

BOARD OF COUNTY COMMISSIONERS

DATE: October 22, 2013

AGENDA ITEM NO. 13

Consent Agenda

Regular Agenda

Public Hearing

County Administrator's Signature

Subject:

Approval of the Airline Operating Agreement with Allegiant Air, LLC.

Department:

Department of Environment & Infrastructure

Staff Member Responsible:

Noah Lagos, A.A.E., Director
St. Pete-Clearwater International Airport

Recommended Action:

I RECOMMEND THE BOARD OF COUNTY COMMISSIONERS (BOARD) APPROVE THE ATTACHED FIVE-YEAR AIRLINE OPERATING AGREEMENT WITH ALLEGIANT AIR, LLC, (ALLEGIANT) AT THE ST. PETE-CLEARWATER INTERNATIONAL AIRPORT AND AUTHORIZE THE CHAIRMAN TO EXECUTE AND THE CLERK TO ATTEST.

Summary Explanation/Background:

On September 13, 2006, the St. Pete-Clearwater International Airport (Airport) announced new, nonstop, scheduled air service by low-cost carrier Allegiant Air, LLC. Allegiant commenced service on November 16, 2006 with service to 12 cities and during their first year in operation averaged 29 flights per week. Allegiant signed a Five-Year Airline Operating Agreement that was approved by the Board on December 12, 2006 with an effective starting date of November 16, 2006 and expired on November 15, 2011. Subsequently, a new two-year Operating Agreement was approved by the Board on December 6, 2011 with an effective date of November 16, 2011. The term of this current Agreement expires November 15, 2013.

Recently Allegiant announced six new non-stop city destinations that will commence service on October 31, 2013, with all cities "coming on-line" by the end of November 2013. Allegiant will then serve a total of 31 cities. Calendar Year 2013 projections forecast that Allegiant will serve 939,000 passengers and together with all other airlines, the Airport will serve over 1,000,000 passengers, which represents an increase of fifteen percent from Calendar Year 2012.

This new five-year Airline Operating Agreement provides Allegiant rights and privileges to use the Airport facilities while engaged in business of providing non-exclusive passenger service to and from the Airport. The Agreement contains a monetary incentive by waiving Airport charges and fees only for flights to new destinations for a period of one or two years from the commencement of service. However, without regard to the number of flights, Allegiant is obligated to pay all Airport charges and fees associated with service to existing destinations. Fees associated with the use of the Airport's Federal Inspection Station may be waived for one year for international flights.

Another incentive is direct marketing support (see Exhibit "E"). The County, at its sole discretion, will provide direct marketing support up to \$75,000 per city, per year, for "long haul" U.S. domestic destinations such as Las Vegas, Los Angeles, Phoenix, etc., as well as international destinations, other than Canada which could include Mexico and the Caribbean. Direct marketing funds are allocated on a fiscal year basis not to exceed \$150,000 per year for the term of this Agreement.

During the past seven (7) years, Airport rates and charges have not increased and remained fixed during the term of the past two Airline Operating Agreements. Allegiant requested a five-year term with the understanding that Airport rates and charges will begin to increase in Years 2 – 4, with no increase in Year 5 (see Exhibit “B”). Allegiant has pledged to “make a good faith effort” to increase passengers served by a minimum of four percent per fiscal year with the caveat that there could be economic conditions outside of their control that may affect Allegiant’s ability to meet this standard. This conservative projection of yearly passenger increases was utilized as a basis for calculating the rates and charges referenced in this Agreement. Increases in Airport rates and charges are necessary to cover increased operating expenses generally caused by projected increases in personnel costs and contracted services as well as an increased funding requirement for Airport capital projects.

Due to Sequestration, the Federal Aviation Administration (FAA) grant funding formula for small airports has changed. In past years, the FAA has funded eligible projects with ninety-five percent federal dollars and a local match of five percent (95/5 split). The new grant funding formula requires a local match of ten percent (90/10 split). Through Fiscal Year 2018, the Airport’s Capital Improvement Projects Plan totals about \$73,000,000, of which some of the local match will come from Passenger Facility Charges, Florida Department of Transportation Grants, and the remainder from Airport funds.

Fiscal Impact/Cost/Revenue Summary:

Revenue summary based on Allegiant’s conservative growth projection of four percent per year.

Year 1: Direct Revenue from Allegiant Air - \$ 792,000 and Indirect Revenue from Concessionaires - \$3,958,800
Year 2: Direct Revenue from Allegiant Air - \$ 974,300 and Indirect Revenue from Concessionaires - \$4,113,500
Year 3: Direct Revenue from Allegiant Air - \$1,131,000 and Indirect Revenue from Concessionaires - \$4,298,200
Year 4: Direct Revenue from Allegiant Air - \$1,218,900 and Indirect Revenue from Concessionaires - \$4,492,600
Year 5: Direct Revenue from Allegiant Air - \$1,265,300 and Indirect Revenue from Concessionaires - \$4,696,900

Total Projected Direct Revenue from Allegiant Air for the five-year term is \$5,381,500 and total Indirect Revenue from Concessionaires is \$21,560,000.

Direct Revenues received from airlines are landing fees, terminal facility fees, and passenger security screening fees. Indirect Revenues received from concessionaires at the Airport are paid parking, car rentals, restaurant and lounge, gift shop, etc. Indirect Revenues are generally based on an approximate value of \$7.65 per enplaned passenger (boarding passenger).

Exhibits/Attachments Attached:

Contract Review Transmittal Slip
Airline Operating Agreement
Exhibits A - H

NON-PURCHASING CONTRACT REVIEW TRANSMITTAL SLIP

PROJECT: Allegiant Operating Agreement	
CONTRACT NO.: n/a	ESTIMATED EXPENDITURE / REVENUE: <u>40,000,000</u> <i>(Circle or underline appropriate choice above.)</i>

In accordance with Contract Administration and its Review Process, the attached documents are submitted for your review and comment. Please complete this Non-Purchasing Contract Review Transmittal Slip below with your assessment, and **forward to the next Review Authority on the list, skipping any authority marked "N/A."** Indicate suggested changes by noting those in "Comments" column, or by revising, in RED, the appropriate section(s) of the document(s) to reflect the exact wording of the desired change(s).

OTHER SPECIFICS RELATING TO THE CONTRACT:

REVIEW SEQUENCE	DATE	INITIAL/SIGNATURE	COMMENTS (IF ANY)	COMMENTS REVIEWED & ADDRESSED OR INCORPORATED
Originator: Noah Lagos	9/16	NS		
Risk Mgmt: Virginia Holscher	9/17/13	EHW		
Finance:** Cassandra Williams	9/20/13	CBW	see attached comments/questions.	Comments reviewed & responded to N/A
OMB:** Bill Berger	9/24/13	[Signature]	On agenda memo, 4% growth is compared with overall 2% growth for air/flight line in forecast. OMB will request add'l detail re: specific airlines or revenues.	Comments received and responded to N/A
Legal: Michael Zas	9/20 9/21	MZ	see p. 2 pg. 45	Checked & approved previously based on comments
Assistant County Administrator or Executive Director: David Scott	9/25	[Signature]		

Please return to Noah Lagos, Airport Director By: 9/25/13 (would like to put on 10/22 BCC Agenda)
All inquiries should be made to Noah Lagos, Airport Director, ext.37801.

** See Contract Review Process

ST. PETE-CLEARWATER INTERNATIONAL AIRPORT
AIRLINE OPERATING AGREEMENT

This Airline Operating Agreement (Agreement) is an agreement made this _____, day of _____ 2013, between Pinellas County, a political subdivision of the State of Florida, by and through its Board of County Commissioners, hereinafter referred to as "COUNTY", and Allegiant Air, LLC, a corporation organized and existing under the laws of the State of Nevada and authorized to do business in the State of Florida, hereinafter referred to as "AIRLINE";

WITNESSETH

WHEREAS, St. Pete-Clearwater International Airport (Airport) in Pinellas County, Florida, is owned by Pinellas County, a political subdivision of the State of Florida, with the right to operate the Airport, and 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 COUNTY and AIRLINE have entered into an Exclusive Use Agreement covering AIRLINE tenancy of certain Airport premises and the parties desire to enter into this Agreement to set forth the rights, privileges, and obligations of both parties and to facilitate the operation, development, promotion, and improvement of air commerce at the Airport; and

WHEREAS, in the interest of reducing noise impacts to residents who live within close proximity to the Airport, the Airport has established voluntary noise abatement and mitigation measures.

WHEREAS, AIRLINE is requested to honor said noise abatement and mitigation measures; and

NOW THEREFORE, in consideration of the mutual promises herein, the parties hereby agree as follows:

ARTICLE 1 - DEFINITIONS

The words and phrases cited in this section shall have the following meanings when used elsewhere in this Agreement:

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 any aircraft arrival at the Airport (including, without limitation, scheduled, charter, sightseeing, test, ferry, courtesy, and inspection flights, or any other flights) operated by an air transportation company. Aircraft Arrival shall not include any flight that returns to the Airport because of mechanical, meteorological, or other precautionary reason.

Airport Director shall mean the person designated by the COUNTY to exercise functions with respect to the rights and obligations of the COUNTY under this Agreement. Said term shall also include any person expressly designated by the COUNTY to exercise functions with respect to the rights and obligations of the Airport Director under this Agreement.

Airport Rules and Regulations shall mean those rules, regulations, and ordinances promulgated by the COUNTY or operating directives issued by the Airport 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 inconsistent with the purposes of this Agreement.

Deplaned Passengers shall mean all terminating passengers, and on-line or off-line transfer passengers, deplaning at the Airport, but excluding through passengers and non-revenue passengers.

Enplaned Passengers shall mean all local boarding, and on-line or off-line transfer passengers enplaning at the Airport and non-revenue passengers.

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 October 1 of any year and ending September 30 of the following 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:

(1) Any oil petroleum products, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances, or any other wastes, materials, or pollutants

which that pose a hazard to the Airport premises or to the safety and/or health of persons on or about the Airport and/or cause AIRLINE's leased premises to be in violation of any federal, state, or local laws governing or regulating hazardous materials.

(2) Asbestos in any form, urea formaldehyde foam insulation, transformers, or other equipment which that contains dielectric fluid containing regulated levels of polychlorinated biphenyls, or radon gas.

(3) Any chemical, material, or substance defined as or included in the definition of "hazardous substances", "hazardous waste", "hazardous material", "extremely hazardous waste", "restricted hazardous waste", "toxic substance", or similar words under any applicable local, state, or federal laws, or any regulations promulgated pursuant thereto, including, but not limited to: the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), as amended, 42 U.S.C. §§9601, et. seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S. U.S.C. §§1801, et seq.; the Federal Water Pollution Control Act (Clean Water Act, or CWA), as amended, 33 U.S.C §§1251 et seq.; The Resource Conservation and Recovery Act (RCRA), as amended, 42 U.S.C. §§6901, et seq.; the Toxic Substances Control Act (TSCA), as amended, 15 U.S.C. §§32601, et seq.

(4) Any other chemical, material, or substance, exposure to which that is prohibited, limited, or regulated by government authority, and which that may or could pose a hazard to the health and safety of occupants of the Airport, and or to any person entering upon the Airport or adjacent property, and/or any other chemical, material, or substance which that may or could pose a hazard to the environment or a person.

Personal Property shall mean the trade fixtures, equipment, conveyors, inventory, fumiture, or supplies, owned or leased by AIRLINE (from a party other than the COUNTY) 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 the AIRLINE's leased premises.

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

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

International Service shall mean any flight that originates or terminates outside the continental United States.

Domestic Service shall mean any flight both originating and terminating in the continental United States.

Facility Assignment shall mean the Airport's written response to a request by an airline for facilities, assigning the requested facilities or alternate facilities pursuant to the terms of this Agreement, and setting forth any other conditions of use.

Peak Facility Assignment Periods shall mean those assignment periods when anticipated Facility Assignment requests are expected to exceed the requested capacity of the facilities.

ARTICLE 2 - USE PRIVILEGES

Section 2.1 General. Subject to the terms, provisions, and exhibits hereto, and the Airport Rules and Regulations, AIRLINE shall be entitled to the use, in common with others authorized to do so, portions of the Airport (described in Exhibit "A" hereto) and at times designated by the Airport Director, for the sole purpose of its conduct of air transportation. Furthermore, the COUNTY hereby grants AIRLINE permission to use designated aircraft parking positions on the terminal ramp, equipment provided by the Airport, and terminal operating facilities (i.e. airline ticket counter, baggage makeup area, baggage breakdown area, baggage claim area, hold rooms, gate, and aircraft parking apron, that may be assigned to AIRLINE by the Airport pursuant to the procedures set forth in Exhibit "A" hereto, subject to the payment of charges and fees described in Article 4, terms and conditions set forth herein (including Exhibit "B" hereto, of this Agreement, as may be amended from time-to-time by COUNTY), for the operation of AIRLINE's aircraft and related passenger services at the Airport.

