

**AIRLINE OPERATING AGREEMENT
AND
TERMINAL BUILDING LEASE**

FOR

THE AUGUSTA REGIONAL AIRPORT

BETWEEN THE

**AUGUSTA REGIONAL AIRPORT AVIATION
COMMISSION**

AUGUSTA, GEORGIA

AND

DELTA AIR LINES, INC.

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- Exhibit C – Terminal Building Drawings and Leasehold Square Footages
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- Exhibit E – Responsibilities of Commission and Airline for Operation and Maintenance of Terminal Building
- Exhibit F – Augusta Regional Airport Monthly Activity Report

**AIRLINE OPERATING AGREEMENT
AND TERMINAL BUILDING LEASE
AUGUSTA REGIONAL AIRPORT**

This **AIRLINE OPERATING AGREEMENT AND TERMINAL BUILDING LEASE**, hereinafter referred to as the "Agreement," made and entered into this 23rd day of February, 2023, by and between Augusta, Georgia, a political subdivision of the State of Georgia, by and through the Augusta Aviation Commission, hereinafter referred to as the "Aviation Commission" and Delta Air Lines, Inc., a corporation organized and existing under the laws of the State of Delaware and authorized to do business in the State of Georgia hereinafter referred to as "Airline".

W I T N E S S E T H

WHEREAS, the Aviation Commission is operator of the Augusta Regional Airport ("Airport") located in Augusta, Georgia and has the right to lease portions of such Airport and to grant operating privileges thereon subject to the terms and conditions hereinafter set forth; and

WHEREAS, Airline is a corporation primarily engaged in the business of providing Air Transportation with respect to persons, cargo, and mail; and

WHEREAS, both the Aviation Commission and Airline desire to enter into this Agreement to set forth the rights, privileges, and obligations of both parties and to facilitate the development, promotion, and improvement of air commerce; and

WHEREAS, the Aviation Commission has the power and authority to enter into this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and considerations herein contained, the Aviation Commission and Airline agree as follows.

ARTICLE 1 - DEFINITIONS

Section 1.01 Definitions

The words and phrases cited in this Section 1.01 shall have the following meanings when used elsewhere in this Agreement.

“Affiliate” shall mean any Air Transportation company that is (i) a parent or subsidiary of Airline, or (ii) shares an International Air Transport Association (IATA) flight designator code with Airline at the Airport (Code-Sharing Partner), or (iii) otherwise operates under essentially the same trade name as Airline at the Airport and uses essentially the same livery as Airline; provided that no major airline, as such term is defined by the FAA, shall be classified as an Affiliate of another major airline, unless either clause (i) or (iii) above defines the relationship between such airlines at the Airport. Airline shall designate its Affiliate(s) in writing and shall serve as financial guarantor for all rentals and landing fees incurred by any such Affiliate at the Airport while operating as Airline’s designated Affiliate hereunder. Airline may at any time give Airport thirty (30) days prior written notice that such an Air Transportation company otherwise meeting the definition of an “Affiliate” hereunder shall no longer be considered an Affiliate of Airline for purposes of this Agreement, and any guaranty by Airline of Affiliate’s rentals or landing fees shall terminate and be ineffective as to any amounts incurred by such Air Transportation company after the effective date of termination of “Affiliate” status. During such period of time that an Air Transportation company is an Affiliate of Airline in accordance with the terms hereof, such Affiliate (1) shall have the same rights to use Airline’s Leased Premises and the Airport as Airline; (2) shall be charged at the same landing fee rates as Airline without payment of any non-signatory premiums; (3) shall participate in any year-end or other reconciliation process whereby Signatory Airlines share in excess revenues or true-up of projected against actual costs; and (4) shall not be counted as a separate Air Transportation company from Airline for purposes of allocating the per capita portion of any cost allocation formula, but such Affiliate’s passengers shall be counted as Enplaned Passengers of Airline for purposes of any enplanement-based portion of such formula. An Affiliate shall enter into a separate operating agreement with the Airport.

“Air Operations Area (AOA)” shall mean that portion of the Airport, specified in its Security Program, in which security measures specified in 49 CFR Part 1500 are conducted. This area includes aircraft movement areas being used for landing, takeoff, or surface maneuvering of aircraft

and such paved areas or unpaved areas that are used or intended to be used for the unobstructed movement of aircraft in addition to its associated runway, taxiways, or apron, aircraft parking areas, loading ramps; and safety areas for use by aircraft regulated under 49 CFR Parts 1544 or 1546, and any adjacent areas.

“Air Transportation” shall mean the carriage of persons, property, cargo, and mail by aircraft and all other activities reasonably related thereto.

“Aircraft Arrival” shall mean the arrival of all non-governmental aircraft (including, without limitation, scheduled and nonscheduled flights, training and maintenance flights, or aircraft diversions) at the Airport.

“Aircraft Gates” shall mean those portions of the Airport’s Apron Area designated by the Aviation Commission from time to time for aircraft parking at the Terminal Building in order to enplane and deplane passengers.

“Aircraft Operator” shall mean any entity operating aircraft into and out of the Airport under Part 121 or Part 135 of the FARs, or the practical equivalent of said Parts and using the Terminal Building.

“Aircraft Parking Apron” means that portion of the Airfield located adjacent to the Terminal Building and depicted on Exhibit “B” hereof where Aircraft Operators park aircraft.

“Aircraft Parking Position(s)” shall mean the location(s) on the Aircraft Parking Apron where aircraft are parked for the purpose of enplaning and deplaning passengers at the Terminal Building.

“Aircraft Parking Position Rental” shall mean the payment required of each airline each month, for the use of the Aircraft Parking Position(s) calculated in accordance with Section 5.04 and 6.06.

"Airfield" or "Airfield Area" shall mean those portions of the Airport, which provide for the landing, takeoff, taxiing, movement, or staging of aircraft including navigational aids, hazard

designation and warning devices, airfield security roads, fencing, lighting, runway protection zones, aviation easements and interests in property utilized in connection therewith.

"Airfield Area Requirement" shall be the sum of the amounts set forth in Section 6.07, subsection B.

"Airline", as used in this Agreement, shall mean the entity that has executed this Agreement and is identified in the first paragraph of this Agreement.

"Airline Leased Premises" or **"Leased Premises"** shall mean the following:

"Exclusive Use Space" shall mean those premises in the Terminal Building leased exclusively to Airline. Exclusive Use Space is primarily used for ticket counter, office area, and baggage makeup functions as described on Exhibit C.

"Common Use Space" shall mean the baggage claim area, security check point area and any other areas in the Terminal Building used in common by Airlines together with all facilities, improvements and equipment which have been or may hereafter be provided for use in connection with such premises. The Common Use Space in the Terminal Building are described in Exhibit "C".

"Joint Use Space" shall mean those premises that are used by airlines, including Airline, for their joint use (principally the BSO's but could include gates/passenger boarding bridges in the Terminal Building).

"Preferential Use Space" shall mean those premises from time to time leased to an airline, including Airline, for its preferential and nonexclusive use and shall include passenger holdrooms, Aircraft Parking Positions, and Loading Bridges. The Preferential Use Space in the Terminal Building are described in Exhibit C.

"Airport" shall mean the Augusta Regional Airport at Bush Field, as shown in Exhibit A, as it now exists or as it may change from time to time.

“Airport Cost Centers” shall mean the cost centers as shown in Exhibit B, as the same may change from time to time. Such cost centers shall be used for purposes of accounting for Airport Revenue and Expense and for calculating and adjusting certain Rentals and Fees set forth in this Agreement.

"Airport Expense" shall mean all costs and expenses incidental to, necessary for, or arising out of the operation of the Airport, including but not limited to direct and allocated indirect Operation and Maintenance Expenses; Annual Debt Service; Other Indebtedness; Coverage; required reserve account funding and replenishment; and the cost of defending, settling, or satisfying any litigation or threatened litigation that relates to the Airport, or any aspect thereof

"Airport Revenue” shall mean all revenues, rentals, charges, Airline landing fees, user charges, and concession revenues received by or on behalf of the Aviation Commission in connection with the operation of the Airport or any part thereof, excluding all gifts, grants, reimbursements, restricted funds (including Passenger Facility Charge proceeds or payments received from governmental units, or public agencies, or any other source). Airport Revenue shall not include any revenue or income from (1) any Special Purpose Facility to the extent such revenue or income is either (a) pledged to pay principal, interest, or other charges for bonds or other obligations issued in anticipation thereof; or (b) for use by the Aviation Commission to reimburse costs incurred by it in the construction or provision of Special Purpose Facilities, or (2) any income earned on the investment of restricted funds. However, ground rentals for Special Purpose Facilities shall be considered Airport Revenue.

“Airport Security Services” shall mean securities-related services and activities carried out by the LEOs pursuant to 49 C.F.R. Part 1542.

“Airport Security Services Fee” shall mean the payment required of each Airline each month, for the use of the Airport Security Services calculated in accordance with Section 5.06 and 6.09.

“Airport Security Services Fee Rate” shall mean the rate per Enplaned Passenger to calculate the Airport Security Services Fee

“Annual Budget” shall mean the Airport capital and operating budget prepared by the Executive Director and adopted by the Aviation Commission each Fiscal Year.

"Annual Debt Service" or "Annual Debt Service Requirement" means the Debt Service Requirement in each year that the Bonds are outstanding.

“Apron Area” shall mean the paved aircraft ramp area adjacent to the Terminal Building that provides for the parking, loading, unloading, and servicing of aircraft.

"Apron Area Requirement" shall be the sum of the amounts set forth in paragraphs 1-5 of Section 6.06, subsection A.

“Aviation Services” shall mean the aircraft fueling activities and facilities and equipment dedicated to accommodating general aviation activity (i.e., public hangars, general aviation tie-downs, general aviation apron, and general aviation terminal) together with the facilities and equipment dedicated to aircraft fueling activities.

"Bonds" means any revenue bonds authorized by and authenticated and delivered pursuant to the Bond Resolution including the Series 2015 Bonds.

"Bond Resolution" shall mean the Master Bond Resolution for the Series 2015 Bonds adopted by the Aviation Commission on September 1, 2015 and the Augusta Richmond County Commission on September 1, 2015 as it may from time to time be modified, supplemented, or amended by Supplemental Resolutions (as defined in the Master Bond Resolution).

“Capital Improvement” shall mean any single item having a cost or estimated to have a total cost in excess of Fifty Thousand Dollars (\$50,000) and a useful life in excess of three (3) years, acquired, purchased, or constructed to improve, maintain, or develop the Airport. Said term shall include any expense for development studies, analyses, master planning efforts (including periodic reviews thereof), and economic or operational studies conducted on behalf of the Airport.

“Certified Maximum Gross Landing Weight or CMGLW” shall mean the maximum weight, in thousand (1,000) pounds units, that each aircraft operated by an Aircraft Operator is authorized by the Federal Aviation Administration to land at the Airport.

“Common Use Formula” shall mean the formula used to allocate the Common Use Requirement for a given Fiscal Year among the Aircraft Operators such that 100% of such Common Use Requirement is allocated among all Aircraft Operators in the proportion that each Aircraft Operator’s

Enplaned Passengers at the Airport during the previous month bears to the Enplaned Passengers of all Aircraft Operators at the Airport during such month.

“Common Use Space” shall mean the baggage claim area, security check point area and any other areas in the Terminal Building used in common by Aircraft Operators together with all facilities, improvements and equipment which have been or may hereafter be provided for use in connection with such premises. The Common Use Spaces in the Terminal Building are described in Exhibit “C”.

“Common Use Requirement” shall mean the Rentals and Fees which are not otherwise collected pursuant to the Joint Use Formula necessary to support the annual operations and maintenance of Terminal Building and any other areas commonly used by Aircraft Operators.

“Competitive Credit” shall mean an amount provided, at the discretion of Airport Executive Director, to the Signatory Airlines in the form of a credit which is used to determine annual rate charges.

“Contract Security” shall mean a contract bond, irrevocable letter of credit or other security acceptable to Aviation Commission in an amount equal to three (3) months’ rentals and landing fees payable by an Aircraft Operator under Section 1-3-8.4 of Augusta Ordinance.

“Coverage” shall mean for any series of Bonds, the percentage of Annual Debt Service that the Aviation Commission covenants to generate from net revenues, over and above the Annual Debt Service for such series of Bonds, pursuant to the Bond resolution. Said term shall also mean the dollar amount computed by multiplying said percentage by the Annual Debt Service for such series of Bonds.

"Debt Service Requirement" shall have the meaning set forth in the Bond Resolution.

“Deplaned Passengers” shall mean all passengers deplaned by an Aircraft Operator on aircraft operated at the Airport.

“Enplaned Passengers” shall mean all passengers enplaned by an Aircraft Operator on aircraft operated at the Airport. Without limiting the generality of the foregoing, Enplaned Passengers shall also include persons for whom the Aircraft Operator has provided the particular air transportation on a substantially complimentary basis such as employees of an airline, family members of such employees, persons traveling on "buddy passes," employees of other airlines, and those passengers redeeming "frequent flyer" awards and travel vouchers.

“Exclusive Use Space” shall mean those premises in the Terminal Building leased exclusively to Airline. The Exclusive Use Space is primarily used for ticket counter, office area and baggage makeup functions as described on Exhibit “C”.

“Executive Director” shall mean the person designated by the Aviation Commission to exercise functions with respect to the rights and obligations of the Aviation Commission under this Agreement. Said term shall also include any person expressly designated by the Aviation Commission to exercise functions with respect to the rights and obligations of the Aviation Commission under this Agreement.

“FAA” shall mean the Federal Aviation Administration of the U.S. Government or any federal agencies succeeding to its jurisdiction.

“Fiscal Year” shall mean the twelve (12) month period beginning January 1 of any year and ending following December 31 of that year or any other period specified by federal or State law.

“Gates” shall mean Aircraft Parking Positions at the Terminal Building together with hold room areas and loading bridges and shall include preferential use of the podium and associated facilities for the Gate.

“Hazardous Material” shall mean and include those elements or compounds which are defined by any applicable federal, state or local statute, law, ordinance, code, rule, regulations, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material as now or at any time hereunder in effect.

“Joint Use Formula” shall mean the formula used to allocate the rental or cost of space among those airlines using or having the right to use such Joint Use Space on the basis of the proportion of each airline's Enplaned Passengers to the total number of Enplaned Passengers of all such airlines using said space at the Airport. In the application of the Joint Use Formula, Airline’s Affiliates Enplaned Passengers will be counted as Enplaned Passengers of Airline.

"Joint Use Space" shall mean those premises that are used by airlines, including Airline, for their joint use (principally the BSO’s but could include gates/passenger boarding bridges in the Terminal Building).

“Landing Fee(s)” shall mean the payment required of each Airline each month, for the use of the Airfield determine based on the Landing Fee Rate.

“Landing Fee Rate” shall mean the rate multiplied by each 1,000 pounds of CMGLW or fraction thereof to calculate Landing Fees.

“Law Enforcement Officer (LEO)” shall mean law enforcement officers assigned of the Richmond County Marshal’s Office assigned to the Airport.

"Loading Bridge Use Fee" shall be payment required of each Airline each month for the use of the Loading Bridges calculated in accordance with Sections 5.03 and 6.05.

