.

If it is determined by City that the negligent acts or omissions of Permittee have caused the need for maintenance as described in this Section 10.1 or repairs to facilities or systems, Permittee agrees to pay the cost of maintenance or repair plus fifteen (15%) percent for administration provided Permittee has not elected to make the repair itself in a manner approved by the Director.

Section 10.02 PERMITTEE'S RESPONSIBILITIES

The following are responsibilities of Permittee and may be performed by Permittee or Permittee's third party service provider, but it is understood that performance by Permittee's third party service provider shall not relieve Permittee of its responsibilities under this Section.

Section 10.02 (a) Exclusive Use Space

Permittee, at Permittee's sole cost and expense, shall provide all maintenance and janitorial services to the non-Public View Areas of its Exclusive Use Space. Permittee shall furnish all janitorial services and all maintenance and operation of Permittee -installed improvements and systems in the non-Public View Areas of its Exclusive Use Space. Permittee shall provide electrical relamping in the non-Public View Areas of its Exclusive Use Space and all decorating

and redecorating when required in its Exclusive Use Space. Permittee shall maintain the non-Public View Areas of its Exclusive Use Space in a neat, clean, sanitary, and operable condition.

Section 10.02 (b) Passenger Loading Bridges

Permittee shall not modify or attach Personal Property or signage to City-owned passenger Loading Bridges without the advanced written approval of the Director (which approval may be withheld at Director's sole discretion).

Section 10.02 (c) Permittee Constructed Improvements

Permittee shall cause all improvements and facilities, and additions thereto, constructed or installed by Permittee, either alone or in conjunction with others, and all vehicles and equipment operated by Permittee on the Airport to be kept and maintained in a safe condition and in good repair in accordance with uniform standards applicable to all similarly situated Airport tenants as established from time to time by the Director. Subject to City's obligations in Section 10.01, Permittee shall keep its Exclusive Use Space and improvements thereon in a sanitary and neat condition.

Section 10.02 (d) Maintenance Responsibilities

Subject to City's obligations in Section 10.01, Permittee shall perform commercially reasonable routine and preventive maintenance of all equipment and facilities located in its Exclusive Use Space and shall maintain such facilities in good condition and appearance and make all needed nonstructural repairs. Permittee shall be responsible for interior window cleaning for its nonpublic view Exclusive Use Space.

Section 10.02 (e) Performance by City Upon Failure of Permittee to Maintain

In the event Permittee fails within thirty (30) days after receipt of written notice from City to perform any obligation required hereunder, City may enter the Assigned Premises involved, without such entering causing or constituting a termination of this Permit or an interference with the possession of said Assigned Premises by Permittee, and do all things reasonably necessary to perform such obligation. Director may charge Permittee the reasonable cost and expense of performing such obligation plus a fifteen percent (15%) administration charge as additional rent,

and Permittee agrees to pay to City upon demand such charge in addition to any other amounts payable by Permittee hereunder; provided, however, that if Permittee's failure to perform any such obligation endangers the safety of the public, the employees or property of City, or other tenants of the Airport and the Director so states in its written notice to Permittee, City may perform such obligation of Permittee at any time after the giving of such notice and charge to Permittee the reasonable cost and expense of such performance plus a fifteen percent (15%) administration charge as additional rent, and Permittee agrees to pay to City upon demand such charge in addition to any other amounts payable by Permittee hereunder.

Section 10.03 ALTERATIONS AND IMPROVEMENTS

Permittee shall make no alterations, additions, improvements, or installations to, in or on any portion of the Assigned Premises or to, in or on any other space assigned or allocated to it by the Director without prior written approval from the Director and without obtaining all permits required under applicable law.

Section 10.04 REPAIR DAMAGE

Permittee shall promptly repair any damage in any space at the Airport caused by Permittee, its servants, agents, employees, licensees, guests or invitees for which City does not receive reimbursement or payment from City's insurance carrier.

Section 10.05 CITY NON-LIABILITY

Permittee expressly agrees that City shall not be liable to Permittee, its employees, passengers, business visitors, guests or invitees for bodily injury, or death, or for any loss or damage to real or Personal Property occasioned by flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, strike, civil commotion, smoke, vandalism, malicious mischief, roof leaks, sprinkler system breakage, or acts of civil authority and other events not caused by the negligence or willful acts or omissions of City. In no event whatsoever, however, shall City be liable for special, consequential, exemplary or punitive damages, including without limitation any loss of business, revenues or profits by Permittee or any damage to or loss of Permittee's reputation.

Section 10.06 CITY'S RIGHT TO INSPECT AND MAKE REPAIRS

City, by its authorized officers, employees, agents, contractors, subcontractors, and other representatives, shall have the right (upon reasonable prior notice and at such times as may be reasonable under the circumstances and with as little interruption of Permittee's operations as is reasonably practicable) to enter Permittee's Exclusive Use Space when accompanied by an Permittee employee except in case of emergency for the following purposes:

1. To inspect such space to determine whether Permittee has complied and is complying with the terms and conditions of this Permit.
2. To accomplish repairs or replacements by City or in any case where Permittee is obligated to make repairs or replacements and has failed to do so, after notice, make such repairs or replacements on Permittee's behalf.
3. In the exercise of City's governmental functions and police powers.

No such entry by or on behalf of City upon any of the Assigned Premises shall cause or constitute a termination of the letting thereof or be deemed to constitute an interference with possession thereof by Permittee.

END OF ARTICLE

ARTICLE 11. DAMAGE OR DESTRUCTION OF ASSIGNED PREMISES

Section 11.01 ASSIGNED PREMISES INHABITABLE

Subject to Section 11.02 below, if any of the Assigned Premises shall be partially damaged by fire or other casualty, but the remainder of the Assigned Premises remains inhabitable for the purposes allowed by this Permit, the Assigned Premises shall be repaired with due diligence by City to substantially the same condition existing just prior to such casualty, but City's responsibility in this regard shall be limited to the extent of the net insurance proceeds actually received by City with respect to such casualty and to the extent of the funds, if any, that are appropriated for such repair by City's governing body in its sole discretion. Rent allocable to the particular space, rooms, or other portions of the Assigned Premises rendered untenable shall be abated for the period from the occurrence of the damage to the substantial completion of repairs. City will make good faith efforts to provide to Permittee temporary substitute space for any uninhabitable portion of Permittee's space, if available, during such period of repair, at a rental rate for comparable space based on the rents, fees, and charges principles set forth in this Permit.