Section 2.2 Limitations on Use by Airline. In connection with the exercise of its permission to use Airport facilities under this Agreement, AIRLINE shall not:

(1) 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, communications and computer systems, and fire hydrants and hoses, if any, installed or located on or within the premises of the Airport.

(2) 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 (copies of which, together with premium schedules, shall be furnished to AIRLINE on request) covering the Airport, or any part thereof.

(3) Dispose of any waste material or products (whether liquid or solid) into the sanitary or storm sewers at the Airport unless such waste material or products are disposed of in full and in complete compliance with all federal (including the US Environmental Protection Agency), state, and county laws, for disposal of such waste material and products. Prior to any disposal of waste material or products, AIRLINE shall first

obtain the written approval of Airport Director for such disposal. The written approval of the Airport Director shall not relieve AIRLINE of full responsibility and liability for the disposal of any waste materials or products. It is understood between the parties hereto that the Airport Director may withhold approval for any reason.

(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) Permit its agents, employees, directors, or officers, to do any act, or thing, upon the Airport that will be in conflict with 14 CFR Part 139, or jeopardize the Airport's operating certificate.

(6) Permit its agents to sell food in any form in its hold rooms or to dispense or sell food in any form in other areas of the Terminal Building.

(7) Use the runways, taxiways, or ramps, for any aircraft operated or controlled by AIRLINE that exceeds the design strength or capability of the surface as described in the current Airport Layout Plan as approved by the FAA.

ARTICLE 3 - TERM

Section 3.1 Length of Term. Upon execution by the parties, this Agreement shall become effective on November 16, 2013 and shall continue unless terminated earlier in accordance with the provisions of this Agreement, but no later than September 30, 2018, hereinafter referred to as the termination date. It is further agreed by mutual consent of the parties AIRLINE shall have one (1) additional one-year renewal option to extend this Agreement. The effect of certain provisions may survive the termination or expiration of this Agreement, as specified hereon.

Section 3.2 Negotiations for a New or Amended Agreement. By mutual consent of the parties, negotiations for a new or amended Agreement shall commence no later than twelve (12) months prior to this Agreement's termination date.

ARTICLE 4 - CHARGES AND FEES

Section 4.1 General. In consideration of the privilege of using the Airport and its facilities, AIRLINE agrees to pay charges and fees to COUNTY as contained in "Exhibit B" hereto which may be amended from time-to-time by COUNTY.

Section 4.2 Fixed Rate Pricing. During the term of this Agreement Airport charges and fees will be fixed, on a yearly basis, as referenced in "Exhibit B". The fixed rate pricing includes fees charged by the

COUNTY for use of Boarding Bridges and the use of Boarding Bridges will be at the sole discretion of AIRLINE.

Section 4.3 Security Fee Increases and Exit Lane Staffing Reimbursement. It is understood that if the federal government mandates extensive new security measures at the Airport resulting in a substantial increase in Airport operating costs, it may be necessary for the COUNTY to institute a security surcharge or increase charges and fees to recover these costs. The creation of a security surcharge or changes to the above-referenced rates because of new security costs may be imposed immediately following consultation with the AIRLINE and as approved by the COUNTY at its sole discretion.

It is anticipated that on or after January 1, 2014, the TSA will no longer provide exit lane staffing and that exit lane staffing will be conducted by COUNTY. AIRLINE acknowledges that the COUNTY has consulted with AIRLINE concerning exit lane staffing reimbursement charges. At such time as the TSA no longer provides exit lane staffing and it becomes a COUNTY staffing requirement, AIRLINE will be responsible to reimburse COUNTY for AIRLINE's "pro-rata" share of COUNTY's exit lane staffing costs which shall be invoiced monthly. For instance, if airline serves 50% of all airport passengers in any month, then said airline will be invoiced for 50% of the exit lane staffing costs for that month. All airlines will be required to reimburse the COUNTY for exit lane staffing costs based on this monthly "pro-rata" share formula.

COUNTY will make a "good faith effort" to identify, fund, design, and install an automated exit lane solution that potentially may alleviate the need to provide staffing at gate area exit lanes. If approved by the FAA for funding from future Passenger Facility Charges, the acquisition of this equipment will be at no cost to the AIRLINE.

Section 4.4 Remaining Over Night (RON) Parking Fees. RON Parking Fees are charged for aircraft that remain parked over night at a gate or another assigned aircraft parking position. Effective October 1, 2013, and for the remaining term of the Agreement, AIRLINE will pay a maximum of \$73,000 per fiscal year for RON Parking Fees.

Section 4.5 Additional Charges.

(1) There are no third party concession fees payable to the COUNTY from the AIRLINE for services such as ground handling, into-plane fueling, catering, ticket counter personnel, skycaps, wheelchairs, fuel supply (fuel flowage fees not included), and other services typically purchased by airlines

from third parties. Nothing herein will restrict the COUNTY from charging third party service providers rent for facilities and areas they occupy.

(2) For a period of one (1) year from the commencement of any international passenger flight that enplanes or deplanes origin or destination passengers, there are no fees due and payable to the COUNTY from the AIRLINE for use of the Airport's Federal Inspection Station Facility (FIS). Use of the Airport's FIS to clear international flights for any other purpose will result in a per flight charge based on any such fee for use of the facility by AIRLINE. AIRLINE shall be solely responsible for coordinating with the US Department of Homeland Security (DHS), and/or other governmental agencies, for FIS staffing during hours of AIRLINE operations and for payment of any fees or reimbursed overtime to the DHS for FIS staffing...

Section 4.6 Passenger Facility Charges (PFC). Airport shall have the authority to impose and collect PFC as permitted under federal law. AIRLINE agrees to cooperate with Airport in the collection of such charges as provided for in said law, and to remit PFC due without invoice. The Airport's current PFC per enplaned passenger is \$4.50. The COUNTY reserves the right to increase or decrease the collection rate in accordance with FAA regulations.

Section 4.7 Cost Structure. The goal of the COUNTY is to develop non-aeronautical revenue to reduce the Airport's level of airline charges and fees. To this end, the COUNTY pledges to continue, as best as practicable, to maximize non-aeronautical income (consistent with its public service role) in an effort to try and maintain future airline charges and fees at levels similar to the current schedule of charges and fees.

Section 4.8 Airline Capacity Increases. AIRLINE pledges to make a "good faith effort" to increase passengers served by a minimum of four percent (4%) per fiscal year over the term of this Agreement. It is understood that there may be economic conditions outside the control of the AIRLINE such as economic recession or the substantial rise in the cost of jet fuel that may affect the AIRLINE's ability to meet this standard.

Section 4.9 Payment for Additional Services. In the event COUNTY provides AIRLINE, at AIRLINE's request, with services other than the normal use of runway and taxiway surfaces, which may include, but not be limited to, special security services, janitorial services, environmental containment or remediation, maintenance and repair of AIRLINE's facilities or equipment, severe weather operations, foreign object debris removal, or utilities, AIRLINE shall pay all charges within thirty (30) days after receipt of a statement for said additional services. Should these same services be required under emergency circumstances or in order to

comply with applicable governmental rules and regulations, or required for public health, safety or welfare, AIRLINE shall, at the request of COUNTY, perform the necessary services in a manner and within a time frame acceptable to COUNTY. If AIRLINE elects not to perform, or is unable to perform those services in the manner prescribed by COUNTY, COUNTY reserves the right to provide for the performance of those services necessary, and AIRLINE shall pay all charges within thirty (30) days after receipt of a statement for said additional services. The charges for additional services are additional rent and fees and at a basic consideration for this Agreement.

Section 4.10 Information to be Supplied by Airline. No later than the first business day following the seventh calendar day after the end of each calendar month, AIRLINE shall file with the Airport written reports using the attached form as Exhibit "C" hereto, or on such other forms as may be provided by the Airport from time-to-time, for activity conducted by AIRLINE at the Airport during the previous month. The reports shall include such statistical data on AIRLINE activities at the Airport as COUNTY reasonably may request.

Section 4.11 Payment. Based on the written reports referenced in Section 4.10 herein, the Airport will issue monthly invoices to AIRLINE, and AIRLINE will pay all invoices within thirty (30) days from the date of receipt of each invoice. Should AIRLINE dispute any invoiced charge(s), AIRLINE must bring to the attention of the COUNTY in writing within seven (7) calendar days of invoice receipt. Notwithstanding the AIRLINE's right to dispute invoiced charges in accordance with the provisions herein, AIRLINE shall tender within thirty (30) days from the date of receipt of such invoice, a good faith payment equivalent to not less than the amount of the invoice charges not being disputed. Both parties will make a good faith effort to resolve any disputed invoices or parts thereof within thirty (30) calendar days after notice is received from AIRLINE. Failing such notice, all invoices will be considered due and payable as set forth above. Should the parties not reach resolution of invoiced payments due to Airport within thirty (30) days after notice is received from AIRLINE, then all invoiced payments shall be paid in full.

In the event AIRLINE fails to provide any required written report within the time specified herein, or if the data set forth on said written report submitted to COUNTY appears to be inaccurate, COUNTY may, based on previous reports or other information available to COUNTY, estimate AIRLINE's activity for the previous month and issue invoices based thereon. AIRLINE shall be liable to COUNTY for any deficiencies in payments based upon such estimates. If such estimates result in an overpayment by AIRLINE, the COUNTY shall remit, or at Airport's option, credit such overpayment to AIRLINE.

AIRLINE shall make all payments payable to St. Pete-Clearwater International Airport, and forward to: Airport Director's Office, St. Pete-Clearwater International Airport, 14700 Terminal Boulevard, Suite 221, Clearwater, Florida, 33762, (or electronically by credit transfer to COUNTY's bank account, if available), for all fees incurred and invoiced by the Airport under the provisions of Sections 4.1 and 4.2 hereinabove for the preceding month, plus Florida State Sales Tax thereon, if applicable. All fees are stated and shall be paid in US dollars.

Section 4.12 Interest. All payments required to be made to COUNTY hereunder shall bear interest at the rate of eighteen percent (18%) per year, from the date due, to the date of payment, if not paid within thirty (30) days from the date due. Said interest shall be calculated on a daily basis and shall be due and payable when billed. In addition to payment of interest at said rate for any delinquency, an administrative fee of Twenty-Five Dollars (\$25.00) shall also be paid to COUNTY for its additional accounting and recording expenses occasioned by such delinquent payments. In accordance with the approved Airport Rules and Regulations, which may be amended from time-to-time by the COUNTY, the Airport Director may waive the imposition of interest and administrative fees.

Section 4.13 Auditing. AIRLINE shall keep throughout the term of this Agreement, all books of accounts and records related to all aircraft landings for aircraft operating on Airport and marketing support funds provided by the COUNTY, in accordance with generally accepted accounting principles prescribed by the American Institute of Certified Public Accountants or any successor agency thereto. Such books of accounts and records shall be retained and be available for three (3) years from the end of each contract year, including three (3) years following the expiration or terminating of this Agreement.

The COUNTY shall have the right to audit and examine at its expense during normal business hours, upon prior written notice, all such books of accounts and records relating to AIRLINE's aircraft landings and use of marketing support funds. If the books of accounts and records are kept at locations other than the Airport, AIRLINE shall, at its cost and expense, arrange for them to be brought to a location convenient to the COUNTY auditors in order for the COUNTY to conduct the audits and inspections as requested. If, as a result of such audit, it is established that AIRLINE has not used the funds for marketing support as defined in this Agreement, then the entire expense of said audit shall be borne by the AIRLINE.

The acceptance by COUNTY of any payment made by AIRLINE shall not preclude COUNTY from verifying the accuracy of AIRLINE's report or from recovering any additional payment actually due from

AIRLINE. Should AIRLINE underpay COUNTY, COUNTY shall have the right to charge late fees and interest from the date the payment should have been made.

COUNTY, at its expense and upon reasonable notice, shall have the right from time-to-time to inspect and audit, during regular business hours, the books, records, and other data of AIRLINE relating to the provisions and requirements hereof. In the event that any audit determines that AIRLINE has more than a five percent (5%) deficiency between the amounts due and the amounts paid to COUNTY, AIRLINE shall pay the cost of said audit. AIRLINE shall pay all deficiencies so determined by the audit within thirty (30) working days after receipt of an invoice therefore, Any overpayments made by AIRLINE shall be remitted to AIRLINE or at the Airport's option, credit to AIRLINE.

