

CONTRACT, LEASE, AGREEMENT CONTROL FORM

Date: 03/15/2024

Contract/Lease Control #: L24-0514-AP

Procurement#: N/A

Contract/Lease Type: LEASE

Award To/Lessee: AVELO AIRLINES, INC.

Owner/Lessor: OKALOOSA COUNTY

Effective Date: 03/12/2024

Expiration Date: 09/30/2026

Description of: SIGNATORY AIRLINE OPERATING AGREEMENT & TERMINAL
BUILDING LEASE

Department: AP

Department Monitor: STAGE

Monitor's Telephone #: 850-651-7160

Monitor's FAX # or E-mail: TSTAGE@MYOKALOOSA.COM

Closed: _____

CC: BCC RECORDS

DeRita Mason

From: Allyson Oury
Sent: Monday, March 11, 2024 10:11 AM
To: DeRita Mason
Subject: FW: New Airline VPS-- COI Review
Attachments: Okaloosa County - Auto, WC, XS \$5M.pdf; AVL-23-075 Okaloosa County.pdf; Insurance Section Sig Agreement.pdf

DeRita,

Here is the Risk coordination I did with regard to the Avelo agreement. She also reviewed/referenced the template agreement at the same time. Let me know if you have any questions.

Thanks,

Allyson Oury, CPA
Airports Chief Financial Officer
Okaloosa County

From: Odessa Cooper-Pool <ocooperpool@myokaloosa.com>
Sent: Wednesday, February 28, 2024 11:05 AM
To: Allyson Oury <aoury@myokaloosa.com>
Subject: FW: New Airline VPS-- COI Review

Hello Allyson,

The COIs for Avelo Airlines, Inc have been reviewed and are approved by Risk Management for insurance purposes.

Thank you,

Odessa Cooper-Pool
Public Records & Contracts Specialist |Risk Management
Okaloosa County BCC
302 N. Wilson Street, Crestview, FL 32536
Office: 1-850-689-4111



“And, when you want something, all the universe conspires in helping you to achieve it.”— Paulo Coelho, *The Alchemist*

Please note: Due to Florida's very broad public records laws, most written communications to or from County employees regarding County business are public records, available to the public and media upon request. Therefore, this written e-mail communication, including your e-mail address, may be subject to public disclosure.

From: Allyson Oury <aoury@myokaloosa.com>
Sent: Monday, February 26, 2024 10:24 AM
To: Odessa Cooper-Pool <ocooperpool@myokaloosa.com>
Subject: New Airline VPS-- COI Review

Hi Odessa,

We have a new airline planning to start service in May 2024. They have signed our standard airline use agreement template (no BCC action yet) and provided the attached COIs. Please let me know if these would be approved as shown.

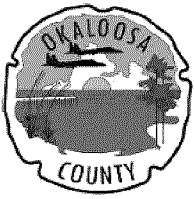
I have attached two COIs and the applicable sections from our standard agreement (13.02).

Thank you,

Allyson Oury, CPA, ACE
Airports Chief Financial Officer
Okaloosa County
(850) 651-7160 Option 4
<http://www.flyvps.com>



Please note: Due to Florida's very broad public records laws, most written communications to or from County employees regarding County business are public records, available to the public and media upon request. Therefore, this written e-mail communication, including your e-mail address, may be subject to public disclosure.



BOARD OF COUNTY COMMISSIONERS AGENDA REQUEST

DATE: March 12, 2024
TO: Honorable Chairman and Distinguished Members of the Board
FROM: Tracy Stage
SUBJECT: Avelo Airlines Signatory Airline Operating Agreement and Terminal Building Lease
DEPARTMENT: Airport
BCC DISTRICT: 2


STATEMENT OF ISSUE: The Airports Department requests approval by the Board of County Commissioners for the Avelo Airlines, Inc. Signatory Airline Operating Agreement and Terminal Building Lease at the Destin-Fort Walton Beach Airport (VPS).

BACKGROUND: The Destin-Fort Walton Beach Airport and Avelo Airlines, Inc. (Avelo) have come to terms to allow Avelo to conduct passenger aircraft operations. The Signatory Airline Operating Agreement and Terminal Building Lease will expire on September 30, 2026, aligning with all other active Signatory Airline Operating Agreements at VPS. Avelo plans to begin operations with non-stop service to and from New Haven, CT (HVN) on May 17, 2024. Avelo has agreed to all terms and conditions of the Signatory Airline Operating Agreement and Terminal Building Lease and has provided compliant certificates of insurance. There are no incentives provided.

OPTIONS: Approve, Reject, or Postpone.

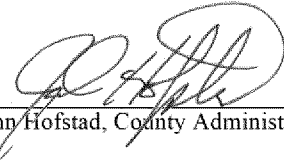
RECOMMENDATIONS: Approval of the Avelo Airlines, Inc.'s Signatory Airline Operating Agreement and Terminal Building Lease, as described above and attached hereto.

RECOMMENDED BY:



Tracy Stage, Airport Director 2/29/2024

APPROVED BY:



John Hofstad, County Administrator 3/6/2024

**DESTIN-FORT WALTON BEACH AIRPORT
SIGNATORY AIRLINE OPERATING AGREEMENT
AND
TERMINAL BUILDING LEASE**

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Exhibit B	Airport System Cost Centers
Exhibit C	Terminal Space Plan
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Exhibit F	Pro Forma Signatory Airlines' Rentals, Fees and Charges Calculations
Exhibit G	Supplemental Charges
Exhibit H	General Civil Rights Provisions

DESTIN-FORT WALTON
SIGNATORY AIRLINE OPERATING AGREEMENT
AND
TERMINAL BUILDING LEASE

This Signatory Airline Operating Agreement and Terminal Building Lease, hereinafter referred to as "Agreement", is entered into this 12th day of March, 2024, by and between Okaloosa County, Florida, hereinafter referred to as "County" and Avelo Airlines, Inc., a corporation organized, existing and doing business under and by virtue of the laws of the State of NEVADA, hereinafter referred to as "Airline".

WITNESSETH:

WHEREAS, County has established and operates the Destin-Fort Walton Beach Airport at Eglin Air Force Base in Okaloosa County, Florida, hereinafter defined as the "Airport", pursuant to the terms of a Lease and a Joint Use Agreement with the United States of America, dated July 30, 2007, and January 1, 2022, respectively, which documents as they now exist or as they may be hereafter amended or supplemented are incorporated herein by reference as unlettered exhibits to this Agreement and are hereinafter referred to as the "Eglin Agreements", copies of said documents, as they presently exist, having been provided to Airline prior to or contemporaneously with the execution of this Agreement; and

WHEREAS, pursuant to the "Eglin Agreements", the United States of America has (i) leased to the County certain premises shown on attached Exhibit A for the purposes of operating and maintaining an aircraft apron, taxiways, a terminal building, parking facilities, and certain other appurtenant landside facilities, (ii) granted the County the right to use the runways, taxiways and certain other aircraft flying facilities of Eglin Air Force Base, hereinafter referred to as the "Eglin Airfield Facilities", to conduct a fixed number of daily operations thereon and (iii) agreed to provide certain air traffic control and aircraft rescue and firefighting support services for said operations and certain other Airport facilities; and

WHEREAS, Airline is engaged in the business of commercial transportation by air of persons, property, cargo, and/or mail to and from the Airport, hereinafter referred to as Airline's "Air Transportation Business" and desires in conjunction with the operation of said Air Transportation Business to use, lease and/or be assigned certain current space within the Airport Terminal Building, as hereinafter defined, from the County, obtain the assignment of certain aircraft parking positions and other areas on the Airport terminal apron and obtain from County the right to conduct aircraft operations upon the Eglin Airfield Facilities; and

WHEREAS, County is willing to sublease (for purposes of this Agreement "lease") and assign the above referenced premises and facilities to Airline and to grant Airline the right to conduct aircraft operations upon the Eglin Airfield Facilities and the Airport, for and in consideration of Airline's conducting its Air Transportation Business at the Airport, conducting the aircraft operations at the Eglin Airfield Facilities and the Airport pursuant to the rights herein granted and paying all rentals, fees and charges as prescribed herein;

NOW, THEREFORE, the parties hereto, for, and in consideration of the rents, covenants, and agreements contained herein, agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01 Definitions

Except as otherwise clearly indicated by the context, the words and phrases defined in this section shall have the following meanings when used elsewhere in this Agreement.

"Administration" means the Indirect Cost Center described on Exhibit B.

"Affiliate" or "Affiliated Airline" or "Affiliate Airline" means any (i) airline that operates flights at the Airport under the IATA designator code of the Signatory Airline, as designated in writing by such Signatory Airline from time to time; (ii) party that operates under essentially the same trade name, or uses essentially the same livery, as the Signatory Airline at the Airport or its parent, sister company or subsidiary at the Airport; (iii) party controlling, controlled by, or under common control with the Signatory Airline; or (iv) a subsidiary of the Airline's parent or otherwise under the common control with Airline. Affiliate Airline shall have the rights afforded the Signatory Airline without payment of any additional charges or premiums provided: (a) Signatory Airline remains a Signatory Airline to this Agreement; (b) Signatory Airline agrees to and shall be obligated to serve as a financial guarantor for all rates, fees, and charges incurred by the Affiliate Airline of the Signatory Airline and the Signatory Airline has designated the Affiliate Airline to operate on Signatory Airlines' behalf at the Airport; and (c) Affiliate Airline has executed an Operating Agreement with County. A Signatory Airline and any designated Affiliate Airline of the Signatory Airline shall be counted as one airline for the purposes of computing any Common Use Premises charges, provided the Affiliate Airline has executed an Operating Agreement with County; provided however, that the Signatory Airline shall be responsible for any and all charges of (including the payment of any activity fees incurred by) any such designated Affiliate Airline while such designated Affiliate Airline operates at the Airport on behalf of Signatory Airline. In the event of termination of this Agreement by the Signatory Airline or the County or Signatory Airline's termination of an airline as an Affiliate Airline, each designated Affiliate Airline will no longer be operating on behalf of the Signatory Airline and Signatory Airline will have no further financial obligation for rates, fees, and charges incurred by Affiliate Airline beyond the termination date. If an Affiliate Airline operates at Airport on behalf of the Signatory Airline without an executed Operating Agreement, the Affiliate Airline will not be considered an authorized Affiliate Airline of the Signatory Airline and will not be eligible to receive the rights afforded the Signatory Airline for the purposes of payment of rates, fees, and charges. Airline must provide County with a listing in writing of all of Signatory Airline's designated Affiliate Airlines, and the relationship each Affiliate Airline has with Airline (i.e., Airline is a parent corporation to Affiliate Airline; Airline is in a partnership/contract with the designated Affiliate Airline, etc.) Airline shall use commercially reasonable efforts to provide County reasonable advanced written notice of any change to the Affiliate designation. No major airline, as defined by the FAA, which offers for sale tickets under its brand name, shall be classified as an "Affiliate" of a Signatory Airline that also offers tickets for sale under its brand name.

"Airfield Area" means the Cost Center of the same name described and depicted in Exhibit B.

"Airline's Leased Premises" means any Preferential Use Premises, Preferentially Assigned Premises, and Common Use Premises under lease to Airline.

"Airline Rentals, Fees and Charges" means for any Fiscal Year the rentals, fees and charges calculated pursuant to Article 6 and payable pursuant to Section 7.01 of Article 7.

"Airline Specialty Improvement" means any equipment purchased or improvement made by County for Airline or another airline, including non-standard finishes to Airline's Leased Premises or another airline's Leased Premises, the capital cost of which is recoverable by separate charge to Airline or said other airline and is not included in the calculation of Airline Rentals, Fees and Charges under this Agreement.

"Airline Supplemental Charges" means for any Fiscal Year those fees and charges payable by Airline pursuant to Article 6, Section 6.10.

"Airlines" means Airline and all other certificated operators of aircraft providing air transportation of passengers, cargo, property or mail, or any combination thereof, by air to and from the Airport and using the Airport Terminal Building to enplane and deplane passengers.

"Airport" means Destin-Fort Walton Beach Airport as named currently or as may otherwise be named in the future as shown on Exhibit A, together with any additions thereto, or improvements or enlargements thereof hereafter made and those rights of use to the Eglin Airfield Facilities, as currently or hereafter provided or extended under the Eglin Agreements.

"Airport System" means the Destin-Fort Walton Beach Airport, Destin-Executive Airport, and Bob Sikes Airport, as they presently exist and as they are hereafter modified or expanded, and such other airport or airports or airport facilities as are hereafter acquired or established by the County.

"Airport System General Purpose Fund" means that fund of the same name created by the County for the deposit or certain Airport System revenues and funds prior to expenditure or transfer by County for any Airport System purpose.

"Airports Director" means the Airports Director of the County or that person authorized by the Airports Director to act for or on behalf of the Airports Director with respect to any particular matter under this Agreement.

"Airport System Requirement" means, for any Fiscal Year, the following costs and expenses of the Airport System: (1) Operating Expenses; (2) Capital Outlays; (3) Debt Service; (4) the Coverage Requirement; (5) Fund Deposits; (6) the net amount of any judgment or settlement, after applying insurance proceeds and such other funds specifically recovered or made available to

the County to apply to such judgment or settlement, arising out of or as a result of the ownership, operation or maintenance of the Airport System by the County during said Fiscal Year, including, but not limited to, the amount of any such judgment or settlement arising out of or as a result of any claim, action, proceeding or suit alleging a taking of property or an interest in property without just or adequate compensation, trespass, nuisance, property damage, personal injury or any other claim, action, proceeding or suit based upon or relative to any environmental impact resulting from the use of the airports of the Airport System or the landing and taking off of aircraft therefrom; (7) any and all other sums, amounts, charges or requirements of the County to be recovered, charged, set aside, expensed or accounted for during such Fiscal Year under the County's accounting system for the Airport System or this Agreement, provided the same are properly chargeable to or allocable to the Airport System; provided, however, that the Airport System Requirement shall not include any amounts included in (1) through (7) chargeable to a Special Facility or any capital-related cost chargeable for an Airline Specialty Improvement.

"Airport Terminal Building" or "Terminal Building" means the existing Terminal Building together with any additions thereto, or improvements or enlargements thereof, hereafter made.

"Allocated Investment Income" means that investment income on the Debt Service Reserve Fund, any operation and maintenance reserve and any renewal and replacement reserve funds established pursuant to a Trust Indenture and any other investment income on such other funds as are available for and allocated by County as an offset to the Airport System Requirement in determining Airline Rentals, Fees and Charges for any Fiscal Year under the terms of this Agreement.

"Applied CFCs" means CFC revenue collected by the County which is authorized and applied toward the payment of Debt Service, the Coverage Requirement, or another element of the Airport System Requirement for any Fiscal Year.

"Applied PFCs" means PFC revenue approved for use by the FAA and applied toward the payment of Debt Service, the Coverage Requirement, or another element of the Airport System Requirement for any Fiscal Year.

"Approved Aircraft Operation" means a planned operation to use the full range of Airport infrastructure necessary to arrive at or depart from VPS at a specific scheduled date and time.

"Bond" or "Bonds" means bonds as defined in the County's Trust Indenture and any bonds, notes or other obligations of the County issued pursuant to a Trust Indenture or bond ordinance or resolution of the County for the Airport System.

"Capital Cost" means the cost, exclusive of capitalized interest, of any Capital Outlay or Capital Project purchased, constructed, or installed on or for the Airport System as reflected in the Airport System's property, plant and equipment accounting records.

"Capital Outlay" means the cost of each individual capital improvement or asset purchase having a net cost of \$100,000, or less, as increased by the CPI Adjustment, after deducting Grants-in Aid, CFCs and PFCs applied against its gross cost, paid for from the Airport System's annual operating budget; provided, however, that the total amount of said Capital Outlays chargeable to the Airport's Cost Centers for the calculation of Airline Rentals, Fees and Charges in a Fiscal Year 2017 shall not exceed a net cost of \$400,000, which maximum amount for future Fiscal Years shall thereafter be \$400,000 adjusted annually in accordance with the CPI Adjustment for such Fiscal Year. . Notwithstanding the limitations of the foregoing provisions, for any Fiscal Year during the term of this Agreement, the County, may recover, subject to the above limitations, by way of this Capital Outlay charge, the initial deposit made by the County to the Operations and Maintenance Reserve and Repair and Rehabilitation Fund from the Airport Systems General Purpose Fund.

"Capital Project" means each individual capital improvement or asset purchased for the Airport System not qualifying as a Capital Outlay.

"Common Use Premises" means those Leased Premises which Airline leases and uses on a common use basis with other Airlines, as depicted on Exhibit C, and listed in Exhibit E, and currently comprises baggage claim facilities and outbound baggage facilities.

"Cost Centers" means the Cost Centers described in Exhibit B used by the County in accounting for revenues, expenses and other elements of the Airport System Requirement.

"Coverage Requirement" means such percent of Debt Service as required by the County's Trust Indenture, currently twenty-five percent (25%) of Debt Service, and such additional amounts as may be required at any time to satisfy a rate covenant in the County's Trust Indenture and any other trust indenture, bond ordinance, or bond resolution for the Airport System. County shall not willfully exceed such requirement for the benefit of rating agencies.

"CPI Adjustment" means the change, if any, reported over the most recently reported twelve month period in the Consumer Price Index. All Urban Consumers (CPI) published by the United States Department of Labor, Bureau of Labor Statistics (1982-84 = 100) or its designated replacement Index.

"Customer Facility Charge (CFC)" means those monies collected from rental car customers from charges imposed by County pursuant to County's "Customer Facility Charge Ordinance" as currently in effect and as it is amended or supplemented from time to time.

"DBO" or "Date of Beneficial Occupancy" means the date upon which County notifies Airline and the other Signatory Airlines, with at least ninety (90) days' notice, in writing, that a Capital Project or program, or any functional, useable element thereof, is substantially complete and available for use and occupancy, as reasonably determined by the County's architect for such Capital Project. Airline shall have the right and ability to begin to move and/or install items deemed necessary for its operations a minimum of sixty (60) days prior to DBO.

"Debt Service" means that principal, interest and other amounts due at any time on Bonds issued pursuant to the Trust Indenture or any other bonds or indebtedness issued pursuant to any other trust indenture, County bond ordinance or bond resolution, including, for any period of time or on any date, the principal of (including the compounded accreted amount of any capital appreciation bonds then payable), whether at stated maturity, by mandatory sinking fund redemption or otherwise, and interest and any premium due on Bonds during that period or payable on that date, as the case may be, and any letter of credit bank reimbursement obligations or municipal bond insurance obligations, sinking fund payments, call premiums, payments required by forward purchase agreements, remarketing fees, rebate payments, swap payments, trustees fees, paying agent fees and any other charges and fees payable in connection with Bonds. Debt Service for Special Facility Bonds shall be payable by the obligor under a Special Facility Agreement and shall not be included in Airlines Rentals, Fees, and Charges defined herein.

"Debt Service Reserve Fund" means the reserve fund or funds for Debt Service required by the County's Trust Indenture or any other trust indenture.

"Deplaned Passengers" means all revenue and non-revenue arriving passengers of Airline and of all other Airlines at the Terminal Building, excluding all deplaning on-line transferring passengers.

"Direct Cost Centers" means those Cost Centers described as such in Exhibit B.

"Eligible Signatory Airline" means those Signatory Airlines that together with their Affiliate Airlines have Enplaned Passengers at the Airport in a certain Fiscal Year that are greater than three percent (3%) of total annual Enplaned Passengers at the Airport during such Fiscal Year during the Term of this Agreement.

"Enplaned Passengers" means all revenue and non-revenue originating passengers of Airline and of all other Airlines enplaning at the Terminal Building.

"Federal Aviation Administration" or "FAA" means the Federal Aviation Administration created under the Federal Aviation Act of 1958, as amended, or any successor agency thereto.

"Federal Bankruptcy Code" means 11 U.S.C. § 101 et seq., or any successor statute thereto.

"Fiscal Year" means the period from October 1st of one calendar year through September 30th of the immediately following calendar year or such other fiscal year as may hereafter be adopted by the County for the Airport System.

"Fund Deposits" means those amounts required to be deposited during any Fiscal Year to any fund created pursuant to the terms of the Trust Indenture, any other trust indenture, and any County bond ordinance or resolution.

"General Support Facilities" means that Indirect Cost Center described and depicted on

Exhibit B.

"Grants-in-Aid" means the Federal Airport Improvement Program (referred to as "AIP") funds, funds from any successor Federal program to AIP, State of Florida Department of Transportation aviation funds and funds from any successor Florida Department of Transportation program made available to County for capital development or capital equipment related to the Airport System.

"Ground Handler" means a third party contractor designated by Airline to perform ground handling services on behalf of Airline and authorized to perform such services in the Airline's Leased Premises to include the processing of aircraft, passengers, and cargo on behalf of Airline at the Airport.

"Indirect Cost Centers" means those Cost Centers described and depicted in Exhibit B.

"Landing Fee Rate" means the Landing Fee Rate established pursuant to Section 6.03, rounded up to the next whole cents.

"Landing Fees" means Landing Fees calculated pursuant to Section 6.06.

"Leased Premises" means, at any time, for each Signatory Airline, those areas and facilities in the Terminal Building which, pursuant to Article 3, are leased to such Signatory Airline for its preferential or common use and occupancy as depicted in Exhibit C and listed in Exhibit E. As of the execution date of this Agreement, there are no exclusive use leased premises in the Terminal Building.

"Majority In Interest" or "MI" means (i) with respect to any Airfield Area Capital Project more than fifty percent (50%) in number of all Signatory Airlines at the Airport on the date in question which together landed more than sixty-six percent (66%) of the Signatory Airlines' Revenue Landed Weight, including the Revenue Landed Weight of Signatory Airlines' Affiliated Airlines, at the Airport during the immediately preceding Fiscal Year, and (ii) with respect to any Terminal Area Capital Project, more than fifty percent (50%) in number of all Signatory Airlines at the Airport on the date in question which together enplaned more than sixty-six percent (66%) of the total Signatory Airlines' Enplaned Passengers, including the Enplaned Passengers of Signatory Airlines' Affiliated Airlines, at the Airport during the immediately preceding Fiscal Year.

No airline shall be deemed to be a Signatory Airline for the purpose of this definition so long as an event of default as set forth in Section 14.01, Paragraphs A through D, including bankruptcy, with respect to such airline has occurred and is continuing or if such airline is no longer operating at the Airport.

"Maximum Gross Landed Weight" means, for any aircraft operated by Airline, the maximum gross landing weight in one thousand pound units of such aircraft as certified by the FAA and as listed in Airline's FAA approved Flight Operations Manual.

“Minimum Annual Signatory Airline Requirement” means for Fiscal Year 2024 the amount of \$44,000, and which shall thereafter be adjusted annually in accordance with the CPI Adjustment. Each Fiscal Year, Airline shall be obligated to pay the County the greater of the Minimum Annual Signatory Airline Requirement or its total annual Airline Rentals, Fees and Charges during the Term of this Agreement whether or not Airline is currently operating at the Airport. Signatory Airlines that are not Eligible Signatory Airlines are exempt from the Minimum Annual Signatory Airline Requirement. At any time during the Term of this Agreement, if any Signatory Airline meets the requirements of an Eligible Signatory Airline, it shall then be obligated to pay the Minimum Annual Signatory Airline Requirement for the remainder of the Term even if it has fewer than three (3%) of total Enplaned Passengers at the Airport in subsequent Fiscal Years. Such Signatory Airline(s) shall not be obligated to pay the Minimum Annual Signatory Airline Requirement for any Fiscal Years prior to becoming an Eligible Signatory Airline. Eligible Signatory Airline status will be reassessed for each Signatory Airline if the Agreement is extended pursuant to Section 5.01, paragraph B. Only those Signatory Airlines with greater than three (3%) of total Enplaned Passengers at the Airport will be the initial Eligible Signatory Airlines upon commencement of the Agreement during the Extension Period. At any time during the Extension Period of this Agreement if any Signatory Airline meets the requirements of an Eligible Signatory Airline, it shall then be obligated to pay the Minimum Annual Signatory Airline Requirement for the remainder of the Extension Period even if it has fewer than three (3%) of total Enplaned Passengers at the Airport in subsequent Fiscal Years.

"Net Capital Cost" means the Capital Cost exclusive of the cost funded from Grants-in-Aid, CFCs, PFCs, the Capital Cost funded from Bonds amortized from CFCs or PFCs and any other portion of the Capital Cost paid for from funds not included in Signatory Airlines Rental Fees and Charges.

"Non-Signatory Airline" means an airline using the Airport which has not executed a Signatory Airline Operating Agreement and Terminal Building Lease which is substantially identical to and with the same Term as this Agreement in effect with County.

"Operating Expenses" or "O&M Expenses" means, for any Fiscal Year, all expenses incurred by the County for such Fiscal Year, in providing for the administration, operation, repair, maintenance and management by the County related solely to the Airport System, including, without limitation, the performance by County of any of its obligations related thereto as set forth in this Agreement. Operating Expenses shall not include depreciation charges as reflected in the County's annual financial statements nor operating expenses of Special Facilities.

"Operation and Maintenance Reserve" means that reserve fund created by and required by the County's Trust Indenture for the Airport System.

"Parking/Ground Transportation" means the Cost Center of the same name described and depicted in Exhibit B.

"Passenger Facility Charge (PFC)" means moneys collected by County from charges imposed by the County pursuant to 49 U.S.C. 40177, as amended or supplemented from time to time, and 14 C.F.R. Part 158, as amended or supplemented from time to time.

"Policy" means the Destin-Fort Walton Beach Airport (VPS) Schedule Management Program Policy as adopted by the County as of the date of this Amendment and as may be further amended by the County from time to time in accordance with the terms hereof.

"Preferentially Assigned Premises" means that portion of the aircraft parking apron, including aircraft parking positions, adjacent to the Airport Terminal Building assigned to each gate position, as well as the designated holdrooms, ticket counters and queuing areas assigned to Airlines to be used on a per use basis and designated on Exhibits C and D, as the same now exists or is hereafter modified.

"Preferential Use Premises" means those Leased Premises for which Airline or one of the other Signatory Airlines holds a preference as to use, as depicted in Exhibit C and listed in Exhibit E, and currently comprises airline office space, operations space, and other premises leased on a preferential basis.

"Reimbursements" means those charges (other than Airline Rental, Fees and Charges) payable by Airline and the other Airlines which directly reimburse the County for the cost of utilities, real estate taxes or any other direct service provided by the County, and such other revenues or funds as are treated and allocated as reimbursements by County, and which are applied as credits against or deductions from the Airport System Requirement in determining Airline Rentals, Fees and Charges under Sections 6.02 through 6.07.

"Repair and Rehabilitation Fund" means that reserve fund created by and required by the County's Trust Indenture for the Airport System.

"Rentable Space" means at any time that space within the Airport Terminal Building made available by County for rental to Airlines and other Airport tenants, as listed on Exhibit E, and such additions thereto and deletions therefrom as may occur from time-to-time during the term hereof and which are reflected in an amended Exhibit E to this Agreement.

"Rental Divisor" means the Rentable Space in the Terminal Building.

"Revenue Aircraft Arrival" means each arrival of an aircraft at the Airport by airlines, other than arrival of an aircraft which departs from the Airport and which returns for meteorological, mechanical, safety or any other emergency purpose and other than an arrival of an aircraft operated by Airlines for reason of emergency, substitution for a disabled aircraft, testing, inspection, a courtesy flight, or any other non-revenue arrival approved by the Airports Director.