Section 11.02 ASSIGNED PREMISES UNINHABITABLE

If any of the Assigned Premises shall be completely destroyed or partially damaged by fire or other casualty rendering all or a substantial portion of the Assigned Premises uninhabitable for the purposes allowed by this Permit and it is reasonably estimated by City that it will take more than one hundred eighty (180) days to repair, the Director will notify Permittee in writing within ninety (90) days of such casualty whether and to what extent, if any, the damaged or destroyed Assigned Premises will be repaired. If City, in its sole discretion, elects to repair all or any portion of the damage to the Assigned Premises, such repairs shall be made with due diligence by City, and the rent allocable to the particular space, rooms, or other portions of the Assigned Premises rendered untenable will be abated for the period from the occurrence of the damage to the substantial completion of the repairs. If City elects to repair, City will make good faith efforts to re-locate Permittee to temporary substitute space, if available, during such period of repair, at a rental rate for comparable space based on the rents, fees, and charges principles set forth in this Permit. If Permittee's Assigned Premises have been reduced due to City's election not to repair damaged premises:

1. Permittee shall be entitled to request and Director shall consider further proportionate reductions in the Assigned Premises and the leased or assigned premises of other airlines so that Permittee has use of an operative remainder.
2. Permittee hereby agrees that in the event that an airline's leased or assigned premises are reduced due to City's election not to repair damage to such leased or assigned premises, the Director may realign the leased and assigned premises of all airlines to permit all airlines to operate at respective levels of service as similar as reasonably practicable to their respective levels of service immediately prior to such damage.
3. The City will issue new exhibits to the Permittee showing any realigned Assigned Premises.

Section 11.03 AUTOMATIC DELETION OF UNREPAIRED DAMAGED PREMISES

If the Director shall fail to notify Permittee of the City's decision as set forth in Section 11.02 (or gives written notice of its intent not to repair), City will be deemed to have elected to not repair the damaged premises, and the damaged premises shall be automatically deleted from the Assigned Premises as of the date of the damage or destruction, with no further liability therefor by either City or Permittee except those liabilities that accrued, including rent, prior to such damage or destruction.

Section 11.04 PERMITTEE IMPROVEMENTS AND TRADE FIXTURES REPLACEMENT

If and to the extent that City is obligated or elects to do so, City shall repair City installed improvements in Permittee's Assigned Premises to substantially the same condition existing just prior to fire or other casualty, but City's responsibility in this regard shall be limited to the extent of the net insurance proceeds.

Permittee is responsible for replacing its trade fixtures. For Permittee installed tenant improvements, at its discretion, Permittee may replace or reconstruct all its tenant improvements in the damaged or destroyed Assigned Premises necessary for the conduct of Permittee's business operations in the manner existing just prior to the casualty.

END OF ARTICLE

ARTICLE 12. INSURANCE

Section 12.01 CITY INSURANCE

The Terminal Building, exclusive of Permittee's property, shall be insured by City under a policy of fire, flood and extended coverage insurance to the extent of not less than eighty percent (80%) of the insurable value of such property if such percentage of coverage is available. Insurance moneys and funds received on account of the damage to or destruction of such property shall be applied by City to the repair, construction, or replacement of such damaged or destroyed property unless City, in its sole discretion, elects not to repair the damaged premises. Premiums paid by City for insurance provided in compliance herewith shall be included by City as a part of the Maintenance and Operating Expenses. Nothing herein shall be deemed to prohibit City from having a self-insurance program designed to provide for property, casualty, and other losses in lieu of commercial insurance. Permittee will be advised in writing if City utilizes self-insurance for the Terminal Building property insurance.

Section 12.02 PERMITTEE INSURANCE

By use and occupancy of Airport premises, Permittee understands and agrees that at all times during the Term, Permittee shall, at its sole expense and in a manner acceptable to City, purchase and maintain or caused to be maintained in force the following insurance coverages:

1. Aircraft Permittee Liability insurance including Aircraft Liability and broad form Commercial General Liability insurance, including, but not limited to, coverage for death, bodily injury, personal injury, property damage, products/completed operations liability, independent contractors, premises liability, premises operations, damage to Assigned Premises, loss of use and contractual liability, with a liability limit of not less than One Hundred Fifty Million Dollars (\$150,000,000.00) combined single limit per occurrence and in the aggregate, on an occurrence form policy. Said limit shall be reduced to One Hundred Million Dollars (\$100,000,000.00) where Permittee's maximum seating capacity on the largest aircraft operated at the Airport by Permittee is between 99 and 60. Said limit shall be reduced to Fifty Million Dollars (\$50,000,000.00) where Permittee's maximum seating capacity on the largest aircraft operated at the Airport by

Permittee is 59 or less. With respect to coverage for products/completed operations and personal injury, except with respect to passengers, a sublimit of not less than Twenty-Five Million Dollars (\$25,000,000.00) per occurrence and in the annual aggregate, shall be permitted with the approval of the Director. Said aircraft liability shall be applicable to owned, non-owned, and hired aircraft. Fire Legal Liability shall be endorsed on the policy with a minimum limit of \$100,000.00 per occurrence.

2. Automobile liability insurance (any automobile) with combined single limit for bodily injury and property damage of not less than Five Million Dollars (\$5,000,000.00) per occurrence for all owned, non-owned, and hired vehicles operated by or on behalf of Permittee at the Airport, including any additional or replacement vehicles.
3. Liquor liability insurance in an amount not less than Ten Million Dollars (\$10,000,000.00) per occurrence.
4. Employer's liability insurance in an amount not less than One Million Dollars (\$1,000,000.00) each common cause. Permittee shall likewise maintain workers' compensation insurance or evidence of self-insurance, in accordance with the laws of the State of Florida, covering all of its employees who may from time to time be at the Airport in such capacity. Permittee shall require each of its agents, licensees, contractors, subcontractors, and suppliers to maintain such workers' compensation insurance covering their employees coming on Airport premises in connection with Permittee's operations. The workers' compensation policy(s) required hereunder shall be endorsed to state that the workers' compensation carrier waives its right of subrogation against City, its officers, agents, elected and appointed officials, representatives, volunteers, and employees. Upon request by the Director, Permittee shall furnish the Director with evidence of such workers' compensation insurance in a form acceptable to City.
5. Pollution legal liability for transporting or handling hazardous materials or regulated substances and environmental impairment liability coverage of \$2,000,000.00 per occurrence, with an annual aggregate of not less than \$4,000,000.00. This coverage may be self-insured by Permittee upon reasonably satisfactory evidence of Permittee's financial ability to self-insure, if requested by City.

6. Liability coverage for acts of war, civil war, terrorism and insurrection of \$100,000,000.00 per occurrence, with an annual aggregate of not less than \$100,000,000.00.

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

1. "City of Pensacola and each of its departments, divisions, enterprises, officers, representatives, agents, elected and appointed representatives, volunteers, and employees, in their respective capacities as such, shall be additional insureds hereunder with respect to the products, premises, and operations of the named insured to the full limits of liability required by this Permit."
2. "Permittee's insurance shall be primary insurance and non-contributory with respect to all other available sources."
3. "This insurance shall not be materially changed, altered, canceled, or non-renewed until after thirty (30) days advance written notice has been given to City of Pensacola except that only seven (7) days' notice of cancellation of war risk coverage and only ten (10) days' notice of cancellation due to non-payment of premium or non-renewal shall be required."