"Loading Bridge Requirement" shall be the sum of the amounts set forth in paragraphs 1-5 of Section 6.05, subsection A.

“Loading Bridges” shall mean the loading bridges owned and maintained by Aviation Commission serving aircraft parked at the Aircraft Parking Positions at the Terminal Building or as they may be modified, changed, or relocated from time to time.

"Majority in Interest of Airlines" or "MII" shall mean, in the Airfield Area, at least fifty-one percent (51%) of the Signatory Airlines, which, together, have landed at least 51% of the total Maximum Gross Certificated Landing Weight by all Signatory Airlines at the Airport during the most recent six (6) month period. In the Terminal Building, MII shall mean at least 51% of the

Signatory Airlines, which, together, have paid 51% of the total Terminal Rentals paid by all Signatory Airlines at the Airport during the most recent six (6) month period. Solely for determining MII, no Air Transportation company shall be deemed to be a Signatory Airline so long as any event of default with respect to such Air Transportation company has occurred and is continuing or such Air Transportation company operates less than one (1) average daily flight. MII shall only apply to the Airfield Area and Terminal Building and only as it relates to the placement of new debt for purposes of Capital Improvements, refinancing or acquisition for those Capital Improvements requiring MII consideration. For purposes of MII votes, Signatory Airlines that have executed Scheduled Airline Operating Agreement and Terminal Building Leases substantially the same as this Agreement will be the only airlines permitted to vote.

“Non-Movement Area” shall mean those areas such as taxiways, aprons, and other areas not under the control of the air traffic control tower.

“Operation and Maintenance Expenses” shall mean the Aviation Commission's current annual expenses of maintaining, operating, repairing, and administering the Airport, including taxes and assessments, if any, as set forth in the current Annual Budget of the Aviation Commission.

“Other Indebtedness” shall mean any subordinate security or debt incurred by the Aviation Commission for Airport purposes that is outstanding and not authenticated and delivered under and pursuant to a Bond Resolution.

“Passenger Assistance Liaison (PAL)” shall mean the Airport’s full-time and part-time customer service personnel who provide assistance to passengers to enhance passenger experience.

“Passenger Assistance Services” shall mean luggage assistance, wheelchair assistance, and other needed assistance to passengers provided by PALs.

“Passenger Assistance Services Fee” shall mean the payment required of each Airline each month, for the use of the Passenger Assistance Services calculated in accordance with Section 5.07 and 6.10.

“Passenger Assistance Services Fee Rate” shall mean the rate per Enplaned Passenger to calculate the Passenger Assistance Services Fee.

“Personal Property” shall mean the trade fixtures, equipment, conveyors, inventory, furniture, or supplies owned or leased by Airline (from a party other than the Aviation Commission) and installed

or used at the Airport in the conduct of Airline's Air Transportation business that are removable from Airline's Leased Premises without substantial or permanent injury or damage to Airline's Leased Premises.

"Preferential Use Space" shall mean those premises from time to time leased to an airline, including Airline, for its preferential and nonexclusive use and shall include passenger holdroom, Aircraft Parking Positions, and Loading Bridges. The Preferential Use Space in the Terminal Building are described in Exhibit "C".

"Public Areas" shall mean those areas of the Terminal Building not leased to any person, company, or corporation that are open to the general public.

"Rental Rate" shall mean the annual charge per square foot for the space leased to the Aircraft Operators.

"Rentable Space" shall mean the airline, concession, Transportation Security Administration (TSA) passenger processing, TSA office and vacant spaces, and administrative square footage in the Terminal Building.

"Rules and Regulations" shall mean those Rules, Regulations, and ordinances promulgated by the Aviation Commission or operating directives issued by the Executive Director, as the same may be amended, modified, or supplemented from time to time to the extent that such rules, regulations, and ordinances are not in conflict with the purposes or terms of this Agreement.

"Series 2015 Bonds" means collectively the Airport General Revenue Refunding Bonds, Series 2015A and Series 2015B, in an original aggregate principal amount of \$10,525,000, issued pursuant to the Bond Resolution.

"Signatory Airline" shall mean an Aircraft Operator that is a party to an Airline Operating Agreement and Terminal Building Lease with Augusta Aviation Commission.

“Special Purpose Facility” shall mean any specific improvement undertaken by the Aviation Commission for the benefit of one or more airlines or other Airport tenants under the terms of a separate agreement that provides for, among other things (1) the payment of rentals or fees for the use or occupancy thereof in sufficient amounts to permit the financing of such improvement and payment of all costs thereof solely from such rentals or fees, and (2) the payments of the operation and maintenance cost of such improvement by the tenant or tenants thereof.

“Sponsor Grant Assurances” shall mean those terms and conditions contained in FAA Airport Improvement Program Grants to which the Airport agrees to as part of the warranties, assurances, covenants and other obligations contained in the grant.

“Terminal Area” shall mean the access roads and parking areas serving the Terminal Building.

“Terminal Building” shall mean the Airport’s passenger terminal building serving the traveling public.

“Terminal Building Rental” shall mean the aggregate of monthly payments required of each Airline each month to occupy specific premises in the Terminal Building calculated in accordance with Sections 5.02 and 6.04.

“Terminal Building Rental Rate” shall mean the annual charge per square foot for the space leased to the Airlines.

“Terminal Building Requirement” shall be the sum of the amounts set forth in paragraphs 1-5 of Section 6.04, subsection A.

“Total Landed Weight” shall mean the sum of the Maximum Gross Certificated Landing Weight for all of Airline's Aircraft Arrivals over a stated period of time. Said sum shall be rounded up to the nearest one thousand (1,000) pound unit for all landing fee computations.

“TSA” shall mean the Office of Homeland Security and Transportation Security Administration, or their authorized successor(s).

“TSA Law Enforcement Officer Reimbursement Agreement Program (LEORP)” shall mean the reimbursement agreement program that provides partial reimbursement to offset the cost of carrying out aviation law enforcement responsibilities to ensure the safety of passengers and to counter risks to transportation security.

Section 1.02 Cross-References

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

Section 1.03 Construction of Certain Words

Words used in this Agreement may be construed as follows:

“Number” - Words used in the singular include the plural, and words used in the plural include the singular.

“Tense” - Words used in the present tense include the future.

ARTICLE 2 - USE OF AIRPORT AND FACILITIES

Section 2.01 Permitted Uses

A. Subject to the terms and provisions hereof and the Rules and Regulations, Airline shall be entitled to the use, in common with others, the Airport, as shown on Exhibit A, and its appurtenances (together with all facilities, equipment, improvements, and services that have been or may hereafter be provided at or in connection with the Airport for common use) for the sole purpose of its conduct of Air Transportation. Said use, without limiting the generality hereof, shall include:

1. The operation of an Air Transportation business for the carriage by aircraft of persons, property, cargo, and mail, including all reasonably related activities.
2. The landing, taking off, flying over, taxiing, towing, and conditioning of Airline's aircraft and, in areas designated by the Executive Director, the extended parking, servicing, deicing, loading or unloading, storage, or maintenance of Airline's aircraft and support equipment, subject to restrictions hereinafter described and to the availability of space, and subject to such reasonable charges and regulations as the Aviation Commission may

establish; provided, however, that Airline shall not permit the use of the Airfield Area by any aircraft operated or controlled by Airline that exceeds the design strength or capability of the Airfield Area as described in the then-current FAA-approved Airport Layout Plan (ALP) for the Airport or other engineering evaluations performed subsequent to the then-current ALP, including the then-current Airport Certification Manual.

3. The loading and unloading of persons, property, cargo, parcels and mail by motor vehicles or other means of conveyance reasonably approved by the Executive Director at the Apron Area or such other locations as may be designated by the Executive Director.

4. The sale of Air Transportation tickets and services, the processing of passengers and their baggage for air travel, the sale, handling, and providing of mail, freight, and express services, and reasonable and customary airline activities.

5. The training of personnel in the employ of Airline and the testing of aircraft and other equipment being used at the Airport in the operation of Airline's Air Transportation business; provided, however, that said training and testing shall be directly related, but incidental to the use of the Airport in the operation by Airline of its Air Transportation business and shall not unreasonably hamper or interfere with the use of the Airport and its facilities by others entitled to the use of same. The Aviation Commission reserves the right to restrict or prohibit such training and testing operations that it deems to interfere with use of the Airport, including excessive noise as reasonably determined by the Aviation Commission.

6. The sale, lease, transfer, disposal, or exchange of Airline's engines, accessories, and other equipment or supplies; provided that such right shall not be construed to (a) permit Airline to accumulate or store used equipment at the Airport, or (b) authorize the conduct of a separate commercial business by Airline, but shall permit Airline to perform such functions only as an incident to its conduct of its Air Transportation business at the Airport.

7. The installation and operation (at Airline's sole expense) of identifying signs locating Airline's facilities. Such signs shall be consistent with the Aviation Commission's graphic and sign standards, subject to the prior written approval of the Executive Director, not to be unreasonably withheld, and in compliance with all local laws and ordinances.

8. The installation, operation, and maintenance, at no cost to the Aviation Commission, of such radio communication, company telephone system, computer, meteorological and aerial navigation equipment, and facilities in Airline's Exclusive Use Space and Preferential Use Space as may be necessary or convenient for the operation of its Air Transportation business; provided, however, that, except for equipment and facilities already in place, such installations shall be subject to the prior written approval of the Executive Director, not to be unreasonably withheld. Prior to any written approval, Airline shall provide the Executive Director with all necessary supporting documentation related to such installations.

9. The customary servicing and line maintenance of Airline's aircraft at assigned aircraft parking positions in preparation for loading and taking off or following landing or unloading. Airline shall perform maintenance of aircraft, vehicles, or equipment at places designated by the Executive Director.

10. The installation of equipment necessary to operate Airline's Air Transportation business. The manner and location of such installations shall be subject to prior approval by the Executive Director.

11. The purchase of personal property or services, including lubricants, food, beverage, and other passenger supplies, and any other materials and supplies used by Airline from any person or company of Airline's choice, and the making of agreements with any person or company of Airline's choosing for services to be performed for Airline that are incidental to the operation of Airline's Air Transportation business.

12. Subject to 30 Fed. Reg. 13661 regarding Exclusive Rights, the Aviation Commission has reserved unto itself the exclusive right to provide the storage, sale and dispensing of all oil and aviation gasoline, kerosene, jet fuel or any other fuels now available, or that may become available, on or about the Airport and provides such service through its Fixed Base Operator. Airline shall not transfer fuel into an aircraft not owned by or leased exclusively to Airline or its Affiliate, nor shall Airline sell fuel at the Airport to any other Airport user or airline.

13. Airline may not provide baggage-handling services for any other airline (except its Affiliate) or aircraft which is not owned or leased by Airline or a parent, subsidiary or Affiliate of the Airline.

14. Any and all rights and privileges not granted to Airline under this Agreement are hereby reserved for and to the Aviation Commission. The rights granted in this Section 2.01 shall not be construed as permitting any other person or corporation to conduct any business on the Airport (including the space leased to Airline) except after first securing from the Aviation Commission a license to conduct such business and by the payment of applicable Rentals and Fees.

Section 2.02 Limitations on Use by Airline

A. In connection with the exercise of its rights under this Agreement, Airline shall not:

1. Do or permit its agents, employees, directors, or officers to do anything at or about the Airport that may interfere with the effectiveness or accessibility of the drainage and sewage system, electrical system, air conditioning system, fire protection system, sprinkler system, alarm system, and fire hydrants and hoses, if any, installed or located on or within the premises of the Airport.

2. Do or permit its agents, employees, directors, or officers to do any act or thing upon the Airport that will invalidate or conflict with any fire or other casualty insurance policies covering the Airport or any part thereof.

3. Dispose of any waste material or products (whether liquid or solid) taken from or used with respect to its aircraft into the sanitary or storm sewers at the Airport unless such waste material or products are disposed of in full and complete compliance with all federal (including the U.S. Environmental Protection Agency), State, and County laws for disposal of such waste material and products.

4. Keep or store, at any time, flammable or combustible liquids except in storage facilities especially constructed for such purposes in accordance with federal, State, and County laws, including the Uniform Fire Code and the Uniform Building Code. For

purposes of this Agreement, flammable or combustible liquids shall have the same definitions as set forth in the most recent Uniform Fire Code.

5. Do or permit its agents, employees, directors, or officers to do any act or thing upon the Airport that will be in conflict with FAR Part 139 or jeopardize the Airport's operating certificate.

6. Do or permit its agents, employees, directors, or officers to do any act or thing in conflict with the Airport's TSA-approved security plan.

7. Install or permit its agents to install new or replacement cabling or conduit, or reconfigure Airline's Leased Premises without first having obtained the Executive Director's approval in accordance with Section 9.01 hereof.

ARTICLE 3 - LEASED PREMISES

Section 3.01 Use of Terminal Building

Airline shall be entitled to Exclusive, Preferential, Common and Joint Use of the portions of the Terminal Building designated in Exhibit C. The Leased Premises shall be used solely for the following purposes:

A. Exclusive Use Space

1. As to the portion thereof designated "Ticket counter/Queuing" in Exhibit C:
 - a. For reserving space and selling tickets for Air Transportation of passengers and the processing of small package delivery by Airline.
 - b. For furnishing information to such passengers and the general public.
 - c. For checking baggage of Airline's enplaning passengers.
 - d. For handling lost and found articles.

2. As to the portion thereof designated "office area (ATO)" in Exhibit C:
 - a. For administrative, customer service, and other office purposes in connection with Airline's business.
 - b. For passenger and customer relations.
 - c. For handling lost and found articles.

3. As to the portion thereof designated "baggage makeup space" and "secure storage cages" in Exhibit C:
 - a. For assembling, handling, and dispatching enplaning passenger baggage.
 - b. For storing materials permitted to be stored in the building under general rules prescribed by the Aviation Commission for safety, sanitation, or good order.
 - c. For Airline operations office.
 - d. For a baggage hold area.
 - e. For storage of equipment and catering supplies.
 - f. For crew space and weather, dispatch, and communications functions.
 - g. For handling lost and found articles.
 - h. For storage of unclaimed baggage, if so desired.

B. Preferential Use Space

1. As to the portion thereof designated "hold room" in Exhibit C:
 - a. For selling, issuing, and collecting passenger tickets and for issuing seat assignments.
 - b. For a waiting area for passengers boarding an aircraft.
 - c. For checking passengers and the "last minute" check-in of baggage.
 - d. For furnishing information to passengers and the general public.
 - e. For installing and displaying Airline corporate identification on the check-in podium and background screen.
 - f. For any other applicable proprietary Airline technology.

C. Joint Use Space.

As to the portion thereof designated "BSO's" in Exhibit C, it may be used for:

- a. Delivering and displaying inbound passenger baggage.
- b. For an access and waiting area for passengers to claim their baggage.
- c. For temporary storage of, and processing claims for, mishandled, damaged, or misplaced baggage.

D. Common Use Space

As to the portion thereof designated "Joint Use Areas" in Exhibit C, it may be used for:

- a. Security checkpoint.

- b. Connector circulation.
- c. Baggage Claim.

ARTICLE 4 - TERM

Section 4.01 Term

The term of this Agreement shall commence upon execution by the Parties and shall be for three (3) years, with one (1) two-year option to automatically renew, unless sooner terminated in accordance with Article 13. The Airline and the Aviation Commission hereby agree to begin the re-negotiation of this Agreement at least six (6) months prior to its expiration.

