

ORDINANCE NO. 433-R
OF
THE PORT OF PORTLAND

AN EMERGENCY ORDINANCE REGARDING CERTAIN RENTS, FEES, AND OTHER CHARGES AND REGULATING THE USE OF FACILITIES AND SERVICES AT THE PORTLAND INTERNATIONAL AIRPORT.

BE IT ENACTED BY THE PORT OF PORTLAND, AS FOLLOWS:

1. FINDINGS

1.1 The Port of Portland finds that:

1.1.1 The Port of Portland ("Port") owns and operates the Portland International Airport located in Portland, Oregon ("Airport"); and

1.1.2 ORS 778.025(5) authorizes the Port to operate and maintain airports and collect charges for the use of such facilities, and ORS 836.210 further authorizes the Port to provide by regulation for charges, fees and tolls for the use of the Airport and civil penalties for the violation of such regulations; and

1.1.3 As a recipient of financial assistance from the United States Government for development of Port airports, the Port is required by 49 USC § 47107(a)(13) to maintain a schedule of charges for the use of facilities and services at the Airport that will make the Airport as self-sustaining as possible under the circumstances existing at the Airport, including volume of traffic and economy of collection; and

1.1.4 The Port is also required by 49 USC § 47107(a)(1) to make the Airport available for public use on reasonable conditions and without unjust discrimination; and

1.1.5 The Federal Aviation Administration ("FAA") has directed airports to ensure that rates, fees, rentals, landing fees, and other service charges imposed on aeronautical users of the Airport for aeronautical uses are fair, reasonable, and not unjustly discriminatory; and

1.1.6 The Port may, consistent with 49 USC § 47107(a)(2)(B)(ii), levy higher rents, fees and other charges upon Air Carriers that use the Airport, but have not entered into agreements with the Port, than the Port collects from Signatory Carriers, to reflect differences in the kinds of commitments that Signatory Carriers make; differences in the kinds of risks that Ordinance Carriers create; cost differences; and other factors;

1.1.7 In order to generate revenue to make the Airport as self-sustaining as possible under the circumstances existing at the Airport and in order to maintain, operate, and develop the Airport for the convenience of aviation users and the traveling public; preserve order; provide for the public health, safety and welfare; enhance the welfare of the Port and the State of Oregon; and govern use of Airport property, it is necessary to adopt and implement a methodology that authorizes the Executive Director to establish and periodically adjust the rents, fees and other charges to be paid by Air Carriers engaged in air transportation to or from the

Airport, and which are without agreements with the Port that grant defined operating privileges in exchange for the payment of specified rents, fees and other charges; and

1.1.8 This item is brought before the Commission as an emergency ordinance pursuant to ORS 778.255(4) to ensure that the Port has a legal framework continuously in effect to regulate and charge for the use of facilities and services at Portland International Airport, and causing Ordinance 433-R to be in effect as of July, 1, 2010, the date following the expiration of the current Signatory Agreements.

2. PURPOSE

The purpose of this Ordinance is to establish reasonable and not unjustly discriminatory rents, fees and other charges, and to set forth various conditions for operating at the Airport, applicable to Air Carriers that have not entered into an agreement with the Port that defines operating privileges at the Airport in exchange for the payment of specified rents, fees and other charges, consistent with the above findings, and to delegate to the Executive Director the authority to effectuate the policies and requirements established by this Ordinance. This Ordinance shall be liberally construed to effectuate these purposes.

3. DEFINITIONS

For the purposes of this Ordinance, the following definitions shall apply.

"Affiliate" means (a) any Air Carrier flying in or out of the Airport solely for the benefit of a Signatory Carrier(s), under the livery of that Signatory Carrier; or, if flying under its own livery, is not selling any seats in its own name and all seats are being sold in the name of the Air Carrier the Affiliate is under contract to; or (b) a wholly owned subsidiary of a Signatory Carrier or a subsidiary of the same corporate parent of the Signatory Carrier. Any Air Carrier(s) that flies under its own livery and sells seats in its own name shall not be classified as an Affiliate.

"Air Carrier" means a duly certificated business engaged in the business of scheduled or non-scheduled commercial air transportation of persons, property and/or mail.

"Aircraft Apron" means that part of the ramp area used for the loading and unloading of passengers and cargo from aircraft, servicing aircraft, and maneuvering aircraft to and from active taxiways.

"Airfield" means areas and facilities provided for the landing, takeoff, and taxiing of aircraft, including all runways, taxiways, ramps and aprons; aircraft parking areas; areas required for approach and clear zones; airfield access and related roadways; aviation easements and other related support facilities (i.e., lighting, navigational aids, etc.).

"Airfield Cost Center" means the Cost Center to which Revenues and expenses associated with the Landing Area, excluding the Aircraft Apron, are allocated. The "Airfield Cost Center" shall include a portion of Indirect Cost Centers.

"Airfield Net Requirement" means the Airfield Requirement less the following items:
(a) Non-Airline Revenues, both direct and indirect, allocated to the Airfield Cost Center; and
(b) interest income allocated to the Airfield from the Airport Fund.

"Airfield Requirement" means the sum of the following elements: (a) the total annual Direct O&M Expenses and Indirect O&M Expenses allocated to the Airfield Cost Center; (b) the

total annual Direct and Indirect Debt Service allocated to the Airfield Cost Center; and (c) annual Debt Service Coverage on Direct and Indirect Debt Service allocated to the Airfield Cost Center.

"Airline Cost Centers" means the Airfield Cost Center and the Terminal Cost Center.

"Airport" means the Portland International Airport, owned and operated by the Port, and all additions, expansions and improvements thereto.

"Airport Certification Manual" or **"ACM"** means the document prepared and maintained by the Airport operator outlining measures intended to comply with requirements of CFR 14 Part 139, "Certification and Operations: Land Airports Serving Air Carriers." The ACM contains operating procedures, facilities and equipment, responsibility assignments, and any other information needed by personnel concerned with operating the Airport in order to comply with applicable provisions of FAR Part 139.

"Airport Fund" means that fund so defined in Port Ordinance No. 155, as amended, and as may be amended, from time to time.

"Airport General Account" means that account designated as the "General Account" in Section 13 of Ordinance No. 155, as amended, and as it may be amended from time to time.

"Airport Layout Plan" means the FAA required scaled drawing of existing and proposed land and facilities necessary for the operation and development of the Airport.

"Airport Security Program" or **"ASP"** means the confidential Airport security program required by 49 CFR 1542 and approved by the TSA that describes the security requirements that must be implemented at the Airport.

"Assigned Space" means the space in the Terminal assigned by the Port for use by an Air Carrier in accordance with this Ordinance and the Air Carrier's Letter of Authorization.