Required insurance shall be evidenced by Certificates of Insurance. Each such Certificate of Insurance shall be on the appropriate ACORD form or its substantial equivalent. The "Certificate Holder" address shall read: City of Pensacola, Department of Risk Management, Post Office Box 12910, Pensacola, FL 32521. An additional copy of the Certificate shall be sent to Pensacola International Airport, Attn: Airport Director, 2430 Airport Boulevard, Suite 225, Pensacola, FL 32504.

At least ten (10) calendar days prior to the Effective Date of this Permit, Permittee shall furnish the Director with Certificates of Insurance for all insurance policies required hereunder and copies of all insurance endorsements. Thereafter, current Certificates of Insurance and copies of endorsements shall be provided promptly upon the Director's request from time to time, but in no event less than annually. Further, at least three (3) business days prior to the expiration of any then-current policy of insurance, Permittee shall deliver to , the Director a current Certificate

of Insurance showing that such insurance coverage has been renewed, and at least three (3) business days prior to the date of cancellation or reduction of coverage, as received in a written notice from the insurer, Permittee shall deliver to the Director a current Certificate of Insurance showing reinstatement or other provision for the required insurance. In addition, upon any change in any insurance policy coverage or endorsement which adversely affects the requirements of this Permit, Permittee shall promptly deliver to , the Director revised Certificates of Insurance and a copy of each such changed endorsement.

In addition to the foregoing, at least ten (10) calendar days prior to the Effective Date of this Permit and annually thereafter upon each anniversary of such Effective Date, Permittee shall furnish to , the Director the written, signed opinion of Permittee's independent insurance broker confirming that such broker has reviewed (i) Permittee's insurance policies and endorsements and (ii) Permittee's insurance obligations under this Permit and that Permittee is in compliance with its insurance obligations under this Permit.

Further, upon , the Director's written requests from time to time, Permittee shall allow City's representatives to inspect, in the presence of Permittee's representatives, the complete originals of all insurance policies, including but not limited to declaration pages and endorsements, pertaining to the coverages required to be maintained by Permittee pursuant to this Permit. Permittee shall allow City's representatives to inspect such insurance documents at Permittee's corporate office located closest to Pensacola, Florida, within ten (10) business days after , the Director's written request for such inspection.

During the Term, the insurance coverages and/or the minimum limits of the insurance herein required may become inadequate, as reasonably determined by City. Accordingly, City hereby reserves the right to review all coverages and limits and to require adjustments, changes and additions to commercially reasonable and commercially available levels to be effective on the next policy renewal date after City provides at least ninety (90) days prior written notice to Permittee to make such adjustments, changes or additions.

If, at any time, Permittee fails to obtain or maintain in force the insurance required by this Section, , the Director may immediately suspend Permittee's use of the Assigned Premises and Permittee's operations and activities in regard to the Airport until the required insurance is provided.

END OF ARTICLE

ARTICLE 13. INDEMNIFICATION

Section 13.01 COMPREHENSIVE INDEMNIFICATION

Permittee shall INDEMNIFY, DEFEND and HOLD HARMLESS, City and its divisions, departments, enterprises, subsidiaries, affiliates, elected and appointed officials, officers, employees, volunteers, agents and representatives, individually and collectively, from and against any and all costs (including, but not limited to, costs of investigation, reasonable attorneys' fees, court costs, and expert fees), claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of actions, liability and suits of any kind and nature, including but not limited to personal or bodily injury, death and property damage, including loss of use thereof, directly or indirectly arising out of, resulting from or related to Permittee's use of the Airport, or Permittee's activities in, on or about the Airport or the Assigned Premises, or any operation or activity of Permittee upon the Airport, or in connection with its use of the Assigned Premises, including but not limited to any acts or omissions of Permittee, any agent, officer, director, representative, employee, consultant or subcontractor of Permittee, or their respective officers, agents, employees, directors or representatives, all without City waiving any governmental immunity available to City under Florida law and without waiving any defenses of the parties under Florida law.

The provisions of this INDEMNITY are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. Permittee shall promptly advise City in writing of any claim or demand against City or Permittee known to Permittee related to or arising out of Permittee's activities under this Permit and shall see to the investigation and defense of such claim or demand at Permittee's cost. City shall have the right, at its option and at its own expense, to participate in such defense without relieving Permittee of any of its obligations under this Section 13.01.

It is the express intent of the parties to this Permit, that the indemnity provided for in this Article, shall extend to and include the Permittee's obligation to indemnify, protect, defend and hold harmless City from the consequences of City's own negligence; provided however, that the indemnity provided for in this Article with respect to City's own negligence shall apply only when the negligent act of City is a contributory cause of the resultant injury, death, or damage,

and shall have no application when the negligent act of City is the sole cause of the resultant injury, death or damage. Notwithstanding anything in this Article to the contrary, the indemnity liability of Permittee for City's own negligence, inclusive of all defense costs expended solely for City's defense by reason of City's own negligence, under this Article and shall not exceed \$1,000,000 per occurrence. Nothing herein shall require Permittee to indemnify City from the gross negligence or willful misconduct of City or any of its employees, officers, agents, or subcontractors.

Permittee further agrees, upon City's request, to defend, at Permittee's own expense and on behalf of City and in the name of City, and by and through legal counsel reasonably acceptable to City, any claim, proceeding or litigation, at each and all of administrative, trial and appellate levels, brought against City and/or any other person or party indemnified under this Article in connection with any claim, cause of action, liability, injury, death, damage or other matter that is subject to Permittee's indemnity obligation under this Article.

Section 13.02 49 CFR PART 1542 AIRPORT SECURITY INDEMNIFICATION

In furtherance of the provisions of Section 13.01 above and not in limitation thereof, Permittee understands and agrees that it shall fully indemnify, defend, and hold harmless City, its divisions, departments, enterprises, subsidiaries, affiliates, elected and appointed officials, representatives, officers, agents, volunteers, and employees from and against all penalties, fines, and demands of any kind (including, but not limited to, costs of investigation, reasonable attorney fees, court costs, and expert fees) arising out of Permittee's acts or omissions resulting in alleged violations of 49 CFR Part 1542 Airport Security or any successor regulations related to airport security.

Section 13.03 SOVEREIGN IMMUNITY.

Nothing in this Article or elsewhere in this Permit shall in any way constitute or be construed as a waiver, in whole or in part, of City's sovereign immunity under the Constitution, statutes and case law of the State of Florida.

Further, nothing in this Article or elsewhere in this Permit shall be deemed a change or modification in any manner whatsoever of the method or conditions of preserving, asserting, or enforcing any claim or legal liability against City.