ARTICLE 5 - FEE WAIVERS AND MARKETING SUPPORT

Section 5.1 General. AIRLINE shall receive from COUNTY a waiver of Airport charges and fees as contained in Exhibit "B" hereto excluding fuel flowage, Boarding Bridge, and exclusive use and storage room fees, which shall not be waived for AIRLINE's initiation of new commercial service at the Airport.

Section 5.2 Fee Waivers. AIRLINE shall receive a waiver of Airport charges and fees for a period of two (2) years from the date of commencement of non-stop service for flights to destinations not currently served by AIRLINE or any other airline at the Airport. For flights flown by an incumbent airline, a fee waiver will be for a period of one (1) year from the date of commencement of service. Fee waivers will be in the form of a future credit to Airport charges and fees applied on a month-to-month basis.

Section 5.3 Marketing. Subject to the terms, conditions, and definitions of this Agreement including Exhibit "E" hereto, the COUNTY in its sole discretion, may provide the AIRLINE direct marketing support of up to \$75,000 per city, per year, for "long haul domestic" destinations such as Las Vegas, Phoenix, Los Angeles, etc., and international destinations excluding Canada, not to exceed a total of \$150,000 per year for the term of this Agreement. Year one is defined as beginning on October 1, 2013 and ending on September 30, 2014. Thereafter, years two through five will continue to follow the COUNTY's fiscal year funding cycle beginning on October 1, and ending on September 30 of each year.

ARTICLE 6 - AGREEMENT IS NON-ASSIGNABLE

AIRLINE shall not assign this Agreement or any part hereof in any manner whatsoever without the prior written consent of the COUNTY at its sole discretion, by and through its County Administrator. If this Agreement is assigned to any entity requiring the consent of the COUNTY, then the marketing support herein will terminate on the effective date of the assignment. However, AIRLINE shall have the right to assign all or any part of its rights and interest under this Agreement as part of a corporate restructuring, name change, or successor to its business through consolidation and the consent of COUNTY thereto shall not be required, but due notice of any such assignment shall be given to the Airport Director within thirty (30) days after such assignment hereunder.

ARTICLE 7 - AIRCRAFT PARKING AND FUELING

Section 7.1 Aircraft Parking.

(1) Ramp Parking. AIRLINE shall have the non-exclusive right in common with other airlines to access aircraft parking ramps for the sole purpose of loading or unloading aircraft and the ground movement of cargo and passengers. Airport gates and facilities procedures are outlined in Exhibit "A" hereto. AIRLINE's aircraft shall be parked in areas of the ramp that are designated by Airport for the size of aircraft being operated. During such operations, AIRLINE shall occupy only such ramp space as needed in the immediate vicinity of the aircraft being loaded or unloaded, and in such a manner as to insure the unimpeded ingress and egress of other aircraft and ground movement operators. Use of the ramp shall be in common, and in cooperation with, all other airlines and ground operators. However, absent Airport's prior permission, AIRLINE is not authorized to park vehicles or store personal or company property on the ramp or other areas of Airport without Airport's permission. All ground support equipment shall be maintained in good order and repair, and shall be stored within AIRLINE's permitted area in accordance with this Agreement or in a common use area designated for such purpose by COUNTY. During severe weather operations or ramp maintenance, the ramp shall be kept free of all obstructions.

(2) Ramp Over Night (RON) Parking. RON Parking shall be provided by Airport on a preferential non-exclusive space available basis. Airport will attempt to provide AIRLINE with RON Parking positions in locations requested by AIRLINE in order to minimize operational complexity and cost of towing aircraft, etc. However, RON Parking may require the towing of aircraft as directed by Airport Operations and

as set forth in Exhibit "A", hereto. The Airport has the minimum capacity to provide RON Parking for ten (10) of AIRLINE's aircrafts.

(3) Passenger Ramps and Boarding Bridges. COUNTY will provide Passenger Ramps, as available, on a common use basis. Passenger Ramps may be used by AIRLINE at no charge. Boarding Bridges may be made available for use by AIRLINE at the sole discretion of the COUNTY at the prevailing fee rate. Use of Passenger Ramps and Boarding Bridges shall be conducted in accordance with Exhibits "F" and "G" hereto.

(4) Powering Out of Aircraft. The powering out of turbo-jet aircraft is prohibited due to ramp conditions and safety. In the rare occasions that conditions permit the powering out of an aircraft, permission to power out must be approved in advance, on a case-by-case basis, by Airport Operations at their sole discretion.

Section 7.2 Fueling and Ground Services. AIRLINE's pumping and storage of fuel shall comply with the requirements set forth in the Airport Rules and Regulations. AIRLINE's ground support and maintenance operations on the ramp shall be conducted by regular AIRLINE employees or by a third party contractor, provided however, the COUNTY reserves the right to require any third party suppliers to secure a permit from the COUNTY, to ensure compliance with all applicable Airport Rules and Regulations, and to pay any applicable fees to COUNTY to conduct such activity at the Airport.

ARTICLE 8 - SIGNAGE

Section 8.1 General. AIRLINE may not post, erect, display, or maintain signs, posters, or handbills, in view of the general public without prior written approval by the Airport Director, which may be conditioned on AIRLINE:

(1) Submitting to the Airport Director for approval, complete plans and specifications for any such request;

(2) Obtaining and paying for all permits and approvals required, and pay any applicable fees.

Section 8.2 Signage Locations. Subject to conditions set forth in Section 8.1, and at the AIRLINE's expense, AIRLINE shall be allowed to brand its ticket counter space on a non-exclusive, exclusive, or common use basis, at the sole discretion of the Airport. Gate space that is provided by the Airport, on a common use basis, may reflect the AIRLINE's brand with signage that can be removed from flight-to-flight. Exterior curbside signage shall be provided by AIRLINE, consistent with signage allowed for other airlines at area(s) designated by the Airport.

ARTICLE 9 - COMMUNICATIONS

AIRPORT shall provide and maintain at its cost, the network infrastructure required by AIRLINE for internal data communications (e.g. wiring, data jacks, two-layer switches, and VLAN assignment) by AIRLINE at assigned terminal office areas, ticket counters, and departure gates. AIRLINE shall bear all responsibility and costs set forth by their internet service provider including but not limited to installation, maintenance, repair, and service. The COUNTY does not guarantee AIRLINE software and/or hardware compatibility with a third party internet service provider. Furthermore, the AIRLINE is responsible for any costs or expenses associated for any and all start-up, installation, maintenance, and monthly costs associated with the use of cable television, telephone, facsimile, as well as any and all associated hardware and equipment required to conduct their business.

AIRPORT provides a free "as is", unsecured wireless internet signal throughout the terminal. Therefore, COUNTY assumes no responsibility for the quality of the signal, and does not represent that this wireless network is compatible with AIRLINE's system, nor does it guarantee its continued availability. AIRLINE is prohibited from operating its own wireless network system anywhere on AIRPORT property without the express written permission of the Airport Director.

ARTICLE 10 - TERMINATION

Section 10.1 Termination of Agreement by Airline.

(1) AIRLINE, at its option, may declare this Agreement terminated in its entirety at any time so long as AIRLINE is not in default in the payment of rentals or fees to Airport. AIRLINE shall do so by giving Airport one hundred and twenty (120) days advance written notice to be served as provided herein, and by surrender of the leased premises on the happening of any one or more of the following events:

(a) If the Terminal Building premises become untenable in whole, or in substantial part, and COUNTY does not proceed as promptly as reasonably practicable with the repairs and rebuilding necessary to restore the Terminal Building premises to its condition before the occurrence of the damage.

(b) If COUNTY fails to provide and maintain means for unobstructed ingress and egress to and from the Terminal Building premises in accordance with the provisions of this Agreement.

(c) If COUNTY 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 COUNTY'S control, and fails to reopen the Airport to such operations or flights for a period in excess of thirty (30) days.

(d) If COUNTY 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.

(e) Cessation of air service by the AIRLINE at the Airport.

(2) No termination declared by AIRLINE shall be effective unless and until not less than one hundred (120) days have elapsed after the aforementioned written notice to COUNTY specifying the date on which such termination shall take effect and the cause for which it is being terminated. COUNTY may cure the cause of such termination within a ninety (90) day period or such longer time as the parties may mutually agree.

Section 10.2 Termination of Agreement by County.

(1) COUNTY, at its option, 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 on the Terminal Building premises:

(a) If the rentals, fees, and charges or other payments that AIRLINE herein agrees to pay, or any part thereof, including any penalties per Section 4.12 herein remain unpaid.

(b) 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.

(c) The taking or jurisdiction of AIRLINE or its assets by a court of competent jurisdiction pursuant to proceedings brought under the provisions of any federal reorganization act.

(d) 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.

(e) 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.

(f) If AIRLINE abandons and fails to use the Terminal Building premises for a period of thirty (30) days at any one time, except when such abandonment and cessation are due to fire, earthquake, strike, governmental action, default of COUNTY, or other cause beyond AIRLINE's control.

(g) If AIRLINE uses or permits the use of its leased or common use space in the Terminal Building premises 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.

(h) If AIRLINE discontinues air transportation to the Airport as a consequence of AIRLINE filing 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.

(i) If AIRLINE fails to operate at least seven (7) weekly scheduled passenger service departures from the Airport, for a period of sixty (60) days or more (except by reason of strikes or causes beyond the control of AIRLINE).

(j) If AIRLINE is in violation of any material provision of this Agreement not cured within a thirty (30) day period as specified in the following paragraph.

(2) No termination declared by COUNTY shall become effective until thirty (30) days after written notice to AIRLINE of default. AIRLINE may cure the default within said thirty (30) day period or such longer time as the parties may mutually agree thereto.

(3) The failure of COUNTY to declare this Agreement terminated based on default of AIRLINE for any of the reasons set forth herein, shall not operate to bar, destroy, or waive the COUNTY'S right to cancel this Agreement for any subsequent violation of the terms hereof.

Section 10.3 Possession by County. If COUNTY takes possession of AIRLINE's leased premises per Article 10 herein, upon expiration or termination of this Agreement, COUNTY may remove AIRLINE's property without liability. Further, upon any said expiration or termination of this Agreement, all rights of AIRLINE shall be forfeited provided COUNTY shall have and reserve all of its available remedies at law as a result of said breach of this Agreement.

ARTICLE 11 - MAINTENANCE

Section 11.1 Maintenance. AIRLINE shall promptly repair any and all damages to the facilities caused by its employees, agents, guests, or invitees (passengers and licensees).

Section 11.2 Spills. AIRLINE shall immediately notify the Airport in the event of fuel or chemical spills, and AIRLINE shall be responsible and liable for any damage or expense to COUNTY caused by such fuel or chemical spill.

ARTICLE 12 - RELEASE, HOLD HARMLESS, INDEMNIFICATION

AIRLINE agrees to indemnify and hold harmless COUNTY from and against all loss or expense (including costs and attorney's fees) by reason of liability imposed by law upon COUNTY for damages (including any strict or statutory liability and any liability under Workers' Compensation Laws) because of

bodily injury, including death, arising there from, sustained by any person or persons, or damage to property, including loss of use thereof, arising out of or in consequence of the use of the Premises, during the term or any renewal of this Agreement, whether such injuries to persons or damage to property is due or claimed to be due to the negligence or willful misconduct of AIRLINE, its agents, employees and subcontractors, COUNTY, its Board of County Commissioners, officers and employees, except only such injury or damage as shall have been occasioned by the sole negligence or willful misconduct of COUNTY, its agents, employees and subcontractors.

AIRLINE agrees to release, indemnify, and hold harmless, COUNTY for any and all fines or penalties imposed by any governmental agency (including, but not limited to, the FAA and TSA as a result of the failure of AIRLINE or its agents, employees, or contractors, to abide by, or comply with any statute, ordinance, rule, regulation, or other requirement (including, but not limited to, breaches of the Airport's security).

ARTICLE 13 - DAMAGES

In no event shall COUNTY's liability of any kind under this Agreement include any special, incidental, or consequential damages even if the COUNTY knew of the possibility of such potential loss or damage.

ARTICLE 14 - INSURANCE

At all times during the term hereof, AIRLINE shall maintain in full force and affect the following described insurance on COUNTY's buildings and improvements, and operations therein. AIRLINE may maintain the insurance in the form of a blanket policy covering other locations in addition to the premises. Said insurance shall be evidenced by delivery to COUNTY of Certificates of Insurance executed by the insurers, or their representatives, listing coverages and limits, expiration dates, terms of policies, and all endorsements whether or not required by COUNTY, and listing all carrier's issuing said policies; and upon request a certified copy of each policy, including all endorsements.

The insurance requirements shall remain in effect throughout the term of this Agreement; and a current, valid, Certificate of Insurance shall be filed and maintained with COUNTY's Department of Risk Management during the term of this Agreement. Comprehensive Automobile and Truck Liability Insurance is required in the event AIRLINE employs its own personnel and/or operates its own vehicles at Airport.