"Baggage Claim Areas" means those areas of the Terminal designated for delivery of in-bound baggage to arriving passengers and also those areas of the enclosed baggage road designated for delivery of baggage from the aircraft into the Terminal.

"Baggage Consortium" means a consortium of Air Carriers responsible for the ongoing operation of the baggage handling system for the use of any Air Carrier serving the Airport.

"Baggage Make-up Areas" means those areas of the Terminal and those devices used to sort out-bound baggage for delivery to departing aircraft.

"Best Management Practices" means those environmental or operational standards: (a) implemented by a business or industry group pertinent to Air Carrier operations as a matter of common and accepted practice; or (b) developed by Air Carrier for use in Air Carrier's operations.

"Bond Ordinances" means, collectively, Port Ordinance No. 155 that was enacted by the Port of Portland on November 10, 1971, as amended and restated pursuant to Port Ordinance No. 368B, enacted October 13, 1993; Port Ordinance No. 375B, enacted August 10, 1994; Port Ordinance No. 393B, enacted February 10, 1999; Port Ordinance No. 323, enacted October 9, 1985, as amended, modified, and supplemented by Port Ordinance No. 337A, enacted October 14, 1987; Port Ordinance No. 323A, enacted August 10, 1988; Port Ordinance No. 368B, enacted October 13, 1993; and Port Ordinance No. 375B, enacted August 10, 1994; all as they may be further amended, modified, or supplemented from time to time.

"Business Day" means Monday through Friday and shall exclude Saturday, Sunday and Legal Holidays.

"Cargo Carrier" means an Air Carrier in the business of transporting property by air, but not passengers.

"Common Use Equipment" means equipment, seating, electronics, hardware and software that the Port reserves for the flexible and temporary use of any Air Carrier serving the Airport.

"Common Use Gates" means any Port controlled gates, excepting gates associated with Non-Preferential Ground Load Holdrooms, not assigned by the Port as Preferential Space to any Air Carrier, and which the Port reserves for the flexible and temporary use of any Air Carrier serving the Airport. Common Use Gates include all equipment and utilities necessary to operate from the gates, including loading bridges, ground power units, and potable water supply.

"Common Use Space" means Port controlled ticket counter, ticket office, equipment, Kiosks and gates which the Port has not leased and which it reserves for the flexible and temporary use of any Air Carrier serving the Airport.

"Common Use Kiosks" or **"Kiosks"** means machines that assist passengers with services which include, without limitation, check-in, rebooking, and baggage location information.

"Common Use Ticket Counters" means any ticket counter which the Port may reserve for the flexible and temporary use of any Air Carrier serving the Airport.

"Common Use Ticket Offices" means offices located directly adjacent to the Common Use Ticket Counters which the Port will make available for rent to support that Common Use Ticket Counter.

"Concessionaire" means any business entity other than Air Carriers permitted by the Port to sell goods and/or provide services at the Airport, primarily to support the air transportation of passengers, guests and employees based at the Airport in accordance with Port Ordinances, and the PDX Rules as they may be supplemented or amended from time to time. Concessions businesses include without limitation, retail sales, food and beverage sales, passenger services, and rental car services.

"Cost Center" means an accounting center used to collect Revenues and expenses (including O&M Expenses and debt service).

"Debt Service Coverage" means the coverage component of the rate covenant requirement of Ordinance No. 155, as amended, and as may be amended from time to time, currently equal to thirty percent (30%) of the sum of Direct and Indirect Debt Service attributable to Airport revenue bonds issued to acquire Capital Improvements at the Airport for a particular Cost Center, or such other similar amounts that may be required for any debt financing.

"Deplaned Passengers" means disembarking revenue passengers at the Terminal, who are: (a) terminating their air travel; (b) transferring between airplanes of the same Air Carrier; or (c) transferring between airplanes of different Air Carriers.

"Design Review Process" means the Airport's process for ensuring that tenant developments, alterations or modifications comply with the Airport's Terminal Design

Standards, which preserve the design quality that has been established in the Airport, and are kept on file in the Airport administrative offices.

"Direct O&M Expenses" means O&M Expenses which are attributable to each Direct Cost Center.

"Director of Aviation" means the person in charge of overall Airport management for the Port.

"Effective Date" means July 1, 2010.

"Enplaned Passengers" means embarking revenue passengers at the Terminal who are: (a) originating their air travel; (b) transferring between airplanes of the same Air Carrier; or (c) transferring between airplanes of different Air Carriers.

"Environmental Laws" means any and all federal, state of Oregon and local laws, regulations, rules, permit terms, administrative orders issued pursuant to federal and state laws, Best Management Practices, codes and ordinances now or hereafter in effect, as the same may be amended from time to time, which govern Hazardous Substances, regulated wastes, emissions, pollutants, animals or plants, noise, or products; and relate to the protection of health, natural resources, safety or the environment.

"Environmental Management System" means part of an organization's management system used to develop and implement its environmental policy and manage its activities or products or services that can interact with the environment.

"Executive Director" means the chief executive officer of the Port or his or her delegates including without limitation, the Director of Aviation.

"Federal Aviation Administration" or **"FAA"** means the federal agency within the U.S. Department of Transportation that is responsible for the safety and efficiency of aviation operations.

"Fiscal Year" means the annual accounting period of the Port for its general accounting purposes, which is currently the period of twelve (12) consecutive calendar months commencing July 1 and ending June 30.

"Gate Position" means passenger gate(s), including Aircraft Apron, holdroom, aircraft loading bridge (if any), and appurtenant furnishings in and about the Terminal that are reasonably necessary for the use thereof.

"Government Aircraft" means any aircraft owned or operated by the United States government or any of its agencies.

"Ground Run-up Enclosure" or **"GRE"** means that facility identified on the Airfield as the place where all aircraft engine run-ups must be conducted, unless specifically exempted by the Port.

"Hazardous Substances" means any and all substances defined or designated as hazardous, toxic, radioactive, dangerous or regulated wastes or materials, or any other similar term in or under any applicable Environmental Law. Hazardous Substance shall also include, but not be limited to, fuels, petroleum and petroleum derived products, and deicing and anti-icing materials.

"Hazardous Substance Release" means the spilling, discharge, deposit, injection, dumping, emitting, releasing, leaking, migrating, leaching, placing, or seeping of any Hazardous Substances into the environment, including air, land, sediment, water, groundwater, and storm water, in violation of any applicable Environmental Law, except as specifically authorized by a valid permit issued under applicable Environmental Laws.

"International Arrival Facility" or **"IAF"** means the U.S. Customs and Border Protection clearing facility through which international passengers must pass.