Section 4.02 Holding Over

In the event Airline uses its Airline Leased Premises without the written consent of the Executive Director after this Agreement has been terminated or expires, Airline shall be deemed a tenant at sufferance during the period of such use and shall pay the reasonable and nondiscriminatory rate for rentals, fees, and charges established by the Aviation Commission.

ARTICLE 5 – RENTALS AND FEES

Section 5.01 Airline Payments

Airline agrees to pay the Aviation Commission, without deduction or setoff, all applicable rentals, additional rentals, charges, and fees (hereinafter referred to collectively as "Rentals and Fees") during the term of this Agreement for its use of the Exclusive Use Space, Joint Use Space, Preferential Use Space, Common Use Space, Loading Bridges, Aircraft Parking Positions, Airfield Area, and facilities, and for its rights, licenses, and privileges granted hereunder.

Section 5.02 Terminal Building Rentals

A. Airline shall pay to the Aviation Commission, for its use of Terminal Building Exclusive Use Space and Preferential Use Space, monthly amounts determined by multiplying the total square footage of Airline's Terminal Building Exclusive Use Space and Preferential Use Space by the annual Terminal Building Rental Rate calculated in accordance with Section 6.04 and dividing by twelve (12).

B. Airline shall pay to the Aviation Commission, for the shared use of Joint Use Space, monthly amounts determined by:

1. For space designated for joint use, multiplying the total square footage of such space by the annual Terminal Building Rental Rate calculated in accordance with Section 6.04, dividing the amount obtained by twelve (12), and then applying the Joint Use Formula, and

2. For the purposes of applying the Joint Use Formula, the Aviation Commission will use statistics for the third (3rd) preceding month. If Airline fails to supply the passenger activity information, then one hundred and twenty-five percent (125%) of the most recent monthly-enplaned passenger data available for Airline shall be used for that billing. Correction based upon actual activity will occur on receipt of the statistical report Airline previously failed to supply or at the year-end adjustment, whichever is more convenient for the Aviation Commission.

C. Airline shall pay to the Aviation Commission, for the shared use of Common Use Space, monthly amounts determined by:

1. For space designated for common use, multiplying the total square footage of such space by the annual Terminal Building Rental Rate calculated in accordance with Section 6.0x, dividing the amount obtained by twelve (12), and then applying the Common Use Formula, and

2. For the purposes of applying the Common Use Formula, the Aviation Commission will use statistics for the third (3rd) preceding month. If Airline fails to supply the passenger activity information, then one hundred and twenty-five percent (125%) of the most recent monthly-enplaned passenger data available for Airline shall be used for that billing. Correction based upon actual activity will occur on receipt of the statistical report Airline previously failed to supply or at the year-end adjustment, whichever is more convenient for the Aviation Commission.

Section 5.03 Loading Bridge Use Fee

Airline shall pay to the Aviation Commission, for its use of Loading Bridges, monthly fees determined by multiplying the number of Loading Bridges assigned to Airline by the annual Loading Bridge Use Fee rate calculated in accordance with Section 6.05 and dividing by twelve (12). In the event of multiple users the monthly fees will be prorated per use by Airline.

Section 5.04 Aircraft Parking Position Rentals

Airline shall pay to the Aviation Commission, for its use of Aircraft Parking Positions, monthly rentals determined by multiplying the number of Airline's Aircraft Parking Positions at the Terminal Building by the annual Aircraft Parking Position Fee calculated in accordance with Section 6.06 and dividing by twelve (12). In the event of multiple users, the monthly fees will be prorated per use by Airline.

Section 5.05 Landing Fee

A. Rentals and Fees for the use of the Airfield, and for rights, licenses, and privileges granted to Airline under Articles 2 and 3 hereunder, except as provided elsewhere herein, shall be combined in and represented by a monthly landing fee (hereinafter referred to as the "Landing Fee"), which shall be determined by multiplying Airline's Total Landed Weight for the month by the annual Landing Fee Rate per thousand (1,000) pound unit of landed weight calculated in accordance with Section 6.07.

B. Airline shall furnish to the Aviation Commission, on or before the tenth (10th) day of each month, an accurate verified report in the format shown on Exhibit F containing Airline activity information for the previous month including the following:

1. Airline's total number of Aircraft Arrivals, by type of aircraft and Maximum Gross Certificated Landing Weight of each type of aircraft as shown on Exhibit F.
2. The number of Enplaned Passengers and the number of Deplaned Passengers, including all through and non-revenue passengers.

Section 5.06 Airport Security Services Fee

Airline shall pay to the Aviation Commission for the airport security services provided by Law Enforcement Officers (LEOs), monthly fee determined by multiplying each airline's Enplaned Passengers by the annual Security Reimbursement Rate calculated in accordance with Section 6.xx

Section 5.07 Passenger Assistance Services Fee

Airline shall pay to the Aviation Commission for luggage assistance, wheelchair assistance, and other needed assistance provided by Passenger Assistance Liaisons (PALs), monthly fee

determined by multiplying each airline's Enplaned Passengers by the annual Passenger Assistance Reimbursement Rate calculated in accordance with Section 6.09

Section 5.08 Time and Place of Payments

A. Rentals for Exclusive Use Space, Preferential Use Space, Joint Use Space, Common Use Space, Loading Bridges, Aircraft Parking Positions, Airport Security Services Fee, and Passenger Assistance Services Fee shall be invoiced on a monthly basis.

B. Landing weights information is due to the Airport no later than the 10th business day of each month, for the preceding calendar month of operations and shall be subject to adjustment as provided in Article 6. Once landing information is received, applicable Landing Fees will also be billed via invoice.

C. Payments to the Aviation Commission may be made by wire transfer to the following account:

ACH Deposit

Financial Institution: Regions Bank
Address: Birmingham, AL
Routing Number: 061101375
Account Number: 0195572031
Airport Revenue Fund Account

Wire Deposit

Financial Institution: Regions Bank
Address: Birmingham, AL
Routing Number: 062005690
Account Number: 0195572031
Airport Revenue Fund Account

If the above wire transfer account information changes, the Aviation Commission will give Airline advance written notice. Aviation Commission agrees to provide Airline as much notice as is practical under the circumstances.

If Airline elects not to make payments by wire transfer, payments to the Aviation Commission shall be made at the Office of the Executive Director as set forth below or at such other place as may hereafter be designated by the Aviation Commission.

Executive Director
Augusta Regional Airport
1501 Aviation Way
Augusta, Georgia 30906

Section 5.09 Passenger Facility Charge

Nothing in this Agreement shall limit the Aviation Commission's right to impose on Airline's passengers a Passenger Facility Charge ("PFC") authorized under Section 1113(e) of the Federal Aviation Act of 1958, as amended by Section 9110 of the Omnibus Budget Reconciliation Act of 1990 (Pub. L. 101-508, 49 U.S.C. App Paragraph 1513) and the rules and regulations promulgated there under (14 CFR Part 158), as may be amended from time to time ("PFC Regulations"). Airline agrees to cooperate with the Aviation Commission in the collection of such charge and to collect and remit such charges, less the allowable collection fee and any amounts paid by ticket purchasers that are subject to reimbursement, to the Aviation Commission as provided in the PFC Regulations. The Aviation Commission shall apply any such PFC revenues to improvement of the Airport or to the retirement of Airport debt as required by the PFC Regulations.

Section 5.10 Airline Records

A. Airline shall keep and maintain a complete and adequate set of records concerning its landed weights for a period equal to the FAA mandated time of such activity. If such records are maintained at a location other than Airline's Leased Premises, such records shall be retrievable within ten (10) business days.

B. Each party hereto, at its expense and on reasonable notice, shall have the right from time to time to audit and inspect the records of the other party relating to the performance of this Agreement, provided that such inspection is made during regular business hours.

Section 5.11 Interest on Past Due Accounts

Rents and fees not received within fifteen (15) business days after the due date are past due. All unpaid past due sums owed the Aviation Commission shall accrue interest at the maximum interest rate then allowable by applicable law; provided, however, that if no maximum interest rate is then provided by applicable law, the interest rate shall be twelve (12) percent per annum. No interest shall be charged on any past due account until Airline has been contacted via written notification and given an opportunity to cure and payment is thirty (30) days past due, but such interest when

assessed thereafter shall be computed from the due date. Such interest shall not accrue with respect to disputed items being contested in good faith by Airline.

Section 5.12 Security

A. Should Airline fail to pay Rentals and Fees when they are due three times within any twelve (12) month period, unless otherwise agreed upon, in writing, between the Airport and the airline carriers (e.g. COVID), Airline agrees to provide the Aviation Commission, within thirty (30) days of written notice from the Aviation Commission, a contract bond, irrevocable letter of credit, or other similar security acceptable to the Aviation Commission ("Contract Security") in an amount equal to the estimate of three (3) months' Rentals and Fees payable by Airline pursuant to this Article 5, to guarantee the faithful performance by Airline of its obligations under this Agreement and the payment of all Rentals and Fees due hereunder. Airline shall be obligated to maintain such Contract Security throughout the remaining term of this Agreement, unless Airline pays Rentals and Fees in full and on time for a continuous twelve (12) month period. Such Contract Security shall be in a form and with a company chosen by Airline and reasonably acceptable to the Aviation Commission and licensed to do business in the State of Georgia. In the event that any such Contract Security shall be for a period less than the full period required by this Paragraph 5.11(A) or if Contract Security shall be cancelled, Airline shall provide a renewal or replacement Contract Security for the remaining required period.

B. In the event the Aviation Commission is required to draw down or collect against Airline's Contract Security for any reason, Airline shall, within fifteen (15) business days after the Aviation Commission's written demand, take such action as may be necessary to replenish the existing Contract Security to its original amount (three [3] months' estimated Rentals and Fees) or to provide additional or supplemental Contract Security from another source so that the aggregate of all Contract Security is equal to three (3) months' estimated Rentals and Fees payable by Airline.

C. Upon Airline's election to assume this Agreement under Federal Bankruptcy Rules and Regulations and the Federal Judgeship Act of 1984 or any successor statute, as such may be amended, supplemented, or replaced, the Aviation Commission, by written notice to Airline given at any time within ninety (90) days of the date such event becomes known to the Aviation Commission, may impose or re-impose the requirements of Paragraph 5.11(A) on Airline. In such event, Airline shall provide the Aviation Commission with the required Contract Security within fifteen (15) days

from its receipt of such written notice and shall thereafter maintain such Contract Security in effect until the expiration or termination of this Agreement, unless Airline pays Rentals and Fees in full and on time for a continuous 12-month period.

D. If after notification by the Aviation Commission and the expiration of the 15-day period, should the Airline fail to obtain or keep in force such Contract Security required hereunder, such failure shall be grounds for immediate termination of this Agreement. The Aviation Commission's rights under this Section 5.11 shall be in addition to all other rights and remedies provided to the Aviation Commission under this Agreement.

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

Section 5.13 No Further Fees and Charges

Following the effective date of this Agreement, except as provided elsewhere herein, upon the payment of the Rentals and Fees described herein, no additional charges shall be levied against Airline for the use of the Airport and the occupancy of facilities as described in Article 3, except as provided by separate agreement between the parties.

ARTICLE 6 - RECALCULATION OF RENTALS AND FEES

Section 6.01 Effective Date of Recalculations

Rentals and Fees as set forth in Article 5 shall be adjusted annually during the term of this Agreement as hereinafter set forth in this Article 6. Said adjustments to Rentals and Fees pursuant to this Article 6 shall apply without the necessity of formal amendment to this Agreement. Airlines

shall be provided an opportunity to review the proposed Annual Budget thirty (30) to forty-five (45) days prior to approval by the Aviation Commission. A statement showing the recalculation of the new rates for Rentals and Fees, in accordance with the rates and charges methodology provided for in this Agreement prepared in the same format as shown in Exhibit D, shall be prepared and transmitted to Airline by the Executive Director within thirty (30) days after approval of the Annual Budget by the Aviation Commission and adoption by the Augusta Board of Commissioners. Said statement shall then be deemed part of this Agreement and effective on the first (1st) day of each Fiscal Year to which such Rentals and Fees apply.

Section 6.02 Records of Airport Cost Centers

A. The Aviation Commission shall maintain accounting records documenting the following items for each Airport Cost Center: (1) Airport Revenue, (2) Airport Expense, and (3) other expenses of the Aviation Commission.

B. The Aviation Commission shall further maintain records evidencing the allocation of capital funds obtained from the proceeds of the sale of Bonds or other capital fund sources to each Airport Cost Center. Included in the allocation to each Airport Cost Center shall be that cost center's proportionate share of Bond issuance expense, capitalized interest, and funding of special funds determined in accordance with allocation of costs funded through bond proceeds or other capital sources.

Section 6.03 Aviation Commission Reports

A. On or before August 1 of each Fiscal Year, the Executive Director shall provide Airline with a budget calendar establishing dates for the Signatory Airlines to review the Annual Budget.

B. On or before May 1 of each Fiscal Year, the Executive Director shall send Airline notification to submit forecast of Maximum Gross Certificated Landing Weight. On or before June 1 of each Fiscal Year, Airline shall submit to the Executive Director, in writing, a forecast of its Maximum Gross Certificated Landing Weight for the succeeding Fiscal Year. If such forecast is not submitted by Airline, the Aviation Commission will develop its own forecast of Maximum Gross Certificated Landing Weight for Airline for the succeeding Fiscal Year.

C. If an Annual Budget is not adopted by the Aviation Commission before any such Fiscal Year, the Rentals and Fees in effect during the preceding Fiscal Year shall remain in effect until (1) a new

Annual Budget has been adopted by the Aviation Commission, and (2) the Aviation Commission has calculated the Rentals and Fees in accordance therewith. The recalculated Rentals and Fees shall then be in effect retroactive (without penalties or interest if paid by the due date on invoice issued to Airline) to the beginning of such Fiscal Year. If the recalculated Rentals and Fees exceed 10% of the previous Fiscal Year, the invoiced amount for the difference between the preceding Fiscal Year rates and the current Fiscal Year rates will be broken into two equal invoice amounts payable within thirty (30) days of invoice date.

D. Whenever the adjustment calculation involves an estimate, the estimate of the Aviation Commission shall be used, which estimate shall be based on past performance and reasonable and prudent future expectations. Whenever the adjustment calculation involves an estimate included in the Annual Budget, the estimated amount in the Annual Budget shall be used.

Section 6.04 Calculation of Terminal Building Rental

The Terminal Building Rental shall be established and thereafter adjusted annually in the following manner:

A. Each year the Aviation Commission shall calculate Terminal Building Requirement for the succeeding Fiscal Year by totaling the following amounts, as set forth in the Annual Budget:

1. The total of the direct and indirect Operation and Maintenance Expenses, including repair and replacement, and amortization of capital improvements allocable to the Terminal Building.
2. Annual Debt Service plus Coverage (Net of available PFC proceeds authorized for the payment of a portion of Terminal Building Debt Service) reasonably allocable to the Terminal Building, as required by the Bond Resolution. An amount equal to 1.25 times the pro rata portion of the Annual Debt Service Requirement net of PFC proceeds, if any, authorized to pay debt service allocable to the Terminal Building, or such other amount as may be required by the Bond Resolution;
3. The amount of deposits to any funds and accounts required by the Bond Resolution and reasonably allocable to the Terminal Building.