- (1) Insurance as required:

(a) Workers' Compensation in at least the limits required by law; Employers' Liability Insurance of not less than US \$1,000,000 for each accident.

(b) Commercial Automobile and Truck Liability covering owned, hired and non-owned vehicles with minimum limits of \$1,000,000 for each accident. (Combined Single Limits of not less than \$1,000,000 each accident will be acceptable unless otherwise stated.) Coverage shall be on an "occurrence" basis, such insurance to include coverage for loading and unloading hazards.

(c) Airline Liability Insurance (including but not limited to General Liability, Aircraft Liability, Passenger Legal Liability, Personal Injury Liability, Contractual Liability, Passengers' Checked and Unchecked Baggage Liability, Premises Liability, Products and Completed Operations Liability, Wars and Associated Perils Liability, Personal Injury, Independent Contractors, Ground Hangar Keepers Liability, Cargo Legal Liability, Host Liquor Liability, Auto Liability coverage on Tarmac area, Excess Automobile Liability, Excess Employers Liability. Combined Single Limit Bodily Injury (including passengers), Property Damage and Bodily Injury (passengers only): not less than US \$300,000,000 any one occurrence/offense, aggregate annually as respects to Products and Completed Operations. As respects to Personal Injury to third parties other than passengers: US \$25,000,000 any one occurrence, any one offense in aggregate annually. As respects to Excess Automobile Liability, Personal Injury, and Excess Employers Liability the insurance will pay up to US \$25,000,000 excess of the applicable underlying policy limit of not less than US \$1,000,000 any one occurrence/offense and in the aggregate.

(2) Each insurance policy shall include the following conditions:

(a) Each policy shall be endorsed to require thirty (30) days notice prior to cancellation or non-renewal; ten (10) days notice prior to cancellation for non-payment of premium; seven (7) days notice for war and associated risk. Notice shall be given to COUNTY either by electronic mail or certified mail to: 1) Pinellas County Director of Risk Management, 400 South Fort Harrison Avenue, Clearwater, Florida, 33756 or RiskMgmt@pinellascounty.org, 2) Airport Director, St. Pete-Clearwater International Airport, 14700 Terminal Boulevard, Suite 221, Clearwater, Florida, 33762, and AIRLINE shall also notify COUNTY, in like manner, within twenty-four (24) hours after receipt, of any notices of expiration, cancellation, non-renewal or adverse material change in coverage received by said Lessee from its insurer; and nothing contained herein shall absolve AIRLINE of this requirement to provide notice.

(b) Companies issuing the insurance policy, or policies, shall have no recourse against COUNTY for payment of premiums of assessments for any deductibles which all are at the sole responsibility and risk of AIRLINE.

(c) The term "COUNTY" or "Pinellas County" shall include all Authorities, Boards, Bureaus, Commissions, Divisions, Departments and Offices of the County and individual members and employees thereof in their official capacities, and /or while acting on behalf of Pinellas County.

(d) Except for Workers Compensation, Pinellas County shall be endorsed to the required policy or policies as an additional insured.

(e) AIRLINE's insurance shall be primary and non-contributory in respect to any insurance coverage held by COUNTY, including COUNTY Self-Insured Retentions of whatever nature.

(f) The AIRLINE shall purchase and maintain any special insurance reasonably required by any federal or state agency for operation of his business, applicable and commercially available to AIRLINE either at the time of execution, or at any time during the term of this Agreement.

(3) AIRLINE hereby will request that its insurers waive subrogation rights for loss or damage against COUNTY.

ARTICLE 15 - TAXES, LICENSES, AND PERMITS

Section 15.1 Taxes. AIRLINE shall pay any and all applicable sales, property, use, or other taxes that may be imposed by county, state, or federal laws, due under this Agreement. AIRLINE will also be responsible for the payment of any use or property taxes levied on tangible personal property owned by AIRLINE.

Section 15.2 License Fees and Permits. AIRLINE shall obtain and pay for all licenses, permits, fees, or other authorization or charges as required under federal, state or local laws and regulations insofar as they are necessary to comply with the requirements of this Agreement and the operating privileges extended herein.

ARTICLE 16 - AVAILABILITY OF FACILITIES

COUNTY will not be liable or responsible, nor be deemed to be in default hereunder, for any failure to provide and/or delay in providing any facilities herein. In the event of any conflict between the needs of COUNTY, and the airline for which COUNTY provides facilities covered by this Agreement, the needs of COUNTY shall be given priority. The needs of the AIRLINE herein and any such other airline shall be afforded priority according to the Airport's procedures as outlined in Exhibit "A" hereto, as may be amended by COUNTY.

COUNTY reserves the right to utilize any facilities assigned to AIRLINE on a common use basis and not used by AIRLINE during such assigned period(s), or to reassign such facilities to another AIRLINE.

ARTICLE 17 - CONDITION OF FACILITIES

The facilities provided hereunder are provided as is, where is, and with all faults, and COUNTY makes no warranties, guarantees, or representations of any kind, either expressed or implied, arising by law or otherwise, including, but not limited to, any warranty, guarantee, or representation with respect to the merchantability or fitness for intended use or condition of such facilities. AIRLINE hereby waives, and COUNTY expressly disclaims, all warranties, guarantees, and all representations, expressed or implied, arising by law or otherwise including, but not limited to, any implied warranty arising from the course of performance, course of dealing, or usage of trade, and any implied warranty of fitness for a particular purpose.

ARTICLE 18 - CONFLICTS

This Agreement is subject to the terms and conditions of all existing Airport contracts. To the extent that any of the terms of this Agreement would otherwise conflict with the obligations of COUNTY under such contracts, COUNTY will not be obligated to provide any facilities or services hereunder if, in the Airport's sole discretion, the provision of such services or facilities could legally conflict with any terms or conditions of any such existing agreements.

ARTICLE 19 - RELATIONSHIP OF PARTIES

Nothing herein contained is intended or shall be construed to create or establish a relationship of lessor and lessee, or bailor and bailee, and nothing herein shall be construed to establish any partnership, joint venture or association or to make AIRLINE the general representative or agent of the COUNTY for any purpose whatsoever. This Agreement does not render the COUNTY, the owner, user, bailor/bailee, lessor, lessee, or operator of any aircraft or any other equipment owned or operated by AIRLINE, nor does this Agreement impose on COUNTY any of the liabilities that would result from any such status.

ARTICLE 20 - COMPLIANCE WITH LAWS

AIRLINE (including its officers, agents, employees, and contractors) shall comply at all times with all applicable laws, including but not limited to, the Airport Rules and Regulations, Pinellas County Ordinance, as

amended, or as may be amended, or superseded, and all other statutes, ordinances, orders, directives, rules and regulations, of the federal, state, and local governments, including COUNTY, the FAA, and the TSA.

ARTICLE 21 - ENVIRONMENTAL MATTERS

Section 21.1 Environmental Impact. AIRLINE will comply with any environmental regulations affecting its operations including furnishing of insurance or other security against environmental impairment risks as required by COUNTY, the State of Florida, or the federal government. AIRLINE will not conduct any maintenance or washing activities outside of an area designated by COUNTY and will take all necessary precautions to capture any spills and to keep the ramps free of discharge of hazardous chemicals or petroleum products. AIRLINE shall not engage in any activity or conduct, including but not limited to the use, treatment, generation, transportation, processing, handling, disposal, production or storage of hazardous substances, or the use of solvents, lubricants, petroleum, degreasers, or other compounds, in such a manner as to risk contamination of the soil or ground or open waters or the emission of vapors or gases which constitute atmospheric pollutants, which creates or may create an unlawful, dangerous, injurious, or noxious condition, or that violates the terms or conditions of COUNTY's environmental policies.

Section 21.2 Spill Prevention Plan. If applicable, AIRLINE shall engage an authorized operator on AIRLINE's behalf, to become familiar with the requirements of COUNTY's spill protection plan and to maintain containment materials in close proximity to AIRLINE activities. COUNTY shall have the right to monitor AIRLINE's activities, whether in an exclusive use area or in a common use area, for compliance with county, state, and federal agency regulations.

Section 21.3 De-icing. AIRLINE shall report within 24 hours deicing activities to COUNTY including the volume and type of de-icing chemicals utilized by AIRLINE.

ARTICLE 22 - FAA CLAUSES

Section 22.1 Incorporation of Required Provisions. The parties incorporate herein by this reference all provisions lawfully required to be contained herein by the FAA, TSA, or any other governmental body or agency. In the event that the FAA or any successor requires modification or changes in this Agreement as a condition precedent to the granting of funds for the improvement of the Airport or otherwise, AIRLINE agrees to consent to such amendments, modifications, revisions, supplements, or deletions of any of the terms, conditions, or requirements of this Agreement, as may be required.

Section 22.2 Subordination to Agreements with the United States.

(1) This Agreement shall be subordinated to the provisions of any existing or future agreement between the COUNTY and the United States Government or governmental authority, relating to the operation or maintenance of the Airport, the execution of which has been or will be required as a condition to the granting of federal funds or the approval to impose or use PFCs for the improvement or development of the Airport. AIRLINE shall not cause the COUNTY to violate any assurances made by the COUNTY to the United States Government in connection with the granting of such federal funds or the approval of such PFCs.

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

Section 22.3 Non-Exclusivity. Notwithstanding anything herein contained that may be, or appear to be, to the contrary, it is expressly understood and agreed that the rights granted under this Agreement are nonexclusive and COUNTY reserves the right to grant similar privileges to another airline(s) on other parts of the Airport.

Section 22.4 Affirmative Action. AIRLINE assures COUNTY that it will undertake an Affirmative Action Program to the extent required by Title 14, Code of Federal Regulations, Federal Aviation Administration, Part 152, Subpart E, to ensure that no person shall, on the grounds of race, creed, color, national origin, or sex, be excluded from participating in any employment activities as listed in 14 CFR, Part 152, Subpart E. AIRLINE shall assure that no person will be excluded on such grounds from participating in, or receiving the services or benefits of any program or activity covered by such Subpart E.

AIRLINE further assures that it will require that its covered organizations provide assurance to AIRLINE that they will similarly undertake required Affirmative Action Programs, and that they will require assurance from their sub-organizations, as required by 14 CFR, Part 152, Subpart E, to the same effect.

If AIRLINE breaches any of the foregoing covenants, COUNTY shall have the right to terminate this Agreement, and to reenter and repossess said land and the facilities thereon, and hold the same as if said Agreement had never been made or issued, subject to Section 13.02 hereof.

Section 22.5 Non-Discrimination. AIRLINE for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that no person, on the grounds of race, creed, color, national origin, sex, or physical handicap, shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of

Airport facilities; no person on the grounds of race, creed, color, national origin, sex, or physical handicap, shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the construction of any improvements on, over, or under such Airport land and the furnishing of services thereon; that AIRLINE shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

If AIRLINE breaches any of the above nondiscrimination covenants, COUNTY shall have the right to terminate this Agreement, and to reenter and repossess said land and facilities thereon, and hold the same as if said Agreement had never been made or issued, subject to Section 13.02 hereof.

ARTICLE 23 - AIRPORT SECURITY AND EMERGENCY PLANNING

AIRLINE recognizes Airport's required compliance with TSA Regulations concerning Airport security and agrees to cooperate and comply with such regulations and Airport's security program as it relates to its use of AIRLINE's premises or the Airport's public facilities. AIRLINE shall take the necessary steps to prevent or deter unauthorized persons from obtaining access to the secured areas of Airport. To the extent possible, AIRLINE agrees to cooperate with Airport and/or any other air carriers in dealing with aircraft or AIRLINE related emergencies at Airport. AIRLINE agrees to provide Airport with its current emergency procedures manual, and in the event of an emergency to fully cooperate with Airport and assist in the implementation of the current Airport Emergency Plan.

ARTICLE 24 - GENERAL PROVISIONS

Section 24.1 Entire Agreement. This Agreement sets out the entire understanding between the parties hereto. There are no oral agreements, implied covenants, or warranties. No agreement to modify this contract will be effective unless in writing and executed by the party against whom the modification is sought to be enforced.

Section 24.2 Notices. Notice to COUNTY will be sent by Certified Mail, postage prepaid, or by a nationally recognized overnight delivery service to: Airport Director's Office, St. Pete-Clearwater International Airport, 14700 Terminal Boulevard., Suite 221, Clearwater, Florida, 33762. Notice to AIRLINE will be sent in the same manner, addressed to AIRLINE at: Allegiant Air, 8360 South Durango Drive, Las Vegas, Nevada, 89113. The

parties may designate in writing other addresses for Notice. Notice shall be deemed given when delivered or when postmarked.