"Indirect Cost Centers" means those Cost Centers shared by Air Carriers and the Port, and include Maintenance, Aviation Security and Public Safety, Airport Rescue and Fire Fighting, Operations, Systems and Services, Administration, and Environmental.

"Indirect Debt Service" means the principal and interest payments on debt attributable to the particular Indirect Cost Center.

"Indirect O&M Expenses" means O&M Expenses which are attributable to Indirect Cost Centers.

"Landed Weight" means the sum of the products of the Maximum Gross Landed Weight of each type of Ordinance Carrier's aircraft, by the number of Landings of each said aircraft at the Airport.

"Landing Area" means those portions of the Airport provided for the landing, take off and taxiing of aircraft, including without limitation, approach and turning zones, avigation or other easements, runways, taxiways, runway and taxiway lights, and other appurtenances in connection therewith.

"Landing Fees" means those fees charged for landing an aircraft, as more particularly described in Section 14.2.

"Landings" means an aircraft landing at the Airport in conjunction with a flight which is published in the "Official Airline Guide," or from which an Ordinance Carrier derives revenue for the transportation by air of persons, property or mail.

"Legal Holiday" means any holiday observed by the Federal Government.

"Letter of Authorization" means a letter or permit issued by the Port to an Air Carrier granting that Air Carrier a temporary license to use the Airfield or to use space at the Terminal.

"Maximum Gross Landed Weight" means the maximum gross certificated landing weight in one thousand (1,000) pound units for which each aircraft operated by Air Carrier is certified by the FAA or any successor agency thereto.

"Month-to-Month Space" means those areas of the Terminal that the Port makes available for rent on a short term basis in accordance with the terms and conditions of this Ordinance.

"Net Requirement" means the annual sum of all expenses and fees, including Debt Service Coverage allocated to a particular Cost Center, minus all Offsetting Revenues.

"Net Revenues" means that amount so defined in Section 2(r) of Ordinance No. 155, as amended, and as may be amended from time to time.

"Non-Preferential Ground Load Holdroom" means any ground load holdroom which the Port reserves for the flexible use by any Air Carrier serving the Airport.

"Offsetting Revenues" means: (a) with respect to the Airfield Cost Center, including, but not limited to, all Revenues other than the Landing Fees of Signatory Carriers; and (b) with respect to the Terminal Cost Center, including, but not limited to, all Revenues other than the Signatory Carrier Terminal Rents.

"Operating and Maintenance Expenses" or **"O&M Expenses"** means those expenses designated as "Costs of Operation and Maintenance" in Section 13 of Ordinance No. 155.

"Ordinance" means this Ordinance No. 433.

"Ordinance Carrier" means any Air Carrier operating at the Airport under this Ordinance No. 433.

"Passenger Carrier" means an Air Carrier in the business of transporting persons and property by air.

"Passenger Facility Charges" or **"PFCs"** means the fee charged to passengers by the Air Carrier, on behalf of the Port, in accordance with Federal Law 49 U.S.C. § 40117, and applicable implementing regulations adopted by FAA 14 CFR Part 158, as they may be amended from time to time.

"PDX Rules" means the Portland International Airport Rules that are promulgated by the Executive Director, pertaining to the use of the Airport, as they may be amended from time to time, by which all Air Carriers, Concessionaires, and others utilizing the Airport must abide.

The PDX Rules can be found at the following link:

http://www.portofportland.com/PDFPOP/PDX_Rules_Regulations.pdf.

"Personal Property" means trade fixtures, signs, cabling, conduit and other property not permanently affixed to the Assigned Space.

"Port Cost Center" means the Cost Center to which Revenues and expenses associated with the Ground Transportation Cost Center, the Air Cargo Cost Center, the Other Aviation Cost Center, and the Non-Aviation Cost Center are allocated. The Port Cost Center shall include a portion of the Indirect Cost Centers.

"Port of Portland" or **"Port"** means a port district of the State of Oregon that owns and operates the Airport pursuant to ORS 778.005 through ORS 778.990.

"Private Passenger Lounge" means any restricted access passenger waiting room, lounge or other area assigned to an Air Carrier to provide special services or handling for its preferred passengers, guests or invitees.

"Public Area" means those areas used by the public within the Terminal and concourse areas, including: (a) all concourse corridors and connectors; (b) concession areas; (c) ticket lobby; and (d) non-rentable areas.

"Rent" shall include all Terminal Rents, Landing Fees, other rents, charges, fees, fines, costs, reimbursements, penalties, taxes, late charges, liquidated damages, and interest of all types and of all nature that an Ordinance Carrier is required to pay to the Port under this Ordinance.

"**Revenues**" has the meaning given to that term in Section 2(w) of Ordinance No. 155, as amended, and as may be amended from time to time.

"**Revenue Sharing**" means that program by which the Port has agreed to share a certain amount of Port Cost Center Revenues with the Signatory Carriers, subject to meeting certain minimum Net Revenue requirements, in exchange for the Signatory Carriers' approval of the terms of the Signatory Agreement.

"**Risk Mitigation Program**" means a program utilized to attract certain targeted new air service to the Airport.

"**Security Deposit**" means a cash deposit or letter of credit paid by an Ordinance Carrier to the Port to secure compliance with this Ordinance.

"**Security Screening Areas**" means those areas of the Terminal used for the screening of passengers and baggage before allowing passengers to enter onto the secured concourses, or allowing baggage to be loaded onto an aircraft.

"**Signatory Carrier**" means an Air Carrier which has signed a *Signatory Passenger Airline Lease and Operating Agreement* or a *Signatory Cargo Carrier Operating Agreement* with the Port which creates certain rights and obligations in the parties pertaining to the use of the Airport.

"**Signatory Carrier Agreement**" means the *Signatory Passenger Airline Lease and Operating Agreement* and the *Signatory Cargo Carrier Operating Agreement*.

"**Signatory Cargo Airline**" means a Signatory Carrier which is in the business of air transportation of property, but not passengers.

"**Signatory Cargo Carrier Operating Agreement**" means the operating agreement between the Port and Signatory Cargo Airlines.

"**Signatory Passenger Airline**" means a Signatory Carrier which is in the business of air transportation of passengers and property.

"**Signatory Passenger Airline Lease and Operating Agreement**" means the lease and operating agreement between the Port and Signatory Carriers that carry passengers and lease space at the Airport.

"**Terminal**" means: (a) the passenger Terminal building and concourse areas (including the areas below the concourses); (b) the enplaning, deplaning, and commercial access roadways immediately adjacent to the Terminal (and sidewalks associated therewith); (c) the Public Area; (d) the Aircraft Apron; and (e) the Security Screening Areas.