"Revenue Aircraft Departure" means each departure of an aircraft at the Airport by airlines, other than departure of an aircraft which arrives back to the Airport and which returns for

meteorological, mechanical, safety or any other emergency purpose and other than a departure of an aircraft operated by Airlines for reason of emergency, substitution for a disabled aircraft, testing, inspection, a courtesy flight, or any other non-revenue departure approved by the Airports Director.

"Revenue Credits" means Applied PFCs, Allocated Investment Income, Reimbursements, Transferred Coverage and such other funds or revenues as County allocates as a credit against the Airport System Requirement in calculating the Terminal Building Rental Rate under Section 6.02 and the Landing Fee Rate under Section 6.03.

"Signatory Airline" means at any time, each one of the Airlines which then has executed a Signatory Airline Operating Agreement and Terminal Building Lease substantially identical to and with the same Term as this Agreement in effect with County.

"Signatory Airlines' Bad Debt Expense" means for any Fiscal Year the total amount of the bad debt expense incurred by County attributable to Signatory Airlines' uncollectible accounts from or related to Signatory Airlines' Rentals, Fees and Charges incurred during the Fiscal Year, including but not limited to late payment fees and interest on said accounts, the cost of pursuing collection, all other expenses of County related thereto, and interest thereon, as provided for in Section 7.01(C).

"Signatory Airlines' Revenue Landed Weight" means for each Fiscal Year the sum of the products determined by multiplying each Revenue Aircraft Arrival by Airline and the other Signatory Airlines (and those of their Affiliates Airlines) by the applicable Maximum Gross Landed Weight of the aircraft making said Revenue Aircraft Arrival for said Fiscal Year.

"Signatory Airlines' Revenue Sharing Credit" means that amount calculated in accordance with Exhibit F7 that is to be credited to Airline based upon its share of total Enplaned Passengers by all Signatory Airlines.

"Special Facility" or "Facilities" means any County facility acquired or constructed for the benefit or use of any person or persons, the costs of construction and acquisition of which are paid for (a) by the obligor under a Special Facility agreement, (b) from the proceeds of Special Facility revenue bonds, (c) from a user charge levied by the facility tenant or County or any combination of (a) through (c); provided, however, that Airport facilities built by an Airport tenant under a ground lease or any other agreement which by its terms is not indicated to be a Special Facility agreement shall not be considered a Special Facility under this definition

"Terminal Area" means the Cost Center of the same name as described and depicted in Exhibit B.

"Terminal Building Rental Rate" means the Terminal Building Rental Rate established pursuant to Section 6.02.

"Terminal Building Rentals" means the Terminal Building Rentals calculated pursuant to

Section 6.05.

"Transferred Coverage" means the amount of a previous Fiscal Year's funded Coverage Requirement carried forward to a subsequent Fiscal Year by the County.

"Transportation Security Administration" or "TSA" means the Transportation Security Administration of the Department of Homeland Security, as amended, or any successor agency thereto.

"Trust Indenture" means the County's Master Indenture of Trust, dated August 1, 2003, including any amendments thereto made from time to time, and any future trust indenture, supplemental trust indenture, ordinance or resolution under which Bonds are issued by the County.

Section 1.02 Interpretation

References in the text of this Agreement to articles, sections, paragraphs or exhibits pertain to articles, sections, paragraphs or exhibits of this Agreement and to the same articles, sections, paragraphs and exhibits of each other Signatory Airlines Airline Operating Agreement and Terminal Building Lease, unless otherwise specified.

A. The terms "hereby," "herein," "hereof," "hereto," "hereunder" and any similar terms used in this Agreement refer to this Agreement.

B. Words importing persons shall include firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural persons.

C. Any headings preceding the text of the articles and sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

D. Words importing the singular shall include the plural and vice versa.

Section 1.03 Incorporation of Exhibits

The following attached Exhibits are hereby made a part of this Agreement:

Exhibit A	Eglin Leased Area
Exhibit B	Airport System Cost Centers
Exhibit C	Terminal Space Plan
Exhibit D	Airlines' Assigned Apron Premises
Exhibit E	Terminal Building Space Summary
Exhibit F	Pro Forma Airline Rentals, Fees and Charges Calculations
Exhibit G	Supplemental Charges
Exhibit H	General Civil Rights Provisions

Section 1.04 Affiliated Airlines

A. The Airline executing this Agreement and its designated Affiliated Airlines shall be treated as a single entity for purposes of application of the provisions of this Agreement, including the calculation of Airline Rentals, Fees and Charges. For purposes of this Agreement, Airline shall include Affiliate Airline unless otherwise expressly stated in this Agreement. Unless the Affiliated Airline is also a Signatory Airline, Airline shall be liable for all financial obligations of Affiliated Airline to County including, without limitation, obligations for the payment of Airline Rentals, Fees and Charges pursuant to Articles 6 and 7 hereof and obligations of indemnity pursuant to Section 13.01 of Article 13 and Section 16.12 of Article 16 hereof. Airline shall have the right to add or delete Affiliated Airlines under this Agreement from time to time by written notice to County; provided, however, that Airline shall remain liable for the obligations of its Affiliated Airline(s) to County incurred or accrued through the date of termination by the Airline of its agreement with the designated Affiliate Airline at the Airport.

B. Airline shall notify County of its Affiliated Airlines that will be operating at the Airport prior to the commencement of such Affiliated Airline's service. Airline acknowledges that any Affiliated Airline that is operating at the Airport and is handled by Airline, but is not a Signatory Airline, shall be deemed an Affiliated Airline under this Agreement unless Airline notifies County to the contrary, in writing.

C. Notwithstanding the definition of Affiliated Airline contained in Section 1.01 and notwithstanding the provisions of Paragraph A of this Section, an Affiliated Airline of Airline, not otherwise a Signatory Airline, shall not be entitled to the Airline Rentals, Fees and Charges applicable to Airline under this Agreement if affording said Rentals, Fees and Charges to said Affiliated Airline would violate County's sponsorship assurances under Title 49 U.S.C., Section 47107 (a).

D. During such period of time that an air transportation company is an Affiliated Airline of Airline in accordance with the terms hereof, such Affiliated Airline (1) shall be charged at the same Landing Fee Rate as Airline without payment of any non-signatory premiums; (2) shall be included in any year-end or other reconciliation process whereby Signatory Airlines share in Signatory Airlines' Revenue Sharing Credit; (3) shall not be counted as a separate air transportation company from Airline for purposes of allocating any per capita portion of any type of cost allocation formula, if any, but such Affiliated Airline's passengers shall be counted as Enplaned Passengers of Airline for purposes of any enplanement-based portion of such formula; (4) shall not be entitled to an MII vote as a result of Affiliate's relationship with Airline (although its Enplaned Passengers and Landing Fees paid will be attributable to Airline for calculation of MII); and (5) Affiliated Airline's flights operated from Airline's Leased Premises will count towards satisfaction of any gate utilization standards, if any, contained in this Agreement.

E. Notwithstanding certain provisions contained in Paragraph A of this Section 1.04 which make Airline liable to the County for all financial obligations of its Affiliated Airlines (unless said Affiliated Airline is a Signatory Airline), including obligations of indemnity under Section

13.01 and Section 16.12 and obligations of insurance under Section 13.02 of Article 13, the County hereby agrees to the following limited exception to Airline's obligations, as aforesaid, for certain specific operations contracted by Airline to Airline's non-owned Affiliated Airlines:

1. Pursuant and subject to the requirements of Section 2.02 of this Agreement, County recognizes Airline's right to conduct certain aircraft flight operations to transport Airline's passengers to and from the Airport through other air transportation companies or contractors.
2. Provided that each of Airline's Affiliated Airlines and County enter into an operating agreement ("Permit") meeting and complying with each and every one of the requirements contained in Subparagraph 3 of this Paragraph E, County agrees with respect to contracted permitted operations exercised by all said Affiliated Airlines on behalf of Airline under said Permit to accept the indemnity and insurance provided by the Airline's Affiliated Airlines in lieu of the indemnity and insurance required of Airline under Paragraph A above.
3. The Permit by and between County and Airline's Affiliated Airlines shall include, comply with, and be subject to each and every one of the following requirements:
 - a. Said Permit shall describe with specificity the scope of the contracted permitted flight activity operated by the Affiliated Airline for and on behalf of Airline pursuant to Section 2.02 of this Agreement.
 - b. The Permit shall require the Affiliated Airline to comply with each and every one of the obligations of Airline under this Agreement applicable to Affiliated Airline's contracted permitted flight activity, save and except the payment of Rentals, Fees and Charges which shall remain the obligation of Airline. The above referenced obligations of the Affiliated Airline shall be incorporated as part of the Permit by reference to this Agreement and the Permit shall contain a provision in which Affiliated Airline acknowledges receipt of a copy of said Agreement.
 - c. With respect to the contracted permitted flight activity under the Permit, the Affiliated Airline shall agree to provide, comply with, and accept the obligations of indemnity and insurance to the County under Airline's Agreement in lieu of Airline. A copy of the indemnity provisions of Section 13.01 and Section 16.12 and of the insurance provisions of Section 13.02 of this Agreement shall be attached to and incorporated as part of the Permit.
 - d. The form and content of the Permit shall be subject to County's approval and shall be executed by the Airline, the Affiliated Airline, and the County.
 - e. Airline shall be responsible for delivering to the County the Permit executed

by Airline and its Affiliated Airline and Affiliated Airline's certificates of insurance, in proper form and content, provided by the insurers of Affiliated Airline.

- f. The provisions of this Paragraph E shall not be effective unless and until County acknowledges its approval of the Permit by execution thereof and advises Airline and its Affiliated Airline that the insurance certificates provided by the Affiliated Airline's insurer meet the requirements of Section 13.02 of the Agreement.

ARTICLE 2 USES, RIGHTS AND PRIVILEGES

Section 2.01 Use of the Airport

Subject to the terms of this Section 2.01 and those additional terms provided for elsewhere in this Agreement, including but not limited to terms regarding the payment of all Rentals, Fees and Charges and other applicable payments required to be made by Airline to County under this Agreement, and the restrictions contained in Section 2.02, or elsewhere in this Agreement, including the Eglin Agreements, Airline shall have the right: to conduct its Air Transportation Business at the Airport; to use, in common with others so authorized, the Common Use Premises and public areas of the Airport (including common use facilities of the Airfield Area, including the Eglin Airfield Facilities to the extent permitted by the Eglin Agreements, and subject to the County's authorized operations permitted thereunder, and the public areas of the Terminal Building), in addition to Airline's Leased Premises; and to perform all operations and functions as are necessary to the conduct of Airline's Air Transportation Business at the Airport; including, without limitation, the following:

A. To repair, maintain, condition, service, tow, test, park and store aircraft and other equipment of Airline and its Affiliated Airline(s) upon its Preferentially Assigned Premises and upon such other areas of the Airport as County may designate;

B. To train personnel of, to be employed by, contracted with, or under the direction of Airline; to train personnel of other air transportation companies, personnel of other aircraft operators and personnel of governmental agencies;

C. To sell, lease, transfer, dispose of or exchange Airline's or its Affiliated Airline(s) aircraft, engines, accessories, parts, gasoline, oil, grease, and all other materials, equipment, supplies and articles or goods used by or acquired in connection with the conduct of Airline's Air Transportation Business at the Airport; but only as an incident to the conduct of its Air Transportation Business. Nothing contained herein shall authorize Airline to sell, transfer or exchange Airline's fuel at the Airport, except to a designated Affiliate Airline and/or to such Air Transportation Company which is a successor company to Airline;

D. To purchase or otherwise obtain services and personal property of any nature, including, but not limited to, aircraft, engines, accessories, parts, gasoline, oil, grease, lubricants, fuel, propellants, food, beverages, including food and beverages for consumption in flight, passenger supplies and all other materials, equipment, supplies and articles or goods used by Airline and/or its Affiliated Airline(s) to conduct its Air Transportation Business at the Airport from any person it may choose; provided, however, that the purchase or obtaining of such services and personal property, including but not limited to, the purchase of gasoline, oil, grease, lubricants, fuel, propellants, food and beverages, including food and beverages intended for consumption in flight, and services from FBOs and similar service concessionaires located at the Airport or providing such services or personal property through the Airport shall be subject to such Airport concession fees as may be imposed thereon by County from time to time under the terms of any current or future County written or published concession policy, rule or regulation. Airline may (i) provide food and beverages, at Airline's sole cost and expense, or install or maintain vending machines in its non-public Preferential Use Premises for the sole use of Airline's employees, the type, kind, and locations subject to the approval of the Airports Director, (ii) provide for its own in-flight kitchen for catering services, excluding snacks and beverages, to its passengers and crews, or to those of its Affiliated Airline(s) for consumption aboard aircraft, and (iii) provide light snacks and non-alcoholic beverages to its customers and guests during irregular operations or emergencies within Airline's Leased Premises;

E. To land, take off, fly, taxi, tow, park, load and unload Airline's and its Affiliate Airline's aircraft and other equipment of Airline used in the operation of scheduled, and other County approved flights, including, but not limited to, the right to load Airline's and its Affiliate Airline's aircraft upon its Assigned Apron;

F. To transport, load and unload , passengers, cargo, baggage, property and mail to, from and at the Airport by such loading and unloading devices, and such other typical means of conveyance as Airline may choose or require in connection with its Air Transportation Business at the Airport; provided, however, that any of the above mentioned services provided through service operated by Airport concessionaires shall be subject to such Airport concession fees on such services as County may establish from time to time under the terms of any current or future County written or published concession policy, rule or regulation;

G. To install, subject to the prior approval of the Airports Director, and to maintain and operate, alone or in conjunction with any other air transportation company or companies, or through a nominee, such radio, communications, meteorological and aerial navigation equipment, facilities and associated wiring to the extent wiring is not available from the County, as may be necessary for the conduct of Airline's Air Transportation Business at the Airport, in or on Airline's Leased Premises, and at other locations at the Airport as may be approved by the Airports Director in writing subject at all times to such restrictions and reservations as are or may be imposed by the United States Air Force with respect to Eglin Air Force Base. If so requested by County, Airline shall provide electronic flight arrival and departure information through data entry equipment provided by County installed systems and shall cooperate with County installation and maintenance

of centralized and remote flight information displays; provided, however, that such flight arrival and departure information is currently available in Airline's system. Airline shall be responsible for the removal of all such equipment including associated wiring, if directed by County, at its sole expense upon termination of its operations at the Airport;

H. To use, in common with others so authorized, the public address system serving the Terminal Building;

I. To use water and electric power systems currently supplied by County at or adjacent to Airline's Leased Premises; to use those aircraft support systems which have been or are hereafter purchased and installed by County, including passenger loading bridges, conditioned air and 400 Hertz auxiliary power systems, and such other miscellaneous aircraft and aircraft-related support equipment and facilities at, adjacent to or in the proximity of Airline's Preferentially Assigned Premises which are currently or hereafter provided by County subject to the payment of applicable use charges therefor as are included as Supplemental Charges under the terms of Section 6.10 of this Agreement.

J. To have the right of ingress to and egress from the Airport including, without limitation to and from, Airline's Leased Premises, and such right shall extend to Airline's employees, agents, passengers, business invitees, suppliers of materials, authorized Ground Handler, and providers of service, and its or their equipment, vehicles, machinery and other property; provided, however, Airline shall not use adjacent unleased space for its operations or customer service functions that otherwise should be performed in Airline's Preferential Use Premises and Preferentially Assigned Premises;

K. To use the areas designated by County as airline employee parking facilities for the parking of vehicles of employees of Airline or its authorized Ground Handler whose work site is the Airport, without charge, and for such other employees of Airline as County may authorize upon the payment of such reasonable fees therefor as County may establish and levy as a Supplemental Charge pursuant to Section 6.10 of this Agreement. All said airline parking so provided by County shall be subject to such reasonable and nondiscriminatory terms and conditions as County may from time to time prescribe.

L. To station its employees, contractors, or authorized Ground Handler in Airline's Leased Premises and in other areas of the Airport as approved by the Airports Director to provide baggage check-in services;

M. Subject to County's written graphic standards for the Airport, as the same may from time to time be adopted, amended or altered, to install, maintain and use, signs in Airline's Preferential Use Premises with the prior written approval of the Airports Director, to install and maintain identifying signs in Preferentially Assigned Premises and Common Use Premises of the Terminal Building as customarily contain airline signage;

N. To install, maintain and operate, in Airline's Leased Premises, administrative offices;

operations offices; lockers, restrooms and related facilities for its employees; baggage, cargo and mail handling and storage facilities and equipment; provided however, that the particular Leased Premises are designed to be used for said purpose or said use has been approved, in writing, by the Airports Director; and

O. To process Enplaned Passengers and Deplaned Passengers, handle reservations, ticketing, billing and manifesting of passengers, and handle baggage, express mail and other express shipments, cargo, property and mail, in Airline's Preferential Use Premises, and Common Use Premises and its Preferentially Assigned Premises, provided for such purpose;

Section 2.02 Exercise of Rights by and for Third Parties including Ground Handlers

A. Subject to Section 15.01 with respect to handling agreements, and subject to the provisions of Paragraph B of Section 2.02 and the restrictions provided in Sections 2.01 and 2.02, the rights and privileges granted to Airline pursuant to this Article 2 may be exercised on behalf of Airline by other air transportation companies or contractors, and Airline may, except as otherwise restricted by Paragraph B of this Section 2.02, exercise on behalf of any other air transportation company providing air transportation to and from the Airport, any of the rights granted Airline herein.

B. If at any time, the Airports Director shall reasonably determine that the air transportation companies, or authorized Ground Handlers, or contractors exercising the rights and privileges granted to Airline pursuant to this Article 2 are exercising such rights and privileges (1) in a manner which unreasonable interferes with (a) the operation of the Airport whereby other airlines operating at the airport cannot process passengers in an expedient manner or (b) the maintenance of the Airport such that the same cannot be accomplished in a complete and timely manner; (2) in a manner which adversely affects the health or safety of the public or other users of the Airport; or (3) in a manner which fails to comply with the rules and regulations of the Airport as described in Section 11.01 or terms of this Agreement, the Airports Director shall notify Airline in writing of such determination including the specific reasons therefore. Airline shall promptly commence and diligently pursue action necessary to correct the conditions or actions specified in such notice. If such conditions or actions are not, in the reasonable opinion of the Airports Director, promptly corrected after receipt of such notice or if such conditions or actions required corrective action over a period of time, and Airline has not, in the reasonable opinion of the Airports Director, commenced and diligently pursued all such corrective action, then upon sixty (60) days written notice from the Airports Director to Airline, the Airports Director may terminate Airline's right to use said air transportation company, authorized Ground Handler, or contractor pursuant to Paragraph A above and may terminate said company's or contractor's access to the Airport. Notwithstanding the foregoing provision, the Airports Director shall have the right, upon thirty (30) days prior written notice to Airline, to suspend operations of said air transportation companies, authorized Ground Handlers, or contractors in the event that he deems such action necessary to protect the health or safety of the public or other users of the Airport or in emergency situations. Thirty (30) day written notice to suspend operations of said air transportation companies, authorized

Ground Handlers, or contractors may be waived if immediate action is required by a federal government agency, the USAF, State of Florida agency, or other local government agency.

Section 2.03 Restrictions and Reservations

A. The grant of any right and privilege under this Article 2 does not authorize Airline to conduct a separate business at the Airport, but permits Airline to conduct such activities only insofar as they are necessary or related to the conduct of its Air Transportation Business at the Airport and to the conduct of authorized Ground Handlers approved pursuant to Section 15.01.

B. Except as herein expressly provided, nothing contained herein is intended or shall be construed to authorize or permit Airline directly, or through the use of any supplier or provider of service, to engage in any activity at or through the Airport which is classified by County as an Airport concession activity pursuant to any County policy, rule or regulation as may be amended from time to time.

C. County specifically reserves and retains all rights with respect to licensing or contracting for concessions, consumer services and FBO and related aviation services at the Airport, including but not limited to food, beverage, retail, advertising, vending, pay telephones, television, automated teller machines (ATM), telecommunications, etc. within the Terminal Building or elsewhere in public areas of the Airport and FBO, fueling and other aviation services in the Airfield Area and other areas of the Airport. County will not license or authorize concession or consumer services in Airline's Preferential Use Premises used for offices, operations, ticketing, passenger holdrooms, passenger loading bridges, or baggage make-up or restricted access areas without Airline's written consent. Notwithstanding the foregoing, Airline may, with County's prior written consent, install vending machines, solely to serve its employees, in areas of its Preferential Use Premises as are routinely occupied by said employees and are not visible to the general public.

ARTICLE 3 AIRLINE'S LEASED PREMISES

Section 3.01 Leased Premises in the Terminal Building

Airline shall have the use of the following Preferential Use Premises Preferentially Assigned Premises, and Common Use Premises within the Terminal Building of the Airport. County shall, at all times, control leasing and assignment of all premises in the Terminal Building, aircraft aprons, and other areas at the Airport. Airlines and its Affiliated Airlines shall not utilize the Preferential Use Premises or Preferentially Assigned Premises of other Airlines without the prior written approval of the Airports Director. In the event of an emergency, the Airports Director may provide verbal approval, in which case such approval shall be documented in writing as soon as practicable.

Section 3.02 Preferential Use Premises

County, as lessor, leases to Airline, as lessee, those areas in the existing Terminal Building for Airline's preferential use, described as Airline's Preferential Use Premises in Exhibit C, including Airport ticket offices, airline maintenance and operations space, and other offices. Airline shall have priority in using said Preferential Use Premises in accordance with the provisions of this Article 3, subject to County's rights of reassignment and reprioritization as set forth in Article 4 of this Agreement.

Section 3.03 Common Use Premises

County, as lessor, hereby leases to Airline, as lessee, for Airline's use, in common with other Airlines similarly so designated, the Common Use Premises in the existing Terminal Building as described and designated in Exhibit C. Airline shall have the right to use the baggage make-up areas, baggage claim areas of the Common Use Premises leased to it and other Airlines on a shared-use basis with said Airlines and other airlines so authorized by County. Airline's obligations hereunder with respect to such Common Use Premises, including but not limited to its obligation to pay Terminal Building Rentals in accordance with Section 6.05, Paragraph B, and Section 7.01, shall also be shared with said Airlines.

Section 3.04 Preferentially Assigned Premises

County, as lessor, leases to Airline, as lessee, those areas in the existing Terminal Building for Airline's preferential use, described as Airline's Preferentially Assigned Premises in Exhibits C and D, including aircraft parking aprons, including aircraft parking positions, adjacent to the Airport Terminal Building assigned to each gate position, as well as the designated holdrooms, ticket counters and queuing areas assigned. Airline shall have priority in using said Preferentially Assigned Premises in accordance with the provisions of this Article 3, subject to County's rights of reassignment and reprioritization as set forth in Article 4 of this Agreement.

Section 3.05 Assignment of Aircraft Parking Positions, Holdrooms, Ticket Counters and Queuing Areas

County grants to Airline, and Airline hereby accepts from County, for so long as Airline is preferentially assigned the Preferentially Assigned Premises holdroom facilities described above and shown on Exhibit C, the preferential right to use the aircraft parking positions within the Preferentially Assigned Premises on the aircraft parking apron adjacent to said Preferentially Assigned Premises, as described in Exhibit D, subject to County's rights of reassignment and reprioritization as set forth in Article 4 of this Agreement.

County grants to Airline, and Airline hereby accepts from County the holdroom facilities within the Preferentially Assigned Premises shown on Exhibit D to use on a per use basis and will be assessed the applicable Rentals, Fees and Charges specified in Article 6. County grants to Airline, and Airline hereby accepts from County the right to use the aircraft parking positions within

Airline's Preferentially Assigned Premises on the aircraft parking apron adjacent to said assigned holdroom facilities, as described in Exhibit D.

County grants to Airline, and Airline hereby accepts from County the Airport ticket counters and queuing areas within the Preferentially Assigned Premises, shown on Exhibit C to use on a per use basis at the Airport, as needed, and will be assessed the applicable Rentals, Fees and Charges specified in Article 6.

Section 3.06 Preferentially Assigned Premises Limitations

The County intends to maintain a policy (i) of encouraging additional air service to and from the Airport and fostering competition between and among air carriers, (ii) of providing open access to the Airport for all Airlines desiring to serve the Airport, (iii) of providing additional facilities to Airlines serving the Airport which desire to expand their service and (iv) of achieving balanced utilization of the Leased Premises and aircraft parking space within and adjacent to the existing Terminal Building, all within the limitations of the Eglin Agreements. To this end, Airline shall be assigned by the County its Preferentially Assigned Premises based upon reasonable utilization standards consistent with historical operations at the Airport and airline industry trends per the sole but reasonable discretion of the County. Airline shall not use adjacent unleased space or extend its operations beyond its Preferential Use Premises and its Preferentially Assigned Premises without the County's consent provided that Airline shall at all times be permitted to use the Common Use Premises and public spaces in the Airport as intended. Airline may request an addition to its Preferential Use Premises or Preferentially Assigned Premises pursuant to Section 3.07. County also reserves the right to evaluate Airline's utilization of Preferentially Assigned Premises from time-to-time to determine if such premises should be increased or reduced per reasonable utilization standards consistent with historical operations at the Airport and airline industry trends pursuant to and in accordance with Section 4.02.

Section 3.07 Addition of Leased Premises

A. County may, from time to time, upon written request from Airline, add space or spaces to Airline's Preferential Use Premises and Preferentially Assigned Premises, upon written request from Airline, may add rights, licenses or privileges granted to Airline hereunder, in the following manner. Airline shall submit to the Airports Director a written request for the addition of space pursuant to the above noted provision of this Section 3.07, which request shall describe with particularity (i) the space or spaces or rights, licenses or privileges which Airline wishes to add in accordance with the foregoing provisions:, and (ii) the date on which Airline wishes such addition to be effective.

B. If, pursuant to such a request from Airline, the Airports Director approves such addition, as above specified, he shall so notify Airline in writing, and the addition shall be effective as of the date of occupancy , and Exhibit C and Exhibit D, if applicable, shall be revised accordingly to reflect such addition;

C. All space added to Airline's Preferential Use Premises or Preferentially Assigned Premises pursuant to this Section 3.07 shall be subject to all the terms, conditions, provisions, warranties and covenants of this Agreement, and Airline shall pay to County all Rentals, Fees and Charges and other payments applicable to such additional space, rights, licenses and privileges in accordance with the provisions of this Agreement.

Section 3.08 Substitution of Exhibits for Leased Premises upon DBO

At such times as may be required under this Agreement, County shall prepare revised Exhibits C, D, and E based on "as built construction drawings" or changes to Airlines' Leased Premises reflecting revised Rentable Space and Airlines' Leased Premises, as constructed, and after consultation with Airline and the other Signatory Airlines, said exhibits shall be substituted for the current Exhibits C, D and E to this Agreement without formal amendment to this Agreement.

ARTICLE 4 AIRPORT ACCESS AND AIRLINE ACCOMMODATION

Section 4.01 Airport Policy

County intends to maintain a policy of encouraging additional air service to and from the Airport and fostering competition between and among air carriers, of providing open access to the Airport for all airlines desiring to serve the Airport, of providing additional facilities to Airlines serving the Airport which desire to expand their service and of achieving balanced utilization of the Airline's Leased Premises and aircraft parking space within and adjacent to the existing Terminal Building, all within the limitations of the Eglin Agreements

Recognizing that physical and financial limitations may preclude timely expansion of Terminal Building space and related aircraft parking positions to meet the immediate needs of new entrants and Airlines desiring to expand service and that balanced utilization of existing facilities should occur prior to expansion, County plans to employ the following strategies, among others, to achieve airline access and facility accommodation at the Airport.