Section 24.3 Fiscal Funding. In the event funds are not appropriated by or on behalf of COUNTY in any succeeding fiscal year for purposes described herein, thus preventing COUNTY from performing its contractual duties, then:

(1) Agreement shall be deemed to terminate at the expiration of the fiscal year for which funds were appropriated and expended, without penalty or expense to COUNTY; or

(2) AIRLINE agrees to waive the requirement that COUNTY perform such contractual duties until such time as sufficient funding is budgeted and appropriated in succeeding fiscal years.

Section 24.4 Headings. The headings within this Agreement are inserted for convenience only, and are not intended to define, limit, or describe the scope or intent of any provisions, and shall not be construed to affect in any manner, the terms and provisions hereof, or the interpretation or construction thereof.

Section 24.5 Incorporation of Exhibits. All Exhibits referred to in this Agreement are intended to be, and hereby are, specifically made a part of this Agreement.

Section 24.6 Time. Time is of the essence in the performance of this Agreement.

Section 24.7 Governing Law and Venue. This Agreement shall become valid when executed and accepted by both AIRLINE and COUNTY. This Agreement shall be construed according to the laws of the State of Florida, and any legal action sought by either party hereto shall be brought in Pinellas County, Florida.

Section 24.8 Non-Waiver of Breaches. No waiver of breach by either party of any of the terms, covenants, and conditions hereof to be performed, kept, and observed by the other party shall be construed as, or shall operate as, a waiver of any subsequent breach of any of the terms, covenants, or conditions herein contained, to be performed, kept, and observed by the other party.

Section 24.9 Administration of Agreement. Whenever in this Agreement AIRLINE is required or permitted to obtain the approval of, consult with, give notice to, receive notice from, or otherwise deal with COUNTY, unless specifically provided to the contrary above, AIRLINE shall deal with the Airport Director unless COUNTY gives AIRLINE written notice to the contrary.

Section 24.10 Airport Development. COUNTY reserves the right to further develop, change, or improve, the Airport and its operating procedures, routes, and landing areas, as COUNTY sees fit, without AIRLINE's interference or hindrance, and regardless of AIRLINE's views and desires.

Section 24.11 Airline's Non-Interference with Aircraft. AIRLINE will not use the Airport in any manner, or act in any manner, that might interfere with any aircraft landing, taxiing, or taking off from the Airport or otherwise create a hazard. If this covenant is breached in any way, COUNTY reserves the right to abate or eliminate the interference at the expense of AIRLINE.

Section 24.12 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) and place any such disabled aircraft in such storage area as may be designated by the Airport Director. AIRLINE may store such disabled aircraft only for such length of time, and on such terms and conditions as may be established by COUNTY. If AIRLINE fails to remove any of its disabled aircraft promptly, the Airport Director may, but shall not be obligated to cause the removal of such disabled aircraft. AIRLINE agrees in such event to reimburse COUNTY for all costs of such removal, and further, AIRLINE hereby releases COUNTY 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 COUNTY. However, the obligation of COUNTY to remove or store such disabled aircraft shall not be inconsistent with federal laws and regulations.

Section 24.13 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 24.14 Force Majeure. Neither COUNTY nor AIRLINE shall be deemed to be in breach of this Agreement by reason of failure to perform any of its obligations hereunder, during any period that such failure is due to strikes, boycotts, labor disputes, embargoes, shortages of materials, acts of God, acts of a public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage, or any 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 rents and fees, or to make any other monetary payments required by this Agreement.

Section 24.15 Capacities 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 24.16 Approvals. Unless otherwise stated, whenever this Agreement calls for approval by COUNTY, such approval shall be evidenced by the written approval of the Airport Director.

Section 24.17 Agent for Service. It is expressly understood and agreed that if AIRLINE is not based in the State of Florida, 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 Florida, for the purpose of service or process in any court action between AIRLINE and COUNTY arising out of, or based upon, this Agreement. AIRLINE shall, within ten (10) days of execution of this Agreement notify COUNTY, in writing, of the name and address of said agent. Such service shall be made as provided by the laws of the State of Florida for service upon a non-resident engaging in business in the state. It is further expressly agreed, covenanted, and stipulated that, if for any reason, such service of process is not possible as an alternative method of service of process AIRLINE may be personally served out of the State of Florida by the registered mailing of such service at the address set forth above.

Section 24.18 Subordination to Financing Instruments. 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 COUNTY to secure Airport financing. This Agreement is subject and subordinate to the terms, covenants, and conditions of any Bond Resolution authorizing the issuance of Airport Bonds by COUNTY.

Section 24.19 Noise Abatement Procedures. AIRLINE acknowledges that the Airport has set in place a number of voluntary noise mitigation measures that are outlined on the attached Exhibit "D" hereto, (Voluntary Noise Abatement and Mitigation Program) which may be amended from time-to-time. Airport requests AIRLINE to make its best faith effort to become acquainted with, and voluntarily abide, by the noise abatement and mitigation measures.

Section 24.20 Employees of Airline. AIRLINE shall pay the costs associated with security background checks and security clearances for its employees and subcontractors or independent contractors hired by AIRLINE at the Airport. Further, AIRLINE shall be responsible for paying Airport for badge processing and issuance for each employees and subcontractors or independent contractors hired by 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.

Section 24.21 Airline Employee Parking. The Airport Director may, from time-to-time, designate areas to be used for parking automobiles by AIRLINE's employees (including handicapped or disabled employees)

working at the Airport. The Airport shall have the right to charge a reasonable fee for such privilege consistent with fees charged by other commercial service airports.

Section 24.22 Airport Conference Room. The Airport shall have the right to charge a reasonable fee for the use of the Airport Conference Room when available. COUNTY always has first priority for the use of the Airport Conference Room at any time for any reason.

CORPORATE ACKNOWLEDGMENT

STATE OF NV)

) ss.

COUNTY OF Clark)

BEFORE ME personally appeared Keith Hansen, to me well known and known to me to be the individual described in and who executed the foregoing instrument as Director of the above named LLC corporation, and severally acknowledged to and before me that they executed such instrument as such, Director of said corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that it was affixed to said instrument by due and regular corporate authority, and that said instrument is the free act and deed of said corporation.

WITNESS my hand and official seal this 3 day of October, 2013

Rochelle Brown
Notary Public

My Commission Expires: April 16, 2015

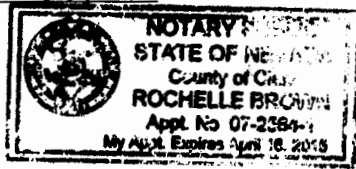


Exhibit “A”
St. Pete-Clearwater International Airport

**AIRCRAFT & DEPARTURE GATE
STANDARD OPERATING PROCEDURES**

PURPOSE: To establish guidelines for assigning scheduled and unscheduled flights to common-use aircraft and departure gates at the St. Pete-Clearwater International Airport (Airport).

BACKGROUND: All aircraft and departure gate assignments are designated as “common-use”; therefore, no airline shall have exclusive rights to a particular gate. Scheduling aircraft and departure gates are determined based on the criterion that follows.

FLIGHT SCHEDULE: Airline flight schedules are maintained and updated by Airport Operations for tenant distribution. Any changes to an airline’s flight schedule must be submitted to Airport Operations no later than close of business on Wednesday of the preceding week. Airport Operations shall assign aircraft and departure gates based on preference and established guidelines. Please note that any and all gate changes require prior approval by Airport Operations.

AIRCRAFT GATE SCHEDULING: Gate scheduling is based on the following criteria, in descending order of priority.

- A. International Flights - International flights will be assigned to aircraft gate positions adjacent to the Federal Inspection Station (Customs) and utilize departure Gates 2-6 to provide access to the Duty Free Shop.
- B. Type of Aircraft - Not all aircraft parking gates are the same dimension. Only aircraft parking positions 4, 5, 8, 9, 10, and 11 can accommodate wide-body aircraft (i.e. L1011, B767, etc.).
- C. Multiple Flights - If an airline has more than one flight scheduled during the same interval and an adjacent gate is available, Airport Operations will make a good faith effort to schedule the aircraft on a contiguous gate to contain the airline’s operations.
- D. Preferences – Each airline’s preference as best as possible, will be taken into consideration when assigning gates.
- E. Market Share – If two or more airlines request the identical gate not served by Passenger Boarding Bridges, the airline with the higher overall market share will receive priority. However, an airline that requests use of a Passenger Boarding Bridge gate and pays a Boarding Bridge fee shall be assigned solely at the discretion of Airport Operations.
- F. Overnight or Extended Parking – Aircraft that Remain Over Night (RON) will be permitted to stay on the arriving gate so long as, at the sole discretion of Airport Operations, it does not conflict with another inbound flight scheduled on the same gate. Aircraft may be required to be towed to an alternative

location on the airfield at the sole direction of Airport Operations. Aircraft that are scheduled to park on the terminal ramp in excess of 4 (four) hours may be subject to terminal ramp fees.

- G. Private Charters - Private charters will receive the lowest priority for gate assignments. If adequate parking is not available on the terminal ramp, the Fixed Based Operator shall be required to provide alternative accommodations or park the aircraft on their ramp.
- H. Passenger Ramps – See Exhibit “F”.
- I. Boarding Bridges – See Exhibit “G”.

FLIGHT DELAYS: If flight delays are inevitable due to a number of reasons (i.e. weather, mechanical, etc.).

In the event that a flight is delayed and a gate conflict occurs, the following criteria shall apply:

- A. If a delayed flight is inbound and scheduled to park on a gate that is already occupied, they will be required to park on an alternative gate, unless the other airline is willing to relocate.
- B. If the delayed flight is already parked on a conflicting gate, that airline will be required to reposition their aircraft, unless the other airline is willing to relocate.

AIRCRAFT POWER-OUT: The powering out of turbo-jet aircraft is prohibited due to ramp conditions and safety. In the rare occasions that conditions permit the powering out of aircraft, permission to power out must be approved in advance on a case-by-case basis by Airport Operations at their sole discretion.

FEDERAL INSPECTION STATION (CUSTOMS): In the event that more than one scheduled international arrival requires Customs, the first arrival will have priority and clear their passengers first. The second arrival will be required to hold passengers onboard the aircraft until the Customs supervisor has authorized the airline to deplane passengers into Customs. Scheduled international arrivals will have priority over unscheduled international flights.

UNSCHEDULED CHARTERS: All gate assignments for unscheduled charters (i.e. sports teams, VIP's, celebrities, government officials, etc.) shall require coordination and approval through Airport Operations, including vehicle escorts or special security measures. The airline or ground handler contracted to service the flight is responsible for providing pedestrian and vehicle escorts.

AIRPORT OPERATIONS: An Airport Operations Supervisor is typically available daily between the hours of 5:00 a.m. and 11:00 p.m. to allow for immediate on-site coordination and supervision of terminal ramp operations. An Airport Operations Supervisor may remain on-duty until the last flight has arrived or departed. Under the authority of the Airport Director, the Airport Operations Supervisor shall have final authority on all aircraft and passenger gate assignments. Airport Operations can be reached via cell phone at (727) 409-3815 (**NOT FOR PUBLIC USE**) or (727) 453-7814. Note: Cell phone is forwarded nightly to the on-duty Pinellas County Sheriff's Deputy (Deputy) when an Airport Operations Supervisor is not on duty. Deputies are not authorized to approve gate assignments or gate changes.

TERMINAL RAMP CAPACITY: If a situation occurs where all aircraft gates are occupied, Gate 6 in front of Customs may be utilized by smaller narrow bodied aircraft (i.e. B-737s, DC-9s, A-320s, etc.). The use of Gate 6 requires prior approval from Airport Operations, who will coordinate with Customs.

DUTY FREE: Departure Gates 2-6 shall be used for all international flights in order to provide passengers access to Duty Free shopping. Departure Gates 7-10 are intended for domestic flights only and do not offer Duty Free shopping. In the event that operational needs require international flights to be moved to Gates 7-10, Airport Operations shall make the final determination. Simultaneous domestic and international flights in Departure Gates 2-6 are permitted.

DEPARTURE GATES: All passenger Departure Gates are designated as common-use. No airline shall have exclusive rights to a particular gate. Following a departure, the airline shall remove all signage, brochures, and flight information from the departure gate counter for the next airline.

The assignment of passenger gates will be based on aircraft parking and the criteria listed there under.