"**Terminal Cost Center**" means the Cost Center to which Revenues and expenses associated with the Terminal, including the Aircraft Apron, are allocated. The "Terminal Cost Center" shall include a portion of Indirect Cost Centers. With respect to access roadways which are a part of the Terminal Cost Center: (a) the Terminal Cost Center shall pay one hundred percent (100%) of the capital costs of said roadways; (b) the Port Cost Center shall pay one hundred percent (100%) of the O&M Expenses; and, (c) the Port Cost Center shall receive one hundred percent (100%) of the concession revenues.

"**Terminal Net Requirement**" means the Terminal Requirement less the following items: (a) loading bridge fees; (b) Baggage Make-up conveyor systems fees; (c) tenant

improvement fees; (d) reduced IAF Fees per Section 14.11.2; (e) Common Use Space fees; (f) Common Use Kiosk fees; (g) Aircraft Apron fees; (h) Baggage Make-up Area fees; (i) other Terminal Rents; (j) Ordinance Carrier Revenues, both direct and indirect, allocated to the Terminal Cost Center; and (k) interest income allocated to the Terminal from the Airport Fund.

"Terminal Rents" means Rents charged by the Port for an Air Carrier's use of the Terminal.

"Terminal Requirement" means the sum of the following elements: (a) the total annual Direct O&M Expenses and Indirect O&M Expenses allocated to the Terminal Cost Center; (b) the total annual Direct and Indirect Debt Service allocated to the Terminal Cost Center; and (c) annual Debt Service Coverage on Direct and Indirect Debt Service allocated to the Terminal Cost Center.

"Transportation Security Administration" or **"TSA"** means the United States Transportation Security Administration with jurisdiction over Airport security.

"Wireless Communication Services" means the use of regulated or unregulated wireless signals between multiple electric devices or objects. This includes, but is not limited to, the wireless technologies used by Wireless Fidelity (WiFi), WiMax, Zigbee, cellular phone service for data or voice communications, 800MHz radio systems, and Radio Frequency Identification Devices or objects.

Additional words and phrases used in this Ordinance, but not defined above, or elsewhere in this Ordinance, or in the Bond Ordinances, shall have their usual and customary meaning.

4. AUTHORIZATION FOR USE OF AIRPORT

4.1 Applicability

This Ordinance applies to all Air Carriers that desire to use the Airport for any purpose and are not party with the Port to either a *Signatory Passenger Lease and Operating Agreement* (if the Air Carrier is a Signatory Passenger Airline) or a *Signatory Cargo Carrier Operating Agreement* (if the Air Carrier is a Signatory Cargo Airline); provided, however, that any Air Carrier handled by a Fixed Based Operator and not using the Terminal for any purpose shall continue to be subject to Port Ordinance 389-R and shall not be subject to this Ordinance.

4.2 Effective Date

This Ordinance shall be effective on and after July 1, 2010.

4.3 Requirements to Occupy the Terminal and Use the Airfield

4.3.1 Prior to occupying space in the Terminal and using the Airfield, a passenger Ordinance Carrier must present satisfactory evidence to the Port that this Ordinance Carrier meets the insurance requirements and Security Deposit requirements established by this Ordinance and has complied with the requirements in this Ordinance.

4.3.2 Prior to using the Airfield, a cargo Ordinance Carrier must present satisfactory evidence to the Port that this Ordinance Carrier meets the insurance requirements and Security Deposit requirements established by this Ordinance and has complied with all other requirements in this Ordinance.

4.3.3 Upon delivering satisfactory evidence of compliance, as required by this Section, an Ordinance Carrier must obtain from the Executive Director a Letter of Authorization to operate at the Airport on a month-to-month basis until such use is cancelled by the Ordinance Carrier or the Port. The Ordinance Carrier's submission of satisfactory evidence of its insurance and Security Deposit, together with the Ordinance Carrier's receipt of a Letter of Authorization, shall be deemed to constitute acceptance by the Ordinance Carrier of all terms and conditions of this Ordinance.

4.3.4 Any non-scheduled Ordinance Carrier that operates at the Airport must obtain a Letter of Authorization at least twenty-four (24) hours prior to any aircraft operation. The Port will assign an aircraft parking position and will set time limitations for its use.

5. COMPLIANCE WITH LAW

At all times, the Ordinance Carrier shall, with respect to its operations at the Airport, comply with all applicable federal, state and local laws, rules, regulations and ordinances, including PDX Rules, Port Ground Run-Up Facility Guidelines, Port ordinances, and the Airport Certification Manual, as they may be amended from time to time, administrative orders, and environmental permits, including, but not limited to, deicing permits, and including without implied limitation, those relating to: (a) health and safety; (b) fire codes; and (c) disabled access, including the Americans with Disabilities Act, 42 USC § 12101 et seq.

6. USE OF AIRPORT

6.1 Ordinance Carrier Privileges

An Ordinance Carrier shall have the privilege, in common with others so authorized by the Port, to use the Airport in accordance with its Letter of Authorization for the operation of the Ordinance Carrier's aeronautical business in the manner prescribed by the Port, but strictly subject to compliance with federal, state and local laws, and the PDX Rules and Port ordinances, for the sole purpose of providing commercial air transportation. Such use may include the following purposes:

6.1.1 the operation of an Ordinance Carrier's air transportation business, including all activities reasonably necessary to such operation;

6.1.2 the landing, taking off, flying over, taxiing, towing, conditioning, servicing, parking, storage or maintenance of the Ordinance Carrier's aircraft;

6.1.3 the sale, disposition or exchange of the Ordinance Carrier's aircraft, engines, parts and other equipment, or supplies, and the sale of lubricants or deicing fluid, but only to: (a) a wholly owned subsidiary company or parent company; (b) for use in aircraft of others which are being used solely in the operations of the Ordinance Carrier; or (c) another Ordinance Carrier at the Airport during emergencies or snow events;

6.1.4 the purchasing at the Airport of fuels, lubricants, and any other goods or services, but only from a person or company operating on the Airport with a current and valid permit or operating agreement with the Port to conduct such sales or delivery of said goods or services at the Airport;

6.1.5 the use of the Public Area by the Ordinance Carrier, in common with the Port, other lessees, licensees and the general public;

6.1.6 the loading and unloading by the Ordinance Carrier of persons and property by motor vehicles or other means of conveyance, as the Ordinance Carrier may desire or require in the operation of its air transportation system, at locations designated by the Port;

6.1.7 the installation, maintenance, and operation of such communication, computer, meteorological and aerial navigation equipment, as may be reasonably necessary for operation of the Ordinance Carrier's air transportation business; and

6.1.8 the fee based use of the Port installed system of communication pathways, network rooms, telecommunication facilities, communication cables and fiber optics, otherwise known as the communication infrastructure, subject to Port approval of an Ordinance Carrier's proposed use, and subject to applicable provisions of the Federal Communications Act and implementing regulations of the Federal Communications Commission.