4. Any other Airport Expense reasonably allocable to the Terminal Building not included in Paragraphs 1 through 3 above, after discussion with airline partners.

5. An amount equal to any deficit or credit estimated for operation of the Terminal Building during the then-current Fiscal Year or any adjustment carried over from preceding Fiscal Years to reflect any difference between actual versus estimated expenses.

B. The Terminal Building Rental Rate shall be calculated by dividing the Terminal Building Requirement computed above by the amount of Rentable Space square footage in the Terminal Building. Terminal Building Rental Rate shall be multiplied by the total amount of square footage used or occupied by each airline, including Airline, to determine the total Terminal Building Rental payable by each airline.

C. The space rents for all Joint Use Space shall be prorated among all airlines utilizing the Joint Use Space according to the Joint Use Formula and each airline shall pay its pro rata share of such Terminal Building space rents.

D. The space rents for all Common Use Space shall be prorated among all airlines according to the Common Use Formula and each airline shall pay its pro rata share of such Terminal Building space rents.

Section 6.05 Calculation of Loading Bridge Use Fee

The Loading Bridge Use Fee shall be established and thereafter adjusted annually in the following manner:

A. Each year the Aviation Commission shall calculate the Loading Bridge Requirement for the succeeding Fiscal Year by totaling the following amounts, as set forth in the Annual Budget:

1. The total of the direct and indirect Operation and Maintenance Expenses, including repair and replacement and amortization of capital improvements allocable to the Loading Bridges.

2. An amount equal to 1.25 times the pro rata portion of the Annual Debt Service Requirement net of PFC proceeds, if any, authorized to pay debt service allocable to the Loading Bridges, or such other amount as may be required by the Bond Resolution;
3. The amount of deposits to any funds and accounts required by the Bond Resolution and allocable to the Loading Bridges;
4. Any other Airport Expense reasonably allocable to the Loading Bridges not included in Paragraphs (1) through (3) above; and
5. An amount equal to any deficit or credit estimated for operation of the Loading Bridges during the then-current Fiscal Year or any adjustment carried over from preceding Fiscal Years to reflect any difference between actual versus estimated expenses.

B. The Loading Bridge Use Fee rate per Loading Bridge shall be calculated by dividing the Loading Bridge Requirement calculated in accordance with paragraph (1) to (5) above by the number of Loading Bridges. An Airline's Loading Bridge Use Fee shall be calculated by multiplying the Loading Bridge Use Fee rate per Loading Bridge by the number of Loading Bridges assigned to Airline. In the event of multiple users, the fee will be allocable to all users on a per use basis.

Section 6.06 Calculation of Aircraft Parking Position Rental

The Aircraft Parking Position Fee shall be established and thereafter adjusted annually in the following manner:

A. Each year the Aviation Commission shall calculate the Apron Area Requirement for the succeeding Fiscal Year by totaling the following amounts, as set forth in the Annual Budget:

1. The total of the direct and indirect Operation and Maintenance Expenses, including repair and replacement and amortization of capital improvements allocable to the Apron Area.

2. An amount equal to 1.25 times the pro rata portion of the Annual Debt Service Requirement net of PFC proceeds, if any, authorized to pay debt service allocable to the Apron Area, or such other amount as may be required by the Bond Resolution;
3. The amount of deposits to any funds and accounts required by the Bond Resolution and allocable to the Apron Area;
4. Any other Airport Expense reasonably allocable to the Apron Area not included in Paragraphs (1) through (3) above; and
5. An amount equal to any deficit or credit estimated for operation of the Apron Area during the then-current Fiscal Year or any adjustment carried over from preceding Fiscal Years to reflect any difference between actual versus estimated expenses.

B. The Aircraft Parking Position Rental per Aircraft Parking Position shall be calculated by dividing the Apron Area Requirement calculated in accordance with paragraph (1) to (5) above by the number of Aircraft Parking Positions at the Terminal Building. Airline's Aircraft Parking Position Rental shall be calculated by multiplying the total number of Aircraft Parking Positions assigned to and used by Airline times Aircraft Parking Position Rental per Aircraft Parking Position.

C. Should Airline stop providing Air Transportation at the Airport during any Fiscal Year, the Aircraft Parking Position Rental shall be recalculated for the portion of the Fiscal Year that Airline did conduct regularly scheduled Air Transportation at the Airport. The recalculation will be based on the Apron Area Requirement being calculated without a Competitive Credit. Airline agrees to repay the Aviation Commission the amount of recalculated Aircraft Parking Positions Rental minus any Aircraft Parking Position Rental payments made during that Fiscal Year. Airline agrees to pay this amount to the Aviation Commission within thirty (30) days of receipt of an invoice from the Aviation Commission.

Section 6.07 Calculation of Landing Fee

The Landing Fee shall be established and thereafter adjusted annually in the following manner:

A. Each Year, the Aviation Commission shall calculate the Airfield Requirement for the succeeding Fiscal Year by totaling the following amounts as set forth in the Annual Budget:

1. The total of the direct and indirect estimated Operation and Maintenance Expenses, including repair and replacement and amortization of capital improvements allocable to the Airfield Area;
2. An amount equal to 1.25 times the pro rata portion of the Airfield Area Annual Debt Service Requirement net of PFC proceeds, if any, authorized to pay debt service allocable to the Airfield Area, or such other amount as may be required by the Bond Resolution;
3. The amount of deposits to any funds and accounts required by the Bond Resolution and allocable to the Airfield Area;
4. Any other Airport Expense allocable to the Airfield Area not included in Paragraphs (1) through (3) above; and
5. An amount equal to any deficit or credit estimated for operation of the Airfield Area during the then-current Fiscal Year, or any adjustment carried over from the preceding Fiscal Year, to reflect any difference between actual versus estimated expenses.

B. The Airfield Area Requirement for the succeeding Fiscal Year shall be calculated by subtracting from total Airport Expense [the total of (1) to (5) above] a Competitive Credit in an amount determined appropriate by the Aviation Commission each Fiscal Year. The purpose of the Competitive Credit is to keep the Airline's Airport cost per Enplaned Passenger competitive with other airports similarly situated for air service development purposes. The Aviation Commission may establish differing levels of Competitive Credit for different classes of airlines.

1. The Landing Fee Rate shall be calculated by dividing the Airfield Area Requirement calculated in accordance with paragraph (1) to (5) above by the estimated Total Landed Weight of all Aircraft Arrivals at the Airport for the succeeding Fiscal Year as estimated by the Aviation Commission. The Landing Fee Rate shall be multiplied by Total Landed Weight for each airline, including Airline, to determine the total Landing Fee payable by each airline. The

Landing Fee shall be calculated by multiplying Airline's Total Landed Weight for the month by the Landing Fee Rate then in effect.

Section 6.08 Calculation of Airport Security Services Fee

The Airport Security Services Fee shall be established and thereafter adjusted annually in the following manner:

- A. Each year the Aviation Commission shall calculate payroll expense and other direct expenses associated with airport security services for the succeeding Fiscal Year, as set forth in the Annual Budget netted by:
 1. The TSA Law Enforcement Officer Reimbursement Agreement Program (LEORP); and
 2. An amount equal to any deficit or credit estimated for airport security services the then-current Fiscal Year, or any adjustment carried over from the preceding Fiscal Year, to reflect any difference between actual versus estimated expenses.
- B. The Airport Security Services Fee rate shall be calculated by dividing the amount accordance with paragraph (1) and (2) above by total projected Enplaned Passengers for the succeeding Fiscal Year. The Airport Security Services Fee shall be calculated by multiplying each airline's Enplaned Passengers for the month by The Airport Security Services Fee rate.

Section 6.09 Calculation of Passenger Assistance Services Fee

The Passenger Assistance Services Fee shall be established and thereafter adjusted annually in the following manner:

- A. Each year the Aviation Commission shall calculate payroll expense and other direct expenses associated with Passenger Assistance Services for the succeeding Fiscal Year, as set forth in the Annual Budget and netted by:
 1. An amount equal to any deficit or credit estimated for airport security services the then-current Fiscal Year, or any adjustment carried over from the preceding Fiscal Year, to reflect any difference between actual versus estimated expenses.
- B. The Security Reimbursements rate shall be calculated by dividing the amount accordance with paragraph (1) and (2) above by total projected Enplaned Passengers for the succeeding Fiscal Year.
- C. The Security Reimbursements shall be calculated by multiplying each airline's Enplaned Passengers of the month by The Security Reimbursements rate.

Section 6.10 Competitive Credit

The Competitive Credit may be fully or partially applied to keep the Airline's Airport cost per Enplaned Passenger competitive with other airports similarly situated for air service development purposes. The Aviation Commission may establish differing levels of Competitive Credit for different classes of airlines. The Competitive Credit may be applied to one or more types of Rentals and Fees described in Section 6.04-6.09.

ARTICLE 7 - SUBORDINATION AND APPLICATION OF REVENUES

Section 7.01 Subordination to Bond Resolution

A. This Agreement and all rights of Airline hereunder are expressly subordinated and subject to the lien and provisions of any pledge, transfer, hypothecation, or assignment made (at any time) by the Aviation Commission to secure Bond financing. This Agreement is subject and subordinate to the terms, covenants, and conditions of the Bond Resolution authorizing the issuance of Bonds by Augusta-Richmond County. Augusta-Richmond County may amend or modify the Bond Resolution or make any change thereto that does not adversely affect Airline's rights or obligations under this Agreement. Except for the preceding sentence, conflicts between this Agreement and the Bond Resolution shall be resolved in favor of the Bond Resolution.

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

ARTICLE 8 - CAPITAL IMPROVEMENTS

Section 8.01 Need for Acquisition (s) Capital Expenditures

The parties hereto recognize that Capital Improvements or acquisitions to preserve, protect, enhance, expand, or otherwise improve the Airport, or part thereof, may be required during the term of this Agreement. Any such Capital Improvement(s) or acquisition(s) paid for, financed, or refinanced with debt which negatively impacts rates and charges will be subject to the provisions of Section 8.02 below.

Section 8.02 Improvements Subject to Signatory Airline Consideration.

A. The Airport Director shall notify Airline, in writing, of the Aviation Commission's intent to undertake Capital Improvements or make an acquisition with newly issued Bonds. The Airport Director shall provide Airline with the following information associated therewith:

1. A description of the proposed Capital Improvement(s), or acquisition together with cost estimates, scheduling, and any preliminary drawings, if applicable;

2. A statement of the need for the proposed acquisition(s) or Capital Improvement(s), along with the planned benefits to be derived from such expenditures;
3. The Aviation Commission's preferred means of financing or paying the costs of the proposed acquisition or Capital Improvement(s); and
4. The planned allocation of the costs thereof to the Airfield Area or the Terminal Building and the projected effect on Airline Rentals and Fees.
5. The planned refinancing of prior improvements or acquisitions where applicable to MII consideration.

B. Within thirty (30) days after the Airport Director's delivery of said notice, Airline may request in writing, a meeting with the Airport Director for the purpose of discussing the proposed acquisition or Capital Improvement(s). Should such a request be made, the Airport Director shall meet with Signatory Airlines collectively within sixty (60) days of the original notice. The Aviation Commission agrees to consider comments and recommendations of the Signatory Airlines with respect to the proposed acquisition or Capital Improvement(s) to be financed with newly issued Bonds.

C. Unless Signatory Airlines constituting an MII shall issue written disapprovals for a particular Capital Improvement in the Airfield Area (for those Capital Improvements in the Airfield Area requiring MII consideration) or for a Capital Improvement in the Terminal Building (for those Capital Improvements in the Terminal Building requiring MII consideration) within thirty (30) days of the date of the meeting, the Aviation Commission may proceed with said acquisition or Capital Improvements. The Aviation Commission may also proceed at any time with the acquisition or Capital Improvements not requiring MII consideration, and with any other improvements or developments not defined as a Capital Improvement herein.

D. In the event of MII disapproval of a proposed acquisition or Capital Improvement subject to MII consideration, the Airport Director shall have the option to convene a second meeting with the Signatory Airlines within forty-five (45) days following the date of disapproval for the purpose of providing additional information relative to the proposed acquisition or Capital Improvement and to

request reconsideration. If, after the second meeting, Signatory Airlines constituting an MII notify the Aviation Commission that they do not concur with said acquisition or Capital Improvement(s), the acquisition or Capital Improvement(s) shall be deferred for two (2) years. In such ensuing timeline, the Aviation Commission may implement such Capital Improvement(s) and include, debt service (including coverage), or loan payments for such Capital Improvement(s) in the Rentals and Fees of the Signatory Airlines. The Aviation Commission may elect to move forward with said acquisition or Capital Improvement(s) through means other than issuing new Airport Revenue Bonds. Disapproval of an acquisition or Capital Improvement may be reversed by an MII at any time.

E. Augusta-Richmond County or its Aviation Commission may issue Bonds, Subordinated Lien Bonds, or Other Indebtedness to finance any acquisition or Capital Improvements permitted by this Article 8. All costs associated with an acquisition or Capital Improvements permitted by this Article 8, including but not limited to Operation and Maintenance Expenses (including appropriate reserves therefore) and capital charges, except as may be limited by this Section, shall be included in the determination of rates for Rentals and Fees in accordance with Exhibit D.

Section 8.03 Grants

The Aviation Commission will exercise its best efforts to obtain maximum Airport development grants-in-aid from federal, State, and local sources.

ARTICLE 9 - OBLIGATIONS OF AIRLINE

Section 9.01 Maintenance and Repair

It is understood and agreed that Airline shall have the following maintenance and repair obligations.

A. Maintenance of Terminal Building

1. Airline shall, at all times, maintain and repair its Exclusive Use Space in the Terminal Building so that it remains in a neat, clean, safe, and orderly condition. Airline will provide custodial maintenance in its Exclusive Use Space. However, the Aviation Commission may, at its sole discretion, provide some maintenance in Airline Exclusive Use Space as part of a Terminal Building general maintenance program.

2. Airline shall make no changes of any nature or character in, or additions to, the Terminal Building without the prior written approval of the Executive Director. Airline shall submit to the Executive Director for approval of its plans and specifications for any proposed project and shall comply with any reasonable conditions required by the Aviation Commission. Such additions, alterations, or improvements shall become the property of the Aviation Commission on the completion of construction, subject to the conditions set forth in Section 9.02.

3. Airline shall repair at its cost or, at the Aviation Commission's option, reimburse the Aviation Commission for the cost of repairing, replacing, or rebuilding any damages to the Terminal Building or other portions of the Terminal Building caused by the negligent or wrongful acts or omissions of Airline, its officers, employees, or agents and excepting ordinary wear and tear. Any repairs made by Airline shall be subject to inspection and approval by the Executive Director.

4. Airline shall be responsible at its cost for the cost of repairing, replacing, or rebuilding any damage to tenant improvements or Personal Property on Airline's Exclusive Use Space where the damages were not caused by acts or omissions of the Aviation Commission or its officers, or employees, contractors, tenants or agents. Any repairs made by Airline to any tenant improvements shall be subject to inspection and approval by the Executive Director. Should Airline fail to perform its material obligations hereunder, the Aviation Commission shall have the right to enter the Airline Leased Premises and perform such activities; provided, however, other than in a case of emergency, the Aviation Commission shall give Airline reasonable advance written notice of its non-compliance, not to exceed ten (10) days, prior to the exercise of this right; and provided, further however, that if the nature of the cure is such that it cannot be reasonably effectuated within ten (10) days, Airline shall have an additional period reasonably necessary to effectuate such cure as long as Airline pursues such cure with due diligence.