A. Ticket counters, queuing areas, operations office space, holdroom space and aircraft parking positions shall be assigned and leased to Airlines as Preferential Use Premises or as Preferentially Assigned Premises. Airlines requiring holdroom facilities will be assigned those types of holdrooms equipped with County-installed passenger loading bridges. Airlines operating aircraft not requiring the use of passenger loading bridges will be assigned aircraft parking positions and holdrooms on the ground level. Except for backwall logos and computer reservations equipment, all holdrooms will be furnished and equipped by County. At all times during the terms of this Agreement the above referenced Preferential Use Premises and Preferentially Assigned Premises shall be subject to accommodation and recapture provisions by County in accordance with Section 4.02 of this Article 4. Rentals, Fees, and Charges will be assessed for such premises at the applicable Rentals, Fees and Charges pursuant to Article 6.

B. Inbound baggage handling space, facilities and equipment shall be provided to Airlines in good and workable condition on a shared use basis and shall be leased as Common Use Premises. Outbound bag make-up space shall also be provided to airlines on a shared-use basis and shall also be leased as Common Use Premises.

C. Ticket counters, queuing areas, holdrooms, office and operations space within the Terminal Building will be provided to Airlines in good and workable condition for their use and occupancy on a preferential use basis and leased as Preferential Use Premises or Preferentially Assigned Premises with County retaining excess space under its control.

D. The Airports Director shall have the right to reassign, reallocate and recapture unused and underutilized space and temporarily assign other space as specified in Section 4.02 hereof. The Airports Director shall determine space as underutilized only after reviewing current, past and near-term planned utilization of said space and giving Airline the opportunity to discuss utilization of said space with the Airports Director.

E. The parties acknowledge that as of the date of this Amendment, the number of hourly commercial aircraft operations are currently subject to limitations imposed by the United States Air Force pursuant to the Eglin Agreements. In order to equitably regulate the use and assignment of such limited operations, the County has established the Policy regarding the process for allocating scheduled commercial aircraft operations at VPS and will enforce the Policy in a reasonable and not unjustly discriminatory manner. The Policy in effect as of the date hereof is based upon and is generally consistent with the Worldwide Slot Guidelines, jointly published by IATA, Airports Council International (ACI) and the Worldwide Airport Coordinators Group (as the same have been or may be amended, the "Guidelines"), with deviations appropriate to reflect the terms of the Eglin Agreements and conditions at VPS. Prior to any amendment or modification to or replacement of the Policy becoming effective, the County shall provide a copy of the proposed amendment(s), modification(s) or replacement(s) to each Signatory Airline, provide an opportunity for comment by the Signatory Airlines and reasonably consider any such comments prior to implementing any amendment, modification to, or replacement of the Policy; provided, however, that any amendment, modification to, or replacement of the Policy shall be generally consistent with the Guidelines then in effect, with deviations appropriate to reflect the terms of the Eglin Agreements and conditions at VPS (including without limitation any changes in the number of permitted operations under the Eglin Agreements then in effect). If any Airline operates at VPS without an approved hourly allocation under the Policy (except in the event of an emergency), VPS shall have the right to notify the Airline of an event of default under Section 14.01 of this Agreement within three (3) business days' after that specific flight and if it does not do so within such time period, any such default will be waived provided that VPS shall not be precluded from declaring a default for any subsequent operation without an approved hourly allocation within a three (3) day period following that operation. Notwithstanding anything in Section 14.01 of the Agreement, the County must provide an Airline a timely notice of default based on an unapproved operation as set forth herein before it may rely on such unapproved operation(s) to invoke any termination provision of Section 14.01. Notwithstanding the foregoing or anything herein to the contrary, if the Eglin Agreements cease to restrict the number of operations, the Policy shall be void and of no further force effect for as long as the Air Force does not limit commercial aircraft operations at VPS.

Section 4.02 Airports Director's Rights of Reassignment, Reallocation and Recapture

The Airports Director shall have the right at any time during the term of this Agreement, upon reasonable notice (which in any event shall be not less than sixty (60) days) to Airline, other Signatory Airlines, and other airlines, which notice shall be in writing, except for temporary accommodations occasioned by emergency weather or air traffic related conditions, to assign, reassign, reallocate, and recapture space and establish priorities of use and preferences for any Airline Preferentially Assigned Premises, including assigned aircraft parking positions, holdrooms, ticket counters, queuing areas; Preferential Use Premises, including airline ticket offices, maintenance and operations and appurtenant space, or assigned facilities and equipment under this Agreement in order to accommodate a new entrant or another airline requiring additional facilities, subject to the terms, conditions and provisions specified in Paragraphs A through D of this Section 4.02 upon consultation with impacted Airlines, including its designated Affiliated Airline(s), and taking into account Airlines' concerns.

A. Whenever an airline requires space and an aircraft parking position and holdroom to accommodate its operations, County, through its Airports Director, shall achieve accommodation for the space in the manner that he/she, in his/her reasonable discretion, deems will best serve the needs of the accommodated airline, the affected Airline or Airlines and the Airport, but to the extent practical will attempt to achieve accommodation according to the following:

1. Non-assigned aircraft parking positions, non-assigned holdroom space and non-assigned ticket counter, queuing areas, and vacant office and operations space shall be first utilized.
2. Preferentially Assigned Premises including aircraft parking positions, holdrooms, ticket counters and queuing areas, and other common use space, if available, shall be utilized second.
3. Preferential Use Premises leased by Airlines, and other preferential space, facilities and equipment shall be utilized last; provided, however, that Airline's preferences as to time of use of said aircraft parking positions, holdrooms and other preferential space, facilities, and equipment shall be preserved and protected.

B. Whenever the Airports Director assigns, reassigns, reallocates, recaptures or establishes priorities of use or preferences for aircraft parking positions or Leased Premises, including appurtenant facilities and equipment, under the terms of this Section 4.02, including Paragraph A hereof, he/she shall do so based upon best judgment of the action which will best serve the accommodated airline, the affected Airline and the Airport while at the same time achieving balanced utilization of facilities and enhancing competition. In achieving such accommodation, the Airports Director shall take into account all of the following on a case by case basis in no order of priority as appropriate for the particular type of space involved:

1. The average number of flights per day the affected airline has scheduled for each

assigned aircraft parking position and holdroom.

2. Scheduling considerations (which shall take into account 60 minutes before a departing flight and 60 minutes after an arriving flight).
3. Location of space.
4. Number of Enplaned Passengers and Deplaned Passengers, including load factors.
5. Signatory Airline's need for space based on FAA and airline space planning guidelines for the current and near-term planned number of Signatory Airline operations and passengers.
6. Size of aircraft.

C. Whenever County, through its Airports Director, takes any action pursuant to the provisions of this Section 4.02 which will affect Airline, the Airports Director shall meet with Airline and other affected Airlines to discuss options for accommodation within the provisions of this Section 4.02. The Airports Director shall then provide Airline and other affected Airlines with written notice of his decision, including notification of the reassignment, reallocation, recapture or change to be made and the effective date thereof (which shall be not less than sixty (60) days from the date of said notice).

D. In the event that as a result of action taken by the Airports Director pursuant to Paragraph A of Section 4.02 above, Airline's ability to conduct operations at the Airport is substantially impaired, Airline may, upon thirty (30) days advance written notice to County, terminate this Agreement.

E. In the event that the Signatory Airlines and new entrants or other Airlines requiring the use of the same cannot agree on space assignments or schedules for use of same, the Airports Director shall meet with the involved Airlines to attempt to establish agreement among said Airlines, but if agreement cannot be reached, the Airports Director shall establish said assignments and schedules for use on a basis which will reasonably accommodate the involved Airlines, utilizing the guidelines contained in Paragraph B above wherever practical and, to the extent applicable, subject to the provisions of Paragraphs A and B above, and notify the involved Airlines in writing of his determination. In the event that as a result of action taken by the Airports Director pursuant of Paragraph E, Signatory Airlines shall have the right to evoke Paragraph D.

F. Whenever County through action of its Airports Director pursuant to this Section 4.02 recaptures an aircraft parking position or Leased Premises from Airline, or orders accommodation on Airline's Leased Premises through joint or shared use, County shall, depending on the specific action taken, reimburse Airline for the unamortized cost of its leasehold improvements, the reasonable cost of making additional improvements to accommodate the

requesting airlines and pay for relocation expenses attendant to said displacement or shared use upon Airline providing County acceptable documentation of said costs, or alternatively require the accommodated airline to make such payments to Airline and require such accommodated airline to indemnify Airline for its operations from any such space.

Section 4.03 Temporary Accommodation

Whenever any airline has a temporary need of an aircraft parking position or holdroom space to accommodate its aircraft, County, through its Airports Director, will use its best efforts to achieve accommodation through the priority and evaluation system established under Paragraphs A and B in Section 4.02. In the event that accommodation through those procedures is not possible or practical, the Airports Director may assign temporary use of an Airline parking position within Airline's Preferentially Assigned Premises and holdroom space within its Leased Premises, including appurtenant facilities and equipment, for such purposes provided that the same is not scheduled for Airline operations, Airline is notified in advance, Airline is compensated by said other airline for the use of said Airline space and any Airline-owned equipment and facilities and such airline sign as indemnity agreement in favor of Airline. The Airports Director shall have the right in situations occasioned by emergency, weather, or air traffic-related conditions, to order temporary accommodation of an airline at Airline's Preferentially Assigned Premises and Leased Premises in whatever manner he deems appropriate. The accommodated airline shall pay Airline for such use and the use of any Airline-owned equipment and facilities. Payment to Airline under this Section 4.03 shall be based on the current per use charge established by County for the current Fiscal Year. Said per use charge may include a pro-rata share of a reasonable allocation of capital improvement and equipment costs allocable to said Leased Premises and facilities, not funded by the County, and a reasonable administrative fee not to exceed fifteen percent (15%) of the foregoing. Airline may also require the accommodated airline to provide (1) a certificate of insurance in accordance with Section 13.02 hereof and naming Airline as an additional insured and (2) indemnification reasonably satisfactory to Airline. County will collect all said fees for temporary accommodation of another airline on behalf of the Airline.

Section 4.04 Competitive Access Requirements

Pursuant to the requirements of 14 C.F.R. Part 158, County shall have the right to terminate this Agreement upon thirty (30) days prior written notice to Airline by registered or certified mail given at its address specified in Section 17.09 hereof in the event that: (1) Airline has an exclusive lease or use agreement for existing facilities at the Airport; and (2) any portion of its existing facilities is not fully utilized and is not made available for use by potentially competing air carriers or foreign air carriers. The foregoing provision shall apply only if and to the extent required by 14 C.F.R. Part 158 or by any PFC assurance executed by County pursuant to said regulation.

ARTICLE 5
TERM

Section 5.01 Term of Agreement

A. The Term of this Agreement shall be for the period commencing from the date of execution on page 1 and, unless sooner terminated pursuant to the provisions of this Agreement, shall expire on September 30, 2026.

Section 5.02 Holding Over

If Airline remains in possession of all or any portion of its Leased Premises after the expiration or termination of this Agreement, by lapse of time or otherwise, without specific notice from County indicating its intention to have Airline quit and vacate the Leased Premises as of that date, such holding over shall constitute the creation of a tenancy at sufferance, terminable by County at any time upon thirty (30) days written notice, at the Rentals, Fees and Charges and Supplemental Charges otherwise payable by Airline had this Agreement not expired or terminated; provided, however, that said Rentals, Fees and Charges and Supplemental Charges shall be prorated for the period of said hold over tenancy. County will not terminate this Agreement so long as County and Airline are engaged in good faith negotiations to extend the term of Airline's tenancy at the Airport, either through extension of this Agreement or a new agreement.

ARTICLE 6
RENTALS, FEES, AND CHARGES

Section 6.01 Calculation of Rentals, Fees, and Charges

A. No later than sixty (60) days prior to the beginning of each Fiscal Year during the term of this Agreement, County shall establish and notify Airline and other Signatory Airlines of the Signatory Airlines' Terminal Building Rental Rate, the Landing Fee Rate, and other Airline Rentals, Fees and Charges to be in effect for that Fiscal Year. Said rates and charges shall be calculated and set forth in a document prepared by County, hereinafter referred to as the "Signatory Airlines' Rentals, Fees and Charges Calculations". Said document shall also include a schedule of new Capital Projects to be included in rates and charges calculations or initiated during said Fiscal Year. Said schedule shall include a description, cost estimate and proposed funding source for each Capital Project. For purposes of illustration only, estimated "Pro Forma Signatory Airlines' Rentals, Fees and Charges Calculations" under the terms of this Agreement for Fiscal Year 2023 is attached as Exhibit F. County's notice to Airline and the other Signatory Airlines shall include notice of the time and place of a meeting, to be held not later than 30 days following County's notification, to discuss said Rentals, Fees and Charges and to answer questions of Airline and other Signatory Airlines concerning the same. For each subsequent Fiscal Year, replacement calculations similar to Exhibit B will be provided to Airline for substitution in this Agreement without the requirement of an amendment.

B. To calculate said Rentals, Fees and Charges for each Fiscal Year, the estimated Airport System Requirement shall be calculated, charged, and allocated to County's Direct and Indirect Cost Centers by County in accordance with County's cost accounting and cost allocation system for the Airport System. The net amount of the Airport System Requirement allocated to each Indirect Cost Center shall be reallocated to Direct Cost Centers based on each Direct Cost Centers proportionate share of estimated direct Operating Expenses. The total amount calculated, charged, allocated and reallocated to the Terminal Area Cost Center shall be the "Terminal Area Requirement". The total amount calculated, charged, allocated and reallocated to the Airfield Area Cost Center shall be the "Airfield Area Requirement".

Section 6.02 Calculation of Terminal Building Rental Rate

County shall calculate the Terminal Building Rental Rate for each Fiscal Year of this Agreement as follows:

A. The Terminal Area Requirement shall be calculated as the portion of the Airport System Requirement calculated, charged, allocated and reallocated to the Terminal Area Cost Center by County in accordance with Section 6.01, Paragraph B above, including the allocated share of the net Airport System Requirement from Indirect Cost Centers.

B. The Terminal Area Requirement shall be reduced by the sum of the following amounts allocated to the Terminal Area Cost Center to determine the "Net Terminal Area Requirement."

1. Applied PFCs and Applied CFCs, if any, allocable to the Terminal Area
2. Allocated Investment Income
3. Transferred Coverage
4. Reimbursements for passenger loading bridges
5. Other Revenue Credits not included above, as applicable

C. The Terminal Building Rental Rate shall be calculated by dividing the Net Terminal Area Requirement by the Rental Divisor for the Terminal Building.

D. A pro forma illustration of the calculation of the Terminal Building Rental Rate for Fiscal Year 2023 is presented on Exhibit F1.

Section 6.03 Calculation of Landing Fee Rate

County shall calculate the Signatory Airlines' Landing Fee Rate for each Fiscal Year of this Agreement.

A. The Airfield Area Requirement shall be calculated as the portion of the Airport System Requirement calculated, charged, allocated and reallocated to the Airfield Area Cost Center by County in accordance with Section 6.01, Paragraph B above, including the allocated share of the net Airport System Requirement from Indirect Cost Centers.

B. The Airfield Area Requirement shall be reduced by the sum of the following amounts allocated to the Airfield Area Cost Center to determine the "Net Airfield Area Requirement."

1. Other Airfield Area Non-Airline Revenue
2. Applied PFCs and Applied CFCs, if any, allocated to the Airfield Area
3. Allocated Investment Income
4. Transferred Coverage
5. Other Revenue Credits not included above, as applicable

C. The Signatory Airline Landing Fee Rate shall be that amount determined by dividing the Net Airfield Area Requirement above by the estimated Maximum Gross Landed Weight of all Revenue Aircraft Arrivals by all airlines for said Fiscal Year.

D. A pro forma illustration of the calculation of the Landing Fee Rate for Fiscal Year 2023 is presented on Exhibit F6.

Section 6.04 Reserved

Section 6.05 Terminal Building Rentals

Airline shall pay to County annual rentals for its Leased Premises in the Terminal Building for each Fiscal Year as follows:

A. For its use of the Preferential Use Premises in the existing Terminal Building, as shown on Exhibit C, Airline shall pay the amount which is the product of the square footage of said Leased Preferential Use Premises and the Terminal Building Rental Rates for said Fiscal Year determined in accordance with Section 6.02.

B. For its use of the Common Use Premises in the Terminal Building designated as "Baggage Make Up Space" and "Baggage Claim Space" on Exhibit C, Operator shall pay the following rental charges:

1. For Baggage Make Up Space, Airline shall pay the amount per Enplaned Passenger determined by dividing the product of the Terminal Building Rental Rate and the square footage of said space by the estimated Enplaned Passengers for the Airport for said Fiscal Year.

2. For Baggage Claim Space, Airline shall pay the amount per Enplaned Passenger determined by dividing the product of the Terminal Building Rental Rate and the square footage of said space by the estimated Deplaned Passengers for the Airport for said Fiscal Year.

C. For its use of Preferentially Assigned Premises designated as "Preferentially Assigned Holdroom and Apron" and " Preferentially Assigned Ticket Counter and Queuing Areas" as shown on Exhibit D, Airline shall pay the following charges:

1. For Preferentially Assigned Holdroom and Apron with a passenger loading bridge, Airline shall pay the amount per Enplaned Passenger determined by (a) the sum of (1) the product of the Terminal Building Rental Rate and the square footage of said space and (2) the annual cost for all the passenger loading bridges at the Airport (b) divided by the estimated Enplaned Passengers for the Airport for said Fiscal Year The resulting amount shall be the fee assessed per Enplaned Passenger of Airline for use of Preferentially Assigned Holdroom and Apron with a passenger loading bridge. A pro forma illustration of this calculation for Fiscal Year 2023 is presented on Exhibit F3.
2. For Preferentially Assigned Holdroom and Apron without a passenger loading bridge, Airline shall pay the amount per Enplaned Passenger determined by dividing the product of the Terminal Building Rental Rate and the square footage of said space by the estimated Enplaned Passengers for the Airport for said Fiscal Year. The resulting amount shall be the fee assessed per Enplaned Passenger of Airline for use of Preferentially Assigned Holdroom and Apron without a loading bridge. A pro forma illustration of this calculation for Fiscal Year 2023 is presented on Exhibit F4.
3. For Preferentially Assigned Ticket Counter and Queuing Areas, Airline shall pay the amount per Enplaned Passenger determined by dividing the product of the Terminal Building Rental Rate and the square footage of said space by the estimated Enplaned Passengers for the Airport for said Fiscal Year. The resulting amount shall be the fee assessed per Enplaned Passenger of Airline for use of Preferentially Assigned Ticket Counter and Queuing Area. A pro forma illustration of this calculation for Fiscal Year 2023 is presented on Exhibit F5.

Section 6.06 Landing Fees

Airline shall pay to County a Landing Fee for each Revenue Aircraft Arrival by an aircraft operated by Airline at the Airport, which shall be an amount equal to the product of the Maximum Gross Landed Weight of the aircraft making said Revenue Aircraft Arrival and the Landing Fee Rate calculated in accordance with Section 6.03 hereof.

Section 6.07 Reserved

Section 6.08 Taxes, Assessments, Licenses and Permit Fees

A. Airline shall pay all taxes, including any possessory interest tax, payment in lieu of taxes, assessments, and charges of a like nature, if any, which at any time during the term of this Agreement may be levied or become a lien by virtue of any levy, assessment, or charge by the Federal Government, the State of Florida, the County of Okaloosa, or any other municipal corporation or other local government entity having jurisdiction over the Airport, any government successor in authority to the foregoing, or any other tax or assessment levying bodies, in whole or in part, upon or in respect to any of the Airline's Leased Premises under this Agreement or such space or facilities of the Airport assigned to or otherwise utilized by Airline hereunder, or upon or in respect to any personal property belonging to Airline situated on the Leased Premises, the Preferentially Assigned Premises or elsewhere under this Agreement or upon or in respect to Rentals, Fees and Charges paid by Airline. Payment of such taxes, upon or in respect to the Leased Premises, Preferentially Assigned Premises or such space or facilities as are assigned to or utilized by Airline under this Agreement, assessments, and charges, when and if levied or assessed, shall be made by the Airline directly to the taxing or assessing authority charged with collection thereof. County shall timely forward to Airline any assessment or tax notice received by County and payable by Airline hereunder. Further, Airline agrees that it shall protect, reimburse and indemnify the County from all liability for its tax obligations under the terms of this Agreement.

B. Airline shall also pay any fees associated with any and all licenses, permit, certificates and other authorizations required by any governmental authority in connection with the operations or activities performed by Airline hereunder.

C. Airline may, at its own expense, contest the amount of validity of any tax or assessment, or the inclusion of the Leased Premises or Preferentially Assigned Premises under this Agreement as taxable or assessable property, directly against the taxing or assessing authority and Airline shall not be deemed to be in default under this Agreement for failure to pay any such tax or assessment pending the outcome of any such contest proceedings. County agrees to cooperate with Airline, to the extent reasonably necessary, in such proceedings, provided that Airline reimburses County for the reasonable expenses incurred as a result thereof.

D. Upon the termination or expiration of this Agreement, all lawful taxes then levied or a lien upon any such property or taxable interest therein, including the Leased Premises or Preferentially Assigned Premises, shall be paid in full by the Airline forthwith, or as soon as a statement thereof has been issued by the tax collector if termination occurs during the interval between attachment of the lien and issuance of a statement.

Section 6.09 Electric Service

A. Unless otherwise specifically provided for in Paragraph B or elsewhere in this Agreement, County's cost for electrical service provided to Airline at Airline's Leased Premises

under this Agreement are included in rental payments made for said Leased Premises.

B. For Airline's use of power for any other special utilization equipment, Airline shall pay to County, as a Supplemental Charge under Section 6.10 hereof, the reasonable use charge established by County from time to time for the use of said equipment as set forth on Exhibit G or otherwise.

Section 6.10 Airline Supplemental Charges

A. Airline shall pay to County, for each Fiscal Year hereof, those Supplemental Charges for the use of Airline Specialties, Special Facility Charges, security badging, employee parking which is subject to a parking fee, pursuant to Section 2.01, Paragraph K, and such other County provided facilities and services as the same are set forth or determined in accordance with Exhibit G.

B. Airline shall also pay County, or at the direction of County pay directly to the United States Air Force, those charges levied by the Air Force, under Air Force Regulation 92-1, Paragraph 32.C, for firefighting, rescue, or runway foaming services rendered at Airline's request.

Section 6.11 Signatory Airlines' Revenue Sharing Credit

For each Fiscal Year under this Agreement, County shall credit the Airline and the other Signatory Airlines, a Signatory Airlines' Revenue Sharing Credit. The Revenue Sharing Credit shall be calculated net of the Signatory Airlines' Bad Debt Expense charge for the Fiscal Year. Said Revenue Sharing Credit shall be determined in accordance with the Signatory Airlines' Revenue Sharing Credit Calculation illustrated in Exhibit F7. Airline's and each Signatory Airline's allocable share of the credit shall be in proportion to its percentages of Signatory Airlines' (and its Affiliated Airlines(s)') Enplaned Passengers, for said Fiscal Year. Airline's share of said credit shall be applied in twelve monthly installments against Airline's Rentals, Fees and Charges invoiced under Section 7.01, Paragraph B hereof.

Section 6.12 Accounting for and Handling PFCs for County

A. Airline shall make monthly payments and file quarterly reports of PFCs collected for the Airport in strict accordance with the payment and collection requirements of 49 U.S.C. 40177 and the requirements of the 14 C.F.R. Part 158, herein the "PFC Regulations."

B. Prior to making payments in accordance with Section 6.12, Paragraph A above, Airline shall hold the net principal amount of all PFCs that are collected by Airline or its agents on behalf of County pursuant to 49 U.S.C. 40177 and the "PFC Regulations" as a trust fund as described in Section 158.49(b) of the PFC Regulations. For purposes of this section, "net principal amount" shall mean the total principal amount of all PFCs that are collected by Airline or its agents on behalf of County, reduced by refunds, specifically authorized by the PFC Regulation and actually remitted to a ticketed passenger, and all amounts that Airline is permitted to retain pursuant to Section 158.53(a) of the PFC Regulation.

Section 6.13 Adjustment of Certain Fees During The Fiscal Year

If at any time during a Fiscal Year there is (1) a termination of Airport service by an airline, a filing of a bankruptcy proceeding, or a shutdown of service due to a labor strike by any Signatory Airline, (2) a material cutback in scheduled service by a Signatory Airline which is likely to materially decrease Signatory Airlines' Landing Fees or materially decrease non-airline revenue, or (3) any materially significant economic or political event which would materially impact Airport activity levels, costs or revenues and County reasonably projects that revenue generated by Signatory Airlines' Rentals, Fees and Charges would vary by ten percent (10%) or more than budgeted, then County may make one annual adjustment to the remaining monthly Signatory Airlines' Landing Fee Rate and Terminal Building Rental Rate, as applicable, for such Fiscal Year to conform to its current projections under Sections 6.01 through 6.06. County shall provide written notice to Airline of its intent to adjust said fees and charges and the effective date of such proposed adjustment (which shall be no earlier than thirty (30) days after the giving of such notice) and provide the financial justification therefor. If the Signatory Airlines shall request, County shall meet with the Signatory Airlines within said thirty (30) day period to discuss with the Signatory Airline said adjustment.

Section 6.14 Extraordinary Coverage

Airline and the other Signatory Airlines shall make "Extraordinary Coverage Protection Payments" to County for any Fiscal Year in which Airport System revenues less O&M Expenses plus other funds available to meet County's rate covenant under any Trust Indenture for the Airport ("Available Revenue") is or is projected to be less than the Coverage Requirement for said Fiscal Year. The amount of said Extraordinary Coverage Protection Payments shall be equal to the calculated shortfall in Available Revenues. Said amount shall be apportioned among Airline and the other Signatory Airlines based upon their pro-rata share of Enplaned Passengers and Landing Fees for the Fiscal Year, shall be invoiced separately and paid in monthly installments within thirty (30) days of invoicing over the Fiscal Year for which said payments are in effect. No other provision of this Agreement shall limit, postpone, abate or in any way alter Airline's obligation to make Extraordinary Coverage Protection Payments pursuant to this Section 6.14, including without limitation any provision contained in Article 9, Article 14 or Section 17.05 of Article 17 hereof. County shall repay Airline for its pro-rata share of the Extraordinary Coverage Protection Payments as soon as Airport System funds are available for repayment.

Section 6.15 No Other Fees and Charges

A. Except as otherwise provided for herein and except for Reimbursable and Supplemental Charges for services or personal property currently provided or hereafter provided by County, County agrees that no further Airline Rentals, Fees, or Charges, other than those herein expressly referred to or provided for, shall be imposed by County upon Airline, its employees, agents, passengers, contractors, customers, suppliers of materials or furnishers of services for the use of or access to the Airport or the exercise by Airline of any of its rights granted in Article 2.

B. The provisions contained in Section 6.15, Paragraph A shall not preclude County from seeking reimbursement from Airline and other Signatory Airlines for the cost of services provided to Airline and other Signatory Airlines and other Airlines in compliance with any Federal law or rule or regulation which is enacted or amended subsequent to execution of this Agreement, or for any services, facilities or personal property provided subsequent to the execution date of this Agreement, the cost of which is not currently included in the estimated Airport System Requirement used to calculate Airline Rentals, Fees and Charges under this Agreement or included as a Reimbursable or Supplemental Charge. Without in any way limiting the foregoing provision, County shall have the right, after consultation with Airline and other Signatory Airlines, to levy and collect from Airline and other Signatory Airlines and other Airlines such supplemental and/or additional security and/or other charges as the County deems necessary to impose to recover any new, additional or increased security costs or related O&M Expenses or other costs included in the Airport System Requirement for the Airport incurred by County as a direct or indirect result of the September 11, 2001, acts of terrorism and acts of war or any subsequent similar or related event, including any such costs related to County's compliance with any applicable Federal law, rule, regulation, order or directive. Charges to Airline and other Signatory Airlines and other airlines shall be net of any reimbursements received from the Federal government allocable to said charges.