6.2 Restrictions

The privileges of an Ordinance Carrier are subject to any specific rights, obligations and restrictions which are specified elsewhere in this Ordinance, including, but not limited to, Section 5, and the following:

6.2.1 General

The Ordinance Carrier shall not conduct its operation in a manner that deprives the public or other Ordinance Carrier's using the Airport of their respective permitted use of Airport property or reasonable use by others of the Public Area.

6.2.2 Communications Equipment

Except as restricted elsewhere in this Ordinance and subject to applicable provisions of the Federal Communications Act and implementing regulations of the Federal Communications Commission, the Port shall have the sole right to determine the specifications for acceptable Wireless Communication Services to be used or installed by an Ordinance Carrier at the Airport. Ordinance Carriers shall not install any communication equipment without the prior written authorization of the Port through a Design Review Process in which the Port will evaluate elements such as the technical specifications, location, configuration, and installation of the Ordinance Carrier's proposed communications equipment. Subject to applicable provisions of the Federal Communications Act and implementing regulations of the Federal Communications Commission, the Ordinance Carrier may be required to immediately remove or reconfigure any communication equipment or services to eliminate interference with Airport communications equipment. The Ordinance Carrier will not be required, but is encouraged to utilize the Port's communication infrastructure.

6.2.3 Use Limited to Air Transportation Activities

In exercising the privileges granted in Section 6.1 and otherwise in this Ordinance, the Ordinance Carrier shall only perform such functions required for the operation of its air transportation system. The Ordinance Carrier shall not have the right to conduct any other business on the Airport without first entering into a separate agreement with the Port to conduct such business, which agreement may provide for the payment of an additional fee to the Port.

6.2.4 Landing Area Weight Limitations

The Port may prohibit the use of the Landing Area by any aircraft operated or controlled by the Ordinance Carrier which exceeds the design strength or capability of the Landing Area, as described in the current Airport Layout Plan, as approved by the FAA, or other engineering evaluations performed subsequent to said Airport Layout Plan.

6.2.5 Interference with Airport Systems

The Ordinance Carrier shall not do, nor permit to be done, anything that may interfere with the effectiveness or accessibility of the drainage, sewerage, water, communications, or fire protection systems, or any other part of the utility, electrical, wireless, or other systems installed or located, from time to time, at the Airport. If any such interference should occur which causes any loss to the Port, the Ordinance Carrier shall be liable to the Port for any such loss.

6.2.6 Limitations on Distribution of Food and Beverages at Airport

Except for distribution as part of the boarding process inside of the jet bridge, the Ordinance Carrier shall not provide for the sale or distribution of food and/or beverages at the Airport, or on any Airport property, either to its employees, passengers, or to the public. Upon entering into a separate agreement with the Port, the Ordinance Carrier may engage in the sale of food and/or beverages to passengers and guests in any assigned Private Passenger Lounge at the Airport. Such agreement shall include a fee to be paid to the Port which shall be not less than the current concession fee paid by the food and/or beverage Concessionaire(s), and shall be paid in addition to the Rent for the space occupied by such facility. No fee to the Port will be applicable to the free distribution of beverages and/or food consumed within any Private Passenger Lounge. If the Ordinance Carrier is delayed in excess of two (2) hours and there are no concessions or vendors open for business, the Ordinance Carrier may provide complimentary food and beverage services. However, if such concessions are offered for purchase, the Ordinance Carrier shall pay to the Port the same fee that Airport Concessionaires pay, which is currently twelve percent (12%) for food and nonalcoholic beverage. Notwithstanding the foregoing, the Ordinance Carrier shall not be required to pay a concession fee to the Port on food or beverages, including alcoholic beverages, purchased directly from any of the Airport's Terminal Concessionaires who are already paying the Port a concession fee for those products. The Port requires verification that the concession fee has been paid to the Port in order for the Ordinance Carrier to avoid payment of the concession fee. The Ordinance Carrier must obtain a liquor license and supply a copy of that license to the Port prior to serving alcohol at the Airport.

6.2.7 Limitations on Ground Transportation Services

An Ordinance Carrier shall not operate, provide, or contract with another person or company to operate or provide any form of ground transportation service for the transportation of persons to, from, or at the Airport, unless said service provider has first obtained a Port Ground Transportation Permit and has entered into an operating agreement with the Port.

6.2.8 Limitations on Goods, Services and Subcontracting

An Ordinance Carrier shall not enter into any agreement with any Concessionaire, vendor, or other provider(s) of goods and services ("Subcontractor") that does not have a current permit or operating agreement with the Port to deliver such goods and services at the Airport.

7. TERMINAL AND OPERATIONS SPACE

A passenger Ordinance Carrier must have authorization to use and must accept assignment of Terminal space and other facilities sufficient for ticketing and handling of the Ordinance Carrier's passengers and baggage, and all other space and facilities necessary to amply accommodate the Ordinance Carrier's and Subcontractor's operations without impeding other Airport or Air Carrier operations.

8. SERVICING OF AIRCRAFT

Subject to the limitation and requirements of Section 10, an Ordinance Carrier may perform reasonable and customary fueling, servicing, and routine maintenance of its aircraft (excluding engine run-ups which must be performed in the Ground Run-up Enclosure (GRE)), while the aircraft is parked on the Aircraft Apron, provided said activities do not interfere with Airport operations or the movement of passengers, cargo, or other aircraft. If, during such fueling, servicing, or routine maintenance, the Port requires access to the Gate Position due to an emergency or for temporary access by another Air Carrier, the Ordinance Carrier must remove its aircraft from the Gate Position within forty-five (45) minutes of notification by the Port. If, upon notification, the Ordinance Carrier fails or elects not to remove an aircraft, the Port may remove the aircraft pursuant to the provisions of Section 11. In the event the Ordinance Carrier needs to perform Major Alterations or Repairs as defined in 14 CFR Part 43, Appendix A, the Ordinance Carrier shall move the impacted aircraft to a Port designated maintenance area to perform this work.