END OF ARTICLE

ARTICLE 14. FEDERAL, STATE, AND LOCAL REGULATIONS

Section 14.01 RULES AND REGULATIONS

City, in its governmental capacity, and/or the Director have adopted, and may from time to time modify, amend and adopt, and will enforce Rules and Regulations with respect to the occupancy and use of the Airport, its services, and facilities by persons, vehicles, aircraft, and equipment that in the opinion of City or the Director will reasonably ensure the safe, efficient, and economically practicable operation of the Airport and provide for the safety and convenience of those using the Airport.

The Director may promulgate, adopt, modify, amend and enforce the Rules and Regulations from time to time in furtherance of said purposes and/or that the Director deems are necessary to implement the intent and terms of this Permit. All such Rules and Regulations, promulgated through the Director's authority but without governmental action or mandate, shall be reasonable and not unjustly discriminatory, and shall not be inconsistent with any legally authorized rule or regulation of the FAA, or any other federal or State agency, which is binding in law on Permittee or City, as the same now are or may from time to time be amended or supplemented nor inconsistent with the reasonable exercise by Permittee of any right or privilege granted under this Permit. City shall provide Permittee with reasonable notice prior to adoption of any new or amended Rules or Regulations in order to provide Permittee with the opportunity to comment on same prior to adoption. Permittee, upon written request to the Director, shall be furnished (at the notice address provided herein and to Permittee's on-Airport manager) a current copy of the Rules and Regulations and any amendments thereto.

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

to violate, any Rule or Regulation. Permittee shall make reasonable efforts to cause its passengers, guests, and invitees to comply with the Rules and Regulations.

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

Section 14.02 NO ILLEGAL PURPOSE

Permittee shall not use the Airport or any part thereof, or knowingly permit the same to be used by any of its employees, officers, agents, subtenants, contractors, invitees, or licensees, for any illegal purposes.

Section 14.03 COMPLIANCE WITH STATUTES, ORDINANCES, AND REGULATIONS

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

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

Section 14.04 COMPLIANCE WITH ENVIRONMENTAL LAWS

Permittee shall at all times abide by all Environmental Laws applicable to Permittee's occupancy or use, of the Assigned Premises. At the beginning of any lease term, Permittee shall identify in writing to the Director and the Airport Fire Department all Hazardous Substances (with the exception of any small quantities of household chemicals Permittee uses for general office purposes) that are used or stored or that Permittee expects to use or store in or on the Assigned Premises. This list shall be updated by Permittee in March of each year and shall include the quantities used or stored in or on the Assigned Premises. City shall have the right to inspect the Assigned Premises at any reasonable time, upon prior written notice to Permittee, to ensure compliance with Environmental Laws and the provisions of this Article.

Permittee shall not allow the disposal or discharge, whether accidental or intentional, of Hazardous Substances on the Assigned Premises or other Airport property.

Permittee shall comply with the Airport's Spill Prevention, Control, and Countermeasure Plan ("SPCC") and all future amendments thereto and the Airport's Storm Water Pollution Prevention Plan ("SWPPP") and all future amendments thereto.

City represents and warrants to Permittee, and Permittee represents to City, that, on the Effective Date of this Permit, the Assigned Premises are not subject to any existing, pending, or threatened investigation or inquiry by any governmental authority for any response costs or remedial obligations under any Environmental Laws, no release of Hazardous Substances is known to have occurred in or around the Assigned Premises, and that this representation and warranty would continue to be true and correct following disclosure to the applicable governmental authorities of all relevant facts, conditions, and circumstances, if any, known to City or Permittee which are pertaining to the Assigned Premises.

The Triturator Facility is an airport facility built specifically to grind aircraft lavatory waste prior to entry of such waste into the sanitary sewer system. Permittee is authorized to dispose of aircraft lavatory waste that has been processed in the Triturator Facility to the sanitary sewer system. Prior to any other waste disposal including waste disposal in contravention of this

section or which could have a corrosive or degrading effect on the Triturator Facility, Permittee is required to obtain prior written approval of the Director and a waste water pre-treatment permit if such is necessary or required by any environmental regulatory authority or any Environmental Law. The written approval of the Director shall not relieve Permittee of full responsibility and liability for the disposal of any waste materials or products. The Director may withhold approval for any reason under this provision.

In the event City identifies the presence of Hazardous Substances on the Assigned Premises in violation of applicable Environmental Law that (a) did not exist prior to Permittee's occupation of the Assigned Premises, (b) is the result of Permittee's use of the Assigned Premises, and (c) requires assessment or remediation, City shall perform such assessment or remediation at the Permittee's sole cost and expense, provided that City has given Permittee at least thirty (30) days' prior written notice and opportunity to object or perform the requested work itself. If City performs the assessment and/or remediation, Permittee shall pay or reimburse to City the reasonable cost of such assessment or remediation, plus an administrative fee of fifteen percent (15%) of such cost, promptly upon demand. Notwithstanding the foregoing, the provisions of this paragraph shall not be construed or operate to alter in any way Permittee's obligations under Environmental Laws, including but not limited to Permittee's reporting obligations under Airport's SPCC and SWPPP, or under any other provision of this Permit, including without limitation Section 14.05 below.

Section 14.05 ENVIRONMENTAL REPORTS

Within fifteen (15) days of receipt by Permittee or within fifteen (15) days prior to any response that is due from City, whichever is shorter, Permittee shall provide to the Director complete copies of all environmental permits and reports related to the Assigned Premises and all notices, orders, decrees, citations, and inspection reports issued to Permittee by any environmental regulatory authority related to the Assigned Premises. Within fifteen (15) days of receipt by City or within fifteen (15) days prior to any response that is due from Permittee, whichever is shorter, the Director shall provide to Permittee, on an ongoing basis and as updates are required, copies of all City environmental permits and reports related to the Assigned Premises and all notices,

orders, decrees, citations, and inspection reports issued to City by environmental regulatory authorities related to the Assigned Premises.

Section 14.06 SURVIVAL OF OBLIGATIONS

The obligations of this Article shall survive the expiration, termination, sublease, or assignment of this Permit.

Section 14.07 NONDISCRIMINATION

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

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

4. Permittee shall use the premises assigned to it in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, "Nondiscrimination in Federally Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964," and as such regulations may be amended.

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

Section 14.08 BREACH OF NONDISCRIMINATION

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

Section 14.09 FAIR AND EQUAL FURNISHING OF SERVICES

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

Section 14.10 AFFIRMATIVE ACTION PROGRAM

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

Section 14.11 MINORITY BUSINESS ENTERPRISE

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

Section 14.12 RIGHTS OF FEDERAL GOVERNMENT

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

Section 14.13 SUBORDINATION OF PERMIT

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

Section 14.14 NON-WAIVER

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

Section 14.15 SURVIVAL OF OBLIGATIONS

The obligations of this Article 14 shall survive the expiration, termination, or assignment of this Permit.