5. Airline shall not erect, maintain, or display on the Terminal Building any billboards, banners, advertising, promotional signs, or materials without the prior written approval of the Executive Director.

B. Maintenance of Apron Area

1. Airline shall remove to the extent reasonably practicable all of the accumulated oil, fuel, and grease caused by Airline's aircraft and ground equipment while operating on the Apron Area (s).

2. Airline shall maintain in a neat, clean, and orderly manner the portions of the Apron Area occupied by Airline's apron service equipment. The piling of boxes, cartons, barrels, pallets, debris, or similar items on or about the Airline Leased Premises in areas other than those designated by the Executive Director shall not be permitted.

3. Airline shall maintain its Premises in a safe, neat, and attractive condition at all times, and shall pick up and place all trash and debris in sealed bags and shall move such debris to a dumpster until it is disposed of in a manner acceptable to the Executive Director. Airline and Aviation Commission maintenance responsibilities are detailed in the tabular summary shown in Exhibit E.

Section 9.02 Ownership of Improvements

Upon completion or installation of any fixture, addition, or improvement on the Terminal Building, excluding Personal Property, such fixture, addition, or improvement shall immediately become the property of the Aviation Commission, as owner, subject only to the right of Airline to use same as set forth in this Agreement, and shall remain the property of the Aviation Commission thereafter with the sole right, title, and interest thereto.

Section 9.03 Liens

Airline shall cause to be removed promptly any and all liens of any nature arising out of or because of any construction performed by Airline or any of its contractors or subcontractors upon the Terminal Building or arising out of or because of the performance of any work or labor by or for it or them at said premises, reserving the right to contest in court the validity of any such liens. Airline shall have the right to post an appropriate bond to cover its obligations pursuant to this Section 9.03.

If any person or corporation attempts to assert a lien against the Terminal Building for improvements made by Airline, Airline shall hold the Aviation Commission harmless from such claim, including the cost of defense.

Section 9.04 Payment of Taxes

Airline shall pay (but such payment shall not be considered part of Airport Revenue) all lawful taxes, assessments, or charges (including any sales taxes imposed on Rentals and Fees paid by Airline) imposed by entities other than the Aviation Commission that, during the term of this Agreement, may become a lien or be levied on any interest in Airline's Leased Premises or any possessory right that Airline might have in or to said premises or any improvements thereof, by reason of its use or occupation thereof or otherwise, reserving to Airline, however, the right to contest, by administrative proceeding, court or otherwise, the validity or applicability of any such tax, assessment, or charge, as more specifically set forth in Paragraph 9.07(E).

Section 9.05 Vending Machines

Airline shall not install or maintain vending machines, public pay telephones, or other machines operated by coins, tokens, or credit cards in or at Airline's Leased Premises in areas accessible to the public except with the prior written approval of the Executive Director. This Section 9.05 shall not prohibit Airline from the installation, operation and maintenance of self-ticketing or passenger check-in machines, to include telephones, but the location and manner of such installation shall be subject to the prior written approval of the Executive Director.

Section 9.06 Employees of Airline

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

Section 9.07 Rules and Regulations

A. Airline shall not use or permit to be used any Airport facilities for any purposes or uses other than those specifically authorized by this Agreement, and such other purposes or uses as may be mutually agreed upon in writing.

B. Airline shall comply with and shall require its officers and employees and any other persons over whom it has control to comply with such reasonable and nondiscriminatory Rules and Regulations governing the use of Airport facilities pursuant to this Agreement as may from time to time be adopted and promulgated by the Aviation Commission, including, but not limited to, security, health, safety, sanitation, and good order, and with such amendments, revisions, or extensions thereof as may from time to time be adopted and promulgated by the Aviation Commission. The Executive Director will provide a copy of the initial Rules and Regulations to Airline within thirty (30) days of the date of this Agreement.

C. Airline's right of access to the Airport shall be subject to security considerations and all federal, State, and local laws or regulations and all Airport rules, regulations, and ordinances now in effect or hereinafter adopted or promulgated.

D. Airline shall, at all times, comply with any and all present and future laws, ordinances, and general rules or regulations of any public or governmental entity (other than the Aviation Commission) with jurisdiction pertaining to its operations at the Airport now or at any time during the term that this Agreement is in force.

E. Nothing herein contained shall be construed to prevent Airline from contesting the validity or applicability of any federal, State, or local law, regulation, or ordinance now in effect or hereinafter adopted or promulgated. Airline shall not be deemed to be in default of any requirement of this Agreement so long as such contest is diligently prosecuted in an appropriate forum by Airline or any other party to a similar agreement having interests consistent with those of Airline, or until thirty (30) days following the entry of a final judgment contrary to Airline's position, or the exhaustion of the Airline's appeals. However, should Airline contest the validity or applicability of any tax or fee, the payment of which might constitute a lien on Airport facilities, the Aviation Commission may require the posting of a bond or the placement in escrow of the amount of such tax or fee pending the outcome of such contest in order to avoid the imposition of such lien.

Section 9.08 Removal of Disabled Aircraft

Upon release of Airline's disabled aircraft by proper authorities, Airline shall promptly remove any such disabled aircraft from any part of the Airport (including, without limitation, runways, taxiways,

aprons, and gate positions) where it could interfere with day-to-day operations and place any such disabled aircraft in such storage area as may be designated by the Executive Director (or at Airline's discretion, in an off-Airport location). Airline may store such disabled aircraft only for such reasonable length of time and on such reasonable terms and conditions as may be established by the Aviation Commission. If Airline fails to remove any of its disabled aircraft promptly in accordance with this Section 9.08, the Executive Director may, but shall not be obligated to, cause the removal of such disabled aircraft. However, the obligation of the Aviation Commission to remove or store such disabled aircraft shall not be inconsistent with federal laws and regulations. Airline agrees to reimburse the Aviation Commission for all costs of such removal, and further, Airline hereby releases the Aviation Commission from any and all claims for damage to the disabled aircraft or otherwise arising from or in any way connected with such removal by the Aviation Commission except in the case of gross negligence or willful misconduct.

ARTICLE 10 - OBLIGATIONS OF AVIATION COMMISSION

Section 10.01 Operation as a Public Airport

The Aviation Commission covenants and agrees that, at all times, relevant to this Agreement, it will operate and maintain the Airport facilities, as defined hereinabove, as a public airport consistent with and pursuant to the Sponsor's Grant Assurances given by the Aviation Commission to the U.S. Government under the Federal Airport Act and consistent with the terms and conditions of this Agreement. The Aviation Commission further covenants and agrees to manage the Airport in a reasonable and prudent manner and to use due diligence in the operation and maintenance of Airport facilities.

Section 10.02 Access to Terminal Building

A. Subject to security considerations, upon payment of the rentals hereunder and performance of the covenants of this Agreement by Airline, Airline and its officers, employees, passengers, prospective passengers, and other persons doing business with Airline shall have (without additional charge) the free, unobstructed right of ingress to and egress from the Terminal Building by means of a lobby, passageway, or other Public Areas designated by the Aviation Commission for that purpose and connecting the Terminal Building with a vehicular roadway and walkways adjacent to the Terminal Building (and provided and maintained by the Aviation Commission and connecting with a

public street or other public highway outside the Airport), and with the Apron Area adjacent to the Terminal Building, all of which are more specifically defined in Exhibit C.

B. The use of the means of access specified by the Aviation Commission shall be in common with such other persons as the Aviation Commission may authorize or permit, and shall be subject to and in accordance with all applicable local laws and ordinances and such weight restrictions, use restrictions, rules, regulations, and ordinances as may be adopted by the Aviation Commission for the regulation and control of the users thereof.

C. The access provided for in Paragraph 10.02(A) shall not be used, enjoyed, or extended to any person or company engaging in any activity or performing any act or furnishing any service for or on behalf of Airline that Airline is not authorized to engage in or perform or receive under the provisions of this Agreement and applicable laws.

Section 10.03 Use of Other Public Areas

The officers, employees, passengers, and prospective passengers of Airline and other persons doing business with Airline shall have the right to use any space, facilities, and conveniences provided by the Aviation Commission at the Airport for use by airline passengers and other persons (including waiting rooms, lobbies, hallways, corridors, restaurants, restrooms, observation galleries, streets, highways, and vehicular parking areas), in each case, however, only in common with others authorized by the Aviation Commission to do so, at the times, to the extent, in the manner, and for the purposes for which they are made available for such use, in compliance with the terms and conditions on which they are made available for such use, and only in conformity with the Rules and Regulations with respect to the use thereof. Employee parking is subject to the terms of Section 11.04.

Section 10.04 Maintenance of Airport

The maintenance and custodial responsibilities of the parties are defined in Exhibit E attached hereto.

ARTICLE 11 - AVIATION COMMISSION'S RESERVATIONS

Section 11.01 Improvement, Relocation, or Removal of Structures

The Aviation Commission, at its sole discretion, reserves the right to further develop or improve the aircraft operating area and other portions of the Airport, including the right to improve, relocate, or remove any structure on the Airport, as it sees fit, and to take any action it considers necessary to protect the aerial approaches of the Airport against obstructions in accordance with 14 CFR Part 77 as it is presently set forth or as it may be amended from time to time.

Section 11.02 Right to Enter and Make Repairs

A. The Aviation Commission and its authorized officers, employees, agents, contractors, subcontractors, and other representatives shall have the right (with advance notification and at such times as may be reasonable under the circumstances and with as little interruption of Airline's operations as is reasonably practicable) to enter Airline's Leased Premises for the following purposes:

1. To inspect such premises at reasonable intervals during regular business hours (or at any time in case of emergency) to determine whether Airline has complied and is complying with the terms and conditions of this Agreement with respect to such premises. Aviation Commission will provide advance notification to Airline of inspection no less than 48 hours from inspection time.
2. To perform maintenance and make repairs and replacements in any case where Airline is obligated to do so and has failed after reasonable notice to do so, in which event Airline shall reimburse the Aviation Commission for the cost thereof promptly on demand.
3. To perform maintenance and make repairs and replacements in any case where the Aviation Commission is obligated to do so, and in any other case where the Aviation Commission, in its reasonable judgment, determines that it is necessary or desirable to do so to preserve the structural safety of such premises or of the building in which such premises are located or to correct any condition likely to cause injuries or damages to persons or property.

B. No such entry by or on behalf of the Aviation Commission on any premises leased to Airline shall cause or constitute a termination of the letting thereof or be deemed to constitute an interference

with the possession thereof by Airline; and no such entry on any premises for the exclusive or preferential use of which Airline has been granted a license shall constitute a revocation of such license or be deemed to constitute an interference with Airline's ability to operate from its Leased Premises. If the Aviation Commission, acting pursuant to Paragraph 11.02(A) (3), creates a condition that causes the premises to be untenable in whole, or in substantial part, then the Aviation Commission, if requested by Airline, will make alternative premises available to Airline and compensate Airline for all relocation costs and expenses incurred by reason of such relocation or abate rent during the period of such repairs.

Section 11.03 Airport Access License/Permit

The Aviation Commission reserves the right to establish a licensing or permit procedure for personnel and vehicles requiring access to the Airport operational areas and to levy a reasonable regulatory or administrative charge for issuance of such Airport access license or permit. Airline shall pay such charge with regard to its own personnel or vehicles and shall, at the request of the Executive Director, cooperate in the collection of such charge with regard to any personnel or vehicles used by its suppliers. Any such charge shall not exceed an amount necessary to cover the actual regulatory or administrative expenses of such control measures.

Section 11.04 Airline Employee Parking

The Executive Director may designate areas from time to time to be used for parking automobiles by Airline's employees (including handicapped or disabled employees) working at the Airport. The Aviation Commission shall have the right to charge a reasonable fee for such privilege.

ARTICLE 12 - DAMAGE OR DESTRUCTION, INSURANCE, AND INDEMNIFICATION

Section 12.01 Damage or Destruction of Terminal Building

If, by reason of any cause, the Terminal Building is damaged to such an extent that the Terminal Building is untenable in whole, or in substantial part, then:

A. If the repairs and rebuilding necessary to restore the Terminal Building to its condition before the occurrence of the damage can, in the reasonable judgment of the Aviation Commission, be completed within two hundred and seventy (270) days from the date on which the damage occurred,

the Executive Director shall so notify Airline, in writing, and shall proceed promptly with such repairs and rebuilding. In such event, the rental for the Terminal Building for which provision is made in Article 5 shall be abated pro rata for the period from the date of the occurrence of such damage to the date on which such repairs and rebuilding is completed.

B. If such repairs and rebuilding cannot, in the reasonable judgment of the Aviation Commission, be completed within said 270 days, the Aviation Commission, at its option, to be evidenced by notice in writing to Airline, may either: (1) proceed promptly with said repairs and rebuilding, in which event said rental shall be abated as aforesaid, or (2) terminate the letting of the Terminal Building, in which event said rental therefore for which provision is made in Article 5 shall be abated from and after the date of occurrence of the damage.

C. The Aviation Commission shall use its best efforts to provide Airline with reasonable alternate space, if necessary, during any repairs, rebuilding, or reconstruction of the Terminal Building. The Executive Director shall advise Airline, as soon as practicable, of the Aviation Commission's intention regarding any necessary repairs or restorations.

D. In the event, however, that the cause of the damage is the fault or negligence or wrongful act of Airline or its employees or agents, then the expense of all such repairs shall, subject to any insurance proceeds received by the Airport from the Airline's insurance on account of such damage, be borne by Airline and there shall be no abatement of rent or other charges payable hereunder.

Section 12.02 Insurance

A. During the term of this Agreement, Airline shall provide, pay for, and maintain with companies reasonably satisfactory to the Aviation Commission, the types of insurance described herein. All insurance shall be issued by responsible insurance companies eligible to do business in the State of Georgia.

B. All liability policies of Airline and its contractors shall provide that the Aviation Commission is an Additional Insured to the extent of Airline's contractual obligations hereunder. The insurance coverage and limits required shall be evidenced by properly executed certificates of insurance. These certificates shall be signed by the authorized representative of the insurance company shown on the certificate. At least ten (10) calendar days prior to Airline's use of space or Airline's operations or

activities in regard to the Airport and that in any way, directly or indirectly, contingently or otherwise, affects or might reasonably affect the County, Airline shall furnish the County evidence of all insurance policies negotiated. Prior to expiration of any then-current policy of insurance, Airline shall deliver to Airport evidence showing that such insurance coverage has been renewed. At least five (5) calendar days prior to the date of cancellation or reduction of coverage, as received in the written notice from the insurer, Airline shall deliver to the Airport Director, evidence showing reinstatement or other provision for the required insurance. All such evidence shall be in the form of certificates of insurance satisfactory to the Airport Director, accompanied by a certified true copy of an endorsement to each policy containing the language required by this paragraph and, if applicable, cross-liability coverage.