9. GROUND RUN-UP ENCLOSURE

To mitigate the risks and dangers inherent during use of the GRE, the Ordinance Carrier shall ensure that its employees, agents, and contractors are trained in and comply with the GRE Operating Guidelines, which are available upon request from the Port. The Ordinance Carrier shall assume all risk of liability associated with engine damage caused by use of the GRE, and shall hold the Port harmless from any and all liability, actions, damages, judgments, executions, costs, loss of services, expenses, compensation, and any and all claims of damages which it may have against the Port, relating to such engine damage. The Ordinance Carrier waives any claims by the Ordinance Carrier against the Port and assumes all risk on behalf of the Ordinance Carrier, its successors and assigns, for any and all known and unknown risks of engine damage associated with the use of the GRE.

10. PARKING/STORAGE OF AIRCRAFT; GROUND SUPPORT EQUIPMENT; LIMITATIONS

Parking or storage of aircraft or ground support equipment at a Gate Position or at an Aircraft Apron that in any way interferes with Airport operations, including the movement of passengers, cargo, or other aircraft, is prohibited. The Ordinance Carrier must remove aircraft or ground support equipment within forty-five (45) minutes of notification by the Port if: (a) an emergency exists requiring removal of said aircraft or ground support equipment; (b) said aircraft or ground support equipment is interfering with Airport operations or the movement of passengers, cargo, or other aircraft; or (c) the Gate Position or Aircraft Apron is required for temporary access by another Air Carrier.

11. REMOVAL OF AIRCRAFT

As soon as allowed by the appropriate authorities, the Ordinance Carrier shall remove any disabled aircraft from any parts of the Airport, including, without limitation, runways, taxiways, aprons and the Aircraft Apron, and shall place any such disabled aircraft only in such storage areas as may be designated by the Port, in accordance with the Port's terms and conditions for storage. In the event the Ordinance Carrier fails to move any aircraft, as required in Sections 8, 10, or this Section 11, the Port may, but shall not be obligated to cause the removal of such disabled aircraft after first informing the Ordinance Carrier of the Port's intent to remove such aircraft. The Ordinance Carrier shall reimburse the Port for all of the Port's costs of such removal and releases the Port and any Port contractor from any and all claims for damage to the aircraft or otherwise arising from, or in any way connected with, such removal, except for the Port's or the Port's contractor's willful misconduct.

12. NO LIENS

The Ordinance Carrier shall keep the Airport free and clear of all liens and encumbrances arising out of the Ordinance Carrier's use of the Airport and shall pay, when due, all sums for labor, services, materials, supplies, utilities, furnishings, machinery, or equipment which have been provided to or on behalf of the Ordinance Carrier in connection with its operations at the Airport. The Ordinance Carrier shall fully indemnify and defend the Port in connection with any such liens filed by reason of any work, labor, services, or materials done for, or supplied to, or claimed to have been done for or supplied to, the Ordinance Carrier or its express or implied agents with respect to an Assigned Space or its use of the Airport. If any lien is filed against any portion of the Airport, the Ordinance Carrier shall immediately cause the lien to be discharged and shall immediately pay any judgment rendered with all resulting costs and charges, including any lien released and any judgment satisfied.

13. MAINTENANCE AND OPERATION OF AIRPORT

13.1 General Maintenance Requirements

The Ordinance Carrier will conduct its business activities at the Airport in a neat, orderly, sanitary manner and shall provide custodial services in accordance with Port requirements. Should the Port determine that the Ordinance Carrier has failed to meet maintenance requirements; the Port shall give the Ordinance Carrier seven (7) calendar days written notice of its intent to perform the maintenance work. If the Ordinance Carrier has not completed the required maintenance within that timeframe, the Port may perform the maintenance and charge the Ordinance Carrier for the cost incurred for this work.

13.2 Waste Disposal, Recycling, including Food Waste

An Ordinance Carrier shall, at its own expense, remove all waste, garbage and rubbish from its Assigned Space, to a location designated by the Port, and will not deposit waste, garbage and rubbish on any part of the Airport, except in that designated trash disposal and recycling area. An Ordinance Carrier shall participate in the Port's recycling program to minimize waste, and shall participate in the recycling efforts of the Port, city, state and federal entities to the extent applicable to the Ordinance Carrier operations.

13.3 Aircraft Apron

The Ordinance Carrier shall keep the portion of the Aircraft Apron used by the Ordinance Carrier free of fuel, oil, other fluids, debris, and non-operational equipment at all times, at its sole cost and expense. If an Ordinance Carrier, or its agents, employees, or contractors should, in any manner, discharge fuel, oil, any petroleum products, or any Hazardous Substance upon the Aircraft Apron and Airfield, the Ordinance Carrier shall cause the prompt removal of such products, in accordance with the provisions of Section 19.6 and shall hold the Port harmless from any loss or liability resulting therefrom. An Ordinance Carrier's environmental obligations are set forth in more detail in Section 19.

14. RENTS

14.1 Ordinance Carrier's Financial Responsibility

An Ordinance Carrier shall be responsible for the payment of all Landing Fees, Terminal Rent and all other fees and charges owed to the Port in accordance with this Ordinance on account of the Ordinance Carrier's operations at and use of the Airport.

14.2 Landing Fees

14.2.1 Amount of Landing Fees

An Ordinance Carrier shall pay Landing Fees. Landing Fees shall equal the product of the Landing Fee rate and the Ordinance Carrier's Landed Weight. The Landing Fee rate shall be calculated as follows: The Airfield Net Requirement, without any reduction for Revenue Sharing or increase on account of any Risk Mitigation Program, shall be allocated between Signatory and Ordinance Carriers based on Landed Weight, with total Ordinance Carrier Landed Weight increased by twenty-five percent (25%). The Landing Fee rate to be paid by Ordinance Carriers shall be the allocated Ordinance Carrier Net Requirement divided by total Ordinance Carrier Landed Weight, and shall be adjusted as provided in Section 15.2.

14.2.2 Reporting of Landing Fees

The Ordinance Carrier shall remit payment for Landing Fees and report the basis for its calculation of the Landing Fees (including its monthly Landed Weight) on the form described in Section 14.15. The Port may use other reasonable systems or procedures to determine usage to generate invoices for Ordinance Carrier Landing Fees.

14.3 Exemptions

No Landing Fee shall be imposed pursuant to Section 14.2.1 on the following Landings:

14.3.1 Emergency or Precautionary Landings

Landing of an aircraft which departs from the Airport for another destination and is forced to return and land at the Airport because of meteorological conditions, mechanical or operating causes, or for any similar emergency or precautionary reason.

14.3.2 Government Aircraft

Landing by a Government Aircraft, unless the Landing Fee is permitted by applicable United States law and is imposed pursuant to a written agreement between the Port and the United States government or an agency thereof.

14.3.3 Test Flights

Landing by any aircraft engaged in a non-revenue producing test flight approved by the Executive Director that is necessary to meet operational, safety or FAA requirements.