END OF ARTICLE

ARTICLE 15. DEFAULT AND REMEDIES

Section 15.01 DEFAULT BY AIRLINE AND REMEDIES OF CITY

The occurrence of any one or more of the following events (each a “Permittee Event of Default”) shall constitute a material default and breach of this Permit by Permittee:

1. The filing by Permittee of a voluntary petition in bankruptcy or any assignment for benefit of creditors of all or any part of Permittee's assets; or
2. Any institution of proceedings in bankruptcy against Permittee, and such proceedings are not dismissed within sixty (60) days after commencement; or
3. The taking of jurisdiction by a court of competent jurisdiction of Permittee or its assets pursuant to proceedings brought under the provisions of any state or federal insolvency or reorganization act and such proceedings are not dismissed within sixty (60) days after commencement; or
4. The appointment of a receiver or trustee of Permittee's assets by a court of competent jurisdiction or by a voluntary agreement with Permittee's creditors; or
5. The abandonment by Permittee of its conduct of its Air Transportation business at the Airport and in this context, suspension of operations for a period of ninety (90) consecutive days will be deemed abandonment in the absence of an explanation satisfactory to and accepted in writing by the Director; or
6. The failure of Permittee to pay any sum of money due to City under this Permit, as and when due, and such failure continues uncured for fifteen (15) days after written notice thereof from City; or
7. The failure of Permittee to maintain any of the insurance coverages required by this Permit; or
8. The failure of Permittee to provide copies of certificates of insurance and copies of endorsements and such failure continues uncured for fifteen (15) days after written notice thereof from City; or
9. Except as provided in the preceding paragraphs of this Section, the failure by Permittee to perform any other covenant, obligation, or condition herein required to be performed by

Permittee and such failure continues uncured for thirty (30) days after written notice thereof from the Director; provided, however, that if such failure cannot reasonably be cured within such 30-day period, such failure shall not constitute a Permittee Event of Default if within such 30-day period Permittee substantially commences to cure such failure and thereafter continuously and diligently prosecutes such cure to completion within a reasonable time.

Upon the occurrence of any Permittee Event of Default, City shall be entitled to terminate this Permit, without prejudice to and without thereby waiving any other rights or remedies arising by reason of such Permittee Event of Default, and shall be entitled to exercise all other rights and remedies available to City under this Permit, at law, in equity and otherwise. Without limiting the generality of the foregoing, in the event that City terminates this Permit upon the occurrence of an Permittee Event of Default, City shall be entitled to recover from Permittee all direct damages incurred by City by reason of Permittee's default, including but not limited to the cost of recovering possession of the Assigned Premises; reasonable expenses of re-letting, including necessary repairs, renovation and/or alteration of the Assigned Premises; reasonable attorney's fees and any real estate commission actually paid; the amount of unpaid rent, charges, fees and other amounts which were due and payable by Permittee under the terms of this Permit at the time of termination; and the worth at the time of award by a court having jurisdiction thereof of the amount of rent, charges, fees and other amounts which would have become due and payable by Permittee under the terms of this Permit after the time of termination during the balance of the Term of this Permit. For purposes of the preceding sentence, the annual amount of rent, charges, fees and other amounts for each year or portion thereof during the balance of the Term of this Permit shall be deemed to be the same annual amount that was due and payable by Permittee for the Fiscal Year immediately preceding the time of termination of this Permit.

Alternatively, City may, without terminating this Permit, enter and repossess the Assigned Premises, remove Permittee's property and signs therefrom, and re-let the same for such rent, charges, fees and other amounts and upon such terms as shall be satisfactory to City without such re-entry and repossession working a forfeiture of the rent, charges, fees and other amounts to be paid and the covenants to be performed by Permittee during the remaining Term of this Permit.

For the purpose of such re-letting, City shall be entitled to make any repairs, changes, alterations or additions in or to the Assigned Premises that may be necessary or convenient, and City shall be entitled to recover from Permittee the cost of such repairs, changes, alterations and additions; the expenses of such re-letting; the amount of unpaid rent, charges, fees and other amounts which were due and payable by Permittee under the terms of this Permit at the time of re-letting; and the difference in value between the rent, charges, fees and other amounts payable by Permittee hereunder for the remainder of the Term of this Permit and the rent, charges, fees and other amounts actually realized from such re-letting. For purposes of the preceding sentence, the annual amount of the rent, charges, fees and other amounts payable by Permittee hereunder for the remainder of the Term of this Permit shall be deemed to be the same annual amount that was due and payable by Permittee for the fiscal year of the Airport immediately preceding such re-letting.

Further, if rents, fees, and charges are not paid when due by Permittee, subject to the notice and cure provisions of this Section 15.01 or elsewhere in this Permit, the Director is authorized to seek any necessary legal and administrative remedy to collect unpaid rents, fees, and charges and to assure timely payment of future rents, fees, and charges. These remedies shall be in addition to remedies provided elsewhere in this Article and may include any of the following:

1. Seeking a review of Permittee's credit rating from one or more nationally recognized credit rating agencies.
2. Seeking administrative relief through appropriate federal agencies, including the FAA.
3. Such other legal and administrative remedies as permitted by law.

Failure by City to take any authorized action upon the occurrence of any default or Permittee Event of Default by Permittee with respect to any of the terms, covenants, or conditions required to be performed, kept, and observed by Permittee shall not be construed to be or act as a waiver of said default or Permittee Event of Default or of any subsequent default or Permittee Event of Default with respect to the same or any of the other terms, covenants, and conditions herein contained to be performed, kept, and observed by Permittee . The acceptance by City of rents or any other performance of this Permit from or by Permittee for any period or periods after the

occurrence of a default or Permittee Event of Default (whether or not City has notice or knowledge thereof) by Permittee with respect to any of the terms, covenants, and conditions herein required to be performed, kept, and observed by Permittee shall not be deemed a waiver of or estoppel to enforce such default or Permittee Event of Default or any right or remedy arising by reason thereof, nor any waiver of or estoppel to enforce any other default by Permittee, Permittee Event of Default, right or remedy.

In addition to the foregoing, and not in limitation thereof, City shall be entitled to terminate this Permit, without prejudice to and without thereby waiving any other rights or remedies available to City under this Permit, at law, in equity and otherwise, if Permittee shall be prevented, for a period of ninety (90) consecutive days, by any action of any governmental authority, board, agency, or officer having jurisdiction thereof, from conducting its Air Transportation business at the Airport, or it is so prevented from conducting its Air Transportation business, either by (i) reason of the United States or any agency thereof, acting directly or indirectly, taking possession of, in whole or substantial part, the Assigned Premises or premises required for the actual operation of Permittee's aircraft to and from the Airport; or (ii) if all or a substantial part of the Assigned Premises shall be acquired through the process of eminent domain.