C. Notwithstanding Sections 6.15, Paragraphs A and B above, County expressly reserves the right to assess and collect fees from any and all Airport concessionaires and providers of services, including but not limited to concessionaires and operators providing food/beverage, retail, telephone, telecommunications, advertising, in-flight catering, vending, ground transportation and, except as otherwise specifically excepted herein, providers of all other Airport passenger, baggage or aircraft services to Airline or its passengers, employees or business invitees, including services provided (1) by Airline for another airline (other than designated Affiliated Airline (s)); and (2) for Airline by other concessionaires and operators (other than designated Affiliated Airline(s)).

D. Nothing contained in this Section or elsewhere in this Agreement, shall prohibit, preclude, impair or limit in any manner County's ability to impose a Passenger Facility Charge at the Airport as currently, or as hereafter, permitted or authorized by Federal law or as otherwise hereafter permitted.

Section 6.16 Fiscal Year-End Adjustment

A. Except for any in-term adjustments authorized pursuant to Section 6.13 of this Agreement, any additional fee or adjustment to fees authorized pursuant to Section 6.14 of this Agreement, and the Fiscal Year-end adjustment to the Signatory Airlines Revenue Sharing Credit provided for in Paragraph B of this Section 6.16 hereof, the Rentals, Fees and Charges for each Fiscal Year established pursuant to Article 6 shall be fixed and not subject to recalculation or further adjustment.

B. Any other provision of this Agreement notwithstanding, as soon as practical after completion of County's annual Fiscal Year audit, the County shall recalculate the Signatory Airlines'

Revenue Sharing Credit for said Fiscal Year. Said recalculation shall follow the methodology initially used to calculate the Signatory Airlines' Revenue Sharing Credit under this Article 6 except County shall use actual revenues, O&M expenses, capital charges, airline activity levels, and other applicable elements of County's Rentals, Fees and Charges calculation, including the Signatory Airlines' Bad Debt Expense charge for the Fiscal Year, rather than the estimated amounts used in the initial calculation, to recompute the Signatory Airlines' Revenue Sharing Credit for the Fiscal Year. Airline Rentals, Fees and Charges calculated under Section 6.01 shall not be recalculated as part of recomputation of the Signatory Airlines' Revenue Sharing Credit. In the event that said recalculation results in an amount due Airline and the other Signatory Airlines, County shall credit said amounts due to Airline and the other Signatory Airlines pro-rata against monthly invoices over the balance of the Fiscal Year then remaining. In the event that said recalculation results in an amount due the County from Airline and the other Signatory Airlines, said amount shall be invoiced pro-rata in monthly invoices over the balance of the Fiscal Year then remaining. County shall invoice Airline and the other Signatory Airlines for the amounts due and said Airline and the other Signatory Airlines shall pay the amounts so due within thirty (30) days of said invoice.

C. County shall provide Airline and the other Signatory Airlines with a copy of its recalculation of the Signatory Airlines' Revenue Sharing Credit in accordance with Paragraph B above with County's credit or invoice to Airline and the other Signatory Airlines.

Section 6.17 Non-Signatory Airline Rentals, Fees, and Charges

Non-Signatory Airlines shall be assessed all applicable Rentals, Fees, and charges above referenced in this Article. Non-Signatory Airlines shall not receive Revenue Sharing Credits pursuant to Section 6.11.

ARTICLE 7 PAYMENT OF RENTALS, FEES AND CHARGES

Section 7.01 Manner of Payment

A. Airline agrees to pay all sums due under this Agreement in lawful money of the United States of America, upon invoice, unless invoicing is otherwise excluded hereunder, without further notice or demand, without deduction or setoff by check or wire transfer, made payable to Okaloosa County. Payment made by check shall be delivered postage or other charges prepaid to:

By U.S. Mail: Office of Airports Director
Destin-Fort Walton Beach Airport
1701 State Road 85 North
Eglin Air Force Base, FL 32542

By Express Mail: Office of Airports Director
Destin-Fort Walton Beach Airport
1701 State Road 85 North
Eglin Air Force Base, FL 32542

Payment made by wire transfer shall be made payable to Okaloosa County in accordance with the following instructions:

By Wire Transfer: Truist Bank
5224 Stewart Street
Milton, FL 32570
WILL BE PROVIDED

To Credit: Okaloosa County Board of County Commissioners
Account Number - Contact for Information

or to such other bank or by such other method as may hereafter be designated by County.

B. Amounts due County, after application of Airline's share of Signatory Airlines' Revenue Sharing Credit in accordance with Section 6.11 hereof for any Fiscal Year shall be payable as follows:

1. Terminal Building Rentals for Preferential Use Premises together with all fixed annual sums due as Airline Supplemental Charges shall be paid in twelve (12) equal monthly installments, in advance, not later than the first day of the month for which they are due based on County's invoices therefor.
2. Terminal Building Rentals for Common Use Premises and Preferentially Assigned Premises shall be paid monthly within twenty (20) days of County invoice.
3. Landing Fees shall be paid monthly, in arrears, within twenty (20) days of County's invoice for the preceding month's Revenue Aircraft Arrivals.
4. Landing Fees for all aircraft landings at the Airport ground handled by Airline, including Airline Affiliates (except Landing Fees of a Signatory Airline) which Airline has agreed to report and collect or has collected, shall be paid monthly, in arrears, within twenty (20) days of County's invoice for the preceding months aircraft ground handled by Airline.
5. Utility, tax and service charges, and any other charges, payments, reimbursements and fees due under this Agreement and accruing in any month, including activity related Supplemental Charges, shall be paid by Airline within twenty (20) days of invoicing by County.

6. PFCs shall be paid monthly to County in accordance with the remittance requirements of Section 158.51 of the PFC Regulations without invoicing.

C. If Airline shall fail to make payment of any Airline Rental, Fee or Charge, PFCs, Supplemental Charge or any other payment due County by the due date thereof, Airline shall pay to County, in addition to all other remedies available to County and all other payments to be made by Airline to County, a late charge equal to one and one half percent (1-1/2%) per month on the overdue amount and the reasonable costs and attorney's fees, if any, incurred by County in attempting to obtain payment. The foregoing late charge shall not apply to any Airline Rental, Fee and Charge, PFC, Supplemental Charge, or any other payment due County which Airline has in good faith disputed in writing to County, provided it has paid the portion thereof not in dispute and diligently pursues resolution of said dispute with County. Upon resolution of said dispute, any amounts then due by Airline shall be paid to County by Airline within fifteen (15) business days of the resolution of said dispute.

D. County shall have the right to set off any past due amount(s) owed County by Airline unless charges in question are being contested by Airline and under review by both the Airline and the County by applying all or a portion of Airline's current payments to such past due amount(s). In the event County exercises its right of set-off, as aforesaid, it shall notify Airline of the set-off, including the amount thereof. Airline shall then promptly make payment to County of such sum as is needed to satisfy current amounts due.

Section 7.02 Airline Financial Reports

A. Airline shall complete and file with the Airports Director no later than the fifth (5th) business day of each month, on forms provided by County, reports summarizing statistics and information for Airline's prior month operations at the Airport necessary for the computation of Airline Rentals, Fees and Charges, Supplemental Charges and other financial obligations under this Agreement, and such other statistical data as is necessary for the Airports Director's administration of Article 4 under this Agreement, including but not limited to the following data:

1. A report of Airline's and designated Affiliate Airline(s) aircraft operations at the Airport, including Revenue Aircraft Arrivals, Revenue Aircraft Departures by aircraft gate operated, other aircraft arrivals and departures, and the Maximum Gross Landed Weight of all Revenue Aircraft Arrivals, by aircraft type.
2. Airline's and designated Affiliate Airline's Enplaned Passengers, Deplaned Passengers, and through passengers separately identified, with enplanements segregated by originating, on-line and off-line transferring passengers and with non-revenue enplanements separately identified, and deplanements segregated by terminating, and on-line and off-line transferring passengers.
3. The amount (in pounds) of cargo, freight, mail and express handled by Airline and designated Affiliate Airline(s) for the month.

B. Not later than one hundred twenty (120) days prior to the end of each Fiscal Year, County shall furnish Airline with a written request for an estimate of (1) the total Revenue Aircraft Arrivals, Revenue Aircraft Departures, and Maximum Gross Landed Weight of all aircraft to be operated at the Airport by Airline and its Affiliate Airline(s) during the following Fiscal Year, (2) the number of Enplaned Passengers and Deplaned Passengers of Airline and designated Affiliate Airline(s) estimated during the next ensuing Fiscal Year and (3) for such other estimates relating to anticipated operations at the Airport by Airline and designated Affiliate Airline(s) for the next ensuing Fiscal Year as County may reasonably request. Airline shall use its best efforts to provide said information to County, in writing, no later than sixty (60) days after said request.

Section 7.03 Failure to Report

A. If Airline fails to furnish County with complete reports as required by Section 7.02 for any month, Airline's Rentals, Fees, and Charges and Supplemental Charges shall be determined by assuming that the Maximum Gross Landed Weight of Airline's Revenue Aircraft Arrivals and Enplaned and Deplaned Passengers for such month were one hundred percent (100%) of the highest reported monthly Maximum Gross Landed Weight of Revenue Aircraft Arrivals, and Enplaned and Deplaned Passengers reported in the immediately preceding twelve month period and Airline shall make payment to County for Airline's Rentals, Fees, and Charges and Supplemental Charges based upon said estimates. County shall provide notification and documentation to the Airline of such billing process through its invoice. Any necessary adjustment in such Rentals, Fees, and Charges or Supplemental Charges shall be calculated after an accurate report is delivered to County by Airline for the month in question. Resulting surpluses or deficits shall be applied as credits or charges to the appropriate charges or invoices in the succeeding month of which County will provide in a line item on such invoice of the surplus or deficit.

B. County shall have the right to rely on said activity reports in determining Airline's Rentals, Fees and Charges and Supplemental Charges due hereunder. Airline shall have full responsibility for the accuracy of said reports. Late payments and payment deficiencies due to incomplete or inaccurate activity reports shall be subject to the late payment and late penalty charges as set forth in Section 7.01, Paragraph C hereof.

C. The acceptance by County of any Airline payment shall not preclude County from verifying the accuracy of Airline's reports or computations, or from recovering any additional payment actually due from Airline. Interest on any additional amount due shall accrue thereon from the date the payment was originally due, at the rate prescribed and calculated in Section 7.01, Paragraph C hereof. County shall provide notification and documentation to the Airline of such charges through its invoice.

D. Airline shall have the right to submit revised activity reports of the current Fiscal Year if determination is made within internal audit that an activity report previously submitted to County for Airline's Rentals, Fees and Charges contained an error. Airline shall provide documentation to prove any inaccuracies in what was previously submitted to the County.

Section 7.04 Airline Records and Audit

A. Airline shall maintain, either at the Airport or elsewhere within Okaloosa County, such books, records and accounts, including computerized records, relevant to the determination and payment of any of Airline's Rentals, Fees and Charges, Supplemental Charges, PFCs, and other payments due hereunder including, without limitation, records of its aircraft arrivals and departures, Enplaned Passengers, Deplaned Passengers, through passengers and aircraft of other airlines ground handled. Each such item of information shall be maintained for a period of at least three (3) years from the date of creation and longer if necessary for pending litigation. Airline shall promptly provide access to County and, for matters within the jurisdiction of the United States of America, the U.S. Comptroller General, all information requested by them with respect to such books, records and accounts, including computerized records. County and, where applicable, the U.S. Comptroller General, and such persons as may be designated by them, including their auditors and financial consultants, shall have the right, during normal business hours, within ten (10) business days of written notice to Airline, to examine, audit, make copies of, and take extracts from such books, records and accounts, including computerized records.

In lieu of Airline maintaining or providing the above referenced books, records and accounts, including computerized records, within Okaloosa County or at the Airport, Airline may maintain and provide access to said books, records and accounts, including computerized records, at its corporate headquarters. If such books, records and accounts, including computerized records, are made available to County at Airline's offices, Airline shall provide County adequate office working space and the use of on-site office equipment to make its examination or audit.

Except as otherwise provided, the cost of such examination or audit shall be borne by County; provided, however, the cost of such audit shall be reimbursed to County by Airline if (1) the audit reveals an underpayment by Airline of four percent (4%) or more for any Rental, Fee or Charge, Supplemental Charge, PFC remittance or other payment payable by Airline under this Agreement for any Fiscal Year, as determined by such audit, or (2) Airline has failed to maintain accurate and complete books, records and accounts in accordance with this Paragraph A.

B. In the event that Airline has failed to maintain true and complete books, records and accounts as required by Section 7.04, Paragraph A above, County shall recalculate the total amount of Rentals, Fees and Charges, Supplemental Charges, PFCs or other payments due to County by Airline and Airline shall remit to County within fifteen (15) days of receipt of a written demand or invoice therefor from County the delinquent amount late payment charges prescribed under Section 7.01, Paragraph C hereof.

Section 7.05 Right to Contest; No Abatement or Set-off

A. The payment by Airline to County, and the acceptance by County from Airline, of any amount hereunder shall not bar either party from questioning the accuracy of any statement or the basis upon which such payment was made, or preclude County from making any claim against

Airline for any additional amount payable by Airline hereunder, or preclude Airline from making any claim against County for credit for any excess amount paid by Airline hereunder.

B. Notwithstanding the foregoing, Airline shall not abate, suspend, postpone, set-off or discontinue any payments of Airline's Rentals, Fees and Charges or other payments payable hereunder unless fees in question are currently under review or being negotiated in good faith with the Airport.

Section 7.06 Covenant Not To Grant More Favorable Rentals, Fees and Charges

A. County agrees that it will not enter into an agreement with any airline providing scheduled passenger air transportation service to and from the Airport which grants more favorable rentals, fees and charges to said airline than those granted to Airline under this Agreement unless County also makes those more favorable rentals, fees and charges available to Airline hereunder. The foregoing provision shall not apply to a Special Facility agreement or to any other agreement with any airline under which said airline agrees to construct and occupy space in the Terminal Building and pay the capital and operating costs therefor; provided, however, that said Airline also agrees to pay its reasonable allocable share of the O&M Expenses and other elements of the Airport Operating Requirement allocable to public space in the Terminal Building.

B. The provisions in Paragraph A above shall also not apply to a more favorable rental, fee or charge, or any combination thereof, or fee waiver, granted at any time to any other airline under or pursuant to any air service promotional or incentive program of County which waives or discounts a rental fee or charge, or any combination thereof, for certain designated air service to a new market or markets and/or certain additional designated air service to an existing market or markets; provided that said program or policy granting such waiver or discount complies with the then existing requirements of the Federal Aviation Administration, including but not limited to its Policy and Procedures Concerning the Use of Airport Revenue, as it now exists or may be hereafter amended. Any air service promotions or incentives made pursuant to this Paragraph B shall be subject to the terms, conditions, limitations and requirements set forth in the County's written policy regarding the same as presently in effect or as hereafter modified, amended or supplemented.

ARTICLE 8 CAPITAL PROJECTS

Section 8.01 Capital Projects

Subject to the provisions of Section 8.02 hereof, County shall have the right at any time during the Term of this Agreement to design, finance and construct additional Capital Projects for the Airport at its sole discretion and include the Debt Service for the projects and any other costs thereof in the Airport Requirement for the calculation of Signatory Airlines' Rentals, Fees and Charges calculated pursuant to Article 6 hereof; provided, however, that County will provide Airline and the other Signatory Airlines with the information required by Section 6.01 hereof and discuss said Capital Projects with Airline and the other Signatory Airlines at the annually scheduled meeting to discuss Airline Rentals, Fees and Charges.

Section 8.02 Airline Consultation for Certain Capital Projects

Notwithstanding the provisions of Section 8.01 above and the provisions contained in Paragraph A of Section 6.01 relating to consultation concerning certain Capital Projects, County shall, except as otherwise excluded under this Article 8 or elsewhere in the Agreement, engage in the following consultation process with Airline and the other Signatory Airlines prior to undertaking any Capital Project for the Terminal Area or Airfield Area of the Airport having an estimated Net Capital Cost of four hundred twenty thousand dollars (\$420,000) or more or whenever the aggregate Net Capital Cost of such Capital Projects proposed in any one Fiscal Year is estimated to exceed one million two hundred thousand dollars (\$1,200,000). The foregoing amounts shall be adjusted annually by the CPI Adjustment.

A. County shall provide Airline and other Signatory Airlines written notice of the proposed Capital Project, including a description of the project to be funded, information regarding the need for and benefits to be derived from the project, cost estimates for the project, the sources of financing to be used for the project, the project schedule and the project's estimated effect on Airline Rentals, Fees, and Charges, including estimated annual operations and maintenance expenses to the extent available.

B. Within 15 days of receipt of such notice, Airline or any other Signatory Airline may request in writing a meeting with County and the other Signatory Airlines for the purpose of discussing the proposed project.

C. In the event no Signatory Airline requests a meeting, County may proceed with the Capital Project and include Debt Service and any other cost thereof in the Airport System Requirement, as applicable, for calculation of Terminal Building Rental Rates under Section 6.02 or Landing Fee Rates under Section 6.03.

D. In the event an Airline or another Signatory Airline requests a meeting, County shall convene such meeting no sooner than fifteen (15) days following said request for same. At said

meeting, County shall fully explain and discuss the information provided for in Paragraph A above and shall duly consider the comments and recommendations of Airline and the other Signatory Airlines received at such meeting. Prior to commencing construction or acquisition of said Capital Project, the Airports Director shall provide Airline and the other Signatory Airlines fifteen days advance written notice of his decision with regard to implementing said Capital Project. Thereafter, County may proceed with said Capital Project and include the Debt Service and any other cost thereof in the Airport System Requirement, as applicable, for the calculation of Terminal Building Rental Rates under Section 6.02 or Landing Fee Rates under Section 6.03.

E. Any Capital Project subject to the consultation requirements in accordance with the provisions of this Section 8.01 in excess of the "Deferral Exclusion Amount", as such term is defined herein, shall be deferred upon the receipt by County of requests for deferral by a Majority In Interest of Signatory Airlines to this Agreement. All such Signatory Airline requests for deferral must be in writing and submitted to the Airports Director by each individual Signatory Airline within fifteen (15) days following the date upon which the Airports Director issues his decision pursuant to the provisions of Paragraph D above. In the event a Majority In Interest requests a deferral of a proposed Capital Project, as specified above, County shall not undertake said Capital Project for a period of twelve (12) months following the written notice in Paragraph D above, or such shorter period if specified in the written deferral requests by a Majority In Interest. A Majority In Interest may at any time eliminate any remaining portion of a deferral period for a particular Capital Project by requesting elimination of further deferral in writing to County or by approving a request by County to eliminate the balance of the deferral period. In addition to the foregoing, County may resubmit the Capital Project for consultation and reconsideration pursuant to the provisions of this Section 8.01 at any time during said deferral period. Reconsideration of said Capital Project shall not extend the original deferral period. Following any deferral period set forth in this Paragraph E, County shall have the right to undertake such Capital Project and include Debt Service and any other cost thereof in the Airport System Requirement, as applicable, for the calculation of Terminal Building Rental Rates under Section 6.02 or Landing Fee Rates under Section 6.03. For purposes of this Paragraph E, the "Deferral Exclusion Amount" shall be the sum of one million one hundred and fifty thousand dollars (\$1,200,000) of Net Capital Cost, each Fiscal Year, adjusted each Fiscal Year by the CPI Adjustment, F. The above provisions of this Section 8.02 shall not apply to any Capital Project implemented for any one or more of the following purposes or meeting any one or more of the following exclusions:

1. For emergency or safety purposes;
2. To comply with any applicable law, rule, regulation, policy, or order of any federal, state, or local agency or court or any federal or state grant agreement or airport certification requirement;
3. To remedy any environmental problem required to be remedied by any applicable Environmental Law or Environmental Permit or to prevent any environmental event or condition which would result in County or the Airport violating or being

in noncompliance with any applicable Environmental Law or Environmental Permit;

4. To repair any casualty damage to Airport property to the extent not covered by insurance;
5. To fund costs or improvements, including the associated costs therefor, incurred to settle lawful claims, satisfy judgements, or comply with judicial orders against County by reason of its ownership, operation, maintenance, development, improvement (including design and construction), or use of the Airport;
6. For any Terminal Area or Airfield Area Capital Project for which Debt Service related to the Capital Cost of said Project included in the Airport System Requirement is not paid for through Signatory Airlines' Terminal Building Rental Rates under Section 6.02 or Landing Fees under Section 6.03;
7. For any Terminal Area or Airfield Area Capital Project which does not result in the increase in Terminal Building Rentals paid by Airline under Section 6.05 hereof or Landing Fees under Section 6.06; or
8. For any Capital Project related to any Airport gate constructed, improved or repaired with Military Airport Program funds received pursuant 49 U.S.C. §47118(e).

County may proceed with a Capital Project for any of the aforementioned purposes without consultation with Airline and the Signatory Airlines and, except for Subparagraph 6 above, include the Debt Service and any other cost thereof in the Airport System Requirement, as applicable, for the calculation of Terminal Building Rental Rates under Section 6.02 or Landing Fee Rates under Section 6.03.

ARTICLE 9 OBLIGATIONS OF COUNTY

Section 9.01 Operation and Maintenance

A. County shall operate and maintain the Airport in a prudent manner and shall keep the Airport, including the Terminal Building, in good condition and repair. County shall have no obligation to operate or maintain the Eglin Airfield Facilities maintained by the USAF. County's obligation with respect to the Terminal Building shall include responsibility for all roof maintenance and all structural maintenance and the maintenance of the heating, ventilating and air conditioning systems, the electrical system and the plumbing and sewage system up to their point of entry to Airline's Preferential Leased Space or attachment to Airline's equipment, except for those parts of the Leased Premises and those maintenance obligations for which Airline is responsible pursuant to Section 10.01 of Article 10 hereof. County's maintenance obligation with respect to the Terminal Building shall also include custodial and general maintenance of the public areas of the Terminal Building and Common Use Premises. County shall maintain a centralized refuse removal system and contractor for the Airport and Airline shall pay its pro-rata share of the cost therefor through Supplemental Charges. County shall also maintain the Airport's Public Address System, the cost thereof being included within the Terminal Area Requirement used to calculate Terminal Building Rental Rates under Section 6.02.

B. County shall cause electricity, air conditioning, heat, sewerage disposal and water to be supplied to Airline's Leased Premises and to such public areas of the Airport presently having such service or programmed for said service in the Project. County may charge Airline separately for County's costs of any utility requirements and uses resulting from special demands of Airline or for special utilization equipment, including but not limited to ground power and conditioned air. County shall not be responsible for disruptions in service due to failure of utility suppliers or other causes beyond County's control.

C. County shall be responsible for the maintenance and repair of County's taxiways, the aircraft parking apron adjacent to the Terminal Building and other common use aircraft movement areas of the Airfield Area, except for the Eglin Airfield Facilities as shown on Exhibit A and those areas which may be leased or preferentially assigned to another airline or another tenant under a lease in which the airline or tenant is responsible for maintenance and repair.

Section 9.02 Security Services

County shall provide public safety officers, in such numbers, at such times and at such locations which are at a minimum necessary for County's compliance with security measures (a) required of Airline by the FAA or the TSA or by the County in accordance with applicable requirements of the FAA or the TSA or their authorized successor(s) or (b) contained in any Airport master security plan approved by the FAA or the TSA or their authorized successor(s) The costs of providing such officers, and related support facilities, services and equipment shall be included in the Airport System Requirement and allocated to Airport Cost Centers for purposes of calculating Terminal Building Rental Rates under Section 6.02 and Landing Fee Rates under Section 6.03.

ARTICLE 10
OBLIGATIONS OF AIRLINE

Section 10.01 Maintenance, Replacement and Repair

A. Airline shall, at its own cost and expense, maintain and repair Airline's equipment, fixtures and personal property installed or located at Airline's Leased Premises, any Airline-installed connections to County-installed utility systems and all Airline's equipment attached or connected to County utility systems whether or not any of the same is affixed or attached to such Leased Premises. Airline shall also provide cleaning, maintenance and refuse removal services on its aircraft and the cleaning and general maintenance in its Preferential Use Premises and on and about its Preferentially Assigned Premises.

B. Airline may, from time to time, request County to perform any given maintenance or repair work for which Airline is responsible pursuant to Section 10.01, or any alterations authorized pursuant to Section 10.02. County shall be under no obligation to perform any such services; however, if County does perform any such services, it shall do so on a work-order basis, and shall invoice Airline therefor in an amount equal to County's reasonable cost of providing such services, which costs shall include all of County's direct and indirect costs, including but not limited to, all fringe and overhead rates.

Section 10.02 Alterations, Additions and Improvements

A. Except as expressly provided herein, Airline shall make no alterations, additions or improvements to or installations on its Leased Premises (including, but not limited to, work which could affect utility or other systems for which County is responsible) or Assigned Apron without the prior written permission of the Airports Director.

B. Before the commencement of any such work, detailed plans and specifications, including any amendments thereto shall be filed with and approved, in writing, by the Airports Director and all governmental departments and authorities having jurisdiction thereof. Airline shall be responsible for obtaining and paying for all applicable permits for any such alterations and improvements. All such work shall be done subject to and in accordance with the requirements of applicable law and regulations of all such governmental departments and authorities, and, where required, each affected public utility company.

C. Such work shall be performed in a good and workmanlike manner and in accordance with the plans and specifications approved for the same. At all times during such work, Airline shall have on file with the Airports Director a copy of the approved plans and specifications on the construction site for inspection by County, if the same are herein required. Airline shall promptly commence to redo or replace and diligently pursue the same, at its sole cost and expense, prior to or after completion of such work, any work which is not done in accordance with such plans and specifications as approved by the Airports Director.

D. Subject to the provisions of Section 14.04, all permanent alterations, additions or improvements at any time placed upon its Leased Premises or Assigned Apron by Airline shall be deemed to be and become a part of the realty and the sole and absolute property of County upon

completion, unless otherwise agreed to in writing by County and Airline at the time of County's approval thereof pursuant to Section 10.02, Paragraph A above; and, upon completion, Airline shall inform the Airports Director in writing of the cost thereof and shall give to the Airports Director a complete set of as-built drawings thereof, if the same were previously requested, in Auto Cad or Micro Station format as County may request.

E. Airline shall promptly pay all lawful claims made against County and discharge all liens filed or which exist against the Leased Premises, any other portion of the Airport, or Airline's trade fixtures or trade equipment arising out of or in connection with, whether directly or indirectly, the failure to make payment for work done or materials provided by Airline, its contractors, subcontractors or material men. However, Airline shall have the right to contest the amount or validity of any such claim or lien without being in default under this Agreement. In the event that County's legal counsel reasonably determines that security is required to guarantee discharge of said claim or lien in the event that said claim or lien is finally determined against Airline, County shall provide Airline with written notice of such determination. Within twenty (20) days of said notice, Airline shall provide such security, in such form and amount as is reasonably satisfactory to County's legal counsel. County shall give timely notice to Airline of all such claims and liens of which it becomes aware.

Section 10.03 Security Provided by Airline

A. If, and to the extent required by the FAA and/or Department of Homeland Security (DHS) for airlines to provide, Airline shall provide, in common with other airlines, security screening services, facilities, personnel and equipment in accordance with applicable regulations of the FAA and/or DHS as from time to time existing, the location of said facilities to be subject to the prior written approval of the Airports Director. This provision shall apply only if and to the extent required by the Federal Aviation Regulations from time to time.