14.4 Fuel Flowage Fees

The Port may establish and charge Ordinance Carriers a fuel flowage fee based on a reasonable and non-discriminatory rate setting methodology.

14.5 Aircraft Parking Fees

An Ordinance Carrier shall pay aircraft parking fees for any aircraft parked on the ramp in excess of two (2) hours. The aircraft parking rates shall be twenty-five percent (25%) of the then current Landing Fee to be paid by Ordinance Carriers for such aircraft. In order to allow the Port to calculate the applicable parking fees, the Ordinance Carrier shall provide the Port with information as required by Section 14.15. The Port, however, may use other reasonable systems or procedures to determine usage and to bill the Ordinance Carrier for its use of aircraft parking areas.

14.6 Baggage Make up Fees

14.6.1 Baggage Make-up Areas:

An Ordinance Carrier shall pay a fee for use of the Baggage Make-up Areas. This fee shall be a per bag fee and shall be paid in two parts:

(a) A per bag space fee shall be paid to the Port. This per bag space fee shall be based upon the share of the Terminal Net Requirement allocated to Baggage Make-up Areas, without any reduction for Revenue Sharing or increase on account of any Risk Mitigation Program, and shall be adjusted as provided in Section 15.2. The per bag space fee shall be calculated as the allocated Terminal Net Requirement divided by the total number of bags to be made-up in the Baggage Make-up Areas, plus twenty-five percent (25%).

(b) A per bag equipment fee shall be paid either to the Port or, at the Port's direction, to a Baggage Consortium. Any Baggage Consortium per bag equipment fee charged to an Ordinance Carrier shall be not more than twenty-five percent (25%) higher than the Baggage Consortium fee charged to Air Carriers that are members of such Baggage Consortium.

14.7 Baggage Claim Area

14.7.1 Baggage Claim Rent Allocation

The Port shall invoice an Ordinance Carrier monthly for the Ordinance Carrier's share of Rent for the Baggage Claim Area. Rent for the Baggage Claim Area shall be based upon each Ordinance Carrier's allocated share of the Terminal Net Requirement, without any reduction for Revenue Sharing or increase on account of any Risk Mitigation Program, and shall be adjusted as provided in Section 15.2. Each Ordinance Carrier's share of the Rent for the Baggage Claim Area shall be calculated as follows: (a) ten percent (10%) of the total amount calculated for the Baggage Claim Area shall be divided equally among all Air Carriers, except those qualifying as exempt under Section 14.7.3; and (b) ninety percent (90%) of the total amount calculated for the Baggage Claim Area shall be prorated among all Air Carriers using the Baggage Claim Area, based upon the actual number of outbound bags that enter the baggage

handling system. Both components (a) and (b) shall be increased by twenty-five percent (25%) to arrive at the Ordinance Carrier's share of the Rent for the Baggage Claim Area.

14.7.2 Reporting Baggage Claim Use

In order for the Port to calculate the Ordinance Carrier's invoice for use of the Baggage Claim Area, the Ordinance Carrier shall provide the Port with information as required in Section 14.15. The Port may use other systems or procedures to determine usage and to bill the Ordinance Carrier for its use of the Baggage Claim Area.

14.7.3 Air Carriers Exempt from Baggage Claim Ten Percent (10%) Component

An Air Carrier shall be exempt from Section 14.7.1(a) if: (a) the only aircraft used by the Ordinance Carrier at the Airport has less than a twenty (20) seat capacity; (b) the Ordinance Carrier provides service to Airport only on an occasional, unscheduled basis; or (c) the Air Carrier is an Affiliate.

14.8 Non-Preferential Ground Load Holdrooms

14.8.1 Holdrooms

The Port shall invoice an Ordinance Carrier monthly for the Ordinance Carrier's share of Rent for Non-Preferential Ground Load Holdrooms. Rent for Non-Preferential Ground Load Holdrooms shall be based upon the Ordinance Carrier's allocated share of the Terminal Net Requirement, without any reduction for Revenue Sharing or increase on account of any Risk Mitigation Program, and shall be adjusted as provided in Section 15.2. Each Ordinance Carrier's share of the Rent for Non-Preferential Ground Load Holdrooms shall be calculated as follows: the Ordinance Carrier's percentage of the total Enplaned Passengers among all the Air Carriers using Non-Preferential Ground Load Holdrooms, multiplied by the product of the amount of holdroom space and the applicable holdroom rate, plus twenty-five percent (25%). In order to allow the Port to calculate the Ordinance Carrier's share, the Ordinance Carrier shall provide the Port with information as required by Section 14.15. The Port, however, may use other reasonable systems or procedures to determine usage and to bill the Ordinance Carrier for its use of Non-Preferential Ground Load Holdrooms.

14.8.2 Aprons

The Port shall also invoice an Ordinance Carrier monthly for its share of the Rent for Aircraft Aprons associated with Non-Preferential Ground Load Holdrooms. An Ordinance Carrier's share of the Rent for such Aprons shall be calculated as follows: the Ordinance Carrier's percentage of the total Enplaned Passengers among all the Air Carriers using such Aprons associated with Non-Preferential Ground Load Holdrooms, multiplied by the monthly apron rate set by the Port, plus twenty-five percent (25%). In order to allow the Port to calculate the Ordinance Carrier's share, the Ordinance Carrier shall provide the Port with information as required by Section 14.15. The Port, however, may use other reasonable systems or procedures to determine usage and to bill the Ordinance Carrier for its use of Aircraft Aprons associated with Non-Preferential Ground Load Holdrooms.

14.9 Common Use

Rent to be paid by Ordinance Carriers for use of Common Use Space shall be based on the share of the Terminal Net Requirement, without any reduction for Revenue Sharing or

increase on account of any Risk Mitigation Program, that is allocated by the Port to each type of Common Use Space. An Ordinance Carrier's share of such Rent shall be calculated as follows:

14.9.1 Common Use Ticket Counters

An Ordinance Carrier shall pay for the use of Common Use Ticket Counters at rates based on the average daily cost of such Ticket Counters, plus twenty-five percent (25%). The rate shall be calculated assuming six (6) hourly uses daily and shall be charged on an hourly basis.

14.9.2 Common Use Ticket Office

An Ordinance Carrier shall pay for the use of Common Use Ticket Office space on a month-to-month basis at rates based on the average square foot cost of such Office space, plus twenty-five percent (25%). This rate shall be adjusted as provided in Section 15.2.