Section 15.02 DEFAULT BY CITY AND TERMINATION BY PERMITTEE

The occurrence of the following (a "City Event of Default") shall constitute a material default and breach of this Permit by City: The failure by City to perform any covenant or condition under this Permit within the control of City and herein required to be performed by City and failure of City to use commercially reasonable efforts to remedy such default within thirty (30) days after receipt from Permittee of written notice to remedy the same; provided, however, that if such failure cannot reasonably be remedied within such 30-day period, such failure shall not constitute a City Event of Default if within such 30-day period City substantially commences to cure such failure and thereafter continuously and diligently prosecutes such cure to completion within a reasonable time.

Upon the occurrence of a material City Event of Default and if Permittee is not in default in payment to City of any amounts due City under this Permit or otherwise, Permittee shall be

entitled to exercise all rights and remedies available to Permittee under this Permit, at law, in equity and otherwise; provided, however, that Permittee shall be entitled to terminate this Permit if and only if such City Event of Default results in a constructive eviction of Permittee under Florida law, in which event such termination shall be without prejudice to and without Permittee thereby waiving any other rights or remedies arising by reason of such City Event of Default. Failure by Permittee to take any authorized action upon the occurrence of any default or City Event of Default by Permittee with respect to any of the terms, covenants, or conditions required to be performed, kept, and observed by City shall not be construed to be or act as a waiver of said default or City Event of Default or of any subsequent default or City Event of Default with respect to the same or any of the other terms, covenants, and conditions herein contained to be performed, kept, and observed by City.

The performance by Permittee of all or any part of this Permit for or during any period or periods after the occurrence of a default or City Event of Default (whether or not Permittee has notice or knowledge thereof) by City with respect to any of the terms, covenants, and conditions herein required to be performed, kept, and observed by City shall not be deemed a waiver of or estoppel to enforce such default or City Event of Default or any right or remedy arising by reason thereof, nor any waiver of or estoppel to enforce any other default by City, City Event of Default, right or remedy.

In addition to the foregoing, and not in limitation thereof, so long as Permittee is not in default in payment to City of any amounts due City under this Permit or otherwise, Permittee shall be entitled to terminate this Permit, without prejudice to and without thereby waiving any other rights or remedies available to Permittee under this Permit, at law, in equity and otherwise, upon the occurrence of any of the following events:

1. Termination, suspension, revocation or cancellation, by any federal agency (including foreign government agency) with competent jurisdiction of Permittee's right or authority to operate as a scheduled air carrier serving the Airport, if but only if such termination, suspension, revocation or cancellation is not necessitated by or the result of an act or omission of Permittee; or

2. Issuance by a court of competent jurisdiction of an injunction that in any way substantially prevents or restrains the use of the Airport or any part thereof necessary for Permittee's scheduled flight operations and which injunction remains in force for a period of at least thirty (30) days after City has exhausted or abandoned all appeals, if but only if such injunction is not necessitated by or the result of an act or omission of Permittee; or
3. If, at any time during the Term of this Permit, because of City's failure to provide within a reasonable time safe aircraft operating facilities, the Federal Aviation Administration or its successor fails or refuses to certify the Airport as adequate to accommodate aircraft that Permittee is licensed to operate and is operating into and from all other airports of like size and character and with similar facilities and which aircraft are in general use on Permittee's scheduled transportation route system and which Permittee may reasonably desire to operate into or from the Airport, if but only if such refusal or failure is not necessitated by or the result of an act or omission of Permittee ; or
4. The inability of Permittee for a continuing period in excess of ninety (90) days to use the Airport or to exercise any rights or privileges granted to Permittee hereunder and necessary to its scheduled flight operations because of any law or ordinance by any governmental authority having jurisdiction over the operations of the Airport or Permittee, or because of any order, rule, regulation, or other action or any non-action of the Federal Aviation Administration, its successor, or any other authorized governmental agency prohibiting such use, if but only if Permittee's inability is not necessitated by or the result of any act or omission of Permittee; or
5. The assumption by the United States government or any authorized agency thereof of the operation, control, or use of the Airport and facilities, or any substantial part thereof, in such a manner as to substantially restrict Permittee, for a continuous period of at least ninety (90) days, from operating its Air Transportation business; or

6. Termination, suspension, or discontinuation of Permittee's services at the Airport by a governmental agency authorized to do so because of a war or national emergency declared by the government.

In any event where the use of the Airport by Permittee is materially affected as provided herein through no fault of Permittee and whether or not Permittee is entitled to cancel this Permit as herein provided, while such event is continuing, an equitable adjustment to the rents herein required to be paid by Permittee shall be made by the Director.

Section 15.03 TERMINATION UNDER SECTION 2.01.

Nothing in this Article 15 shall operate or be construed to limit or impair the parties' respective rights to terminate this Permit upon the giving of not less than thirty (30) days' prior written notice pursuant to Section 2.01 above.

END OF ARTICLE

ARTICLE 16. ASSIGNMENT AND SUBLETTING

Permittee shall not at any time assign or sublet this Permit in whole or in part; provided, however, that the foregoing shall not prevent the assignment of this Permit to any corporation with which Permittee may merge or consolidate or which may succeed to the business of Permittee. Any purported assignment or subletting of this Permit in violation of this paragraph shall be null and void.

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

City hereby retains the right to assign and transfer this Permit to another public body of the State of Florida pursuant to any applicable laws of the State. In such event, this Permit shall be binding upon such successor, and City shall have no further obligation or liability under this Permit arising after the date of such assignment.

END OF ARTICLE

ARTICLE 17. MISCELLANEOUS

Section 17.01 ACKNOWLEDGMENT

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

Section 17.02 AIRPORT ACCESS LICENSE/PERMIT

City reserves the right to establish a licensing or permit procedure for vehicles requiring access to the Airport operational areas and to levy directly against Permittee or its suppliers a reasonable regulatory or administrative charge for issuance of such Airport access license or permit. The Director shall give reasonable notice to, and shall consult with, Permittee prior to making any material change to such license or permit charges.

Section 17.03 AMENDMENTS

This Permit may be amended in whole or in part without further consideration upon mutual written consent of both parties.

Section 17.04 ATTORNEYS' FEES

In the event of a dispute arising under this Permit, whether or not a lawsuit or other proceeding is filed, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs, whether incurred without a lawsuit having been filed or incurred before suit, during suit or at the appellate level. The prevailing party shall also be entitled to recover any attorneys' fees and costs incurred in litigating the entitlement to attorneys' fees and costs, as well as in determining or quantifying the amount of attorneys' fees and costs due it. The reasonable costs to which a prevailing party is entitled shall include costs that are taxable under any applicable statute, rule, or guideline, as well as non-taxable costs reasonably incurred by the prevailing party.

Section 17.05 AUTHORITY OF DIRECTOR

The Charter of the City of Pensacola provides that the Mayor shall serve as the City's Chief Executive Officer. The Mayor is authorized and obligated to perform, discharge and enforce all the obligations, rights and responsibilities of the City which are created by, referenced or expressly or implicitly contained in this Permit. The Mayor may, in his discretion, enforce and perform the rights and obligations of the City through such designees as he may select and identify to the signatories herein, and until such notice to the contrary has been provided, the Mayor hereby designates the Airport Director as his designee, unless provided otherwise or required by law.