B. Airline shall, with respect to its Airline Leased Premises over which it has exclusive control, be responsible for the monitoring and control of doorways and other access ways to the Airfield Area air operations areas as identified in County's FAA approved Security Plan and shall be liable to County for any fine, penalty or charge resulting from security violations with respect thereto, except those caused by County. Any such fines or penalty charges assessed shall be due and payable upon demand.

Section 10.04 Conduct

Airline, its employees, ticketed passengers, guests, licensees, invitees and independent contractors shall conduct themselves in an orderly and proper manner so as not to disturb, annoy or offend others at the Airport or to violate any of County's present or future written or published reasonable and nondiscriminatory policies, rules or regulations. Upon notification by County specifically indicating the conduct which constitutes the violation of the provisions of this Section 10.04, Airline shall forthwith take all reasonable measures necessary to terminate the offensive, disorderly or improper conduct.

Section 10.05 Airline Obligations Regarding Disabled Aircraft

A. Airline shall have readily available the maintenance personnel and basic equipment to remove any disabled aircraft from the Airport runways, taxiways, or aprons. Removal shall be made in an expeditious manner recognizing that with respect to operation of the military runways and Airport taxiways time is of the essence. In lieu of Airline maintenance personnel and equipment, Airline may have contractual agreements with servicing personnel for the provision of manpower and equipment for said purposes. Airline shall have or its contract service personnel shall have the following basic equipment in place on the Airport premises to handle disabled scheduled aircraft:

1. A tow bar.
2. Complete wheel assembly to include tire tube, and rim for immediate installation on the nose gear and main gear.

Airline shall make available for inspection the basic equipment required. All servicing of any disabled aircraft shall be in accordance with the Federal Aviation Administration and other governmental regulations and provisions of the Eglin Agreements.

B. Airline shall be required to move illegally parked or disabled aircraft from the Airport runways, taxiways, and apron areas, as aforesaid. If Airline refuses or cannot remove the disabled aircraft as required, County may, subject to applicable laws and regulations of the Federal government, including those of the United States Air Force, have the aircraft towed to another location at Airline's expense. County shall give Airline prior notice of its intent to remove such illegally parked or disabled aircraft and County shall use reasonable efforts and care to remove such aircraft. Any servicing, towing or removal of aircraft by County shall be at the expense of Airline and without liability to County for damage resulting from such servicing, towing or removal. The foregoing provision shall not relieve third party contractors from liability to Airline for damages resulting from their negligence.

Section 10.06 Performance by County upon Failure by Airline

If Airline fails to perform any obligation required by Sections 10.01 or 10.02 of this Article 10, County shall give Airline written notice of such failure. If Airline fails to perform such obligation within thirty (30) days of receipt of such notice, or if such obligation cannot with due diligence be performed within such thirty (30) days period, and Airline has failed to immediately commence and diligently pursue performance thereof upon receipt of such notice, County may perform such obligation of Airline, and charge Airline for the cost of County's performance, plus a reasonable administrative charge representing County's fee for managing the same.

ARTICLE 11
RULES AND REGULATIONS; COMPLIANCE WITH LAWS

Section 11.01 Rules and Regulations

Airline shall comply with and shall use reasonable efforts to cause its employees, passengers, where applicable, guests, invitees, and independent contractors to comply with all of County's written or published uniform, reasonable and nondiscriminatory rules and regulations with respect to the safe, prudent, or orderly conduct, use or operation of the Airport, as such rules and regulations currently exist and as they may be enacted or amended from time to time in the future, provided Airline is notified of such amendment and such rules and regulations do not increase Airline's obligations hereunder with the exception of government mandates.

Section 11.02 Observance and Compliance with Laws

A. Airline shall, in connection with its rights and obligations hereunder, observe and comply with all laws, statutes, ordinances and regulations of all governmental authorities having jurisdiction, and shall pay all taxes and obtain all licenses, permits, certificates and other authorizations required by all applicable federal, state, county and municipal laws, statutes, and ordinances, including but not limited to all rules, regulations and directives of the Federal Aviation Administration.

B. Airline agrees to make part of and incorporate into this Agreement by reference or by setting forth at length, at the option of County, any and all statutes, rules and regulations, and assurances and covenants required pursuant thereto, the incorporation of which may now or hereafter be required by the Federal Aviation Administration, the Department of Homeland Security, any other federal agency with jurisdiction over the Airport, or by the State of Florida; provided, however, that nothing herein shall be construed to limit or diminish the right of Airline, at its own cost, risk and expense, to contest the same, by appropriate judicial or administrative proceeding. If requested, County shall, to the extent legally permissible and appropriate, cooperate and assist Airline, in any such proceedings, provided that Airline assumes the expense of County regarding the same.

ARTICLE 12
DAMAGE OR DESTRUCTION

Section 12.01 Damage

If Airline's Preferential Use Premises or Common Use, Premises or its Preferentially Assigned Premises, or any portions thereof on its Assigned Apron, or buildings or structures of which the Airlines Leased Premises may be a part, be damaged by fire or other casualty, and if the damage is repairable within ninety (90) days from the date of the occurrence, the premises shall be repaired with due diligence by County and, so long as the damage is not due to the negligence of Airline, the rental allocable to the particular premises, area or portions of the premises rendered untenable, for the period from the occurrence of the damage to the completion of repairs, shall be abated; provided, however, County will use its best efforts to provide Airline with temporary substitute premises, if available, at such rent as is deemed reasonable by County, but in no event at a higher rental than that paid by Airline for its damaged space, until such time as the repairs are completed. County's obligation to rebuild shall be limited to the extent of available insurance proceeds.

Section 12.02 Destruction

If Airline's Preferential Use Premises, or Common Use, Premises or Airline's Preferentially Assigned Premises, or any portions thereof be completely destroyed by fire or other casualty, or should they be damaged to such an extent that the damage cannot be repaired within ninety (90) days after the occurrence, either party shall have the option to terminate this Agreement or terminate Airline's tenancy to the particular premises so rendered untenable. In the event that this paragraph shall become applicable, County shall advise Airline within thirty (30) days after the happening of any such damage whether County has elected to continue the Agreement in effect as to the premises damaged or destroyed or to terminate it. If County shall elect to continue this Agreement in effect, it shall commence and prosecute with due diligence any work necessary to restore or repair the premises, and, so long as the damage is not due to the negligence of Airline, the rental allocable to the particular premises rendered untenable, for the period from the occurrence of the damage to the completion of the repairs, shall be abated; provided, however, County will exert its best efforts to provide Airline with temporary substitute premises, if available, at such rent as deemed reasonable by County, but in no event at a higher rental than that paid by Airline for its damaged space, until such time as the repairs are completed. Notwithstanding the foregoing and provided that such damage was not due to the negligence of Airline, if such damage or destruction to Airline's Leased Premises, as aforesaid, will substantially impair Airline's ability to operate at the Airport for a period of thirty (30) days or more, Airline may, upon thirty (30) days advance written notice to County terminate this Agreement.

ARTICLE 13
INDEMNIFICATION AND INSURANCE

Section 13.01 Indemnification

A. Airline shall assume, protect, defend, reimburse, and indemnify County and its past, present and future officers and Airports Directors and employees and agents, and each of them, and shall hold County and its past, present and future officers and Airports Directors and employees and agents, and each of them, harmless at all times from and against any and all liabilities, losses, fines, damages of whatever nature, causes of action of every kind and character, whether or not meritorious, suits, claims, demands, judgments, awards, settlements, costs and expenses including, without limitation, payments of claims or liabilities resulting from any injury or death of any person or damage to or destruction of any property resulting from or incident to Airline's use and occupancy of the Airline's Leased Premises or other areas or facilities at the Airport or in connection with or incident to the conduct of Airline's Air Transportation Business under this Agreement or its obligations and covenants under this Agreement including, but not limited to:

1. The willful misconduct, negligent or tortious act or omission of Airline or any of its agents, employees, business invitees, licensees, contractors or subcontractors;
2. Airline's negligence or willful misconduct or tortious act or omission in its use or occupancy of the Airport, the Airline's Leased Premises or its operations under or pursuant to this Agreement;
3. The violation by Airline of any agreement, covenant or condition of this Agreement;

except to the extent any such injury, death or damage is caused by the negligence or willful act of County, provided, however, the foregoing exception shall not apply to any County negligence required to be covered by Airline's insurance pursuant to Section 13.02 of this Article 13 or to any specific sole obligation of indemnity required of Airline under this Agreement.

B. RESERVED

C. Airline shall protect, defend, reimburse, and indemnify County and its past, present and future officers and Airports Directors and employees and agents, and each of them, and shall hold County and its past, present and future officers and Airports Directors and employees and agents, and each of them, harmless at all times from and against any and all claims and liabilities for compensation under any workers' compensation statute arising out of injuries sustained by any employee of Airline. Airline also covenants that it shall cause its licensees, contractors and subcontractors to maintain in effect at all times workers' compensation insurance as required by law.

D. Airline's obligation to protect, defend, reimburse, and indemnity past officers and

Airports Directors of County shall apply to such persons only for such periods during which said officers and Airports Directors held their office or position with County.

E. Without limiting the generality of any other provision hereof, Airline shall reimburse County for any and all reasonable attorney's fees and investigation expenses incurred by County in the defense and handling of said causes of action, suits and claims and in enforcing the provisions of this Agreement, excepting those expenses incurred by County in the defense and handling of said causes of action, suits and claims resulting from the negligence or willful act or omission of County, provided, however, the foregoing exception shall not apply to any County negligence required to be covered by Airline's insurance pursuant to Section 13.02 of this Article 13 or to any specific sole obligation of indemnity required of Airline under this Agreement.

F. Airline shall protect, defend, reimburse and indemnify County from, and assume all liability for, and pay, all taxes and assessments, including but not limited to such taxes and assessments as may from time to time be imposed by County, which by law may be levied or assessed on the Leased Premises, the Preferentially Assigned Premises and any other premises occupied by Airline pursuant to this Agreement, or which arise out of the conduct of Airline's Air Transportation Business under this Agreement or by reason of Airline's occupancy of its Leased Premises, Preferentially Assigned Premises or Rentals, Fees and Charges hereunder. Airline may, at its own risk, cost and expense, and at no cost to County, and without being deemed to be in default under this Agreement, contest, by appropriate judicial or administrative proceedings, the applicability or the legal or constitutional validity of any such tax or assessment, and County shall, to the extent permitted by law, execute such documents as are necessary to permit Airline to contest or appeal the same. Airline shall be responsible for obtaining bills for all of said taxes and assessments directly from the taxing authority and shall promptly deliver to the Airports Director copies of receipts of payment of such taxes. In the event that County receives said bills, it shall promptly mail the same to Airline.

Section 13.02 Insurance

Airline shall, at its own cost and expense, procure and maintain in effect, and with respect to its Affiliates, require its Affiliates to procure and maintain in effect, the following minimum insurance coverages at all times during the term of this Agreement, and, prior to or contemporaneously with the execution of this Agreement, shall deliver to Okaloosa County, the Certificate Holder, 302 N. Wilson Street, Suite 301, Crestview, FL 32536, certificates of insurance and endorsements, issued by a company or companies eligible to do business in the State of Florida, of recognized financial responsibility, evidenced by a minimum A.M. Best rating A, Class X or higher or its equivalent S&P financial strength rating, and reasonably satisfactory to County evidencing the following coverage for Airline and its Affiliates:

A. Workers Compensation and Employers Liability Insurance for all employees engaged in operations under this Agreement. The limits of coverage shall be not less than:

1. Workers' Compensation in accordance with the appropriate state statute.
2. Employer's Liability - \$1,000,000 - Limit Each Accident

\$1,000,000 - Limit Disease Aggregate \$1,000,000 - Limit
Disease Each Employee

B. Airport Liability Insurance coverage which shall include, but not be limited to Premises and Operations, Personal Injury, Contractual for this Agreement, Independent Contractors, Broad Form Property Damage, Products and Completed Operations Coverage (which shall not exclude (XCU) Explosion, Collapse and Underground Property Damage) Liability Coverage. Coverage shall be applicable to the operation of all mobile and ground equipment at the Airport. The Completed Operations Coverage shall be maintained for a period of not less than three (3) years following final operations of Airline under this Agreement unless County agrees, in writing, to a reduction of such period for good cause shown by Airline. Limits of coverage shall be not less than the following:

Bodily & Personal Injury \$200,000,000 Combined Single Limit
and Property Damage Liability Each Occurrence

C. Aircraft Liability Insurance for all owned, non-owned, leased or hired aircraft, including passenger coverage. Limits of coverage shall be not less than the following:

Bodily & Personal Injury \$200,000,000 Combined Single Limit
and Property Damage Liability Each Occurrence

D. Business Automobile Liability Insurance covering the ownership, maintenance and use of all owned, non-owned, leased or hired vehicles. Limits of coverage shall be not less than:

Bodily and Personal Injury \$5,000,000 Combined Single Limit
and Property Damage Liability Each Occurrence

E. Each certificate of insurance and endorsement required hereunder shall be personally and manually signed by the authorized representative of the insurance company shown on the certificate and shall provide that the coverages referred to therein shall not be terminated, modified or not renewed until County has received thirty days written notice thereof. In the event that Airline's insurer will not provide the aforereferenced thirty (30) days written notice with respect to termination, modification or nonrenewal, Airline shall notify County, in writing, immediately upon any of the aforementioned actions by its insurer. In the event an insurance carrier should terminate, modify or not renew any of the above insurance coverages, Airline shall promptly contract with another insurance carrier to provide the requisite coverage and shall promptly deliver to the Airports Director a replacement certificate. Each certificate and policy shall name Okaloosa County and its officers, members, Airports Director, employees and agents and each of them as additional insureds under the policies and additionally extend to Airline's indemnity obligation under this Agreement. The extension of insurance to Airline's indemnity obligations shall not apply to Worker's Compensation and auto policies. Each of the aforementioned certificates shall provide that the policies shall be primary to any other policies of insurance or self-insurance maintained by County, except for Worker's Compensation policies. Airline shall deliver to the Airports Director, within a

reasonable time following the renewal of any policy of insurance required hereunder, a renewal certificate meeting the requirements herein specified. Airline authorizes County and its insurance consultant to confirm with Airline's insurance agents, brokers and insurance companies all information furnished County as to its compliance with its insurance requirements, including any impairment to the aggregate limits of any policy. If any insurance policy provided under this Agreement contains an aggregate limits, it shall contain a provision or endorsement providing that the insurance coverage and limits provided under this Agreement shall not be subject to said aggregate limits for this Airport location and this Agreement, unless this provision as to any particular coverage is waived or modified in writing by County. Any waiver by County of Airline's aggregate limits shall not be deemed a waiver or limit of Airline's liability or risk under this Agreement.

F. The acceptance or delivery to County of any certificate of insurance and endorsement evidencing the insurance coverages and limits required in this Agreement does not constitute approval or acceptance by County that the insurance requirements in this Agreement have been met.

G. No operations shall commence or continue at the Airport unless and until the required certificates of insurance and endorsement are in effect and approved by County.

H. The insurance coverages and limits required of Airline under this Agreement are designed to meet the minimum requirements of County. They are not designed as a recommended insurance program for Airline. Airline retains the responsibility for assessing its total liability and physical risk exposures and managing these exposures.

I. If at any time County requests a written statement from the insurance companies as to any impairments to the Aggregate Limit, prompt authorization and delivery of all requested information will be given to County.

J. Neither party hereto shall be liable to the other party or to the insurer of the other party claiming by way of subrogation, with respect to any loss or damage to the extent that such other party shall be reimbursed or has the right to be reimbursed out of its insurance coverage carried for such protection with respect to such loss or damage. The provisions of this Paragraph J shall apply only to the extent permitted by provisions of the insurance policy in question.

K. Failure by Airline to take out or maintain, or the taking out or maintenance of any insurance required hereunder, shall not relieve Airline from any liability under this Agreement, nor shall the insurance requirements hereof be construed to conflict with or otherwise limit any contractual obligations (including but not limited to those of indemnification) of Airline contained herein.

L. Airline shall not do or permit to be done anything, either by act or failure to act, which shall cause cancellation of any policy of insurance for its Leased Premises or Preferentially Assigned Premises or any other part of the Airport. Further, if Airline shall do or permit to be done anything, either by act or failure to act, that shall cause an increase in the premiums for insurance

for such Leased Premises or Preferentially Assigned Premises or the Airport, Airline shall pay the amount of such increase, pursuant to invoices from County.

M. County shall have the right at the conclusion of each Fiscal Year hereunder, upon the written recommendation of its insurance consultant, to make commercially reasonable modifications, alterations or additions to the insurance coverages and limits required hereunder upon thirty (30) days written notice to Airline and the other Signatory Airlines. County agrees to meet with Airline and the other Signatory Airlines to discuss and review such changes at least thirty (30) days prior to issuing the above written notice to Airline and the other Signatory Airlines.

ARTICLE 14

TERMINATION AND DEFAULT UNDER AGREEMENT

Section 14.01 Termination by County

A. If any one or more of the following shall occur, then upon the occurrence of any such event or at any time thereafter during the continuance thereof, County may, at its option, immediately and without prior notice of default, terminate the lettings, licenses and other rights of Airline hereunder by sending written notice of termination by registered or certified mail to Airline at its address set forth in Section 17.09, which notice shall be deemed given and effective ten (10) days after mailing:

1. Airline shall become insolvent (as such term is defined under Section 101 of the Federal Bankruptcy Code, 11 U.S.C. 101 et seq. (the "Code"), or any successor statute thereto); or shall fail to pay its debts generally as they mature; or shall take the benefit of any present or future federal or state insolvency statute; or shall make a general assignment for the benefit of creditors; or file a voluntary petition in bankruptcy or a petition or answer seeking an arrangement of its indebtedness under the Code or under any other law or statute of the United States or of any State thereof; or consent to the appointment of a receiver, trustee, custodian, liquidator or other similar official, of all or substantially all of its property; or an order for relief shall be entered by or against Airline under any chapter of the Code;
2. By order or decree of a court, Airline shall be adjudged a debtor or bankrupt or an order shall be made approving a petition filed by any of its creditors or by any of its stockholders, seeking its reorganization or the readjustment of its indebtedness under the Code or under any other law or statute of the United States or any State thereof and such order or decree shall not be stayed or vacated within thirty (30) days of its issuance;
3. A petition under any chapter of the Code or an action under any federal or state insolvency law or statute shall be filed against Airline and shall not be dismissed or stayed within thirty (30) days after the filing thereof;

4. By or pursuant to, or under authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, agency or officer, a receiver, trustee, custodian, liquidator or other similar official shall take possession or control of all or substantially all of the property of Airline and such possession or control shall continue in effect for a period of thirty (30) days;
5. Airline shall become a corporation in dissolution;
6. The letting, license or other interest of or rights of Airline hereunder shall be transferred to, pass to, or devolve upon, by operation of law or otherwise, any other person, firm, corporation or other entity, by, in connection with or as a result of any bankruptcy, insolvency, trusteeship, liquidation or other proceedings or occurrence described in Subparagraphs 1 through 5 of this Paragraph A; or
7. Airline shall fail to maintain in effect the insurance required by Section 13.02 of this Agreement;
8. Airline shall be prevented for a period of ninety (90) consecutive days by action of any governmental agency, other than County, from conducting its Air Transportation Business at the Airport, except with respect to any such governmental action affecting airlines generally at the Airport.
9. Airline fails on three (3) separate occasions during any twelve (12) consecutive month period to make payment of any Rentals, Fees and Charges, PFCs, Supplemental Charges, or other payment to County when due;
10. Airline fails to comply with one or more of its obligations under this Agreement on three (3) separate occasions during any twelve (12) consecutive month period;
11. If any part of Airlines Leased Premises is financed in whole or in part with PFC revenue and any portion of Airline's existing facilities which are preferential use facilities are not fully utilized and are not made available for use by potentially competing air carriers or foreign air carriers (as of the execution date of this Agreement, Airline has no exclusive use facilities);
12. The assignment or subletting of Leased Premises which is not approved by the County in accordance with the provisions of Article 15 occurs and the failure of Airline to nullify such assignment or subletting within a period of ten (10) days after written notice specifying such failure by the County.

B. If Airline shall become a merged corporation in a merger or a constituent corporation in a consolidation which is permitted pursuant to Section 17.10, such merger or consolidation shall not be grounds for termination of the lettings or of Airline's rights hereunder. If Airline shall become a merged corporation in a merger or a constituent corporation in a consolidation which is prohibited pursuant to Section 17.10, County may, at its option, terminate the lettings, licenses and other rights

of Airline hereunder upon ten (10) days prior written notice of termination sent by registered or certified mail to Airline at its address set forth in Section 17.09, which notice shall be deemed given and effective ten (10) days after mailing.

C. If Airline shall fail to duly and punctually pay any Airline Rentals, Fees and Charges, Supplemental Charges or PFCs required to be paid hereunder or shall fail to make payment when due of any other sum required to be paid to County pursuant to this Agreement, then County may, if such default is not cured within ten (10) business days after receipt of written notice thereof with respect to such non-payment of Airlines Rentals Fees and Charges, Supplemental Charges or PFCs, and thirty (30) days with respect to the non-payment of any other fee or charge, at its option, terminate the lettings, licenses and other interests and rights of Airline hereunder, by sending written notice of termination by registered or certified mail to Airline at its address set forth in Section 17.09, which notice shall be deemed given and effective when mailed.

D. If any one or more of the following shall occur, then upon the occurrence of any such event or at any time thereafter during the continuance thereof, County may, at its option, terminate the lettings, licenses, and other rights of Airline hereunder by sending written notice of termination by registered or certified mail to Airline at its address set forth in Section 17.09, which notice shall be deemed given and effective when mailed:

1. A lien shall be filed against the Leased Premises or any portion thereof because of any act or omission of Airline, and shall not be discharged within thirty (30) days after receipt of notice or other knowledge thereof by Airline, unless Airline shall within the aforesaid thirty (30) days after receipt of notice or other knowledge thereof by Airline furnish to County security in such form and as County's legal counsel shall prescribe to protect the interests of County; or
2. Airline shall fail to keep, perform and observe any term, condition, provision, warranty or covenant of this Agreement for a period of thirty (30) days after written notice specifying such failure is given to Airline by County; provided, however, that any such failure which can be remedied, but which cannot with due diligence be remedied within such thirty (30) day period, shall not give rise to County's right to terminate this Agreement if corrective action is instituted by Airline within the applicable period and diligently pursued until the failure is remedied.

D. Notwithstanding any other provision in this Agreement, Airline agrees that upon any default in payment under this Agreement or upon the failure by Airline to comply with any other term, condition, provision, warranty or covenant hereof and Airline's failure in each case to cure such default or failure within any applicable grace period granted hereunder, County may:

1. Terminate this Agreement without discharging any of Airline's obligations hereunder accruing through the termination date and exclude Airline from its Leased Premises and Preferentially Assigned Premises, including its assigned aircraft parking positions;

2. Without terminating this Agreement, exclude Airline from its Preferential Use Premises and use its best efforts to lease such Preferential Use Premises to another airline for the account of Airline, holding Airline liable for all Airline Rentals, Fees and Charges, Supplemental Charges, and other payments due hereunder up to the effective date of such leasing and for the excess, if any, of Airline Rentals, Fees and Charges, Supplemental Charges, and other amounts payable by Airline under this Agreement for the remainder of the term of this Agreement over the rentals and other amounts which are paid by such new airline under such new agreement; and
3. From time to time, take whatever action at law or in equity appears necessary or desirable to collect Airline Rentals, Fees and Charges, Supplemental Charges, PFCs and any other amounts payable by Airline hereunder then due and thereafter to become due, and to enforce the performance and observance of any obligation, agreement or covenant of Airline under this Agreement.

F. It is understood and agreed that the rights and remedies set forth in this Section 14.01 shall be in addition to all other rights and remedies which are or may be available to County at law or in equity.

G. All the rights and remedies hereinbefore given to County and all rights and remedies given to Airline by law shall be cumulative and concurrent. No termination of this Agreement or the taking or recovering of the Preferential Use Premises shall deprive County of any of County's rights or remedies or actions against Airline for Airline Rentals, Fees and Charges, Supplemental Charges, PFCs, any other amount due or for damages or for the breach of any covenant herein contained, nor shall the bringing of any action for Airline Rentals, Fees and Charges, Supplemental Charges and PFCs or breach of covenant, or the resort to any other right or remedy herein provided for the recovery of Airline Rentals, Fees and Charges, Supplemental Charges, PFCs or any other amount due be construed as a waiver of the right to obtain possession of the Airline's Leased Premises, including assigned aircraft parking positions.

Section 14.02 Termination by Airline

A. Any time that Airline is not in default in the payment of any amount due from it to County hereunder, Airline may terminate this Agreement prior to the scheduled expiration date set forth in Section 5.01 and its obligations hereunder by giving County sixty (60) days advance written notice by registered or certified mail at its address set forth in Section 17.09 upon or after the happening and during the continuance of any of the following events:

B. Any action of the Federal Aviation Administration or any other federal, state, or municipal governmental agency refusing to permit Airline to operate into, from or through the Airport aircraft it previously operated regularly thereon and the remaining in force of such refusal for a period of at least sixty (60) days; provided, however, that this provision shall not apply if occasioned by Airline's failure to comply with airworthiness, safety or noise standards for such aircraft as promulgated by FAA;

C. Airline is prevented from conducting its Air Transportation Business at the Airport for a period of one hundred eighty (180) consecutive days for any reason other than its own fault;

D. So long as there are no Bonds then outstanding for the Airport, any failure by County to keep, perform and observe any material and essential covenant or other provision of this Agreement for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied is given to County by Airline; provided, however, that any such failure which can be cured, but which cannot with due diligence be cured within such sixty (60) day period, shall not give rise to Airline's right to terminate this Agreement if corrective action is instituted by County within the applicable period and diligently pursued until the failure is corrected.

E. So long as there are Bonds outstanding for the Airport, Airline's remedy for any County default under this Paragraph C above, shall be an action in contract for damages or an action seeking specific performance by County.

Section 14.03 Change of Lease Term

A. Notwithstanding the provisions of Sections 14.01 and 14.02 hereof, automatically and immediately upon the occurrence of an event of default described in Section 14.01, Paragraph A, Subparagraphs 1 through 6, the term of this Agreement shall convert to month-to-month, commencing on the date of the automatic conversion, and in addition to its rights under Article 14, either party shall have the right to terminate the Agreement upon thirty (30) days written notice from County to Airline, or from Airline to County.

B. The conversion of the term of this Agreement pursuant to this Section 14.03 shall neither discharge any of Airline's obligations hereunder nor affect any of County's other remedies set forth herein.

Section 14.04 Removal of Airline Property

A. The personal property placed or installed by Airline at the Airport including, but not limited to, trade fixtures, trade equipment, and any alterations, additions or improvements at any time placed upon Airline's Leased Premises not becoming part of the realty and the property of County upon completion under Section 10.02, Paragraph D of this Agreement, shall remain the property of Airline and must be removed on or before the expiration of the term or the expiration of any extension or renewal hereof at Airline's sole risk and expense and the space restored to its original condition, normal wear and tear excepted. Any damage to the Airport or any portion thereof resulting from such removal or restoration shall be paid for by Airline. In the event of termination of this Agreement, Airline shall have seven (7) days after such termination during which to remove such property. However, County shall have the right to assert such lien or liens against said property as County may by law be permitted; provided, however, nothing herein shall give County any lien rights with respect to any of Airline's aircraft. So long as any such property remains in the Leased Premises, Airline's obligation to pay Airline Rentals, Fees and Charges, Supplemental Charges and other payments due County shall continue with respect to such Leased Premises.