AIRCRAFT PARKING & DEPARTURE GATE ASSIGNMENT GUIDELINES:

<u>Aircraft Parking Position</u>	<u>Passenger Departure Gate</u>	<u>Authorized Guidelines</u>
2	2	Small narrow body aircraft (i.e. B-737, DC-9, etc.).
3	2 & 3	Small narrow body aircraft (i.e. B-737, DC-9, etc.).
4**	4	Passenger Boarding Bridge; All size aircraft (up to a wide body B-757 and L-1011).
5**	5 & 7A	Passenger Boarding Bridge; All size aircraft; international flights requiring Customs.
6	Customs	Customs ramp may be used for small aircraft (B-737, DC-9, etc); prior approval from Customs required.
7**	7B & 7	Narrow body aircraft (i.e. B-737, DC-9, etc.).
8**	8	All size aircraft, provided sufficient wingtip clearance is maintained with adjacent aircraft.
9**	9	All size aircraft, provided sufficient wingtip clearance is maintained with adjacent aircraft.
10**	10	All size aircraft, provided sufficient wingtip clearance is maintained with adjacent aircraft.
11**	11	All size aircraft, provided sufficient wingtip clearance is maintained with adjacent aircraft; primarily used for arrivals or charter flights.

**A wide body aircraft parked at the adjacent gate(s) may not provide sufficient wingtip clearance for all aircraft types.

Exhibit "B"
St. Pete-Clearwater International Airport

AIRPORT RATES & CHARGES

Airline Landing and Ramp Parking Fees: Fiscal Years 2014 - 2018

<u>Aircraft Type</u>	<u>Standard Weight *</u>	<u>Ramp Parking Fees</u>	<u>Landing Fees With Agreement</u>
A300-100/200/300	308,000	\$40.00	\$292.60
A300-600	308,000	\$40.00	\$292.60
A310-200	262,000	\$40.00	\$248.90
A310-300	273,000	\$40.00	\$259.35
A318	124,000	\$40.00	\$117.80
A319	135,000	\$40.00	\$128.25
A320-100	135,000	\$40.00	\$128.25
A320-200	143,000	\$40.00	\$135.85
A321-200	161,000	\$40.00	\$152.95
A330-200	397,000	\$40.00	\$377.15
A330-300	408,000	\$50.00	\$387.60
A340-200	406,000	\$50.00	\$385.70
A340-300	410,000	\$50.00	\$389.50
B717-200	110,000	\$40.00	\$104.50
B727-100	143,000	\$40.00	\$135.85
B727-200	161,000	\$40.00	\$152.95

Airline Landing and Ramp Parking Fees: Fiscal Years 2014 – 2018 (Continued)

<u>Aircraft Type</u>	<u>Standard Weight *</u>	<u>Ramp Parking Fees</u>	<u>Landing Fees With Agreement</u>
B737-100	99,000	\$30.00	\$94.05
B737-200	103,000	\$40.00	\$97.85
B737-300	116,000	\$40.00	\$110.20
B737-400	121,000	\$40.00	\$114.95
B737-500	110,000	\$40.00	\$104.50
B737-600	121,000	\$40.00	\$114.95
B737-700	128,000	\$40.00	\$121.60
B737-800	144,000	\$40.00	\$136.80
B737-900	144,000	\$40.00	\$136.80
B747-100/ 200	585,000	\$50.00	\$555.75
B747-300	564,000	\$50.00	\$535.80
B747-400	630,000	\$50.00	\$598.50
B747-SP	450,000	\$50.00	\$427.50
B747-SR	525,000	\$50.00	\$498.75
B757	198,000	\$40.00	\$188.10
B757-200	199,000	\$40.00	\$189.05
B757-300	224,000	\$40.00	\$212.80
B767-200/ 200ER	272,000	\$40.00	\$258.40
B767-300	300,000	\$40.00	\$285.00
B767-300ER	320,000	\$40.00	\$304.00

Airline Landing and Ramp Parking Fees: Fiscal Years 2014 – 2018 (Continued)

<u>Aircraft Type</u>	<u>Standard Weight *</u>	<u>Ramp Parking Fees</u>	<u>Landing Fees With Agreement</u>
B767-400ER	350,000	\$40.00	\$332.50
DC-9-14/15	82,000	\$30.00	\$77.90
DC-9-31/32/33/34	99,000	\$30.00	\$94.05
DC-9-41	102,000	\$40.00	\$96.90
DC-9-51	110,000	\$40.00	\$104.50
DC-9-81	128,000	\$40.00	\$121.60
DC-9-51	110,000	\$40.00	\$104.50
DC-9-87	128,000	\$40.00	\$121.60
DC-9-82/88	130,000	\$40.00	\$123.50
DC-9-83	140,000	\$40.00	\$133.00
DC-10-30/40	403,000	\$50.00	\$382.85
L-1011-1	358,000	\$40.00	\$340.10
L-1011-100	368,000	\$40.00	\$349.60
L-1011-500	368,000	\$40.00	\$349.60
MD-11 & 11ER	430,000	\$50.00	\$408.50
MD-88	130,000	\$40.00	\$123.50
MD-90-30	142,000	\$40.00	\$134.90
MD-95-30	102,000	\$40.00	\$96.90
EMB 190	94,600	\$30.00	\$89.87
EMB 170	72,300	\$30.00	\$68.70

* Standard Maximum Aircraft Landing Weight (MALW) for purposes of calculating landing fees. Airlines can provide their actual individual MALW and the landing fees will be adjusted based on \$.95 per thousand lbs MALW for each aircraft arrival.

Terminal Facility Fees: Fiscal Years 2014 – 2018

Terminal Facility Fees for aircraft shall be as follows:

	Fiscal Year <u>14</u>	Fiscal Year <u>15</u>	Fiscal Year <u>16</u>	Fiscal Year <u>17</u>	Fiscal Year <u>18</u>
Category A	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Category B	\$15.00	\$50.00	\$55.00	\$60.00	\$60.00
Category C	\$25.00	\$50.00	\$55.00	\$60.00	\$60.00
Category D	\$50.00	\$50.00	\$55.00	\$60.00	\$60.00

Category A Under 15,000 lbs.

Category B 15,000 to 100,000 lbs.

Category C 100,000 to 400,000 lbs.

Category D over 400,000 lbs.

Passenger Screening Fees: Fiscal Years 2014 – 2018 (Flexible Response):

	Fiscal Year <u>14</u>	Fiscal Year <u>15</u>	Fiscal Year <u>16</u>	Fiscal Year <u>17</u>	Fiscal Year <u>18</u>
Per Enplaned Passenger	\$.30	\$.50	\$.55	\$.60	\$.60

Exclusive Use Terminal Ticket Counter & Related Offices:

Ticket Counter & Related Offices - \$20.00 per square/foot per year. *(The approximate size of a Standard Ticket Counter Office is 1,130 square feet with a total rent charge of \$22,600 per year plus state sales tax).* The size of the ticket counter for one (1) position is 60 square feet or \$1,200 per year; two (2) positions are 120 square feet or \$2,400 per year; and four (4) positions are 240 square feet or \$4,800 per year.

Maintenance Storage Rooms:

Storage Areas - \$2.00 per square/foot per year

Common Use Terminal Ticket Counter and Equipment Use Charge

Ticket Counter space per turn/flight, per 2-position ticket counter (not under separate lease) = \$60.00

In the event that AIRLINE exceeds its allotted time for use of the Ticket Counter and facilities, then the continued usage until the flight departs is reduced to one ticketing position.

Usage of Ticket Counters and equipment includes Ticket Counters, adjacent support office, high speed internet connection service, baggage scales, and telephone service to include local and toll free connection.

Fee is based on a maximum block time of four (4) hours. Any additional time (over 4 hours) will be assessed at the rate of \$60.00 for each additional four-hour period (or increments thereof).

Airline Fuel Flowage Fees:

For any air carrier purchasing fuel at the Airport the fuel flowage fee shall be remitted on a monthly basis as follows:

- Less than 20,000 gallons per month = \$.055 per gallon
- More than 20,000 gallons and less than 100,000 gallons = \$.02 per gallon
- Above 100,000 gallons = Waived for that portion of fuel purchased in excess of 100,000 gallons monthly

Passenger Boarding Bridge Fee

The Boarding Bridge fee of \$35.00 per turn is a flat rate which includes any airline's use of pre-conditioned air and ground service access to 400 Hz power, if desired. A "turn" is limited to a maximum of 4 hours of continuous use. An aircraft that RONs at either Gates 4 or 5, which is connected to the Boarding Bridge, or uses 400 Hz power will be charged \$35.00 for every four (4) hours of continuous use.

Exhibit "C"
St. Pete-Clearwater International Airport

MONTHLY AIRLINE STATISTICS REPORT

TO: Airport Director
St. Pete-Clearwater International Airport
14700 Terminal Boulevard - Suite 221
Clearwater, FL 33762

FAX (727) 453-7847

FROM: AIRLINE: _____

MONTH/YEAR: _____

<u>Destination</u>	<u># Of Flights</u>	<u>Enplaned</u>	<u>Deplaned</u>	<u>Aircraft Type</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
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_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

SIGNED: _____
TITLE: _____
DATE: _____

(NOTE: Airline may substitute this form with an alternative signed and dated airline standard form provided the airline form contains all information requested by Airport and is approved in advance in writing by the Airport Director).

Exhibit "D"
St. Pete-Clearwater International Airport

AIRCRAFT NOISE ABATEMENT PROCEDURES

Noise Emission Standards

Not with standing any waiver or exemption the Federal Aviation Administration (FAA) may grant to operators requesting same, aircraft not meeting Federal Aviation Regulations Part 36, Noise Emission Standards, are prohibited from landing or taking off at the Airport.

Air Carrier Noise Abatement Procedures

- A. Approach Procedures - The following voluntary noise abatement procedures have been approved and published for use by the FAA:

Runway 18L – when in use and weather minimums permit, arriving aircraft are strongly encouraged to utilize the following established noise abatement procedures:

1. VOR/DME-B - available 24 hours daily; must request approach procedure on initial contact with Tampa Approach Control.
2. North Bay Visual – available during daylight hours between official sunrise and sunset, when the Control Tower is in operation; must request approach procedure on initial contact with Tampa Approach Control.
3. RNAV (GPS)-A – available 24 hours daily; must request the approach procedure on initial contact with Tampa Approach Control.

- B. Departure Procedures - The following voluntary noise abatement procedure has been approved and published for use by the FAA:

Air carriers departing Runways 18L and 36R will be assigned the St. Pete standard instrument departure procedure by the Control Tower.

- C. To the extent practicable, air carriers should avoid the scheduling of air carrier and cargo flights during the Airport's "Voluntary Quiet Window" between the hours of 11:00 p.m. and 6:00 a.m. local time daily.
- D. The following operations are strongly discouraged between the hours of 11:00 p.m. and 7:00 a.m. local time daily, unless otherwise pre-approved by the Airport Director or his representative:
1. "Touch-and-go" takeoffs and landings.
 2. Practice instrument approaches.
 3. Engine ground run-ups for routine maintenance purposes.

Exhibit "E"
St. Pete-Clearwater International Airport

MARKETING SUPPORT PROGRAM
GENERAL DEFINITIONS AND CONDITIONS

Definitions: Direct Marketing Funds are funds provided by COUNTY to AIRLINE for placement of media advertising in accordance with the general conditions set forth below in Exhibit "E".

General Conditions:

- A. Direct marketing funds may be used only in support of AIRLINE's commencement of new service from PIE to approved domestic and international cities that at the time of commencement of service are not served by AIRLINE or any other airline from this destination. Direct marketing funds are allocated on a fiscal year-by-year basis at the rate of up to \$150,000 per year as summarized in the Funding Summary referenced hereto. It is stipulated that no more than \$75,000 will be made available to advertise a single newly introduced "long haul" or international destination in any given year. Therefore, up to two (2) new destinations per year are eligible to receive marketing support to the maximum yearly not to exceed amount of \$150,000 at the sole discretion of the COUNTY.
- B. Direct marketing funds may be used for the placement of advertising in the PIE market and/or the markets which would be served to and from PIE. Direct marketing funds shall not require any matching funds from AIRLINE.
- C. AIRLINE shall provide a summary of its marketing plan for each new city served. Additionally, AIRLINE shall provide in advance a monthly, quarterly, or yearly marketing proposal which includes an overview of the media advertising to be used and general cost breakdown by media type. AIRLINE shall be required to meet standards of advertising in accordance with general industry practice. AIRLINE is not being required to provide detailed information of each and every media advertising to be placed by AIRLINE.
- D. AIRLINE shall have complete and total creative control of all marketing and advertising content, at the sole discretion of the AIRLINE, whether the funds are direct or cooperative in accordance with the criteria for reimbursement.