C. If at any time the Executive Director requests a written statement from the insurance company as to any impairments to the aggregate limit, Airline shall promptly authorize and have delivered such statement to the Aviation Commission. Airline authorizes the Aviation Commission and its insurance consultant to confirm with Airline's insurance agents, brokers, and insurance companies all information furnished the Aviation Commission, as to Airline's compliance with the Aviation Commission's insurance requirements.

D. All required insurance coverages of Airline shall be primary with respect to Airline's obligations under this Agreement.

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

F. No operations shall commence at the Airport unless and until the required certificates of insurance are in effect and approved by the Executive Director.

G. The insurance coverages and limits required of Airline under this Agreement are designed to meet the minimum requirements of the Aviation Commission. They are not designed as a recommended insurance program for Airline. Airline is responsible for insuring its real and Personal Property located at the Airport. Airline, alone, shall be responsible for the sufficiency of its own insurance program. Should Airline have any questions concerning its exposure to loss under this Agreement, or the possible insurance coverages needed therefore, it should seek professional advice.

H. Airline and the Aviation Commission understand and agree that the minimum limits of the insurance herein required may, from time to time, become inadequate, and Airline agrees that it will increase such minimum limits upon receipt of written notice defining the basis of the increase. Airline shall furnish the Aviation Commission, within sixty (60) days of the effective date thereof, a certificate of insurance evidencing that such insurance is in force.

I. Airline's insurance companies or its authorized representative shall give the Aviation Commission thirty (30) days prior written notice of any cancellation, intent not to renew, or material reduction in any policy's coverage, except in the application of the Aggregate Limit Provisions. In the event of a reduction to the Aggregate Limit, it is agreed that immediate steps will be taken to have the prior Aggregate Limit reinstated. Said notices shall be sent pursuant to Section 17.17 of this Agreement.

J. If at any time the Executive Director 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 the Aviation Commission. Renewal Certificates of Insurance must be provided to the Aviation Commission as soon as practical but in every instance immediately upon expiration of current coverages.

K. Should at any time Airline not provide or maintain the insurance coverages required under this Agreement, the Aviation Commission may terminate or suspend this Agreement upon ten (10) days advance written notice to the Airline's Facility Manager and to Airline's Leasing contact.

L. The amounts and types of insurance shall conform to the following minimum requirements with the use policies, forms, and endorsements or broader, where applicable.

1. Workers Compensation and Employer's Liability Insurance shall be maintained in force by Airline during the term of this Agreement for all employees engaged in the operations under this Agreement. The limits of coverage shall not be less than:

Workers' Compensation	Georgia Statutory
Employer's Liability	\$1,000,000 Limit Each Accident
	\$1,000,000 Limit Disease Aggregate

\$1,000,000 Limit Disease Each Employee

2. Airport Liability Insurance shall be maintained by Airline for the life of this Agreement. Coverage 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 and shall not exclude the 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 limits of coverage shall not be less than:

Airlines Operating Aircraft with fifty (50) or more seats:

Bodily & Personal Injury	\$100,000,000 Combined Single Limit
& Property Damage Liability	Each Occurrence & Aggregate

Airlines Operating Aircraft with less than fifty (50) seats:

Bodily & Personal Injury	\$50,000,000 Combined Single Limit
& Property Damage Liability	Each Occurrence & Aggregate

3. Aircraft Liability Insurance shall be maintained by Airline during the term of this Agreement for all owned, non-owned, leased, or hired aircraft, including passenger coverage. The limits of coverage shall not be less than:

Bodily & Personal Injury	\$100,000,000 Combined Single Limit
& Property Damage Liability	Each Occurrence & Aggregate

4. Business Automobile Liability Insurance shall be maintained by Airline during the term of this Agreement as to the ownership, maintenance, and use of all owned, non-owned, leased, or hired vehicles. The limits of coverage shall not be less than:

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

5. Umbrella Liability Insurance or Excess Liability Insurance may be used to reach the limits of liability required for the Airport Liability Policy, Aircraft Liability, and the Business Automobile Policy. The limits of coverage shall not be less than:

Umbrella or Excess Liability Policy \$100,000,000 Combined Single Limit
Each Occurrence & Aggregate-Specific
for this Agreement

\$200,000,000 Combined Single Limit
Each Occurrence & Aggregate-Not Specific
for this Agreement

Primary Liability Limits for the underlying Airport General Liability Coverage:

Bodily & Personal Injury \$10,000,000 Combined Single Limit
& Property Damage Liability Each Occurrence & Aggregate

Section 12.03 Indemnification

Except where, and to the extent, it is caused by the negligent or wrongful acts or omissions or willful misconduct of the agents, employees, contractors, officers, or board of Augusta Richmond County and the Aviation Commission, Airline agrees to protect, defend, reimburse, indemnify, and hold Augusta Richmond County and the Aviation Commission, its agents, employees, and elected officers and each of them, free and harmless at all times from and against any and all claims, liability, expenses, losses, costs, fines, and damages (including actually incurred reasonable attorney's fees) and causes of action of every kind and character, whether or not meritorious, against or from the Aviation Commission by reason of any damage to property, or the environment, claims and liability or bodily injury (including death) incurred or sustained by any party hereto, any agent or employee of any party hereto, and any third or other party whomsoever, or any governmental agency, caused by or arising out of or incident to or in connection with Airline's performance under this Agreement, Airline's use or occupancy of the Airline Leased Premises, Airline's compliance with Title 49 CFR, Part 1542 requirements, Airline's negligent or wrongful acts, omissions, or operations hereunder or the performance, non-performance or purported performance of Airline or any breach of the terms of this Agreement by Airline. Provided, however, that upon the filing by anyone of a claim with

Augusta Richmond County or the Aviation Commission for damages arising out of incidents for which Airline herein agrees to indemnify and hold Augusta Richmond County and the Aviation Commission harmless, Augusta Richmond County or the Aviation Commission shall promptly notify Airline of such claim and, in the event that Airline does not settle or compromise such claim, then Airline shall undertake the legal defense of such claim both on behalf of Airline and on behalf of Augusta Richmond County. It is specifically agreed, however, that Augusta Richmond County, at its option and at its own expense, may participate in the legal defense of such claim. Any final judgment rendered against Augusta Richmond County for any cause for which Airline is liable hereunder shall be conclusive against Airline as to liability and amount upon the expiration of the time for appeal there from. Airline recognizes the broad nature of this indemnification and hold harmless clause, and voluntarily makes this covenant and expressly acknowledges the receipt of Ten Dollars (\$10.00) and such other good and valuable consideration provided by the Aviation Commission in support of this indemnification in accordance with laws of the State of Georgia. This clause shall survive the termination of this Agreement as to claims arising during the term hereof. Compliance with the insurance requirements of this Article 12 shall not relieve Airline of its liability or obligation to indemnify Augusta Richmond County and the Aviation Commission as set forth in this Article 12.

Section 12.04 Relationships

Airline employees are not Aviation Commission or Augusta Richmond County employees and no “employer/employee” relationship exists.

Section 12.05 Non-liability of Agents and Employees

No board member, director, officer, 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 hereof or because of its or their execution or attempted execution.

ARTICLE 13 - TERMINATION

Section 13.01 Termination of Agreement by Airline

A. Airline, at its option, may declare this Agreement terminated in its entirety at any time Airline is not in default in the payment of Rentals and Fees to the Aviation Commission by giving the Aviation Commission sixty (60) days advance written notice, to be served as hereinafter

provided, and by surrender of the Leased Premises on the happening of any one or more of the following events:

1. If the Terminal Building becomes untenable in whole, or in substantial part, and the Aviation Commission does not terminate the letting thereof, pursuant to an option reserved to it in this Agreement, and does not proceed as promptly as reasonably practicable with the repairs and rebuilding necessary to restore the Terminal Building to its condition before the occurrence of the damage.

2. If the Aviation Commission fails to provide and maintain means for unobstructed ingress and egress to and from the Terminal Building in accordance with the provisions of this Agreement.

3. If the Aviation Commission closes the Airport to aircraft operations in general, or to the flights of Airline for reasons other than weather, acts of God, or other reasons beyond the Aviation Commission's control, and fails to reopen the Airport to such operations or flights for a period in excess of thirty (30) days.

4. If the Aviation Commission fails to comply with any of the terms or provisions of this Agreement or fails to promptly fulfill any of its obligations under this Agreement.

B. No termination declared by Airline shall be effective unless and until not less than sixty (60) days have elapsed after the aforementioned written notice to the Aviation Commission specifying the date on which such termination shall take effect and the cause for which it is being terminated. The Aviation Commission may cure the cause of such termination within said 60-day period or such longer time as the parties may agree.

Section 13.02 Continuing Responsibilities of Airline

Notwithstanding the occurrence of any event of default by Airline, Airline shall remain liable to the Aviation Commission for all Rentals and Fees payable hereunder and for all preceding breaches of any covenant of this Agreement. Furthermore, unless the Aviation Commission elects to cancel this Agreement, Airline shall remain liable for and promptly pay all Rentals and Fees accruing hereunder

until the term of this Agreement has expired as set forth in Article 4 or until this Agreement is terminated by Airline pursuant to Section 13.01.

Section 13.03 Termination of Agreement by the Aviation Commission

A. The Aviation Commission, at its option, following all applicable notice and cure periods set forth herein, may declare this Agreement terminated on the happening of any one or more of the following events, and may exercise all rights of entry and re-entry to the Terminal Building:

1. If the Rentals and Fees, or other money payments that Airline herein agrees to pay, or any part hereof, shall be unpaid on the date by which payment is required to be made.
2. If Airline files a voluntary petition in bankruptcy, or makes a general assignment for the benefit of creditors, or if Airline is adjudicated as bankrupt.
3. The taking of jurisdiction of Airline or its assets by a court of competent jurisdiction pursuant to proceedings brought under the provisions of any federal reorganization act.
4. The appointment of a receiver or a trustee of Airline's assets by a court of competent jurisdiction or a voluntary agreement with Airline's creditors and the same is not removed in ninety (90) days.
5. If any act occurs that deprives Airline permanently of the rights, powers, and privileges necessary for the proper conduct and operation of its Air Transportation business.
6. If Airline abandons and fails to use the Terminal Building for a period of thirty (30) days at any one time, except when arising out of or related to a Section 17.09 force majeure event.
7. If Airline uses or permits the use of its Leased Premises in the Terminal Building at any time for any purpose for which the use thereof at that time is not authorized by this Agreement, or by a subsequent written agreement between the parties, or permits the use thereof in violation of any law, rule, or regulation with which Airline has agreed in this Agreement to conform.

8. If Airline discontinues Air Transportation to the Airport as a consequence of Airline's filing of a bankruptcy petition, voluntary or involuntary, seeking a reorganization or readjustment of its indebtedness under the federal bankruptcy laws or under any other statute of the United States or any state thereof, or being adjudged bankrupt, Airline shall be deemed to have forfeited its leasehold space.

9. If Airline fails to operate at least weekly scheduled passenger service departures from the Airport, for a period of ninety (90) days or more (except when arising out of or related to a Section 17.09 force majeure event).

10. If Airline is in violation of any provision of this Agreement not cured within a sixty (60) day period as specified in the following paragraph.

B. No termination declared by the Aviation Commission shall be effective unless and until at least sixty (60) days have elapsed after written notice to Airline specifying the date upon which such termination shall take effect and the cause for which it is being terminated. Notwithstanding such default, no termination shall occur if Airline cures the default within said sixty (60) day period; provided that if cure would reasonably require a longer time to cure, the Airline may take such additional time to cure, as agreed upon by the Parties, as long as Airline commences to cure within the original sixty (60) day period and diligently pursues a cure.

Section 13.04 Possession by the Aviation Commission

In any of the aforesaid events in this Article 13, the Aviation Commission may take possession of Airline's Leased Premises upon termination of this Agreement and remove Airline's effects without being deemed guilty of trespassing. On said default, after expiration of any applicable cure period, the Aviation Commission shall have and reserve all of its available remedies at law as a result of said breach of this Agreement. Failure of the Aviation Commission to declare this Agreement terminated on default of Airline for any of the reasons set forth herein shall not operate to bar, destroy, or waive the right of the Aviation Commission to cancel this Agreement by reason of any subsequent violation of the terms hereof.

ARTICLE 14 - RIGHTS ON TERMINATION OR REASSIGNMENT

Section 14.01 Fixed Improvements

It is the intent of this Agreement that any leasehold improvements and any alterations thereto shall be and remain the property of the Aviation Commission during the entire term of this Agreement and thereafter.

Section 14.02 Personal Property

On termination of this Agreement, Airline shall remove all Personal Property from its Leased Premises within thirty (30) days after said termination and, subject to Section 14.01, restore the Leased Premises to their original condition, ordinary wear and tear and the Aviation Commission's express obligations, excepted. If Airline fails to remove said Personal Property, the Aviation Commission may thereafter remove said property at Airline's expense.

ARTICLE 15 - ASSIGNMENT

Section 15.01 Assignment

Airline shall not assign or transfer this Agreement or any right or leasehold interests granted to it by this Agreement or otherwise transfer any interest in or to the Terminal Building without the prior written approval of the Aviation Commission; provided however, Airline may assign this Agreement without need of approval to any corporation with which Airline may merge or consolidate or to which Airline may sell or assign all or substantially all of its corporate assets or to a wholly owned subsidiary. Said approval shall not be unreasonably withheld. The Aviation Commission expressly reserves the right to withhold approval of a proposed assignment of any ticket counter space, office area space, baggage makeup space, airline operations space, or hold room space with associated aircraft parking position(s) if any other such space is vacant and available for lease and/or use on a per-use basis.

Section 15.02 Successors and Assigns Bound

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

ARTICLE 16 - GOVERNMENT INCLUSION

Section 16.01 Governmental Agreements

This Agreement shall be subordinate to the provisions of any existing or future agreements between the Aviation Commission and the United States Government or other governmental authority, relative to the operation or 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, to the extent that the provisions of any such existing or future agreements are generally required by the United States or other governmental authority of other civil airports receiving such funds. The Aviation Commission agrees to provide Airline written advance notice of any provisions that would adversely modify the material terms of this Agreement.

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 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 operations of the Airport by the United States of America.

Section 16.03 Nondiscrimination

A. Airline, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby agree that (1) no person on the grounds of age, 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 Airline Leased Premises, (2) in the construction of any improvements on, over, or under Airline Leased Premises and the furnishing of services thereon, no person on the grounds of age, race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination, and (3) Airline shall use the Airline Leased Premises in compliance with all other requirements imposed by or pursuant to 14 CFR Part 152 and Title VI of the Civil Rights Act of 1964 and 49 CFR, Subtitle A, Part 21,

Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as such Title and Regulations may be amended.

B. In the event of breach of any of the above nondiscrimination covenants that is not cured, the Aviation Commission shall have the right to terminate this Agreement after such action as the United States Government may direct to enforce this covenant has been followed and completed, including exercise or expiration of appeal rights. If said breach has been cured, Aviation Commission may not terminate this Agreement.