B. If Airline's property is not removed as herein provided, County may, at its option,

after written notice to Airline and at Airline's sole risk and expense, remove such property to a public warehouse for deposit, or retain the same in County's possession and after the expiration of thirty (30) days sell the same, the proceeds of which shall be applied first to the expenses of such removal and sale, second to any sum owed by Airline to County, and any balance remaining shall be paid to Airline.

Section 14.05 No Waiver

A failure by a party to take any action with respect to any default or violation by the other party of any of the terms, covenants, or conditions of this Agreement shall not in any respect limit, prejudice, diminish or constitute a waiver of any rights or remedies of the non-defaulting party to act with respect to any prior, contemporaneous, or subsequent violation or default or with respect to any continuation or repetition of the original violation or default. The acceptance by County of payment for any period or periods after a default or violation of any of the terms, conditions, and covenants of this Agreement shall not constitute a waiver or diminution of, nor create any limitation upon any right of County pursuant to this Agreement to terminate this Agreement for subsequent violation or default, or for continuation or repetition of the original violation or default.

Section 14.06 Agreement to Pay Attorneys' Fees and Expenses

When an event of default by a party has occurred and the other party retains attorneys or incurs other costs and expenses for the enforcement or performance or observance of any covenant or obligation or agreement on the part of the defaulting party herein contained, and if the non-defaulting party is successful in obtaining judgement against the defaulting party, or in obtaining a settlement with the defaulting party, the defaulting party shall pay to the non-defaulting party the reasonable fees and expenses of such attorneys and such other reasonable costs and expenses incurred by the non-defaulting party.

ARTICLE 15 ASSIGNMENT

Section 15.01 Ground Handling Agreements

For so long as Airline conducts its Air Transportation Business at the Airport, Airline may use its Airline Leased Premises, and all public areas of the Airport which Airline has a right to use in common with others, for the handling by Airline's personnel or by personnel of Airline's duly authorized Ground Handler, but only while acting on behalf of Airline, of the air transportation business of any other air transportation company or companies authorized by County to use the Airport to the same extent as they may be used for the Air Transportation Business of Airline; provided, however, that: (A) Said Ground Handling agreement is reasonable and submitted to the Airports Director prior to implementation of said handling arrangement and (B) Unless such aircraft operator handled by Airline has an agreement with County requiring the reporting of statistics, Airline shall require Airline's Ground Handler to provide the Airports Director, in writing, with the statistics with respect to the Airline's and designated Affiliate Airlines' aircraft and passengers

handled as required by Section 7.02 hereof to enable County to bill rentals, fees, and charges and other payments due on account of said Airline's and designated Affiliate Airline's use of the Airport. The handling agreement referenced in (A) above shall designate the party responsible for reporting said statistics to County. If the Airports Director so elects, and upon notice to Airline, County may collect Airport rentals, fees and charges due County directly from said air transportation company in lieu of Airline collections pursuant to (B) above.

Section 15.02 Assignment and Sublease by Airline

A. Except as otherwise specifically provided in this Agreement, Airline covenants that it shall not assign, sublet, transfer, convey, sell, mortgage, pledge or encumber the Preferential Use Premises, or this Agreement or any part thereof, or any rights of Airline hereunder or allow the use of such Preferential Use Premises hereunder, by any other person without the prior written consent of County; provided, however, that without such consent Airline may assign its rights under this Agreement to any corporation with which Airline may merge or consolidate pursuant to Section 17.10. Consent by County to any type of transfer described in this Section 15.02, Paragraph A, or elsewhere in this Agreement shall not in any way be construed to relieve Airline from obtaining further authorization from County for any subsequent transfer of any nature whatsoever. County will not grant approval for the subleasing of any Preferential Use Space as long as there is unleased space available for lease directly from the County.

B. Notwithstanding any assignment, sublet or any other transfer of the Airline's Leased Premises, or any rights hereunder, Airline shall remain fully liable for the payment of all of its Airline Rentals, Fees and Charges, Supplemental Charges and other payments due County and fully responsible for the performance of all of its other obligations hereunder, unless and to the extent that County provides a specific written release to Airline in its written consent provided pursuant to Paragraph A hereof.

C. Any and all requests by Airline for authorization under Paragraph A of this Section 15.02 shall be made in writing by certified mail to the Airports Director at County's address set forth in Section 17.09. The County shall have thirty (30) days to provide a written response.

D. If any transfer of Airline's interest hereunder shall occur, whether or not prohibited by this Section 15.02, County may collect Airline Rentals, Fees and Charges, Supplemental Charges and other payments due County from any assignee, sub lessee or transferee of Airline and in such event shall apply the net amount collected to Airline Rentals, Fees and Charges, Supplemental Charges and other payments payable by Airline hereunder without such action by County releasing Airline from this Agreement or any of its obligations hereunder. If any transfer prohibited by this Section 15.02 shall occur without authorization of County and County collects Airline Rentals, Fees and Charges, Supplemental Charges and other payments due County from any assignee, sub lessee or transferee of Airline and applies the net amount collected in the manner described in the preceding sentence, such actions by County shall not be deemed to be a waiver of the covenant contained in this Section 15.02 or constitute acceptance of such assignee, sub lessee or transferee by County or releasing Airline from this Agreement or any of its obligations hereunder. Airline will not sublease or assign this Agreement to a Ground Handler.

ARTICLE 16
GOVERNMENT INCLUSION AND GOVERNMENTAL COVENANTS

Section 16.01 Government Inclusion

A. Airline covenants and agrees that this Agreement shall be subordinated to the provisions of any existing or future agreement between County and the United States Government, or other governmental authority, relative to the operation and maintenance of the Airport, the execution of which has been or will be required as a condition precedent to the granting of Federal or other governmental funds for the development of the Airport or the continued operation or certification of the Airport. County agrees to provide Airline advanced written notice of any provisions which would adversely modify any material term of this Agreement.

B. All provisions of this Agreement shall at all times be subject to and subordinate to the provisions of the Eglin Agreements.

Section 16.02 Federal Government's Emergency Clause

All provisions of this Agreement shall be subordinate to the rights of the United States of America to operate all of the Airport or any part thereof during time of war or national emergency. Such rights shall supersede any provisions of this Agreement inconsistent with the operation of the Airport by the United States of America.

Section 16.03 Prohibition Against Exclusive Rights

It is hereby specifically understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to provide aeronautical services to the public as prohibited by Section 308(a) of the Federal Aviation Act of 1958, as amended, and County reserves the right to grant to others the privileges and right of conducting any or all activities of an aeronautical nature.

Section 16.04 Nondiscrimination

To the extent that the following provisions are applicable to Airline's activities or operations at the Airport or the inclusion of such provisions is required by law, contract or Federal grant assurance, Airline agrees to observe and comply with said provisions.

A. Airline, for itself, its personal representatives, its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that in the event facilities are constructed, maintained or otherwise operated on the property described in this Agreement for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefit, Airline shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

B. Airline, for itself, its successors in interest and assigns, as a part of the consideration heretofore, does hereby covenant and agree, as a covenant running with the land, that (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishings of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that Airline shall use the premises 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 said Regulations may be amended.

In the event of the breach of any of the above nondiscrimination covenants, County shall have the right to terminate this Agreement and to reenter and repossess the Airline's Leased Premises, including Airline's assigned aircraft parking positions, and said land and the facilities thereon, and hold the same as if said Agreement had never been made or issued. This provision shall not be effective until the procedures of Title 49, Code of Federal Regulations, Part 21, are followed and completed, including exercise or expiration of appeal rights. Unless precluded by the provisions of the above assurance or regulation, County shall follow the notice and termination provisions contained in Section 14.01, Paragraph D, Subparagraph 2 of this Agreement.

C. Airline agrees that, in its aeronautical activities for furnishing services to the public at the Airport, Airline shall furnish said services on a fair, equal and not unjustly discriminatory basis to all users thereof, and shall charge fair, reasonable and not unjustly discriminatory prices for each unit of service; provided, however, that Airline shall have the right to make reasonable and nondiscriminatory discounts, rebates and other similar types of price reductions to volume purchasers.

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

E. Airline agrees that it will practice nondiscrimination in its activities and will provide Disadvantaged Business Enterprise (DBE) participation in its leases as required by County, and to the extent applicable by the Federal Law, in order to meet County goals, or as required by the FAA in order to obtain an exemption from the prohibition against long-term exclusive leases.

F. Airline agrees that it shall insert the above five provisions in any lease or agreement

by which said Airline grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Leased Premises.

Section 16.05 Accessibility of Physically Handicapped

A. To the extent the requirements of Section 504 of the Rehabilitation Act of 1973, 49 C.F.R. Part 27, and Titles II and III of the Americans with Disabilities Act of 1990 apply to the Leased Premises and Airline's facilities thereon or the operation and/or construction or acquisition of any improvement, equipment or facilities by Airline on the Leased Premises or the Airport or any part thereof, such improvement and equipment shall be provided and improvement and facilities shall be designed, constructed, and operated, so that the improvement, equipment or facility is accessible to and usable by handicapped persons. To assure such design, construction and use, Airline will design and construct the improvement, equipment or facility in accordance with the Uniform Federal Accessibility Standards ("UFAS") and/or the American National Standards Institute "Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped" (ANSI A 117.1 1961 [R-1971]), as applicable, which standards are incorporated herein and made a part of this Agreement.

B. Airline, when required by 14 C.F.R., Part 382 or any other laws, rules or applicable regulations, now or hereafter adopted by federal or state governments, shall provide certain facilities for the movement of passengers with disabilities while enplaning and deplaning its aircraft. To the extent required by law, Airline shall be responsible for acquiring or making arrangements for the use of boarding assistance devices, when applicable, for its aircraft. Airline shall ensure that all lifts and other accessibility equipment used by it are maintained in proper working condition. Airline shall ensure that those personnel involved in providing boarding assistance through the use of lifts or other accessibility equipment are properly trained in the use and operation of the devices and appropriate boarding assistance procedures that safeguard the safety and dignity of passengers.

Section 16.06 County's Airfield Area

County reserves the right, but shall not be obligated to Airline, to maintain and keep in repair those County owned facilities of the Airfield Area of the Airport, and all County public use facilities of the Airport, together with the right to direct and control all activities of Airline in this regard. This provision has been inserted in the Agreement to comply with certain assurances required by the Federal Aviation Administration and is not meant to alter any other obligations of County to Airline under this Agreement unless required by the afore-referenced assurances.

Section 16.07 Airline's Compliance with F.A.R., Part 77

Airline 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 Leased Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises or in the event of the installation of any communications equipment or appurtenance to the Leased Premises or the Terminal Building by Airline.

Section 16.08 Rights to Maintain Aircraft

It is clearly understood by Airline that no right or privilege has been granted which would operate to prevent any person, firm, or corporation operating aircraft on the Airport from performing any services on its own aircraft with its own regular employees (including but not limited to, maintenance and repair) that it may choose to perform.

Section 16.09 Compliance with DBE Requirements

This Agreement is subject to the requirements of the U.S. Department of Transportation's regulations 49 C.F.R. Part 23, Subpart F. Airline agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement covered by 49 C.F.R. Part 23, Subpart F. Airline also agrees to include the above statements in any subsequent complementary aeronautical activity agreements that it enters into and cause those businesses to similarly include the statements in further agreements.

Section 16.10 Security

Airline, its officers, employees, contractors, agents, and those under its control, shall comply with security measures required of Airline or County by the FAA, TSA or contained in any Airport master security plan approved by the FAA or TSA which includes (to the extent that said security measures are applicable to Airline as tenant of the Leased Premises or on account of its being a party to this Agreement) an airport tenant security program as outlined in security measures required of Airline by the FAA or TSA respective to Airline's Preferential Use Premises. If Airline, its officers, employees, agents, or those under its control shall fail or refuse to comply with said measures and such non-compliance results in a monetary penalty being assessed against County, then, in addition to being subject to the provisions of Section 14.01, Paragraph D, Subparagraph 2, Airline shall be responsible and shall reimburse County in the full amount of any such monetary penalty or other damages. Nothing contained herein shall prohibit Airline from contesting with FAA the validity or amount of such penalty.

Section 16.11 Environmental

Airline agrees that in conducting any activity or business on the Leased Premises or at the Airport, or in conducting any operation or performing any work pursuant to this Agreement, Airline shall comply with all applicable laws, statutes, ordinances and regulations of all government authorities having jurisdiction, pertaining to protection of the environment (“ Environmental Laws”). Airline further agrees:

A. Airline shall obtain and maintain all permits required for it to conduct its activities and business on the Leased Premises and at the Airport in accordance with applicable Environmental Laws (“Environmental Permits”).

B. At County's request, Airline shall make available to County for inspection and

copying, upon reasonable notice and at reasonable times, any and all non-privileged documents and materials which Airline prepared or had prepared with respect to or pursuant to any applicable Environmental Law or Environmental Permit, or which Airline submitted or had submitted to any governmental agency, which documents or materials relate to environmental issues, applicable Environmental Laws or Environmental Permits, and which pertain to the Airport, the Leased Premises or Airline's occupancy and use of the same.

C. County and its representatives shall have access to the Leased Premises, upon prior notice to Airline except in the case of an emergency, to inspect the same in order to determine if Airline is using the Leased Premises in accordance with all applicable Environmental Laws and Environmental Permits. Airline agrees to fully cooperate with any such inspections, provided that such inspections shall not unreasonably interfere with Airline's operations. Upon receipt of written notification of noncompliance or upon assertion of a claim by a third party, and at the request of County, Airline shall conduct such testing and analysis as is reasonably required under applicable Environmental Law, to ascertain whether Airline is using the Leased Premises in compliance with all applicable Environmental Laws and Environmental Permits. Any such tests shall be conducted by qualified independent experts chosen by Airline, but who shall be subject to County's approval, which shall not be unreasonably withheld. Airline shall provide to County copies of all final reports prepared by such experts within a reasonable time after Airline receives each such report.

D. If Airline fails to comply with any applicable Environmental Law or Environmental Permit or if Airline fails to promptly commence corrective action or remediation to the extent required by applicable Environmental Laws, County may, in addition to the rights and remedies described elsewhere in this Agreement and any other rights and remedies otherwise available to County, enter the Leased Premises and take all reasonable and necessary actions, at Airline's expense, to ensure such compliance with the applicable Environmental Law or Environmental Permit. County shall provide Airline with ten (10) business days written notice of such action, and provide Airline with the final opportunity to comply with such applicable Environmental Law or Environmental Permit, or to take the required corrective action or environmental remediation.

E. In the event of any release or threatened release of hazardous materials as defined under applicable Environmental Laws ("Hazardous Materials") caused by Airline or any of its agents, employees, invitees, licensees, contractors, or subcontractors, which is required by an applicable Environmental Law or County Rule or Regulation to be reported by Airline, whether as a result of negligent conduct or otherwise, at, on, under or about the Leased Premises or the Airport, or in the event any claim, demand, complaint, or action is made or taken against Airline in connection with any part of Airline's business that causes a release or threatened release of Hazardous Materials at the Leased Premises or pertains to an environmental condition at the Leased Premises or the Airport, or if Airline receives any written notice pertaining to Airline's failure or alleged failure to comply with any applicable Environmental Law or Environmental Permit, Airline shall promptly notify County of all known facts pertinent to such release, threatened release, claim, demand, complaint, action, or notice, and shall provide County with a copy of each such claim, demand, complaint, notice, and action. If Airline is required by any applicable Environmental Law, Environmental Permit, or governmental agency to file any notice or report of a release or threatened release of Hazardous Materials at, on, under or about the Leased Premises or the Airport, Airline shall simultaneously provide a copy of such notice or report to County.

F. Airline shall undertake all necessary steps to remedy and remove any Hazardous Materials, and correct any condition, or damage to the extent caused by or resulting from the activities or conduct of Airline or any of its agents, employees, invitees, licensees, contractors, or subcontractors on the Leased Premises or at the Airport, whether resulting from negligence or otherwise, by any of the aforementioned parties, including Airline, as required pursuant to applicable Environmental Law by the appropriate governmental agency with jurisdiction over environmental matters at the Leased Premises, or to bring the Leased Premises or the Airport into compliance with all applicable Environmental Laws and Environmental Permits. Such work shall be performed at Airline's expense. Except in the event of an emergency, such work shall be performed after Airline submits to County a written plan for completing such work and receives the prior approval of County, which shall not be unreasonably withheld, conditioned or delayed. Upon completion of the work Airline shall provide County a certificate of completion. County shall have the right to review and inspect all such work at any time using consultants and representatives of its choice. Specific cleanup levels for any remediation work Airline performs shall be designed to meet and satisfy the requirements of all applicable Environmental Laws and Environmental Permits, including the imposition of any institutional control as may reasonably be required to attain such cleanup standard(s) that (i) prohibits the use of groundwater at the site for , industrial or commercial purposes or (ii) restricts the redevelopment of the site for industrial purposes, without express written governmental preapproval. Airline agrees that all work performed pursuant to this Agreement shall be performed in accordance with all applicable Environmental Laws and Environmental Permits. Notwithstanding the foregoing, Airline shall have no responsibility for Hazardous Materials, conditions or damage on, at, under or about the Leased Premises or Airport to the extent caused by the County, other lessees, third parties not within Airline's control, or which were caused by, relate to or result from conditions which preexisted Airline's tenancy.

G. County shall not be responsible to Airline or any of its agents, employees, invitees, licensees, contractors, or subcontractors for any environmental condition in existence on the Leased Premises or at the Airport, which condition may interfere with Airline's business or other operations or activities, or which might otherwise cause damage to Airline through loss of business, destruction of property, or injury to Airline, its owners, directors, officers, agents, employees, customers, clients, vendees, invitees, concessionaires, or licensees, except to the extent that any such condition is directly caused by County, its employees, contractors, or agents.

Section 16.12 Airline's Environmental Indemnity

With respect to applicable Environmental Laws and Environment Permits, Airline agrees as follows:

H. Without limiting Airline's liability pursuant to Section 13.01 above, Airline shall assume the risk of, be responsible for, protect, defend, reimburse, indemnify and hold harmless County and its past, present and future officers, the members of the Board of County Commissioners, the employees and agents of County, and each of them, including without limitation the Airports Directors of County, and shall hold each and all of them harmless at all times from and against any and all losses, claims, liabilities, damages of whatever nature, fines, causes of action of every kind and character, whether or not meritorious, suits, demands, judgments, awards, settlements, costs and expenses, without limitation, payments of claims or liabilities resulting from or incident to Airline's use and occupancy of the Leased Premises or Assigned Apron or other areas

or facilities at the Airport or in connection with or incident to the conduct of Airline's Air Transportation Business under this Agreement, or incurred in connection with any actual or threatened release of Hazardous Materials or environmental conditions, or arising out of the use of any fuels or other products, contaminants' spillage, seepage or contamination, any noise pollution or any other injury or damage in relation to health, safety, environmental protection, (including any contamination of Airport property such as the soil or storm water by fuel, gas, chemicals or other substances deemed by the Environmental Protection Agency (EPA) to be environmental contaminants at the time this Agreement is executed or as may be redefined by the appropriate regulatory agencies in the future), or arising from the lack of sanitation, good order, security, fire precautions, traffic control or operations or maintenance caused by Airline or any of its agents, employees, licensees, contractors or subcontractors, during the term of this Agreement and including, without limitation, payments of reasonable attorney fees and environmental inspection costs, except to the extent the same is caused by the gross negligence or willful act of County and its past, present and future officers and Airports Directors and employees and agents,, provided, however, the foregoing exception shall not apply to any County negligence required to be covered by Airline's insurance pursuant to Section 13.02 of this Article 13 or to any specific sole obligation of indemnity required of Airline under this Agreement. This Section 16.12 (A) shall be the Country's sole right to indemnification under this Agreement for environmental-related matters.

B. All rights and remedies of County as provided in this Agreement with regard to the release or threatened release of Hazardous Materials or any actual or threatened violations of any applicable Environmental Law or Environmental Permit shall be deemed cumulative in nature; provided such release or threatened release of Hazardous Materials or environmental pollution, contamination, damages or actual or threatened violation are caused by Airline and County's right to indemnification as provided under this Section shall survive the termination of this Agreement.

Claims for any environmental matters are governed by the indemnity provision in Section 16.12 and not subject to the general indemnity of this Article 13.

Section 16.13 Stormwater

Airline shall comply with the following provisions with respect to stormwater management at or from the Airport:

A. Notwithstanding any other provisions or terms of this Agreement, Airline acknowledges that certain properties within the Airport, or on County-leased land, are subject to stormwater rules and regulations. Airline agrees to observe and abide by such stormwater rules and regulations as may be applicable to the Airport property and uses thereof.

B. County and Airline will cooperate in effort towards compliance with the terms and conditions of any stormwater discharge permit applicable to Airline's operation at the Airport pursuant to Environmental Laws. Airline acknowledges further that it may be necessary to the extent required under applicable Environmental Laws to undertake such actions to minimize the exposure of stormwater to "significant materials" generated, stored, handled, or otherwise used by Airline, as

such term may be defined by Environmental Laws applicable to stormwater, by implementing and maintaining appropriate and relevant "best management practices" as that term may be defined in applicable Environmental Laws.

C. To the extent permissible, County will invite Airline to participate in discussions with the Florida DEP, the United States EPA, or the United States Air Force regarding applicable stormwater discharge permit requirements and shall provide Airline with reasonable advanced written notice of, and afford the Airline the opportunity to define the extent of, any stormwater discharge permit requirements applicable to Airline and with which Airline will be obligated, pursuant to this Agreement or otherwise, to comply with from time to time, including certification of non-stormwater discharges; collection of stormwater samples; preparation of stormwater pollution prevention or similar plans; implementation of best management practices; and maintenance of necessary records. Such written notice shall include applicable deadlines. Airline agrees to undertake, at its expense, unless otherwise agreed to in writing between County and Airline, those stormwater permit requirements for which it is reasonably responsible and for which it has received written notice from County and which are applicable exclusively to Airline, and Airline agrees that it will hold harmless and indemnify County, pursuant to Section 16.12 (A) for any violations or non-compliance by Airline with any such applicable permit requirements.

Section 16.14 Solid and Hazardous Waste

A. If Airline is deemed to be a generator of hazardous waste at the Airport, as defined by applicable federal, state or local law, and to the extent required under such applicable laws Airline shall obtain a generator identification number from the EPA and shall comply with all applicable Environmental Laws, in connection with Airline's presence and operation of its Air Transportation Business at the Airport including but not limited to, ensuring that the transportation, storage, handling and disposal of such hazardous wastes are conducted in full compliance with applicable Environmental Laws.

B. Airline agrees to provide County, upon request, copies of all hazardous waste permit application documentation, permits, monitoring reports, transportation, requests, responses, storage and disposal plans and material safety data sheets, in connection with Airline's presence and operation of its Air Transportation Business at the Airport within ten (10) days of any such requests by County.

ARTICLE 17
GENERAL PROVISIONS

Section 17.01 General County Rights

A. County has, has had and shall continue to have the absolute right to develop, expand, improve and renovate the Airport, County controlled areas and facilities of the Airfield Area, the Terminal Building and other Airport facilities, regardless of the desires or views of Airline and without interference or hindrance from Airline; and County may continue to so develop, expand, improve and renovate the Airport, County controlled areas and facilities of the Airfield Area, Terminal Building and other Airport facilities throughout the Term of this Agreement or any extensions thereof as provided for in this Agreement.

B. Upon reasonable notice, during Airline's normal business hours, County shall have the right to enter Airline's Leased Premises to perform any of County's obligations hereunder, exercise any of its rights hereunder or in the exercise of its governmental functions, or in the event of any alteration, improvement or construction on, adjacent to or in the vicinity of Airline's Leased Premises, for purposes related thereto. Notwithstanding the foregoing, in an emergency, County shall have the absolute right to enter Airline's Leased Premises to perform or exercise any of the aforementioned obligations or rights. County shall use reasonable efforts not to unreasonably interfere with Airline's operation of its Air Transportation Business when entering upon Airline's Leased Premises.

C. In addition to those rights reserved by County in Section 17.01, Paragraphs A and B above, County reserves the right from time to time as may be reasonably necessary to close, relocate, reconstruct, change, alter or modify Airline's Leased Premises, for purposes of maintaining or constructing improvements, modifications or expansions to the Airport, provided that:

1. At least thirty (30) days prior written notice of any such action is given by County to Airline; and
2. Reasonably convenient and equivalent alternative premises and facilities and adequate means of ingress and egress thereto shall be made available to Airline to the greatest degree possible.

Airline shall continue to pay Terminal Building Rentals with respect to its Leased Premises during any such temporary relocation (adjusted for any decrease in square footage); provided, however, that County shall reimburse Airline for the reasonable costs associated with any necessary relocation.

D. County reserves unto itself, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Airport, including but not limited to Airline's Leased Premises, together with the right to cause in said airspace, such noise as may be inherent in the operation of aircraft, now or hereafter used for navigation or flight in said airspace for landing on, taking off from, or operating at the Airport.

Section 17.02 Provisions Relating to Issuance of Bonds

A. This Agreement and all rights granted to Airline hereunder are expressly subordinated and subject to the lien, covenants, (including the rate covenants), and provisions of the pledge, transfer, hypothecation, or assignment made by County in any Trust Indenture or resolution under which Bonds are issued, including any amendments and supplements thereto. County and Airline agree that to the extent granted or required by the Trust Indenture or law, the holders of the Bonds or their designated representatives shall have the right to exercise any and all rights of County hereunder.

B. Airline understands that County is and will be the issuer of Bonds. With respect to Bonds that may be issued currently or in the future, the interest on which is intended to be excludable from gross income from the holders of such Bonds for Federal income tax purposes under the Internal Revenue Code of 1986, Airline agrees that it will not act, or fail to act (and will immediately cease and desist from any action, or failure to act) with respect to the use of the Airline's Leased Premises, if the act or failure to act may cause County to be in noncompliance with the provisions of the Internal Revenue Code of 1986 as they may be amended, supplemented, or replaced, or the regulations or rulings issued thereunder, nor will Airline take, or persist in, any action or omission which may cause the interest on the tax-exempt Bonds either (1) not to be excludable from the gross income of the holders thereof for Federal income tax purposes; or (2) to become subject to the alternative minimum tax (AMT) for Federal income tax purposes if such Bonds were not originally subject to said tax.

C. Airline agrees that in connection with any issuance of Bonds by County, upon reasonable advance written request, Airline will deliver to County a statement in writing certifying:

1. that this Agreement is unmodified and in full force and effect (or if there have been modifications, a description of such modifications and that the Agreement as modified is in full force and effect);
2. that to Airline's actual knowledge County is not in default under any provision of this Agreement, or, if in default, the nature thereof in detail; and
3. such further factual matters as may be reasonably requested by County, it being intended that any such statement may be relied upon by the parties involved in such issuance of Bonds.

D. Airline agrees that upon the request of County, Airline will provide to County such information with respect to Airline as County deems reasonably necessary in order for County to comply with the requirements of Rule 15c2-12, as amended (the "Rule"), under the Securities Exchange Act of 1934, as amended (the "Act"). Airline agrees that if at any time while Bonds remain outstanding, Airline is no longer complying with the reporting requirements under the Act and if Airline is an "obligated person" as defined in the Rule, Airline will provide to County such information with respect to Airline as is necessary in order to comply with the Rule.

Section 17.03 Quiet Enjoyment

County covenants that, if Airline shall perform all obligations and make all payments as provided herein, Airline shall peaceably have and enjoy the Airline's Leased Premises and all the rights, licenses, privileges, appurtenances, and facilities granted herein; provided, however, that the foregoing covenants shall be binding on County only so long as it is the operator of the Airport. This covenant shall at all times be limited by and subject to the conditions of the Eglin Agreements.