- E. Direct advertising shall contain the Airport name, logo, and either St. Pete or St. Pete/Clearwater or Tampa Bay. For example, "Fly to Tampa Bay via St. Pete-Clearwater International Airport" is permissible.
- F. AIRLINE shall have the right to decide on the placement of all advertisements consistent with its marketing plan. In order to receive any direct invoiced reimbursement payments, AIRLINE shall provide a copy of the final media schedule and an invoice attesting that the work was performed. Each invoice must be accompanied by the following required documentation:

Newsprint and magazine advertisements will require proof of performance in the form of accompanying "tear sheets." With regard to television and radio advertising, AIRLINE shall also provide a "flight schedule" as well as the final day parts listing time and date that the electronic media "spots" ran. Should billboard advertising be purchased, AIRLINE shall also provide a run schedule and time/dated photo of the actual billboard. Internet advertising shall require a "screen grab" and on-line activity report.

Payments:

1. COUNTY shall make a good faith effort to reimburse AIRLINE for all direct marketing expenses within thirty (30) days of receipt of invoice and required documentation.
2. All invoices for reimbursement payment shall be clearly labeled as reimbursement for direct marketing or cooperative marketing.

**COUNTY MARKETING SUPPORT
FUNDING SUMMARY
DIRECT**

Year 1: A maximum of \$ 150,000

Year 2: A maximum of \$ 150,000

Year 3: A maximum of \$ 150,000

Year 4: A maximum of \$ 150,000

Year 5: A maximum of \$ 150,000

Exhibit "F"
St. Pete-Clearwater International Airport

USE OF PASSENGER RAMPS

Pinellas County (COUNTY) provides Passenger Ramps to AIRLINES by their request to enplane and deplane passengers on aircraft. AIRLINES requesting the right to use one or more of these Passenger Ramps at the Airport, will be allowed to use the equipment in accordance with the terms and conditions set forth below.

- A. The COUNTY will make the Passenger Ramps available to AIRLINES or its agents on a first come, first serve basis during normal operating hours of the airport at no charge. The COUNTY shall have no liability to an AIRLINE if the Passenger Ramps are not available at the time requested by the AIRLINE. AIRLINE hereby acknowledges, covenants, and agrees that the Passenger Ramps are made available to the AIRLINE "as is." THE COUNTY MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE PASSENGER RAMPS OR WORKMANSHIP IN THE PASSENGER RAMPS, AND THE COUNTY MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY COMPONENT THEREOF AS TO ANY OTHER MATTER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE COUNTY AND THE AIRLINE, ARE TO BE BORNE BY THE AIRLINE, AND THE BENEFITS OF ANY AND ALL IMPLIED WARRANTIES OF THE COUNTY ARE HEREBY WAIVED BY THE AIRLINE.
- B. AIRLINE and or its agents agree to only use and operate the Passenger Ramps (i) in accordance with the manufacturer's instructions and the requirements of all applicable laws and regulations; (ii) with personnel that have been properly trained in the operation of the equipment; (iii) with reasonable care; and (iv) on aircraft it is authorized to operate or ground handle under this Agreement. After its use, AIRLINE further agrees promptly to return the Passenger Ramps to the COUNTY at the designated location as directed by the Airport in the same condition as when received by the AIRLINE, reasonable wear and tear expected, and to reimburse COUNTY for any costs incurred by COUNTY in repairing or replacing any passenger ramp that was damaged or destroyed while in the AIRLINE's possession or under its control. In such event, the COUNTY is authorized to arrange for the repairs, and shall

tender to AIRLINE a statement itemizing the costs of repairs, for which the AIRLINE shall promptly reimburse or pay to the COUNTY within thirty (30) days of the invoice date.

- C. AIRLINE further agrees that its liability insurance and indemnification obligation contained in the Operating Agreement herein shall be fully applicable to the AIRLINE's use and operation of the Passenger Ramps.

AIRLINE acknowledges that it has read the foregoing and is fully aware of the potential hazards involved in the operation of the equipment; and agrees to the foregoing for the protection of both AIRLINE and COUNTY and is fully aware of the potential legal consequences that may incur from their uses of the equipment.

Exhibit "G"
St. Pete-Clearwater International Airport

USE OF BOARDING BRIDGES

Pinellas County (COUNTY) provides Boarding Bridges to AIRLINES by their request to enplane and deplane passengers on aircraft. AIRLINES requesting the right to use one or more of these Passenger Boarding Bridges at the Airport, will be allowed to use the equipment in accordance with the terms and conditions set forth below.

- A. The County will make the Boarding Bridges available to AIRLINES or its agents, as *assigned at the sole discretion of Airport Operations*. The COUNTY shall have *no liability* to an AIRLINE if the Boarding Bridge is not available at the time request by the AIRLINE. AIRLINE hereby acknowledges, covenants, and agrees that the aircraft Boarding Bridge is made available to AIRLINE in an "as-is" condition. COUNTY MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE AIRCRAFT BOARDING BRIDGE, OR WORKMANSHIP IN THE BOARDING BRIDGE, AND COUNTY MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY COMPONENT THEREOF AS TO ANY OTHER MATTER. IT BEING AGREED THAT ALL SUCH RISKS OF AIRLINE USEAGE OF SAID EQUIPMENT BETWEEN COUNTY AND AIRLINE, ARE TO BE BORNE BY AIRLINE, AND THE BENEFITS OF ANY AND ALL IMPLIED WARRANTIES OF COUNTY ARE HEREBY WAIVED BY AIRLINE.
- B. AIRLINE and or its agents agree to only use and operate the passenger Boarding Bridge (i) in accordance with the manufacturer's instructions and the requirements of all applicable laws and regulations; (ii) with personnel that have been properly trained in the operation of the equipment; (iii) with reasonable care; and (iv) on aircraft it is authorized to operate or service. After its use, AIRLINE further agrees to promptly return the Boarding Bridge to its designated location as directed by the COUNTY in the same condition as when received by the AIRLINE, reasonable wear and tear expected, and to reimburse COUNTY promptly after written demand for any costs incurred by COUNTY in repairing or replacing any Boarding Bridge equipment that was damaged or destroyed while in the AIRLINE's possession or under its control.

C. AIRLINE further agrees that its liability insurance and indemnification obligation contained in the Operating Agreement herein shall be fully applicable to the AIRLINE's use and operation of the Boarding Bridges.

By entering into this Operating Agreement, AIRLINE acknowledges that it has read the foregoing and is fully aware of the potential hazards involved in the operation of the equipment; and agrees to the foregoing for the protection of both AIRLINE and COUNTY and is fully aware of the potential legal consequences that may incur from their uses of the equipment.

Exhibit "H"
St. Pete-Clearwater International Airport

COMPLIANCE WITH THE
Department of Transportation – 14 CFR Part 382
Non-discrimination on the Basis of Disability in Air Travel
SUBPART G: BOARDING, DEPLANING AND CONNECTING ASSISTANCE

Pursuant to Section 382.99, the Airline and County must negotiate in good faith to ensure the provision of lifts for boarding and deplaning where level-entry Boarding Bridges are not available. The purpose of this exhibit is to codify that the Airline is responsible for being the primary provider responsible for the procurement, operation, and maintenance, at its own cost and expense for the respective equipment necessary to be in compliance with this Act. Such equipment may include but is not limited to ground wheelchairs, accessible motorized carts, boarding wheelchairs, or mechanical lifts. Said equipment belonging to the Airline or its agents or contractors shall be operated exclusively by the Airline.

The Airport will provide on a common use basis for all airlines, two (2) level Boarding Bridges that are compliant with the American with Disabilities Act. Additionally, the Airport will provide passenger loading ramps based on the terms and conditions as outlined in Exhibit "F" hereto.



PIE-Allegiant 5 Year Operating Agreement



TAMPA BAY THE EASY WAY

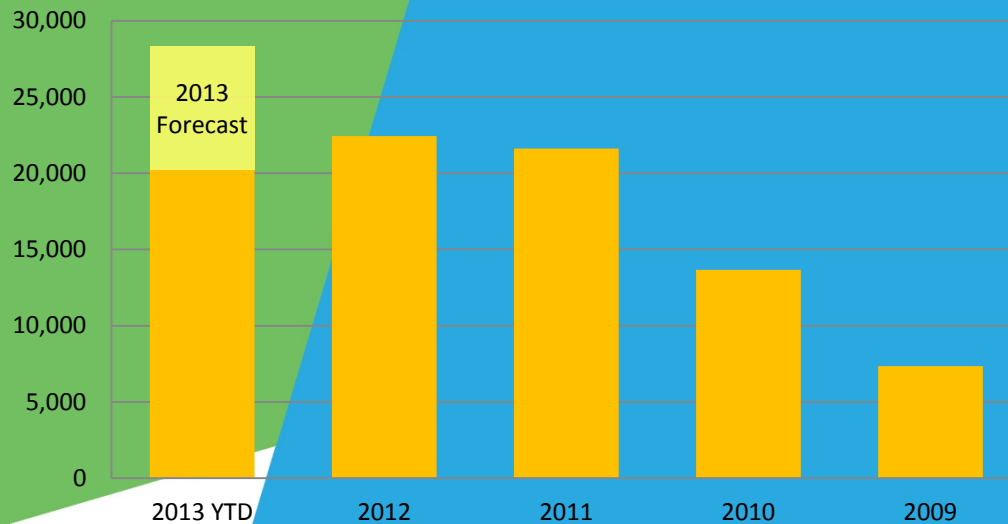
Allegiant Profile

- Serving 99 Cities
- 64 aircraft in fleet (MD-80, 757, and A-320's)
- 17 additional A-320's being added in 2013/14
- Profitable last 41 quarters (as of 6/30/13)
- Highest price per share of any domestic airline
- PIE #4 in the Allegiant system



ALLEGIAN'T DRIVES TOURISM

*Room Nights booked in Pinellas County
through Allegiant Travel*



PIE Economic Impact - \$924 million
Fl Dept. of Transportation Study 2010

Route Maps in 2006 and Today - 2013

*Started with 12 cities announced
Service began November 16, 2006*

allegiant air

Allegiant Air Is your New Hometown Connection.

Enjoy low-low fares and nonstop jet service to 12 of America's favorite small towns from the convenience of the St. Petersburg-Clearwater International Airport.

St. Petersburg - Clearwater International Airport

Go Home!
www.allegiantair.com
Call (702) 505-8888
or ask your favorite travel agent

The 2006 route map shows 12 destinations: Rockford, Lansing, Peoria, Springfield, Cedar Rapids, Columbus, Albany, South Bend, Toledo, Youngstown, Harrisburg, and Allentown. Each destination is connected to the St. Petersburg-Clearwater International Airport by a red line. The map also features an Allegiant Air aircraft and various regional logos like 'Holy Mole!', 'South Bend', and 'Hearns'.

This Fall serving 31 non-stop destinations

Allegiant offers nonstop flights & the best travel deals!