Section 16.04 Security

Airline shall not bring into or operate any vehicle or motorized equipment within any air operations area, unless having first complied with all insurance provisions and requirements specified in this Agreement, as well as the Airport Vehicle Training Program and the Airport Tenant Security Program both of which as defined by the Aviation Commission and the TSA respectively. When operating within any Air Operations Area, Airline shall cause its vehicles and equipment to move directly to and from the entrance gate or Airline Leased Premises and the aircraft shall not enter or move about any other Non-Movement Area. Airline, its officers, employees, agents, and those under its control, shall comply with security measures required of Airline or the Aviation Commission by the FAA, TSA, U. S. Department of Transportation, or contained in any Airport master security plan approved by the TSA to include an Airport Tenant Security Program as outlined in 49 CFR Part 1542 respective to Airline's Exclusive Use Space. If Airline, its officers, employees, agents, or those under its control shall fail or refuse to comply with said measures and such noncompliance results in a monetary penalty being assessed against the Aviation Commission, then, in addition to the provisions of Section 12.03, Airline shall be responsible and shall reimburse the Aviation Commission in the full amount of any such monetary penalty or other damages, including attorney fees and other costs to defend the Aviation Commission against such claims. Airline shall be responsible for having employee background checks performed through the Aviation Security Clearing House for all of its employees at the Airport. If Airline asks the Aviation Commission to perform these background checks for its employees at the Airport, Airline shall reimburse the Aviation Commission its cost, plus fifteen percent (15%) for administration.

Section 16.05 Environmental

A. General Conditions.

Notwithstanding any other provisions in this Agreement, and in addition to any and all other requirements of this Agreement or any other covenants, representations, or warranties of Airline, Airline hereby expressly covenants, warrants, and represents to the Aviation Commission, in connection with Airline's operations at the Airport, the following:

1. Airline is knowledgeable of all applicable Environmental Laws (as herein after defined) that apply to Airline's operations at the Airport and acknowledges that such Environmental Laws change from time-to-time, and Airline agrees to keep informed of any such future changes.

2. Airline shall not cause or permit any Hazardous Materials hereinafter to be placed, stored, generated, used, released, or disposed of in, on, under, about, or transported from any Airport premises by Airline, its agents, employees, contractors, or other person except in compliance with applicable Environmental Laws (as hereinafter defined).

3. Airline shall comply, and shall at all times ensure that all Airport premises occupied by it are kept in compliance, with all applicable federal, State of Georgia, and local laws, ordinances, regulations, and orders relating to health, safety and protection of persons, the public, and/or the environment with respect to Hazardous Materials (collectively "Environmental Laws"). Airline shall make available for review upon the reasonable request of the Executive Director, all non-privileged reports, assessments, or other documents satisfactory to the Aviation Commission showing that no Airport premises occupied by Airline are being used nor have been used by Airline for any activities involving, directly or indirectly, the use, generation, treatment, storage, or disposal of any Hazardous Materials in violation of Environmental Laws.

4. Except for aboveground deicing fluid storage tanks, Airline shall not install or allow to be installed any aboveground or underground storage tanks on any Airport premises without the prior written consent of the Executive Director. For aboveground deicing fluid storage tanks, Airline must obtain the Executive Director's written approval and obtain all

necessary federal, State of Georgia, and local licenses and permits. Airline is responsible at its sole cost and expense for periodically having all of its storage tanks inspected and recertified if and to the extent required by Environmental Laws. Copies of recertifications shall be provided to the Executive Director.

5. Except as provided herein, Airline shall keep Airline Leased Premises free of all environmental, health, or safety hazards and/or nuisances of any kind whatsoever, as defined by applicable environmental laws. Prior to Airline's occupancy of any Airline Leased Premises, Airline and the Aviation Commission, or the Aviation Commission's designated agent, shall perform a visual inspection of the condition of premises to be occupied by Airline, and shall make written notation of any pre-existing conditions discovered; subsequently, Airline shall not be responsible to the Aviation Commission with respect to those or any other pre-existing conditions.

6. Airline shall notify the Aviation Commission promptly upon discovery of any Hazardous Material on, in, under, or emanating from Airport premises occupied by Airline, any release or threat of release of a Hazardous Material by Airline, illness caused by exposure thereto, as well as any actual or threatened, environmental, health, or safety liability, including, but not limited to, claims, lawsuits, notices of violation, complaints, and investigations. Airline shall immediately, and at its own expense, take all actions if and to the extent legally required to remediate, abate, and/or rectify any such conditions at or upon the Airport if caused by the Airline. If Airline fails to timely take such actions, and as a result the Aviation Commission is required to remediate and/or abate any such conditions on or upon such premises, it may do so upon reasonable notice (under the circumstances) to Airline, and Airline shall pay all costs incurred by the Aviation Commission if caused by the Airline, with copies provided to Airline of any reports, analyses, notices, claims, complaints, demands, investigations, requests for information, and/or other documents, correspondence, or other written materials relating to the environmental condition on or of the Airport premises at issue and/or Hazardous Materials on, in, under, or emanating from those premises upon receipt, completion, or delivery of such materials.

7. Except as may otherwise be provided herein or as approved by the Executive Director, Airline will not make or allow to be made any change in usage, additions, or

improvements in, on, or to any Airport premises that will result in the presence or release of Hazardous Materials on any Airport premises.

8. If Airline breaches the obligations stated in this section then, Airline shall indemnify, and hold the Aviation Commission harmless from any and all resulting claims, judgments, damages, penalties, fines, costs, liabilities, or losses, including, without limitation, damages for the loss or restriction on use of Airline Leased Space or of any amenity of the premises, natural resource damages, damages arising from any adverse impact on marketing of space, damage to other property, or the environment, and sums paid in settlement of claims, reasonable attorney's fees, consultant and expert fees except to the extent caused by the gross negligence or willful misconduct of the Aviation Commission. Without limiting the foregoing, if the presence of any Hazardous Material on such premises caused or permitted by Airline results in any contamination of the premises, other property, or the environment, Airline shall promptly notify the Aviation Commission.

9. Airline agrees to cooperate with any investigation, audit, or inquiry by the Aviation Commission or any governmental agency regarding possible violation by Airline of any Environmental Laws upon the Airport.

10. Airline agrees that all remedies of the Aviation Commission as provided herein with regard to violation of any Environmental Laws shall be deemed cumulative in nature and shall survive termination of this Agreement.

11. Airline agrees that any notice of violation, notice of noncompliance, or other enforcement action shall be provided to the Aviation Commission within five (5) business days of receipt by Airline or Airline's agent. Any violation or noncompliance with Environmental Laws shall be deemed a default under this Agreement. Such default may be cured within ten (10) days of receipt of notice of default from the Executive Director, or such longer period as may be required to effect a cure, provided Airline notifies the Executive Director of its intention to cure within said ten (10) days and thereafter diligently prosecutes the cure to completion. Any such default that is not cured shall be grounds for termination of this Agreement.

12. In entering into this Agreement, the Aviation Commission expressly relies on the covenants, representations, and warranties of Airline as stated herein.

B. Stormwater.

1. Notwithstanding any other provisions or terms of this Agreement, Airline acknowledges that certain properties within the Airport, or on Airport land owned by Augusta-Richmond County, are subject to County, State and Federal stormwater rules and regulations. Airline agrees to observe and abide by such stormwater rules and regulations as may be applicable to the Aviation Commission's property and uses thereof.

2. The Aviation Commission and Airline both acknowledge that close cooperation is necessary to ensure compliance with any stormwater discharge permit terms and conditions, as well as to ensure safety and to minimize cost of compliance. Airline acknowledges further that it may be necessary 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 applicable stormwater rules and regulations, by implementing and maintaining "best management practices" as that term may be defined in applicable stormwater rules and regulations.

3. The Aviation Commission will provide Airline with written notice of any stormwater discharge permit requirements applicable to Airline and with which Airline will be obligated to comply from time-to-time, including, but not limited to: 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 that within fifteen (15) days of receipt of such written notice, it shall notify the Aviation Commission in writing if it disputes any of the stormwater permit requirements it is being directed to undertake. If Airline does not provide such timely notice, Airline will be deemed to assent to undertake such stormwater permit requirements. In that event, Airline agrees to undertake, at its sole expense, unless otherwise agreed to in writing between the Aviation Commission and Airline, those stormwater permit requirements for which it has received written notice from the Executive Director, and Airline agrees that it will hold harmless and

indemnify the Aviation Commission for any violations or noncompliance by Airline with any such permit requirements.

C. Solid and Hazardous Waste.

1. If Airline is deemed to be a generator of Hazardous Waste, as defined by Environmental Laws, Airline shall obtain a generator identification number from the U.S. Environmental Protection Agency and shall comply with all Environmental Laws, including but not limited to, ensuring that the transportation, storage, handling, and disposal of such Hazardous Wastes are conducted in full compliance with Environmental Laws.

2. Airline agrees to make available to the Aviation Commission, upon request, copies of all hazardous waste generator application documentation, monitoring reports, transportation, responses, storage and disposal plans, and material safety data sheets within fifteen (15) days of any such requests by the Aviation Commission.

ARTICLE 17 - MISCELLANEOUS

Section 17.01 Noninterference with Airport Operations

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

The Aviation Commission shall maintain and keep in repair the Airport landing areas, including taxiways, and shall have the right to direct and control all activities of Airline in this regard.

Section 17.02 Headings of Articles and Sections

The headings of the various articles and sections of this Agreement are merely for convenience of reference and do not limit the content of the articles and sections.

Section 17.03 Governing Law

This Agreement and all disputes arising hereunder shall be governed by the laws of the State of Georgia, with venue in Augusta-Richmond County, Georgia or the Southern District of Georgia federal court.

Section 17.04 Quiet Enjoyment

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

Section 17.05 Incorporation of Exhibits

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

Section 17.06 Incorporation of Required Provisions

The parties incorporate herein by this reference all applicable provisions lawfully required to be contained herein by any governmental body or federal agency having the authority to regulate or control Airport operations or air traffic

Section 17.07 Entire Agreement

This Agreement, together with all exhibits attached hereto, constitutes the entire agreement between the parties hereto, and all other representations or statements heretofore made, verbal or written, are merged herein. This Agreement may be amended only in writing and executed by duly authorized representatives of the parties hereto.

Section 17.08 Non-waiver of Rights

No waiver by either party, at any time, of any of the terms, conditions, covenants, or agreements herein, or of any forfeiture, shall be deemed or taken as a waiver at any time thereafter of the same or any other term, condition, covenant, or agreement herein contained, nor of the strict and prompt performance thereof. No delay, failure, or omission of the Aviation Commission to re-enter the

Terminal Building, and no subsequent acceptance by the Aviation Commission of rentals then or thereafter accrued, and no delay, failure, or omission of either party to exercise any right, power, privilege, or option arising from any default shall impair any such right, power, privilege, or options, or be construed to be a relinquishment thereof, or a waiver of such default or acquiescence therein, and no notice by either party shall be required to restore or revive any option, right, power, remedy, or privilege after waiver by such party of default in one or more instances. No option, right, power, remedy, or privilege of either party shall be construed as being exhausted or discharged by the exercise thereof in one or more instances. All rights provided by this Agreement shall be cumulative, and no one of them shall be exclusive of the other or exclusive of any other remedies provided by law, and the exercise of one right, power, option, or remedy by either party shall not impair its rights to exercise any other right, power, option, or remedy.

Section 17.09 Force Majeure

Neither the Aviation Commission nor Airline shall be deemed to be in breach of this Agreement by reason of failure to perform any of its obligations hereunder, during and to the extent that such failure is due to strikes, boycotts, labor disputes, embargoes, shortages of materials, acts of God, acts of a public enemy, terrorism, acts of superior governmental authority, pandemic, epidemic, weather conditions, floods, riots, rebellion, sabotage, or any other circumstances for which it is not responsible, and which are not within its control. This provision shall not apply to failures by Airline to pay Rentals and Fees, or to make any other money payments required by this Agreement. This Section 17.09 shall not prevent either party from exercising its rights of termination specified under Articles 13 and 14 (except as expressly set forth therein).

Section 17.10 General Interpretation

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

Commission or Airline) a right to claim damages or bring any suit, action, or other proceeding against either the Aviation Commission or Airline because of any breach hereof.

Section 17.11 Agreements between the Aviation Commission and Other Airlines

The Aviation Commission agrees not to enter into any scheduled airline operating agreement and terminal building lease with any other airline conducting similar operations at the Airport after the date of this Agreement that contains more favorable Rentals and Fees and other terms and conditions than those provided in this Agreement. The above notwithstanding, the Aviation Commission reserves the right to offer incentives, in any form, including the abatement of Rentals and Fees for a period of time, to airlines offering new air services, subject to and in compliance with, all Federal Grant Assurances, the FAA's Revenue Use Policy and applicable laws. Said incentives may provide an airline offering new air service more favorable terms, conditions, rentals, and fees for an initial period of time. Airline shall not be required to recompense the Aviation Commission for financial shortfalls, if any, caused by the offering of incentives.

Section 17.12 Rights Non-Exclusive

Notwithstanding anything herein contained that may be or appear to the contrary, the rights, privileges, and licenses granted under this Agreement, are "non-exclusive" and the Aviation Commission reserves the right to grant similar privileges to others, provided that, in doing so, the Aviation Commission does not interfere nor alter, or purport to alter, Airline's rights and privileges hereunder.

Section 17.13 Capacity to Execute

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

Section 17.14 Acknowledgment

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

Section 17.15 Severability

In the event that any covenant, condition, or provision of this Agreement is held to be invalid by any court of competent jurisdiction, the invalidity of such covenant, condition, or provision shall not materially prejudice either the Aviation Commission or Airline in their respective rights and obligations contained in the valid covenants, conditions, or provisions of this Agreement.

Section 17.16 Approvals

Unless otherwise stated, whenever this Agreement calls for approval by the Aviation Commission, such approval shall be evidenced by the written approval of the Executive Director. Any approval required by either party to this Agreement shall not be unreasonably withheld, conditioned, or delayed.

Section 17.17 Notices

All notices, requests, consents, and approvals served or given under this Agreement shall be served or given in writing with proof of delivery. If intended for the Aviation Commission, notices shall be delivered to:

Executive Director
Augusta Regional Airport
1501 Aviation Way
Augusta, Georgia 30906-9620

or to such other address as may be designated by the Executive Director by written notice to Airline.

Notices to Airline shall be delivered to:

US/Overnight Mail:

Delta Air Lines, Inc.
Department 877
1030 Delta Blvd.
Atlanta, Georgia 30354-1989

or to such other address as may be designated by Airline by written notice to the Aviation Commission.

Section 17.18 Agent for Service

It is expressly understood and agreed that if Airline is not based in the State of Georgia, or is an association or partnership without a member or partner resident in said state, Airline shall appoint an agent, qualified to do business in the State of Georgia, for the purpose of service of process in any court action between it and the Aviation Commission arising out of or based upon this Agreement. Airline shall, within ten (10) days of execution of this Agreement, notify the Aviation Commission, in writing, of the name and address of said agent. Such service shall be made as provided by the laws of the State of Georgia 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 Georgia by the registered mailing of such service at the address set forth above.

Section 17.19 Time Is of the Essence

Time is of the essence in this Agreement.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the day and year first above written.