Section 17.04 Surrender

Airline covenants and agrees to yield and deliver peaceably to County possession of the Leased Premises and its Preferentially Assigned Premises on the date of the cessation of the letting hereunder, whether such cessation be by termination, expiration or otherwise, promptly and in as good condition as at the commencement of the letting, or, if improved, in as good condition as of the completion date of the last improvement made to the Leased Premises, excepting reasonable wear and tear allowed within the limits of Airline's maintenance and repair obligations hereunder.

Section 17.05 Force Majeure

A. Neither party hereto shall be liable to the other for any failure, delay, or interruption in performing its obligations hereunder to the extent due to acts, events or conditions beyond its control, including, but not limited to, acts of God, acts of a public enemy, war, blockade, insurrection, strikes, boycotts, picketing, slow-downs, work stoppages or other labor actions affecting the rights or obligations of County or Airline hereunder, their respective contractors or subcontractors, actions of the United States of America under the Eglin Agreements, except to the extent that such failure, delay or interruption directly or indirectly results from failure on the part of County or Airline to use reasonable care to prevent, or make reasonable efforts to cure, such failure, delay or interruption; provided, however, that, except as herein specifically provided, nothing in this Section is intended or shall be construed to abate, postpone or in any respect diminish Airline's obligations to make any payments due to County pursuant to this Agreement.

B. County shall be under no obligation to supply any service if and to the extent and during any period that the supplying of any such service or the use of any component necessary therefor shall be prohibited or rationed by any law, ordinance, rule, regulation, requirement, order or directive of any federal, state, county or municipal government having jurisdiction.

Section 17.06 Reserved

Section 17.07 No Personal Liability

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

Section 17.08 Approvals and Disapprovals

Whenever in this Agreement any approval is required from County or Airline, such approval or disapproval shall be promptly rendered. Neither party shall unreasonably withhold or condition approval to the other party, except as otherwise expressly provided or implied from the context herein.

Section 17.09 Notices

Except as otherwise expressly provided in this Agreement, all notices, consents, approvals and other communications provided for under this Agreement shall be in writing and shall be mailed by certified mail, return receipt requested, or by receipted overnight delivery, to County and Airline at the following addresses:

COUNTY

Board of County Commissioners
302 N. Wilson Street
Suite 302
Crestview, FL 32536

Copy to: Airports Director
Destin-Fort Walton Beach Airport
1701 State Road 85 North
Eglin Air Force Base, FL 32542

AIRLINE

or to such other person or address as either County or Airline may from time to time designate by notice to the other in accordance with this Section.

Section 17.10 Airline Mergers and Consolidations

In the event Airline consolidates with or merges into another corporation or permits one or more other corporations to consolidate with or merge into it, or transfers or conveys all or substantially all of its property, assets and licenses to another corporation, the corporation resulting from or surviving such merger (if other than Airline) or consolidation or the corporation to which such transfer or conveyance is made shall: (A) assume in writing and agree to perform all of Airline's obligations hereunder from the date of merger, consolidation, transfer or conveyance and any obligation accrued or unperformed by Airline as of the date of such merger, consolidation, transfer or conveyance; (B) be qualified to do business in the State of Florida; and (C) if such corporation shall not be organized and existing under the laws of the United States of America or any state or territory thereof or the District of Columbia, furnish to County an irrevocable consent to service of process in, and to the jurisdiction of the courts of, the State of Florida with respect to any action or suit, in law or in equity, brought by County to enforce this Agreement, including an agreement to be bound by the provisions of this Section and Sections 17.16 and 17.17 of this Agreement. If Airline is the surviving corporation in such a merger, the express assumption referred to in the

preceding sentence shall not be required.

Section 17.11 No Third Party Beneficiaries

Each of the parties hereto has entered into this Agreement solely for its own benefit, and it is their intent that no third party shall have a right to claim damages or bring any suit, action or other proceeding by or against either of the parties hereto because of any breach hereof, excepting a person to whom this Agreement is sublet, transferred or assigned as herein provided. Except as otherwise provided in Section 13.02 of Article 13 hereof, the foregoing provision shall not apply to insurance subrogation rights vested or arising in third parties resulting from insurance policies related to this Agreement.

Section 17.12 Construction of Agreement

Regardless of which party hereto is responsible for the preparation and drafting of this Agreement, it shall not be construed more strictly against either party.

Section 17.13 Severability

If any of the terms, conditions, provisions, warranties or covenants of this Agreement, or any portions thereof, shall contravene or be invalid under the laws or regulations of the State of Florida or the United States of America, or any of their respective agencies, departments or subdivisions, such contravention or invalidity shall not invalidate the whole Agreement, but this Agreement shall be construed as if not containing the particular term, condition, provision, warranty or covenant or portion thereof held to be in contravention or invalid, and the rights and obligations of the parties shall be construed accordingly.

Section 17.14 Sealed Agreement

The parties hereto acknowledge, represent, state and warrant that they have signed and executed this Agreement under seal, that they have adopted their respective seals as affixed to this Agreement, and that they are executing this Agreement with the intent that it shall be a sealed instrument.

Section 17.15 Survival of Warranties

All warranties and covenants set forth in this Agreement shall survive the execution, performance and termination of this Agreement.

Section 17.16 Applicable Law and Venue

A. This Agreement is made and entered into in Okaloosa County, Florida, and Florida law shall govern and apply to this Agreement. In the event of a dispute or disputes between the parties hereto, and in the event litigation is instituted, such litigation shall be commenced only in the court of appropriate jurisdiction in Okaloosa County, Florida.

B. It is expressly understood and agreed that if Airline is not a resident of the State of Florida, or is an association or partnership without a member or partner resident of said state, Airline shall appoint an agent for the purpose of service of process in any court action between it and County arising out of or based upon this Agreement. Airline shall immediately, within ten (10) days of execution of this Agreement, notify County, in writing, of the name and address of said agent. Such service shall be made as provided by the laws of the State of Florida for service upon a nonresident engaging in business in the State. It is further expressly agreed, covenanted, and stipulated that, if for any reason, such service of process is not possible, as an alternative method of service of process, Airline may be personally served out of the State of Florida by the registered mailing of such service at the address set forth in Section 17.09.

Section 17.17 Successor and Assigns Bound by Covenant

Subject to the limitations on Airline's rights under Article 15 of this Agreement, all covenants, stipulations and agreements in this Agreement shall extend to and bind legal representatives, successors and assigns including successors-in-interest by merger and consolidation of the respective parties hereto.

Section 17.18 Time of Essence

For purposes of performance and interpretation of compliance under this Agreement, it is agreed by the parties that time is of the essence under this Agreement.

Section 17.19 Agreement Subject to Agreements with United States Air Force

This Agreement, the term thereof, and all Airlines' rights hereunder, are subject to all terms, conditions and limitations of the Eglin Agreements between the County and the United States of America, as they now exist or as they may be hereafter amended, under which County has constructed facilities and operates the Airport on land leased or licensed from the United States of America, including the joint use of the flying facilities of Eglin Air Force Base. These terms, conditions and limitations include but are not limited to the United States of America's rights to suspend and terminate said agreements. Airline acknowledges that it is aware of and has been afforded an opportunity to review said agreements, including all terms, conditions and limitations thereof, including those under which Airline's rights, as they now exist or as they may be hereafter amended, to operate at the Airport may be impacted, suspended or terminated.

Neither the execution of this Agreement by Airline or County, nor the performance by either party under the Agreement, shall in any way prejudice or constitute a waiver of: (a) Airline's right to challenge, directly or indirectly, the implementation of the Policy, as may be amended or replaced with another policy for scheduling operations at the Airport in accordance with the terms hereof, or (b) the rights of either party to fully prosecute or defend, as applicable, any lawsuit or regulatory action by or on behalf of the Airline against the County challenging the implementation of such Policy or a replacement policy, including the validity and enforceability thereof. Each party reserves any and all rights it may have with respect to this matter.

Section 17.20 Reserved

Section 17.21 Entire Agreement

This Agreement, including the attached exhibits and endorsements embodies the entire agreement between County and Airline relating to the subject matter hereof, and supersedes all prior agreements and understandings, written or oral, express or implied, between County and Airline relating thereto. Except as specifically provided for in Sections 3.06, 3.07 and 16.01, this Agreement, including the attached exhibits and endorsements, may not be changed, modified, discharged or extended except by written amendment duly executed by the parties.

Section 17.22 Survival of Obligations

All obligations of Airline to County and County to Airline, including but not limited to obligations of indemnity and obligations to make payments to the other party, which are accrued as of the date of termination or expiration to this Agreement, shall survive such termination or expiration.

Section 17.23 Public Records

IF THE LICENSEE HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE LICENSEE'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT OKALOOSA COUNTY RISK MANAGEMENT DEPARTMENT 302 N WILSON STREET, SUITE 301 CRESTVIEW, FL 32536 PHONE: (850) 689-5977 riskinfo@myokaloosa.com.

Lessee must comply with the public records laws, Florida Statute chapter 119, specifically Lessee must:


- a. Keep and maintain public records required by the County to perform the service.
- b. Upon request from the County's custodian of public records, provide the County with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in chapter 119 Florida Statutes or as otherwise provided by law.
- c. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the lease term and following completion of the lease if the Lessee does not transfer the records to the County.
- d. Upon completion of the lease, transfer, at no cost, to the County all public records in possession of the Lessee or keep and maintain public records required by the County to perform the service. If the Lessee transfers all public records to the public agency upon completion of the lease, the Lessee shall destroy any duplicate public records that are exempt

or confidential and exempt from public records disclosure requirements. If the Lessee keeps and maintains public records upon completion of the contract, the Lessee shall meet all applicable requirements for retaining the public records. All records stored electronically must be provided to the public agency, upon the request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

(The remainder of this page intentionally left blank)

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year first above written.

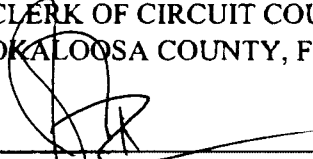
OKALOOSA COUNTY, FLORIDA

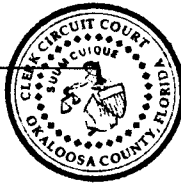
BY: 
Paul Mixon
Chairman, Board of County Commissioners
Date: 3 / 12 / 2024

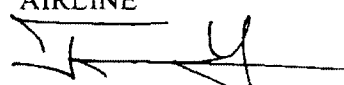


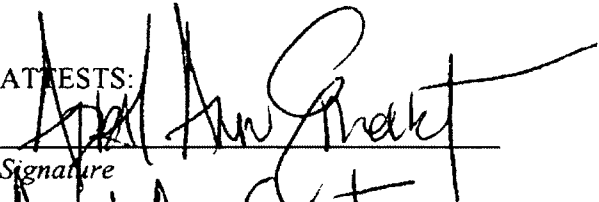
ATTESTS:

CLERK OF CIRCUIT COURT
OKALOOSA COUNTY, FLORIDA


J.D. Peacock II
Clerk of Circuit Court
Date: 3 / 12 / 2024

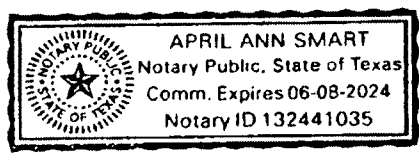


AIRLINE
BY: 
TREVOR YARN - HEAD OF COMMERCIAL
Date: 2 / 5 / 2024

ATTESTS:

Signature
April Ann Smart
Print Name

Date: 02 / 06 / 2024

CORPORATE SEAL:



ACKNOWLEDGMENT

STATE OF Texas
COUNTY OF Harris

Before me, the undersigned officer duly authorized to take acknowledgments in the COUNTY and STATE aforesaid, personally appeared Travis Yelky, who under oath deposes and says that he is the duly authorized representative of AIRLINE to execute contracts and lease agreements and that he executed the foregoing instrument for the uses and purposes contained therein.

SWORN AND SUBSCRIBED before me this 6 day of February, 2024.

NOTARY April Ann Smart 06.08.2024
My commission expires:

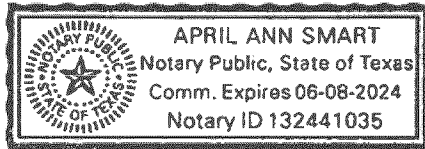


EXHIBIT B
TERMINAL BUILDING LEASE
DESTIN-FT WALTON BEACH AIRPORT
AIRPORT SYSTEM COST CENTERS
COST CENTER DESCRIPTIONS

OVERVIEW

Each of the Direct and Indirect Cost Centers described below, any sub-cost centers thereto hereinafter established, and any new cost center subsequently created under the County's cost accounting system are used to accumulate those Operating Expenses, Capital Outlays, Debt Service, the Coverage Requirement, Fund Deposits and all other charges and elements of the Airport System Requirement chargeable or allocable, in whole or in part, whether by location, cost object or cost function, directly or indirectly, to such Direct and Indirect Cost Centers under the County's cost accounting system and which are incurred, in whole or in part, directly or indirectly in, on account of, or for the benefit of the construction, financing, operation, maintenance and administration of such Direct and Indirect Cost Centers. Except as otherwise provided for herein, each Cost Center's revenue shall include those revenues generated from the land, facilities, improvements and equipment included within that Cost Center (unless allocated to another cost center under the County's revenue and cost accounting system) under the same County.

The Airport System Requirement or any element thereof relating to any land, facility, improvement or equipment, now or hereafter located within the physical or geographical description of any Cost Center described herein, may be allocated by the County, in whole or in part, to any other Cost Center or Cost Centers, to the extent that the land, facility, improvement or equipment supports, in whole or in part, the cost object or cost function of said other Cost Center and not the Cost Center in which said land, facility, improvement or equipment is located (i.e., noise monitoring equipment located in the Terminal Area which may support noise monitoring for the Airfield Area).

DIRECT COST CENTERS

The following are the Airport System Direct Cost Centers which will be employed by the County on the effective date of the Agreement to account for the Airport System Requirement and revenues and expenses of the Airport System for the purpose of establishing Airline Rentals, Fees and Charges at the Northwest Florida Regional Airport (Airport). The areas comprising the four Airport System Direct Cost Centers located at the Airport are generally depicted on the color-coded Airport property map attached to this Exhibit B.

Airfield Area

The Airfield Area Cost Center includes, but is not limited to, except as may be otherwise provided for herein, all land and facilities, improvements and equipment now or hereafter located on the Eglin Leased Areas, on other Airport property hereafter acquired by the County for Airport purposes, or elsewhere, which provide for the general support of air navigation, flight activity and other aviation needs or requirements of the Airport. The Airfield Area Cost Center includes the aircraft parking apron adjacent to the Airport Terminal Building, County constructed taxiways and ramp areas not included in any other Cost Center, County provided safety areas and infield areas, together with all associated aircraft taxiing, landing and navigational aids provided by the County; the costs and all obligations of the County with respect to the Eglin Airfield Facilities as provided for in the Eglin Agreements; areas of land acquired by the County for buffer requirements for the landing area or other Airport facilities; all Airport noise mitigation facilities' measures or costs; County owned or controlled Airport facilities and aviation controls and related system requirements related to the Airfield Area; any County fueling equipment and facilities now existing or hereinafter installed or constructed to serve the Airlines or other users of the Airport, including the current fuel farm and equipment, the recently completed new fuel farm and equipment (except for the fuel storage and distribution facilities which serve the rental car operators), whether physically located in the Airfield Area Cost Center or elsewhere, including any hydrant system that may hereafter be installed or constructed exclusively to serve Airlines utilizing the Terminal Building aircraft parking apron; the air cargo building, including the cargo and remote overnight (RON) aircraft parking apron, and any future air cargo building and related aircraft parking aprons which may hereafter be constructed for the Airport; and all costs incurred by the County for mitigation or damages resulting from Airport noise, environmental incidents or conditions or other Airport or aircraft-related conditions or activities, as all of the same now exist or hereafter may be added to, modified, changed or developed.

Terminal Area

The Terminal Area Cost Center includes, but is not limited to, except as otherwise provided for herein, all land and facilities, improvements and equipment now or hereafter located on the Eglin Leased Areas, on other Airport property hereafter acquired by the County for Airport purposes, or elsewhere which support passenger terminal functions for the Airport, including all passenger terminal buildings, including the existing Terminal Building, any additions thereto, and any other new or renovated passenger terminal structures hereinafter constructed by the County at the Airport to serve Airport passengers, including concourses (including the two-gate concourse addition to be constructed by the County during fiscal year 2011), connecting structures, the Terminal Building curbside roadway, the landside buffer area between the Terminal Building and the Airport's parking facilities, passenger walkways, passenger and terminal service tunnels, passenger holdroom areas, passenger loading bridges, support buildings and equipment, and all other equipment and appurtenances to said land, facilities and improvements, as all of the same now exist or hereafter may be added to, modified, changed or developed.

Parking/Ground Transportation

The Parking/Ground Transportation Cost Center includes, but is not limited to, except as otherwise provided for herein, all land and facilities, improvements and equipment now or hereafter located on the Eglin Leased Areas, on other Airport property hereafter acquired by the County for Airport purposes, or elsewhere which support parking and commercial ground transportation functions included in this Cost Center, including the existing short-term and long-term parking lots, the westside credit card lot currently under construction and the expansion to this westside credit card facility to be constructed during fiscal year 2011, the overflow parking lot, curb lanes and circulation roadways supporting these parking facilities which are not included in the General Support Facilities Cost Center, employee parking lots and facilities, car rental ready space, service areas and other car rental facilities, including the new consolidated rental car service, maintenance and storage facilities, and other parking facilities located on the east side of the Airport, improvements and equipment related to other commercial ground transportation services, including taxicab, limousine, courtesy vehicles, and other pay-for-hire vehicles, as all of the same now exist or hereafter may be added to, modified, changed or developed.

General Aviation

The General Aviation Cost Center includes all land and all facilities, improvements and equipment now or hereafter located at or which are part of the County's two general-aviation airports known as Bob Sikes Airport and Destin Executive Airport and such facilities, improvements and equipment located elsewhere which support the operation of these facilities, including, but not limited to, each Airport's runway and taxiway system, terminal, conventional and T-hangars, tie-down areas, fixed-base facilities, control tower, airfield maintenance and vehicle storage buildings, automobile parking areas, and all other facilities comprising Bob Sikes Airport and Destin Executive Airport, as all of the same now exist or hereafter may be added to, modified, changed or developed.

INDIRECT COST CENTERS

The following are the County's Indirect Cost Centers which will be employed by the County on the effective date of the Agreement:

Administration

The Administration Cost Center includes all personnel, facilities and equipment, now or hereafter provided, for the general management, administration, direction and operation of the Airport and the County Airport System, as all of the same now exist or hereafter may be added to, modified, changed or developed. Included in the Administration Cost Center are charges for personnel functions and all other operating costs related to the office of the Airports Director, senior Airport management personnel, including but not limited to those involved in the administration and management of finance, accounting,

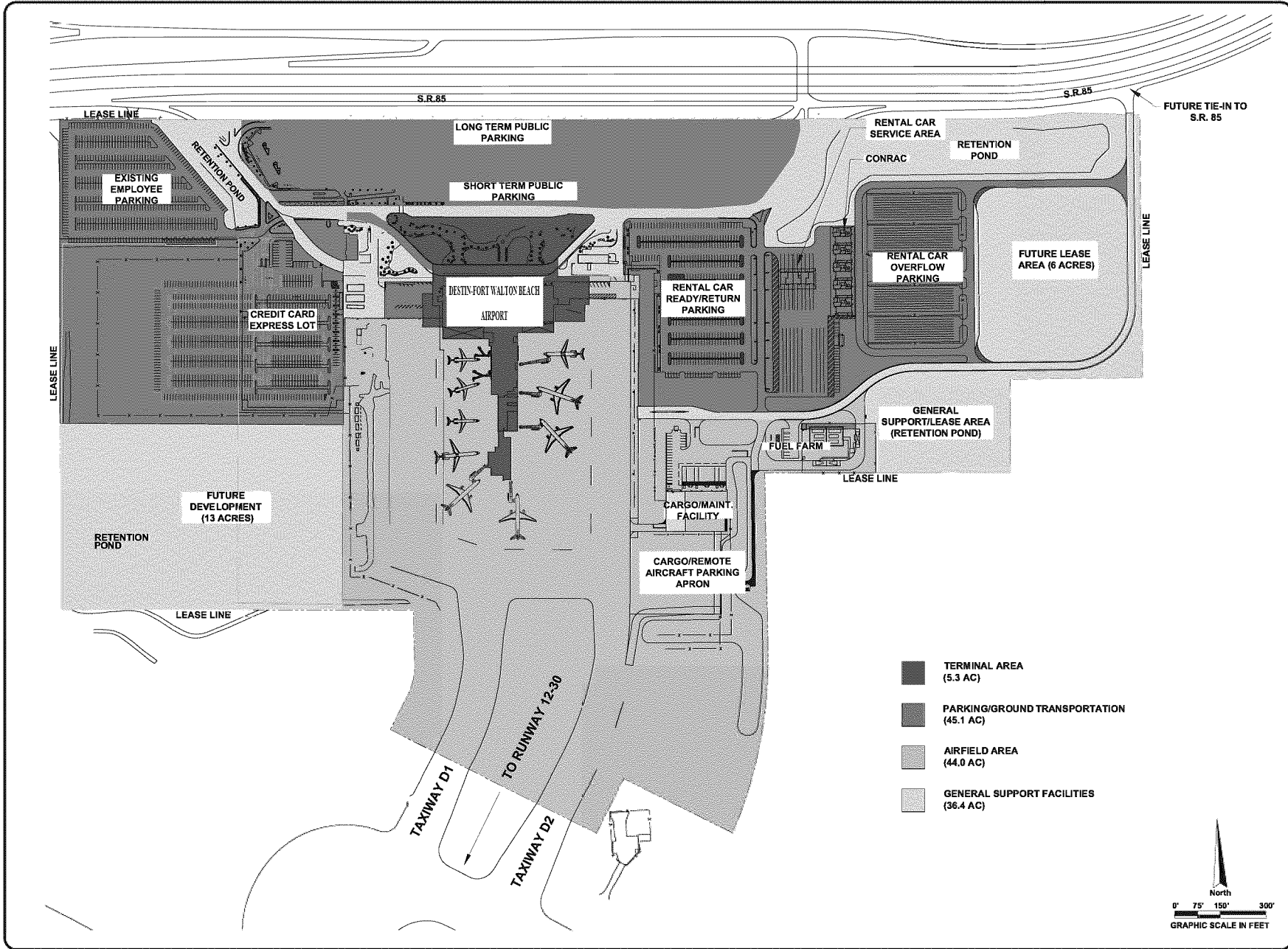
purchasing, properties, operations and maintenance activities, computer and information services, to the extent not directly chargeable to projects or another Cost Center, and administrative and other costs of all other administrative services and functions provided by other departments and offices of the County, including the County Commission, to the extent chargeable and properly allocable to the Airport System and the Airport and not otherwise chargeable to another Airport System Cost Center, as all of the same now exist or as the same hereafter may be added to, modified, changed or developed,

General Support Facilities

The General Support Facilities Cost Center includes, but is not limited to, all land and other facilities, improvements and equipment now or hereafter located on the Eglin Leased Areas, on Airport property hereafter acquired by the County for Airport purposes, or elsewhere which provide for the general support of the Airport, including the Airport access system and other roadways on Airport property not included in another Airport Cost Center, Airport water runoff retention ponds and systems, main lines and equipment providing utility service to the Airport, the Airport Baldwin Building, housing Airport mechanical, electrical and other utility systems, areas of land comprising Airport property not included in any other Airport Cost Center, including the cost of acquiring and maintaining all land for Airport expansion (whether by fee acquisition or lease from the United States Air Force) unless and until said land is used or permanently dedicated to another Airport Direct Cost Center; and those other facilities, improvements and equipment that serve to provide systems or support to the general needs of the Airport and which are not directly charged or directly allocated to another Airport Cost Center, as all of the same now exist or as the same hereafter may be added to, modified, changed or developed.

COST CENTER ADDITIONS AND SUBSTITUTIONS

Any land, facilities, improvements, equipment and other assets acquired or constructed as additions to or substitutions for any land, facility, improvements, equipment or asset presently included in or chargeable to any Airport System Cost Center shall also be includable in that Cost Center together with all elements of the Airport System Requirement related thereto. Any land, facility, improvement, equipment or other asset currently included in or chargeable to any Airport System Cost Center may be transferred, together with all elements of the Airport System Requirement related thereto, to another County Cost Center in the event that the use or function of said land, facility, improvement, equipment or other asset changes and the same would be more appropriately classified in another Cost Center.



AVCON

AVCON, INC.
ENGINEERS & PLANNERS
120 BAYVIEW DRIVE, SUITE A, NICOVILLE, FL 32578
OFFICE: (904) 740-0000 FAX: (904) 740-0000
WWW.AVCONINC.COM

DESTIN-FORT WALTON BEACH

AIRPORT

EXHIBIT "B"
COST CENTERS

AVCON INC.
THIS DOCUMENT CONTAINS PRIVILEGED AND PROPRIETARY INFORMATION, ALL OF WHICH IS EXPRESSLY PROVIDED BY AVCON INC. FOR USE BY THE INTENDED RECIPIENT, AND FOR A SPECIFIC PURPOSE. WITHOUT THE EXPRESS WRITTEN CONSENT OF AVCON INC. ANY DISTRIBUTION, REPRODUCTION, OR OTHER USE OF THIS DOCUMENT, IN WHOLE OR IN PART, IS STRICTLY PROHIBITED.