Section 17.06 BUSINESS PRIVILEGE FEES

The City has reserved the right to levy Business Privilege Fees on any person or company (including Permittee as provided elsewhere in this Permit) for conducting business at the Airport. During the Term of this Permit, the Business Privilege Fee will be an amount equal to ten (10.0%) of Gross Revenue billed for services or commodities delivered at the Airport.

Section 17.07 CAPACITY TO EXECUTE

Each of the parties hereto warrants and represents that the execution and delivery of this Permit by the undersigned representatives has been duly authorized by all necessary corporate or municipal action, as applicable.

Section 17.08 CITY NOT LIABLE

Except as specifically provided for in this Permit, City shall not be under any duty or obligation to the Permittee to repair or maintain the Assigned Premises, or any portion thereof, or any facilities or equipment constructed thereon; provided that City shall repair damages to the Assigned Premises caused solely by the negligence or willful misconduct of City, its employees, agents or contractors. The City shall not be responsible or liable to the Permittee for any claims for compensation for any losses, damages, or injury, including lost profits, sustained by the

Permittee resulting from failure of any water supply, heat, air conditioning, electrical power, or sewage or drainage facility, or caused by the natural physical conditions on the Airports, whether on the surface or underground, including stability, moving, shifting, settlement of ground, or displacement of materials by fire, water, windstorm, tornado, act of God, or state of war, civilian commotion or riot, or any other cause or peril beyond the control of City.

Section 17.09 COMPLIANCE BY OTHER TENANTS.

The City shall, whenever possible, make reasonable efforts to obtain uniform compliance with the Rules and Regulations; however, City shall not be liable to the Permittee for any violation or non-observance of the Rules and Regulations by any user, tenant, concessionaire, other Air Transportation Company, invitee, licensee, or trespasser at the Airport nor shall such violation or non-observance by a user, tenant, concessionaire, other Air Transportation Company, invitee, licensee, or trespasser at the Airport, constitute a waiver of the Permittee's obligation to comply with the Rules and Regulations.

Section 17.10 COMPLIANCE WITH FAR PART 77

Permittee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event any future structure or building is planned for the Assigned Premises, or in the event of any planned modification or alteration of any present or future building or structure on the Assigned Premises.

Section 17.11 DELIVERY OF NOTICES

Any notice required or permitted by this Permit shall be in writing and served personally or sent by registered or certified mail (return receipt requested), postage prepaid, or by a nationally recognized courier service such as FedEx, or UPS. Any notice sent pursuant to this paragraph shall be deemed to have been received by the addressee on the earlier of (an) actual receipt or (5) five (5) business days after deposit of it in the U. S. mail or such courier service, as the case may be.

Notices to City shall be addressed to:

CITY OF PENSACOLA
Airport Director
Pensacola International Airport
2430 Airport Blvd., Ste. 225
Pensacola FL 32504

with copy to:

CITY OF PENSACOLA
City Administrator
222 W. Main Street
Pensacola, Florida 32502

Notices to Permittee shall be addressed to:

FRONTIER AIRLINES, INC.
7001 Tower Road
Denver, Colorado 80249

Section 17.12 DISTRIBUTION OF FUNDS UPON TERMINATION.

Upon termination of this Permit, all amounts remaining in any fund or account, including any debt service reserve, established under any Bond Resolution or other financing documents entered into by City shall be distributed or applied in accordance with the provisions of the Bond Resolution or other financing document under which such fund or account was established. All amounts in any other fund or account established in connection with this Permit shall be distributed to City, which may use such amounts for any lawful Airport Purposes.

Section 17.13 EMPLOYEES OF PERMITTEE

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

Section 17.14 ENERGY CONSERVATION

Permittee shall comply with the Rules and Regulations pertaining to energy conservation and management to the extent that such Rules and Regulations do not unreasonably infringe on the rights and privileges granted herein or place an undue financial or administrative burden on Permittee.

Section 17.15 ENTIRE PERMIT

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

Section 17.16 EXCLUSIVENESS OF PERMITTEE'S RIGHTS

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

Section 17.17 FORCE MAJEURE

Neither City nor Permittee shall be deemed in violation of this Permit if it is prevented from performing any of its obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, shortages of material, acts of God, acts of the public enemy, acts of superior governmental authority, terrorism, weather conditions, tides, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which is not in its control; provided, however, that these provisions shall not excuse Permittee from paying rents, fees, and charges; however, in the event of a Force Majeure that prevents Permittee from paying rents, fees and charges as and when due under this Permit, Permittee may delay making such payments until

such Force Majeure no longer exists but in no event for more than thirty (30) days after the first occurrence of such Force Majeure.

Section 17.18 GENERAL INTERPRETATION

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

Section 17.19 GOVERNING LAW

The laws of the State of Florida shall govern this Permit and all disputes arising hereunder, with venue in a federal or state court in Escambia County, Florida.

Section 17.20 HOLDING OVER

If Permittee remains in possession of the Assigned Premises after the expiration of this Permit without any written renewal thereof, such holding over shall not be deemed as a renewal or extension of this Permit, but shall create only a tenancy at sufferance that may be terminated at any time by City. Such holding over shall otherwise be under the same terms and conditions as set forth in this Permit.

Section 17.21 HEADINGS

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

Section 17.22 INCORPORATION OF EXHIBITS

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

Section 17.23 INCORPORATION OF REQUIRED PROVISIONS

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

Section 17.24 INDEPENDENT CONTRACTOR

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

Section 17.25 NO AGENCY

Nothing in this Permit shall be construed as making the Permittee an agent or representative of City for any purpose whatsoever.

Section 17.26 INVALID PROVISIONS

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

Section 17.27 LICENSES, FEES, AND PERMITS

Permittee shall obtain and pay for all licenses, permits, fees, or other authorization or charges as required under federal, State, or local laws and regulations insofar as they are necessary to comply with the requirements of this Permit and the privileges extended hereunder.

Section 17.28 LIENS

No person or entity performing or providing labor, work, services or materials to or upon the Assigned Premises by, through or at the request of Permittee shall be entitled to claim or assert any lien, statutory or otherwise, against City's fee simple estate and interest in the Assigned Premises or any portion thereof. Permittee shall not suffer or permit any construction, mechanics' or other lien to be filed against the fee of the Assigned Premises or against Permittee's leasehold interest in the Assigned Premises by reason of any work, labor, services or materials supplied or claimed to have been supplied to Permittee or to anyone holding the Assigned Premises, or any part thereof, through or under Permittee.

If any such construction lien shall be recorded against City's fee simple estate and interest in the Assigned Premises or against Permittee's leasehold interest in the Assigned Premises, Permittee shall promptly cause the same to be removed or bonded against in accordance with applicable law and in any event within thirty (30) days after Permittee receives notice of such filing.