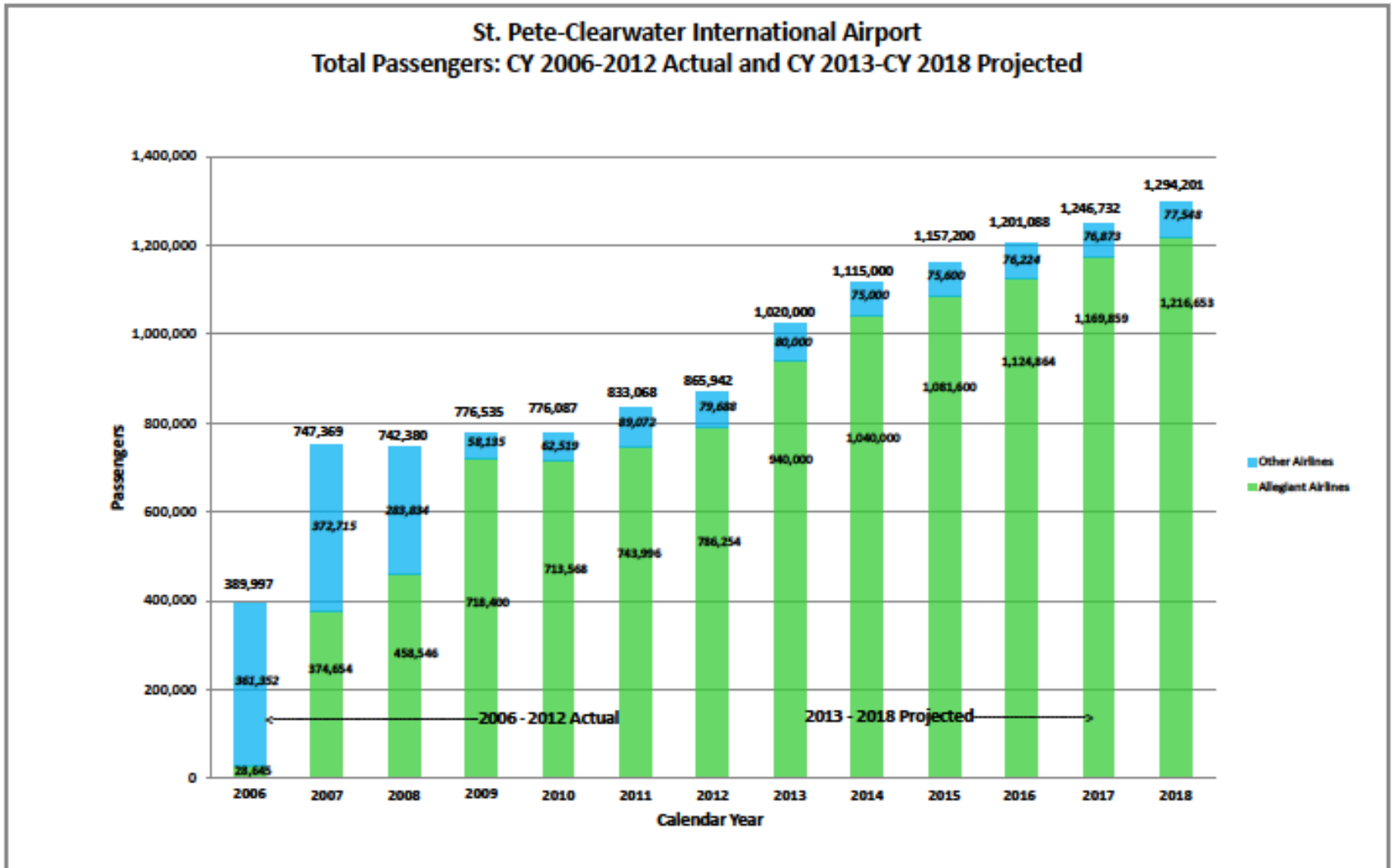
St. Pete-Clearwater International

Only at **allegiant.com**

The 2013 route map shows 31 non-stop destinations: Fargo, Sioux Falls, Cedar Rapids, Des Moines, Peoria, Springfield, Chattanooga, Knoxville, Lexington, Huntington, Columbus, Fort Wayne, Toledo, Grand Rapids, South Bend, Youngstown, Harrisburg, Allentown, Roanoke, Greenville-Spartanburg, Asheville, Tri-Cities, Greensboro, and Bangor. Each destination is connected to the St. Pete-Clearwater International Airport by a blue line. The map also features the Allegiant Air logo and a collage of five scenic photos at the bottom.



St. Pete-Clearwater International Airport Total Passengers



Allegiant Operating Agreements

Five Year Agreement

(November 16, 2006 –
November 15, 2011)

Highlights

- Fee waivers for Years 1-2 based on level of service
- Direct marketing support “benchmarked” by seats in market
- Remaining Overnight Fees (RONS) waived
- Purchased loading ramps
- Airport fees frozen for 4 years (continued in Year 5)

Two Year Agreement

(November 16, 2011 –
November 15, 2013)

Highlights

- Fee waivers one or two years for new destinations only
- Direct Marketing support
 - \$25,000 for each new city
 - Maximum 3 cities per fiscal year
 - No waiver of RON fees
 - Airport rates & charges remain unchanged

New Allegiant Five Year Agreement

Overview

I. Section 3.1 Length of term - 5 years

- November 16, 2013 – September 30, 2018
- Based on County fiscal year

II. Section 3.2 (Exhibit B) Charges and Fees

- Fixed each year based on escalations in terminal fees and passenger facility fees in Years 2-4
- Year 5 fixed at Year 4 values

-Graph on next page-

Allegiant Fee Structure

Allegiant Airlines Fiscal Year 2014 - 2018 Rates & Charges

<u>Fiscal Year</u>	<u>Landing Fees</u>	<u>Terminal Facility Fees</u>	<u>Passenger Screening Fees</u>	<u>Loading Bridge Fee</u>	<u>Capped RON Fee (*)</u>	<u>Terminal Office Rent</u>
2014	\$ 0.95	\$ 25.00	\$ 0.30	\$ 35.00	\$ 40.00	20.00
2015	\$ 0.95	\$ 50.00	\$ 0.50	\$ 35.00	\$ 40.00	20.00
2016	\$ 0.95	\$ 55.00	\$ 0.55	\$ 35.00	\$ 40.00	20.00
2017	\$ 0.95	\$ 60.00	\$ 0.60	\$ 35.00	\$ 40.00	20.00
2018	\$ 0.95	\$ 60.00	\$ 0.60	\$ 35.00	\$ 40.00	20.00

Note - RON (overnight ramp parking) fees for Allegiant are capped at 5 flights per day which is \$73,000 per year.

New Allegiant Five Year Agreement

Overview continued

III. Section 4.3 Security Fee Increases and Exit Lane Staffing

- Airline accepts “pro-rata” share of gate exit lane staffing costs
- Airport to pursue automated gate exit lane solution at an estimated cost of \$750,000

IV. Section 4.4 Remaining Overnight Fees (RON's)

- Capped at \$73,000 (5 planes per night)

V. Section 4.8 Airline Capacity Increases

- Airline pledges “good faith effort” to increase passengers by 4% per year

New Allegiant Five Year Agreement

Overview continued

VI. *Sections 5.1 and 5.2* **Fee Waivers**

- Fee waivers based on adding new cities
 - 2 years for non-competing destinations
 - 1 year for competing destinations
- Estimated 5 year fee waiver value = \$490,344

VII. *Section 5.3* **Marketing**

- \$75,000 per city for “long haul” domestic or international destinations, excluding Canada
- Maximum \$150,000 per fiscal year

COST PER ENPLANED PASSENGER



What is it?

Cost per enplaned passenger (CPEP) is a measure of total airside and landside fees air carriers pay for operating at a given airport divided by passengers boarded. It includes landing fees, airside usage charges, terminal rents and other fees charged to airlines.

Why is it important?

The lower the airport's CPEP, the more attractive the airport becomes because it helps an airline reduce the inherent risk of starting new service. Lower cost to the airlines should equate to more revenue.

Comparative Allegiant PIE Airport Rates & Charges

Cost Per Enplaned Passenger to the Airlines

Source: FAA CATS Database FY12

<u>Airport</u>	<u>Cost per EPAX</u>
Allentown	\$14.86
Asheville	\$5.96
Bangor	\$4.87
Cedar Rapids	\$7.09
Chattanooga	\$7.38
Des Moines	\$8.19
Ft. Wayne	\$9.40
Grand Rapids	\$10.19
Greensboro	\$8.20
Greenville	\$4.95
Harrisburg	\$14.43
Huntington	\$3.53
Lexington	\$9.03
Knoxville	\$7.38
Moline	\$9.64

PIE is #1 at \$1.52
CPEP for FY 14



Comparative Allegiant PIE Airport Rates & Charges

Cost Per Enplaned Passenger to the Airlines

Source: FAA CATS Database FY12

Continued...

<u>Airport</u>	<u>Cost per EPAX</u>
Niagara	DNR
Peoria	\$1.83
Plattsburg	DNR
Roanoke	\$6.11
Rockford	\$2.49
South Bend	DNR
Springfield	\$6.03
Toledo	\$10.45
Tri Cities	\$6.22
Youngstown	DNR
CPEP Average	\$7.53

DNR- Did not respond to FAA database

PIE is #1 at \$1.52
CPEP for FY 14



Allegiant – PIE Rates & Charges

Allegiant Airlines
Forecast Cost Per Enplaned Passenger (CPEP)
Waivers Included

<u>Fiscal Year</u>	<u>Base Rate</u>	<u>RON Fees</u>	<u>Facilities Rent</u>	<u>Total CPEP</u>
2014	\$ 1.24	\$ 0.14	\$ 0.14	1.52
2015	\$ 1.53	\$ 0.13	\$ 0.14	1.80
2016	\$ 1.75	\$ 0.13	\$ 0.13	2.01
2017	\$ 1.83	\$ 0.12	\$ 0.13	2.08
2018	\$ 1.83	\$ 0.12	\$ 0.13	2.08
Average Cost Per Enplaned Passenger				\$ 1.90
FY 2012 Allegiant Cost per Enplaned Passenger				\$ 1.96

Base - Landing Fees, Office/Ticket Counter Rent, Passenger Screening Fees, & Terminal Facility Fees

RON - Overnight Ramp Parking Fees

Airline Facilities Rent - Rental of Maintenance & Operational Support Buildings

5 YEAR FINANCIAL PROFORMA

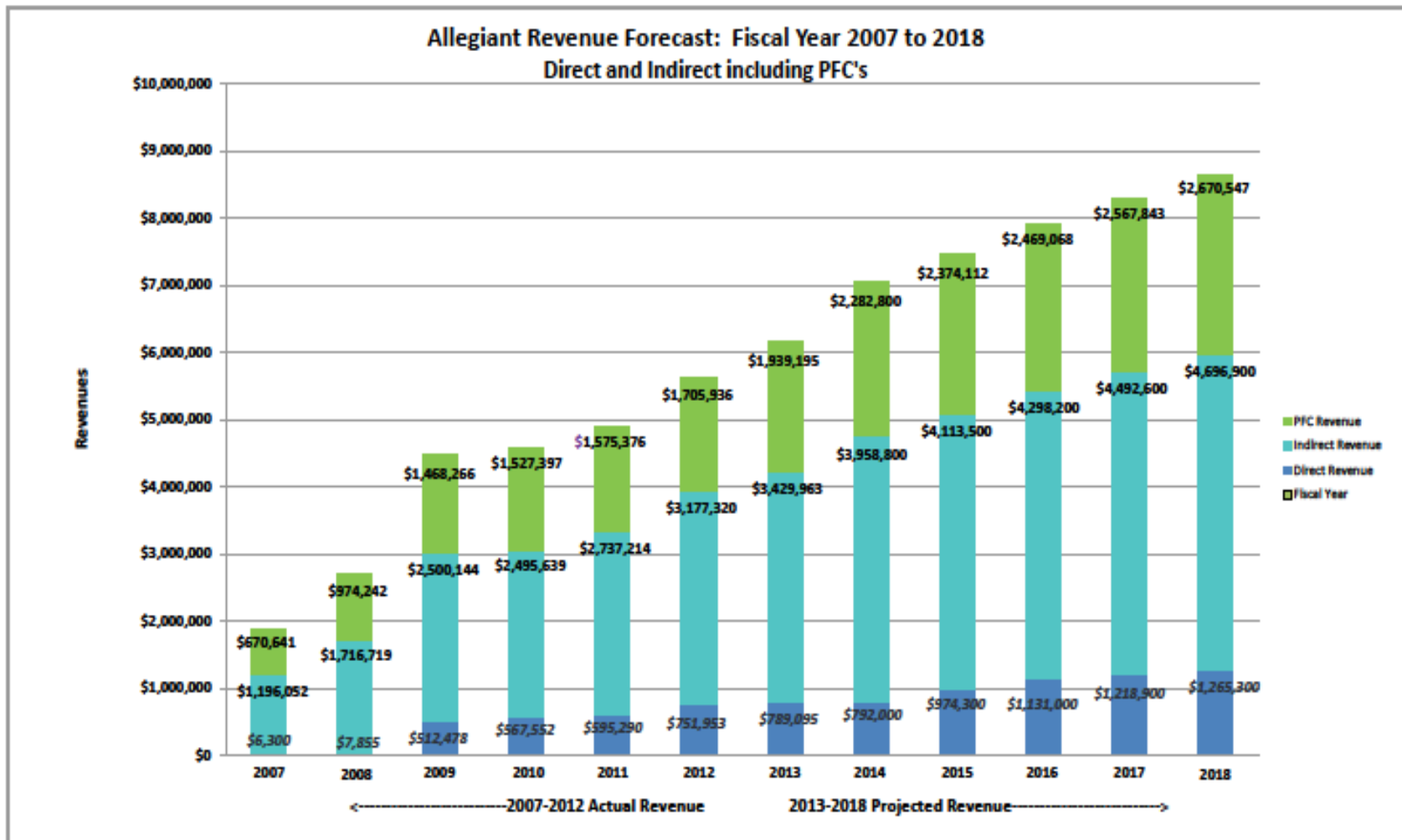


Five Year Allegiant Financial Proforma Fiscal Years 2014 - 2018

Calculated at 4% growth

Total Revenue:	Direct	\$ 5,381,500
	Indirect	\$21,560,000
		<u>\$26,941,500</u>
Total Passenger Facility Charges (PFC)		<u>\$12,364,369</u>
Total Revenue & PFCs:		<u>\$39,305,869</u>

Allegiant Revenue Forecast



The Future with Allegiant



- ✓ Newer airplanes
- ✓ More destinations
- ✓ “Long Haul” and International capability