SCALE: AS NOTED

REVISIONS:			
NO.	DATE	BY	DESCRIPTION

DESIGNED BY:
DRAWN BY:
CHECKED BY:
APPROVED BY:
DATE: 7/9/2010

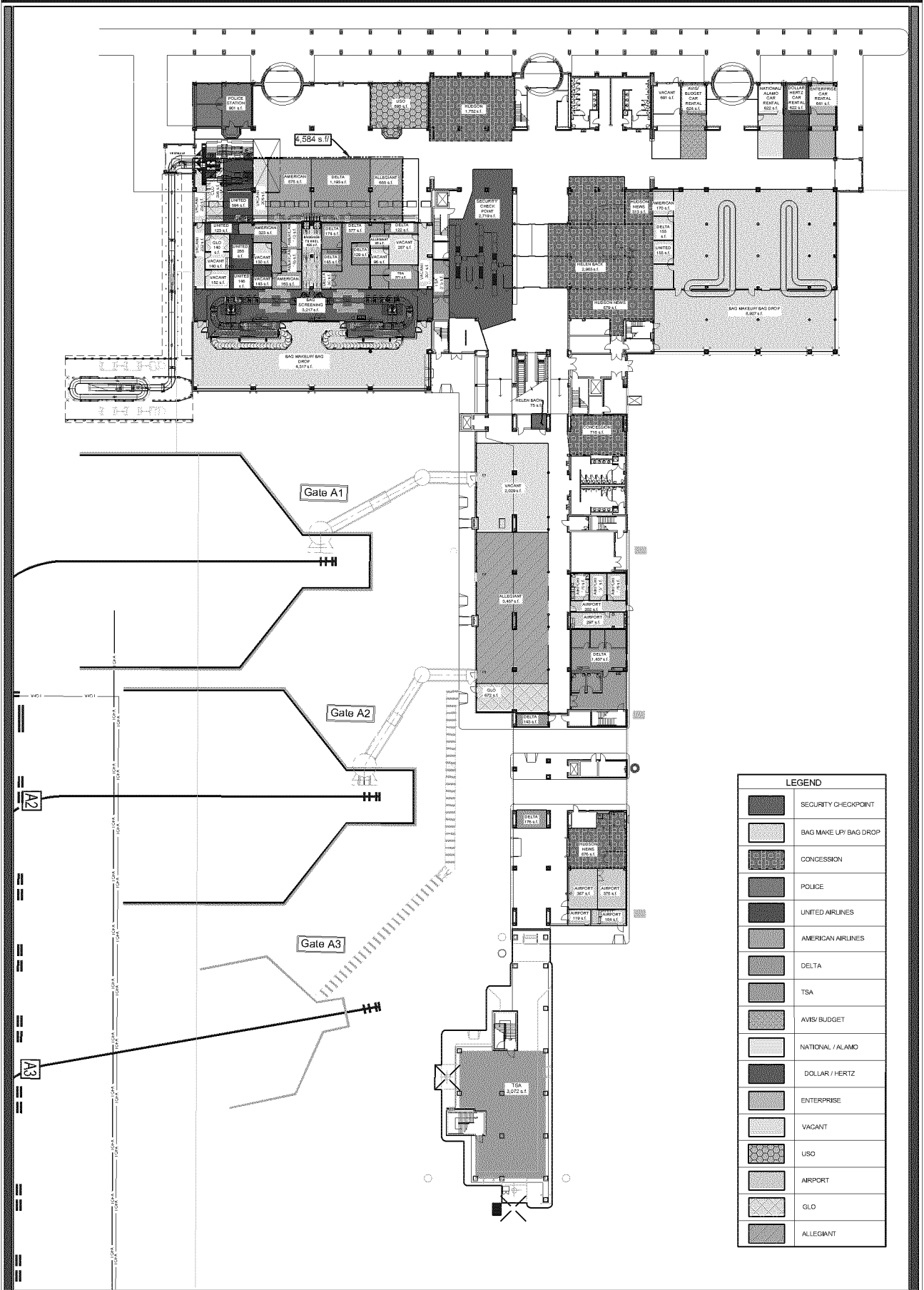
PROJECT NO. 2010.050.02

SHEET NUMBER



Exhibit C - Terminal Space Plan

"DESTIN-FORT WALTON BEACH AIRPORT (VPS)"



LEGEND	
[Pattern]	SECURITY CHECKPOINT
[Pattern]	BAG MAKE UP/ BAG DROP
[Pattern]	CONCESSION
[Pattern]	POLICE
[Pattern]	UNITED AIRLINES
[Pattern]	AMERICAN AIRLINES
[Pattern]	DELTA
[Pattern]	TSA
[Pattern]	AVIS/BUDGET
[Pattern]	NATIONAL / ALAMO
[Pattern]	DOLLAR / HERTZ
[Pattern]	ENTERPRISE
[Pattern]	VACANT
[Pattern]	USO
[Pattern]	AIRPORT
[Pattern]	GLO
[Pattern]	ALLEGANT

First Floor Lease Space

03-01-2016

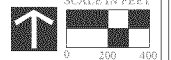
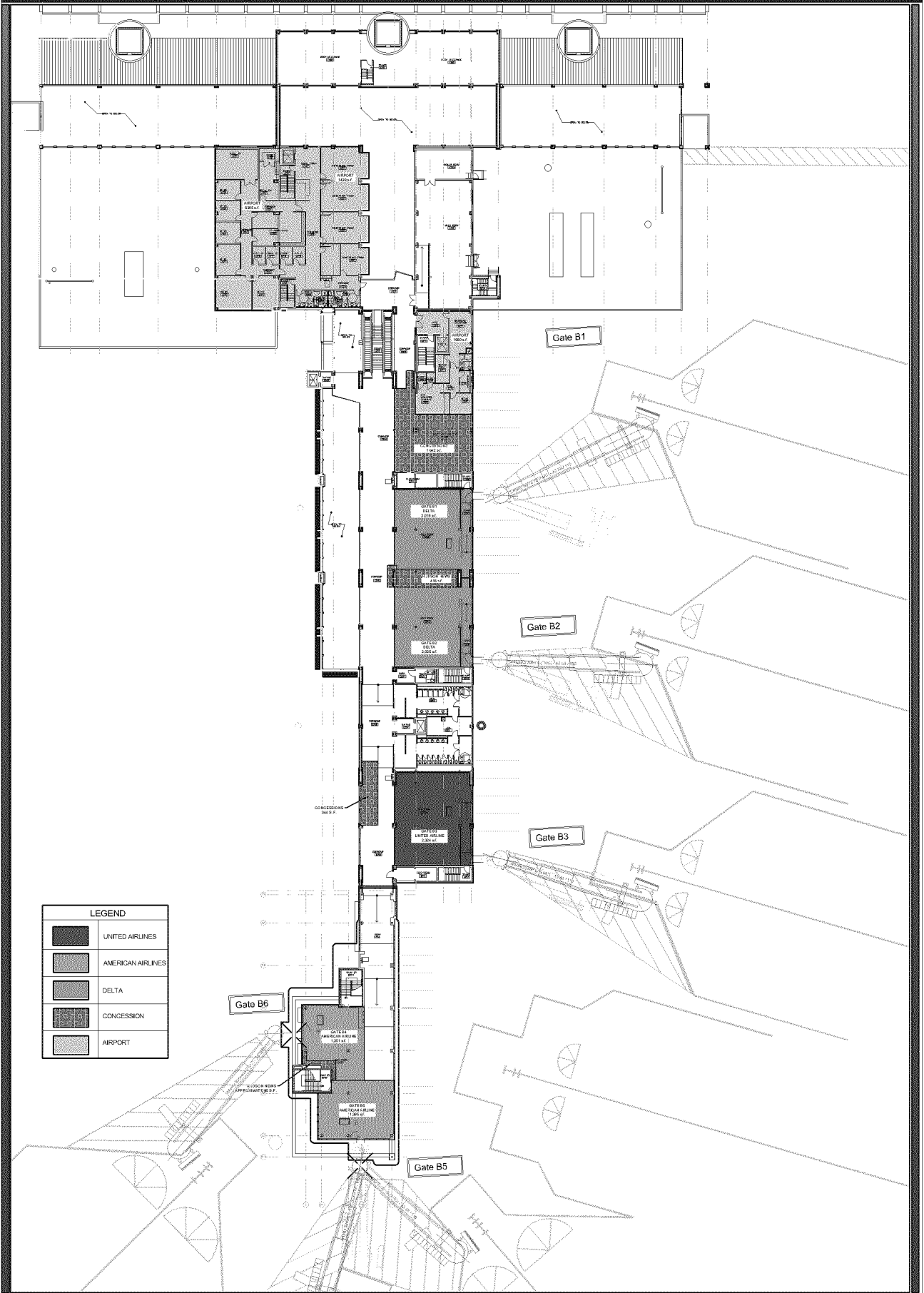




Exhibit C - Terminal Space Plan

"DESTIN-FORT WALTON BEACH AIRPORT (VPS)"



LEGEND	
	UNITED AIRLINES
	AMERICAN AIRLINES
	DELTA
	CONCESSION
	AIRPORT

Second Floor Lease Space

03-01-2016

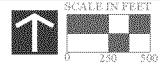


EXHIBIT D

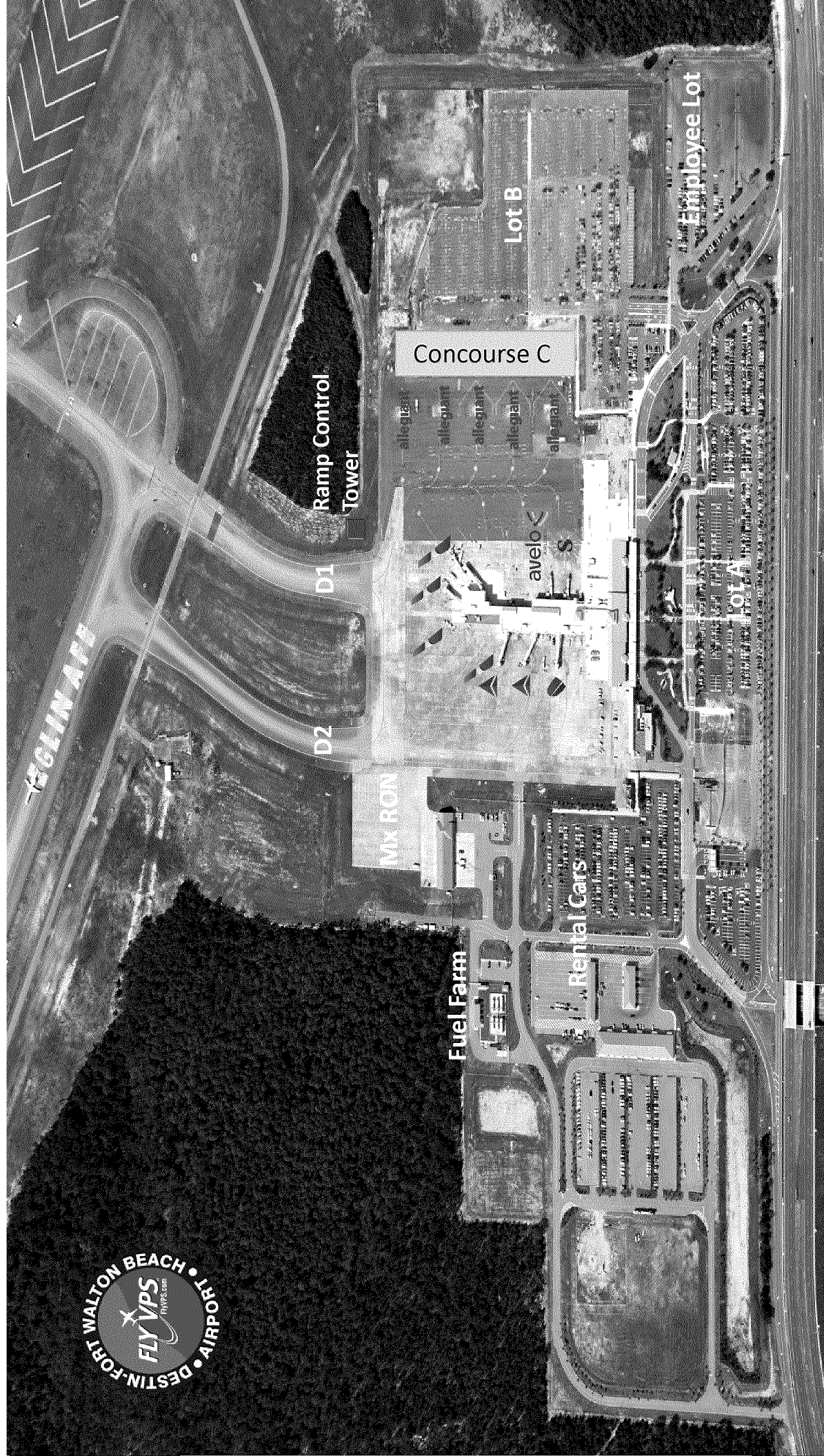


Exhibit E**TERMINAL SPACE SUMMARY (s.f.)**
(Fiscal Years Ending September 30)**OKALOOSA COUNTY AIRPORTS**

		Budget
		2017
<u>Leased Preferential Use Premises:</u>		
American		
Airline Ticket Office		804
Airline Operations		0
Airline Maintenance		0
Subtotal	[A]	804
Delta		
Airline Ticket Office		1,197
Airline Operations		1,437
Airline Maintenance		319
Subtotal	[B]	2,953
United		
Airline Ticket Office		534
Airline Operations		0
Airline Maintenance		0
Subtotal	[C]	534
Allegiant		
Airline Ticket Office		90
Airline Operations		0
Airline Maintenance		0
Subtotal	[D]	90
GLO		
Airline Ticket Office		140
Airline Operations		0
Airline Maintenance		0
Subtotal	[E]	140
Total Leased Preferential Use Premises	[F=A+B+C+D+E]	4,521

Exhibit E**TERMINAL SPACE SUMMARY (s.f.)**
(Fiscal Years Ending September 30)**OKALOOSA COUNTY AIRPORTS**

		Budget
		2017
<u>Common Use Premises:</u>		
Baggage Makeup		4,742
Baggage Claim		9,576
Total Common Use Premises	[G]	14,318
<u>Preferentially Assigned Premises:</u>		
Holdrooms		15,171
Ticket Counter and Queuing Area		4,923
Total Preferentially Assigned Premises	[H]	20,094
Total Airline Leased Premises	[I=F+G+H]	38,933
<u>Other Airline Rentable Space:</u>		
Vacant Preferential Use Premises		
Airline Ticket Office		1,487
Airline Operations		0
Airline Maintenance		0
Subtotal	[J]	1,487
Total Airline Rentable Space	[K=I+J]	40,420
<u>Other Rentable Space:</u>		
TSA Office Space		3,758
Car Rental Space		3,200
USO/Military Lounge		865
Food/Beverage/News/Sundries		10,162
AP Administration		2,065
Total	[L]	20,050
Rental Divisor	[M=K+L]	60,470
<u>Non-Rental Divisor Space:</u>		
Public Space/Toilets/Stairs		34,579
Airport Admin/O&M		7,744
Police Department & Storage		861
Security Screening		1,660
Mechanical Space		8,630
EDS Screening (TSA)		3,217
Security Checkpoint (TSA)		2,719
Non-Rental Divisor Space	[N]	59,410
Total Terminal Space	[O=M+N]	119,880

Source: Airport management records

Compiled by Trillion Aviation, August 2016

Exhibit F1**TERMINAL RENTAL RATE****OKALOOSA COUNTY AIRPORTS**

(Fiscal Years Ending September 30)

		Budget
		2017
<u>Terminal Area Requirement:</u>		
Operating Expenses		\$2,665,222
Indirect Allocations		1,368,764
Capital Outlays		40,000
Debt Service		548,060
Coverage Requirement (25%)		137,015
O&M Reserve Fund		26,567
Repair & Rehabilitation Fund		0
Net Amount of Judgement/Settlement		0
Other Amounts		0
Terminal Area Requirement	[A]	\$4,785,628
<u>Terminal Area Credits:</u>		
Applied PFCs		\$548,060
Applied CFCs		0
Investment Income		3,675
Transferred Coverage		137,015
Passenger Loading Bridge Reimbursements		74,317
Terminal Area Credits	[B]	\$763,068
Net Terminal Area Requirement	[C=A-B]	\$4,022,561
Rentable Space (s.f.)	[D]	60,470
Terminal Building Rental Rate	[E=C/D]	\$66.52

Note: Amounts may not add due to rounding.

Source: Airport management records

Compiled by Trillion Aviation, June 2016

Exhibit F2**TERMINAL BAGGAGE FEES****OKALOOSA COUNTY AIRPORTS**

(Fiscal Years Ending September 30)

		Budget
		2017
Adjusted Signatory Airline Terminal Rate	[A]	\$66.52
Outbound Baggage Space (s.f.)	[B]	4,742
Total Outbound Baggage Fees	[C=A*B]	\$315,445
Enplaned Passengers	[D]	422,200
Outbound Baggage Fee (per Enplaned Passenger)	[E=C/D]	\$0.75
Baggage Claim Space (s.f.)	[F]	9,576
Total Baggage Claim Fees	[G=A*F]	\$637,011
	[I=G+H]	\$637,011
Enplaned Passengers	[D]	422,200
Baggage Claim Fee (per Enplaned Passenger)	[J=I/D]	\$1.51

Note: Amounts may not add due to rounding.

Source: Airport management records

Compiled by Trillion Aviation, June 2016

Exhibit F3

TERMINAL GATE USE FEES - WITH LOADING BRIDGE

OKALOOSA COUNTY AIRPORTS

(Fiscal Years Ending September 30)

		Budget
		2017
Terminal Rental Rate	[A]	\$66.52
Total Holdroom Space (s.f.)	[B]	15,171
Total Holdroom Rental Requirement	[C=A*B]	\$1,009,199
Total Passenger Loading Bridge Cost	[D]	\$74,760
Total Holdroom and Passenger Loading Bridge Costs	[E=C+D]	\$1,083,959
Total Enplaned Passengers	[F]	422,200
Gate Use Fee with LB (per EP)	[G=E/F]	\$2.57

Note: Amounts may not add due to rounding.

Source: Airport management records

Compiled by Trillion Aviation, June 2016

Exhibit F4

TERMINAL GATE USE FEES - WITHOUT LOADING BRIDGE
(Fiscal Years Ending September 30)

OKALOOSA COUNTY AIRPORTS

		Budget
		2017
Terminal Rental Rate	[A]	\$66.52
Total Holdroom Space (s.f.)	[B]	15,171
Total Holdroom Rental Requirement	[C=A*B]	\$1,009,199
Total Enplaned Passengers	[D]	422,200
Gate Use Fee (without loading bridge)	[E=C/D]	\$2.39

Note: Amounts may not add due to rounding.

Source: Airport management records
Compiled by Trillion Aviation, June 2016

Exhibit F5**TICKET COUNTER & QUEUING AREA USE FEES**
(Fiscal Years Ending September 30)**OKALOOSA COUNTY AIRPORTS**

		Budget
		2017
Terminal Rental Rate	[A]	\$66.52
Total Ticket Counter & Queuing Area Space (s.f.)	[B]	4,923
Total Ticket Counter & Queuing Area Rental Requirement	[C=A*B]	\$327,486
Total Enplaned Passengers	[D]	422,200
Ticket Counter & Queuing Area Use Fee (per EP)	[E=C/D]	\$0.78

Note: Amounts may not add due to rounding.

Source: Airport management records

Compiled by Trillion Aviation, June 2016

Exhibit F6**LANDING FEE RATE****OKALOOSA COUNTY AIRPORTS**

(Fiscal Years Ending September 30)

		Budget
		2017
<u>Airfield Area Requirement:</u>		
Operating Expenses		\$853,325
Indirect Allocations		438,238
Capital Outlays		20,000
Debt Service		46,124
Coverage Requirement		11,531
O&M Reserve Fund		12,702
Repair & Rehabilitation Fund		0
Net Amount of Judgement/Settlement		0
Other Amounts		0
Airfield Area Requirement	[A]	\$1,381,920
<u>Airfield Area Credits:</u>		
Other Airfield Area Non-Airline Revenue		120,000
Applied PFCs		46,124
Applied CFCs		0
Investment Income		1,013
Transferred Coverage		11,531
Airfield Area Credits	[B]	\$178,667
Net Airfield Area Requirement	[C=A-B]	\$1,203,252
Airline Landed Weight	[D]	486,600
Landing Fee Rate	[E=C/D]	\$2.47

Note: Amounts may not add due to rounding.

Source: Airport management records

Compiled by Trillion Aviation, June 2016

Exhibit F7

REVENUE SHARING CALCULATION

OKALOOSA COUNTY AIRPORTS

(Fiscal Years Ending September 30)

		Budget
		2017
<u>Gross Revenue:</u>		
Terminal Rentals		\$2,589,885
Landing Fees		1,203,252
Loading Bridge Charges		74,317
Non-Airline Revenue		7,676,706
Other Adjustments		0
Total Gross Revenue	[A]	\$11,544,161
Total Operating Expenses	[B]	\$8,281,861
Net Revenue	[C=A-B]	\$3,262,299
<u>Other Available Revenue:</u>		
PFCs Applied to Debt Service		\$669,428
PFCs Applied to FAC Loan		333,660
CFCs Applied to Debt Service - Series 2007		887,563
Transferred PFC Coverage Amount		167,357
Transferred non PFC Coverage Amount		24,599
Transferred CFC Coverage Amount		221,891
Investment Income		15,696
Total Other Available Revenue	[D]	\$2,320,193
Gross Revenue Available for Debt Service and Coverage	[E=C+D]	\$5,582,492
<u>Total Debt Service and Loans:</u>		
Total GARB Debt Service		\$1,655,388
Total Loans		522,000
Total Debt Service and Loans	[F]	\$2,177,388
<u>Other Obligations:</u>		
Total Fund Deposits		\$46,599
Total Equipment and Capital Outlays		400,000
Restricted Transfers and Deposits		413,847
Total Other Obligations	[G]	\$860,446
Net Revenue Available for Revenue Sharing	[H=E-F-G]	\$2,544,659
Signatory Airline Share	[I]	60.0%
Signatory Airline Revenue Sharing Amount	[J=H*I]	\$1,526,795

Note: Amounts may not add due to rounding.

Source: Airport management records

Compiled by Trillion Aviation, June 2016

EXHIBIT G
Supplemental Charges

Okaloosa County
Destin--Fort Walton Beach Airport
Signatory Airline Operating Agreement and Terminal Building Lease

SUPPLEMENTAL CHARGE	CURRENT CHARGES
Dumpsters	\$300 per month + applicable FL Sales Tax
Airline Specialties	N/A
Special Facilities Charges	N/A
Security Badges	\$60 per badge (Renewal/Replacement*)
Non-airport Employee Parking	\$200.00 per year **

* Renewal without fingerprinting: \$36.75

** Paid by commuter employee (plus 6% FL Sales Tax)

Exhibit G

Exhibit "H"
General Civil Rights Provisions

The lessee and its transferee agree to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance.

This provision obligates the lessee or its transferee for the period during which Federal assistance is extended to the airport through the Airport Improvement Program.

In cases where Federal assistance provides, or is in the form of personal property; real property or interest therein; structures or improvements thereon, this provision obligates the party or any transferee for the longer of the following periods:

(a) The period during which the property is used by the airport sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or

(b) The period during which the airport sponsor or any transferee retains ownership or possession of the property.

The following clauses will be included in deeds, licenses, permits, or similar instruments/agreements entered into by Okaloosa County pursuant to the provisions of the Airport Improvement Program grant assurances.

A. The Lessee, for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the lessee will use the premises in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

B. With respect to (licenses, leases, permits, etc.), in the event of breach of any of the above nondiscrimination covenants, Okaloosa County will have the right to terminate the lease, and to enter or re-enter and repossess said land and the facilities thereon, and hold the same as if said lease had never been made or issued.

C. With respect to deeds, in the event of breach of any of the above nondiscrimination covenants, Lessee will there upon revert to and vest in and become the absolute property of Lessee and its assigns.*

(*Reverter clause and related language to be used only when it is determined that such a clause is necessary to make clear the purpose of Title VI.)

Title VI List of Pertinent Nondiscrimination Acts and Authorities

During the performance of this contract, the lessee, for itself, its assignees, and successors in interest (hereinafter referred to as the “lessee”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with

Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);

- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).

FEDERAL FAIR LABOR STANDARDS ACT (FEDERAL MINIMUM WAGE)

All leases and subleases that result from this solicitation incorporate by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text. The FLSA sets minimum wage, overtime pay, recordkeeping, and child labor standards for full and part time workers.

The lessee has full responsibility to monitor compliance to the referenced statute or regulation. The lessee must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division

OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970

All leases and subleases that result from this solicitation incorporate by reference the requirements of 29 CFR Part 1910 with the same force and effect as if given in full text. Lessee must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. The Lessee retains full responsibility to monitor its compliance and their subleases compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20 CFR Part 1910). Lessee must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.

E-VERIFY

Enrollment and verification requirements.

- (1) If the Lessee is not enrolled as a Federal Contractor in E-Verify at time of contract award, the Lessee shall-
 - a. Enroll. Enroll as a Federal Contractor in the E-Verify Program within thirty (30) calendar days of contract award;
 - b. Verify all new employees. Within ninety (90) calendar days of enrollment in the E-Verify program, begin to use E-Verify to initiate verification of employment eligibility of all new hires of the Lessee, who are working in the United States, whether or not assigned to the contract, within three (3) business days after the date of hire (but see paragraph (b)(3) of this section); and,

- c. Verify employees assigned to the lease. For each employee assigned to the lease, initiate verification within ninety (90) calendar days after date of enrollment or within thirty (30) calendar days of the employee's assignment to the lease, whichever date is later (but see paragraph (b)(4) of this section.)
- (2) If the Lessee is enrolled as a Federal Contractor in E-Verify at time of lease award, the Lessee shall use E-Verify to initiate verification of employment eligibility of
 - a. All new employees.
 - i. Enrolled ninety (90) calendar days or more. The Lessee shall initiate verification of all new hires of the Lessee, who are working in the United States, whether or not assigned to the lease, within three (3) business days after the date of hire (but see paragraph (b)(3) of this section); or
 - b. Enrolled less than ninety (90) calendar days. Within ninety (90) calendar days after enrollment as a Federal Contractor in E-Verify, the Lessee shall initiate verification of all new hires of the lessee, who are working in the United States, whether or not assigned to the lease, within three (3) business days after the date of hire (but see paragraph (b)(3) of this section); or
 - ii. Employees assigned to the lease. For each employee assigned to the lease, the Lessee shall initiate verification within ninety (90) calendar days after date of lease award or within thirty (30) days after assignment to the lease, whichever date is later (but see paragraph (b)(4) of this section.)
- (3) If the Lessee is an institution of higher education (as defined at 20 U.S.C. 1001(a)); a State or local government or the government of a Federally recognized Indian tribe, or a surety performing under a takeover agreement entered into with a Federal agency pursuant to a performance bond, the Lessee may choose to verify only employees assigned to the lease, whether existing employees or new hires. The Lessee shall follow the applicable verification requirements of (b)(1) or (b)(2), respectively, except that any requirement for verification of new employees applies only to new employees assigned to the lease.
- (4) Option to verify employment eligibility of all employees. The Lessee may elect to verify all existing employees hired after November 6, 1986 (after November 27, 2009, in the Commonwealth of the Northern Mariana Islands), rather than just those employees assigned to the lease. The Lessee shall initiate verification for each existing employee working in the United States who was hired after November 6, 1986 (after November 27, 2009, in the Commonwealth of the Northern Mariana Islands), within one hundred eighty (180) calendar days of:
 - i. Enrollment in the E-Verify program; or

- ii. Notification to E-Verify Operations of the Lessee's decision to exercise this option, using the lease information provided in the E-Verify program Memorandum of Understanding (MOU)
- (5) The Lessee shall comply, for the period of performance of this lease, with the requirements of the E-Verify program MOU.
- i. The Department of Homeland Security (DHS) or the Social Security Administration (SSA) may terminate the Lessee's MOU and deny access to the E-Verify system in accordance with the terms of the MOU. In such case, the Lessee, will be referred to a suspension or debarment official.
 - ii. During the period between termination of the MOU and a decision by the suspension or debarment official whether to suspend or debar, the lessee is excused from its obligations under paragraph (b) of this clause. If the suspension or debarment official determines not to suspend or debar the Lessee, then the Lessee must reenroll in E-Verify.
 - iii. Web site. Information on registration for and use of the E-Verify program can be obtained via the Internet at the Department of Homeland Security Web site: <http://www.dhs.gov/E-Verify>.

Individuals previously verified. The Lessee is not required by this clause to perform additional employment verification using E-Verify for any employee-

- (a) Whose employment eligibility was previously verified by the Lessee through the E-Verify program;
- (b) Who has been granted and holds an active U.S. Government security clearance for access to confidential, secret, or top secret information in accordance with the National Industrial Security Program Operating Manual; or
- (c) Who has undergone a completed background investigation and been issued credentials pursuant to Homeland Security Presidential Directive (HSPD)-12. Policy for a Common Identification Standard for Federal Employees and Lessees.

Subleases. The Lessee shall include the requirements of this clause, including this paragraph € (appropriately modified for identification of the parties in each sublease that-

- (1) Is for-(i) Commercial and noncommercial services (except for commercial services that are part of the purchase of a COTS item (or an item that would be a COTS item, but for minor modifications), performed by the COTS provider, and are normally provided for that COTS item); or
- (ii) Construction;

- (2) Has a value of more than \$3,500; and
- (3) Includes work performed in the United States.