ATTEST:

AUGUSTA, GEORGIA

By: _____
Clerk

Garnett L. Johnson, Mayor

ATTEST:

AVIATION COMMISSION:

By: _____
Secretary

Aviation Commission Chair

ATTEST:

AIRLINE:

By: _____
Secretary

President

EXHIBIT A AIRPORT LAYOUT PLAN

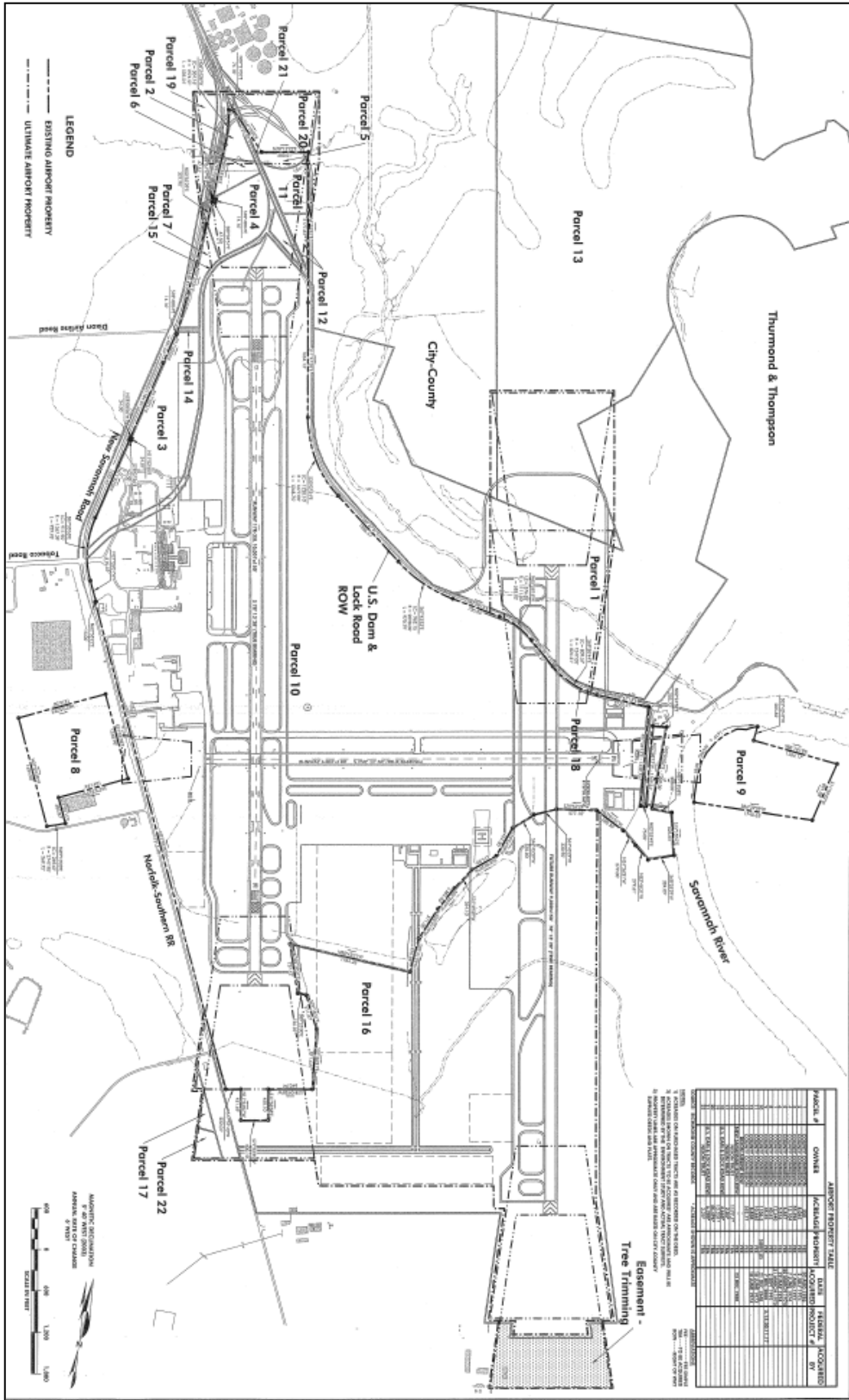


EXHIBIT B AIRPORT COST CENTERS

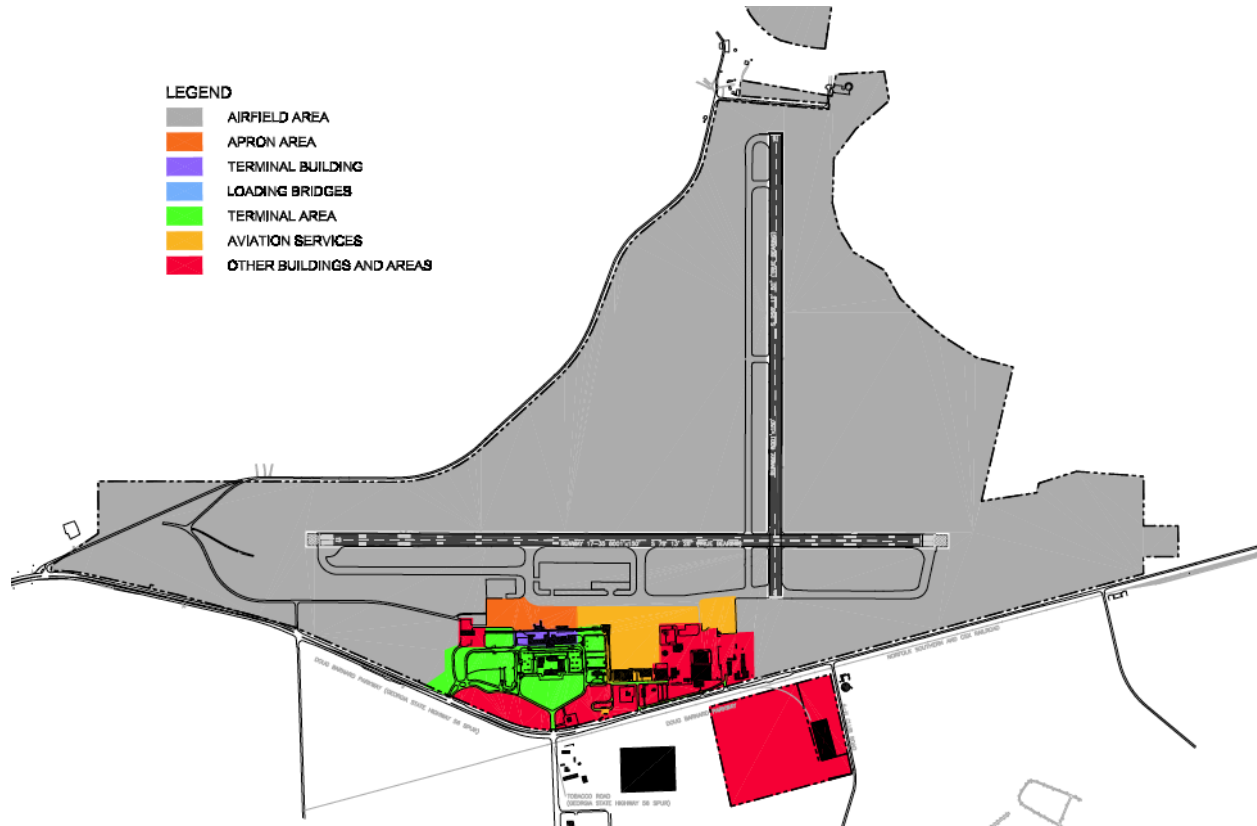


EXHIBIT C

Page

EXHIBIT C

Page

EXHIBIT D
RATE STRUCTURE FOR RENTALS AND FEES

CATEGORY	UNIT
I. Terminal Building Rental Rate	Per Square Foot
II. Apron Area Rental Rate	Per Position
III. Loading Bridge Rate	Per Bridge
IV. Landing Fee Rate	Per 1,000 pounds of CMGLW

Actual rates for rents and fees will be identified in a separate rates and charges addendum that will be presented to the airlines annually and will be consistent with the Airport's Debt Service Requirement and coverage as set forth in the 2015 Bond Resolution.

EXHIBIT E

RESPONSIBILITIES OF AVIATION COMMISSION AND AIRLINES FOR OPERATION AND MAINTENANCE OF TERMINAL BUILDING

Airline's Responsibility

Unless otherwise provided, Airline shall at its sole cost and expense, maintain the non-public view portions of Airline's leased areas and every part thereof in good appearance, repair, and safe condition including but not limited to:

1. Maintain all improvements in Airline's leased areas, including furnishing, fixtures, and equipment (including the mini-split A/C system in Radio/Comm Rooms) whether installed by Airline or the Aviation Commission.
2. Maintain all interior walls, ceilings, doors, floor finishes and carpeting, all locks, interior lighting, building glass, all interior painting and finishes.
3. Maintain all plumbing systems and fixtures within Airline's leased areas.
4. Provide all janitorial services to its non-public view leased areas.

Aviation Commission's Responsibilities

Unless otherwise provided, Aviation Commission shall at its sole cost and expense, maintain the public view portions of Airline's leased areas and the remainder of the Terminal and every part thereof in good appearance, repair, and safe condition including but not limited to:

1. Maintain the Terminal Building structural members, exterior structure and finish, and roof of the Terminal Building.
2. Maintain all pavements and subsurface drainage structures in the Assigned Areas.
3. Maintain the building heating, ventilation, air conditioning (HVAC) as well as the electrical systems and lighting fixtures in the Terminal (excluding the non-public view leased area of Airline). Relamping of the Terminal (excluding airline non-public view space).
4. Provide janitorial services in the Terminal for Preferential, joint use, common and public space.
5. Maintain the landscaping and exterior areas of the landside of the Terminal.
6. Maintain baggage conveyor and baggage handling systems for both outbound and inbound bags.

**EXHIBIT E
RESPONSIBILITIES OF THE AVIATION COMMISSION AND
AIRLINES FOR OPERATION & MAINTENANCE OF TERMINAL BUILDING**

SCHEDULED AIRLINE OPERATING AGREEMENT AND TERMINAL BUILDING LEASE

	Exclusive Use Premises			Joint Use Premises	Preferential Use Premises	
	Ticket Counters	Offices & Operations	Bag Make-up	Baggage Claim	Aircraft Aprons	Hold-rooms
Air Conditioning	COMMISSION	COMMISSION Mini-split A/C maintained by Airline	n/a	COMMISSION	n/a	COMMISSION
Heating	COMMISSION	COMMISSION	COMMISSION	COMMISSION	n/a	COMMISSION
Lighting						
a. Bulb & Tube Replacement	AIRLINE	AIRLINE	COMMISSION	COMMISSION	COMMISSION	COMMISSION
b. Maintenance	AIRLINE	AIRLINE	COMMISSION	COMMISSION	COMMISSION	COMMISSION
Electrical Maintenance	AIRLINE	AIRLINE	COMMISSION	COMMISSION	COMMISSION	COMMISSION
Water						
a. Distribution	n/a	COMMISSION	COMMISSION	n/a	COMMISSION	n/a
b. Fixtures	n/a	COMMISSION	COMMISSION	n/a	n/a	n/a
Sewage	n/a					
a. Distribution	n/a	COMMISSION	COMMISSION	n/a	n/a	n/a
b. Fixtures	n/a	COMMISSION	COMMISSION	n/a	n/a	n/a
Maintenance						
a. Other than Structure	AIRLINE	AIRLINE	AIRLINE	COMMISSION	COMMISSION	COMMISSION
b. Structure	COMMISSION	COMMISSION	COMMISSION	COMMISSION	COMMISSION	COMMISSION
c. Exterior	n/a	COMMISSION	COMMISSION	COMMISSION	COMMISSION	n/a
Custodial Service	AIRLINE	AIRLINE	AIRLINE	COMMISSION	COMMISSION	n/a
Window Cleaning						
a. Exterior	n/a	n/a	n/a	COMMISSION	n/a	COMMISSION
b. Interior	n/a	n/a	n/a	COMMISSION	n/a	COMMISSION
Ramp - Concrete Repair	n/a	n/a	n/a	n/a	COMMISSION	n/a
Snow Removal						
a. Larger ramp area	n/a	n/a	n/a	n/a	n/a	n/a
b. Gate areas & walkway to aircraft	n/a	n/a	n/a	n/a	n/a	n/a

EXHIBIT F

**AUGUSTA REGIONAL AIRPORT
MONTHLY ACTIVITY REPORT**

**Augusta Regional Airport Monthly Statistical Information
Due by the 10th of the Month**

Carrier:	PSA	Reporting Period:	July	
Landing Information		Monthly Statistics		
	Number		Enplane	Deplane
Charter Flights		Revenue Passengers	2,367	2,484
Diverted Flights		Non Revenue Passengers	126	80
Scheduled Flights	65	Total Passengers	2,493	2,564
Canceled Flts Due to:				
ATC		Seating Capacity	3,250	3,250
Crew (CW)				
Holiday Reduction (HR)		Mail (Pounds)		
Maintenance (MT)		Express (Pounds)		
Prescheduled XLN (PC)		Freight (Pounds)	160	1,043
Weather (WX)				
Aircraft Damage				
Other-Apt Const/Rwy.Const				
Flights Operated	65			
Landing Fees				
A	B	C	D	
Type of Aircraft	Gross Certified Landing Weight	Number of Landings	Landing Fee Calculation at \$.77 per 1000 pounds	Total Charge
AT7	47,068		(B) X (C) / 1,000 X \$0.77=	0.00
CRJ-200	47,000	65	(B) X (C) / 1,000 X \$0.77=	2,352.35
CRJ-400	47,000		(B) X (C) / 1,000 X \$0.77=	0.00
CRJ-700	67,000		(B) X (C) / 1,000 X \$0.77=	0.00
CRJ-900	73,500		(B) X (C) / 1,000 X \$0.77=	0.00
EMB120	24,800		(B) X (C) / 1,000 X \$0.77=	0.00
EMB135	40,785		(B) X (C) / 1,000 X \$0.77=	0.00
EMB145	47,000		(B) X (C) / 1,000 X \$0.77=	0.00
EMB145-ER	41,226		(B) X (C) / 1,000 X \$0.77=	0.00
EMB145 -LR	42,549		(B) X (C) / 1,000 X \$0.77=	0.00
EMB145 XRJ	44,092		(B) X (C) / 1,000 X \$0.77=	0.00
J-31	15,906		(B) X (C) / 1,000 X \$0.77=	0.00
Dash 8	34,500		(B) X (C) / 1,000 X \$0.77=	0.00
Dash 8-300	42,000		(B) X (C) / 1,000 X \$0.77=	0.00
B737-300	114,000		(B) X (C) / 1,000 X \$0.77=	0.00
B737-400	146,300		(B) X (C) / 1,000 X \$0.77=	0.00
B737-500	110,000		(B) X (C) / 1,000 X \$0.77=	0.00
B737-800	144,000		(B) X (C) / 1,000 X \$0.77=	0.00
B767-800	350,000		(B) X (C) / 1,000 X \$0.77=	0.00
MD 88	108,000		(B) X (C) / 1,000 X \$0.77=	0.00
			(B) X (C) / 1,000 X \$0.77=	0.00
			(B) X (C) / 1,000 X \$0.77=	0.00
TOTAL NO. OF LANDINGS		65	TOTAL CHARGES	2,352.35
Departure Performance				
0-15 min	60	I hereby certify that this is a true and correct statement:		
16-30 min	1			
31-60 min	0			
60 min+	4			
Lost Bag Claims	0	Station Managers	Gregory Campbell	
PAWOB	0	Date	8/8/08	