In the event any person or corporation shall attempt to assert a construction lien or other lien against the Assigned Premises for improvements made by Permittee, Permittee shall hold City harmless from such claim, including the cost of defense.

Section 17.29 NATIONAL EMERGENCY

This Permit and all the provisions hereof shall be subject to whatever right the U.S. Government now has, or in the future may have or acquire, affecting the control, operation, regulation, and taking over of the Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

Section 17.30 NONLIABILITY OF INDIVIDUALS

No director, officer, agent, elected official, or employee of either party shall be charged personally or held contractually liable by or to the other party under any term or provision of this Permit or because of any breach thereof or because of its or their execution or attempted execution.

Section 17.31 NONINTERFERENCE WITH AIRPORT OPERATIONS

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

Section 17.32 NOTICE OR CONSENT

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

Section 17.33 OBTAINING FEDERAL AND STATE FUNDS

City shall use its best efforts to maximize grants from State or federal agencies or other sources, when consistent with prudent management of the Airport.

Section 17.34 OPERATION OF AIRPORT

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

Section 17.35 OTHER LAND AND BUILDINGS EXCLUDED

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

Section 17.36 OWNERSHIP OF IMPROVEMENTS

Upon completion of or installation of any fixture, addition, or improvement, excluding Personal Property as defined in Article 1, on the Assigned Premises, such addition, fixture, or improvement shall immediately become the property of City, as owner, subject only to the right of Permittee to use same during the term of this Permit and shall remain the property of City thereafter with the sole right, title, and interest thereto.

Section 17.37 PAYMENT OF TAXES

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

Section 17.38 PUBLIC ADDRESS SYSTEM

Permittee agrees that the use of the Airport's public address system will be in accordance with the Airport's written public address system policy. Permittee shall not install, cause to be installed, or use any other public address system at the Terminal Building without the prior written approval of the Director.

Section 17.39 PUBLIC RECORDS LAWS

The Florida Public Records Law, as contained in Chapter 119, Florida Statutes, is very broad. As a result, any written communication created or received by City will be made available to the

public and media, upon request, unless a statutory exemption from such disclosure exists. Permittee shall comply with the Florida Public Records Law in effect from time to time if and to the extent that the Florida Public Records Law is applicable to Permittee. Notwithstanding any contrary provision in this Permit, any failure by Permittee to comply with the Florida Public Records Law, if and to the extent that it is applicable to Permittee, that continues for seven (7) days after written notice from City may, in City's sole discretion, result in immediate termination of this Permit.

IF PERMITTEE HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO PERMITTEE'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS PERMIT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT: THE OFFICE OF THE CITY ATTORNEY, 222 WEST MAIN STREET, PENSACOLA, FLORIDA 32502; PUBLICRECORDS@CITYOFPENSACOLA.COM; (850) 435-1715.

Section 17.40 PRUDENT OPERATOR

City agrees to operate the Airport in a prudent manner to maximize nonairline revenues consistent with its obligations as a public airport sponsor.

Section 17.41 RECITALS INCORPORATED BY REFERENCE

The recitals set forth on pages 10 and 11 of this Permit are true and correct, constitute binding covenants by and between the Parties, and are hereby incorporated herein by reference.

Section 17.42 REMEDIES TO BE NONEXCLUSIVE

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

Section 17.43 RIGHT TO AUDIT BOOKS AND RECORDS

Permittee agrees to keep books and records on its operations at the Airport for a period of five (5) years, and the Director or any other authorized City representative, upon reasonable advance written notice to Permittee, shall have the right to inspect and audit such books and records to ensure compliance with the prevailing municipal bond disclosure requirements and to determine that City has received from Permittee all moneys due City under the terms hereof, including, but not limited to, rents, fees, and charges and PFCs (if applicable) payable to City by Permittee. Likewise, Permittee shall have the right to inspect the books and records of City relating to the provisions hereof.

Section 17.44 RIGHT TO LEASE TO UNITED STATES GOVERNMENT

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

Section 17.45 RIGHTS RESERVED TO CITY

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

Section 17.46 SEC RULE 15C2-12.

Permittee, upon request by City, shall provide City with such information as City may reasonably request in writing to comply with City's continuing disclosure requirements under SEC Rule 15c2-12 as it may be amended from time to time, provided, however, that Permittee may in lieu of providing the requested information direct City to an Permittee or SEC website where the requested information is then currently available.

Section 17.47 SUBORDINATION TO PERMITS WITH THE U.S. GOVERNMENT

This Permit is subject and subordinate to the provisions of any agreements heretofore or hereafter made between City and the United States relative to the operation or maintenance of the Airport, the execution of which agreement has been required as a condition precedent to the transfer of federal rights or property to City for Airport Purposes, or to the expenditure of federal funds for the improvement or development of the Airport, including the expenditure of federal funds for the development of the Airport in accordance with the provisions of the Federal Aviation Act of 1958, the Federal Aid to Airports Act, the Airport and Airway Development Act of 1970, and the Airport and Airway Improvement Act of 1982, as such acts have been amended from time to time. City covenants that it has no existing agreements with the United States in conflict with the express provisions hereof.

In the event that the FAA requires, as a condition precedent to the granting of funds for the improvement of the Airport, modifications or changes to this Permit, Permittee agrees to consent to such reasonable amendments, modifications, revisions, supplements, or deletions of any of the terms, conditions, or requirements of this Permit as may be reasonably required to enable City to obtain such grant of funds, provided that in no event shall such changes materially impair the rights of Permittee hereunder.

Section 17.48 SUCCESSORS AND ASSIGNS

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

Section 17.49 TRIAL BY JURY

The parties to this Permit desire to avoid the additional time and expense related to a jury trial of any disputes arising hereunder. Therefore, it is mutually agreed by and between the parties hereto, and for their successors, heirs and permitted assigns, that they shall and hereby do waive trial by jury of any claim, counterclaim, or third-party claim, including any and all claims of injury or damages, brought by either party against the other arising out of or in any way connected with this Permit and/or the relationship which arises hereunder. The parties acknowledge and agree that this waiver is knowingly, freely, and voluntarily given, is desired by all parties, and is in the best interest of all parties.

Section 17.50 THIRD PARTIES

Nothing in this Permit, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Permit.

Section 17.51 TIME IS OF THE ESSENCE

Time is of the essence in this Permit.

END OF ARTICLE

* * * * *

IN WITNESS WHEREOF, the undersigned have duly executed this Permit as of the dates set forth below.

Signed, sealed and delivered in the presence of:

Print Name: _____

Print Name: _____

CITY OF PENSACOLA

By: _____
Daniel E. Flynn, Airport Director

Signed, sealed and delivered in the presence of:

Print Name: _____

Print Name: _____

FRONTIER AIRLINES, INC.

By: _____
Print Name: _____
Title: _____