14.9.3 Common Use Gates

An Ordinance Carrier shall pay for the use of Common Use Gates at rates based on the average cost of gates needed for flights not handled at gates leased to Signatory Carriers. These rates shall include a per turn fee for active use of the gate and a fee for remaining at the gate overnight. The Port, in its sole discretion, shall determine the number of gates reasonably required to handle these flights and at least annually will review the number of Common Use Gates. The rates shall be based on the average holdroom cost to be recovered through Common Use Gate fees. The following separately-determined charges will be added to the holdroom cost to determine the total charges to be recovered from the users of Common Use Gates: (a) Apron Fees associated with the Common Use Gates; (b) equipment Rent for loading bridges at Common Use Gates; and (c) any Common Use Equipment fees, all as established by the Port. The total of these charges shall be reduced by the fees for remaining at Common Use Gates overnight. The remainder shall be divided by the number of flights scheduled at Common Use Gates and shall then be increased by twenty-five percent (25%) to establish the rate for active use of Common Use Gates.

14.9.4 Common Use Kiosks

An Ordinance Carrier shall pay for the use of Common Use Kiosks on a month-to-month basis. The fee for each Kiosk shall be calculated as follows: the total number of Common Use Kiosks times nine (9) square feet, times the average square foot cost of such area, divided by the number of Air Carriers using Common Use Kiosks, divided by twelve (12), plus twenty-five percent (25%).

14.10 Month-to-Month Space

An Ordinance Carrier shall pay for the use of any other space that it is authorized to use on a month-to-month basis. Rent for the use of such space shall be based on the Ordinance Carrier's share of the Terminal Net Requirement, without any reduction for Revenue Sharing or increase on account of any Risk Mitigation Program, that is allocated by the Port to each type of space assigned to the Ordinance Carrier on a month-to-month basis. The fee for the use of such space shall be calculated as the product of the square footage of each such space and the applicable rate for space of that type, plus twenty-five percent (25%), and shall be adjusted as provided in Section 15.2.

14.11 IAF Rent Allocation

The Port shall invoice the Ordinance Carrier monthly for the Ordinance Carrier's share of Rent for the IAF. Rent for the IAF shall be calculated as the product of the applicable Terminal Rent rate for each type of space in the IAF, without any reduction for Revenue Sharing or increase on account of any Risk Mitigation Program, and the amount of each type of space, and shall be adjusted as provided in Section 15.2. An Ordinance Carrier's share shall be calculated as follows: the Ordinance Carrier's percentage of the Deplaned Passengers using the IAF among all Deplaned Passengers using the IAF for all Air Carriers, multiplied by the Rent rate for the IAF, plus twenty-five percent (25%). The amount of space for the IAF and the related Baggage Claim Area is calculated as follows: (a) if more than 100,000 and less than 300,000 Deplaned Passengers use the IAF in a Fiscal Year, the IAF space and the related Baggage Claim Area shall be reduced two-thirds (2/3); (b) if more than 300,000 and less than 500,000 Deplaned Passengers use the IAF in a Fiscal Year, the IAF space and the related Baggage Claim Area shall be reduced one-third (1/3); (c) if more than 500,000 Deplaned Passengers use the IAF in a Fiscal Year, the IAF space and the related Baggage Claim Area shall not be reduced; (d) if less than 100,000 Deplaned Passengers use the IAF in a Fiscal Year, the IAF space and the related Baggage Claim Area shall be reduced one hundred percent (100%) and Ordinance Carriers shall pay for use of the IAF as provided in Section 14.11.2. Ordinance Carriers shall pay for the related Baggage Claim Area as provided in Section 14.7.

14.11.1 Reporting IAF Use

In order to allow the Port to calculate the Ordinance Carrier's invoice for IAF use, the Ordinance Carrier shall provide the Port with information as required by Section 14.15. The Port, however, may use other reasonable systems or procedures to determine usage and to bill the Ordinance Carrier for its use of the IAF.

14.11.2 IAF Rate for Reduced IAF Usage

If the total number of Deplaned Passengers using the IAF in a Fiscal Year is less than 100,000, Ordinance Carriers shall pay IAF Fees equal to the IAF Rate multiplied by the number of its Deplaned Passengers using the IAF for that Fiscal Year, plus twenty-five percent (25%). As of the Effective Date, the IAF Rate is FIVE DOLLARS AND NO CENTS (\$5.00), per passenger, and will increase by three percent (3%) as of July 1 of each Fiscal Year beginning July 1, 2011.

14.12 Other Charges

14.12.1 Taxes

The Ordinance Carrier shall pay when due all taxes, assessments, user fees, and other charges, however named, which after the Effective Date may become a lien, or which may be levied by the state, county, city, district or any other body upon any interest of the Ordinance Carrier acquired pursuant to this Ordinance, or any possessory right which the Ordinance Carrier may have in, or to the Assigned Space or the improvements thereon by reason of its use thereof, as well as all taxes, assessments, user fees or other charges on all property, real or personal, owned by the Ordinance Carrier in or about the Airport (collectively, "Taxes"), together with any other charge levied wholly or partly in lieu thereof. If available by law, rule or order of the taxing authority, the Ordinance Carrier may, but only with the Port's prior written consent, make payments in installments, as allowed by Multnomah County. To the extent that the Ordinance

Carrier qualifies for tax exempt status, the Ordinance Carrier may apply for such exemption; however, unless an exemption is obtained, the Ordinance Carrier shall pay all Taxes due under this Section. The Ordinance Carrier may contest the validity of an assessment against the Assigned Space so long as the Ordinance Carrier deposits with an escrow agent approved by the Port, with irrevocable instructions to pay such funds to the taxing authority upon written instruction from the Port, sufficient funds to satisfy any amount determined to be owing at the conclusion of the proceeding to contest the assessment. In the event that the Ordinance Carrier fails to pay Taxes on or before their due date, then, the Port may, but shall not be obligated, to pay the Taxes and any interest and penalties due thereon, with notice to the Ordinance Carrier, and the Ordinance Carrier shall promptly reimburse the Port for any sums so paid.

14.12.2 Other Taxes, Assessments, and Licenses

The Ordinance Carrier shall, at its own expense, obtain all permits, licenses, approvals and certificates and pay all Taxes, assessments, fees and charges owed by the Ordinance Carrier, as required by any regulation, or any law of the City of Portland, County of Multnomah, State of Oregon, the United States, or other governmental body with regard to the business to be conducted by the Ordinance Carrier at the Airport pursuant to the terms of this Ordinance. The Ordinance Carrier may, however, at its own risk, cost, and expense, and at no cost to the Port, contest by appropriate judicial or administrative proceedings, the applicability or amounts of any such Taxes, assessments, fees and charges.

14.12.3 Payment Due Dates

The Ordinance Carrier shall pay for Month-to-Month Space in advance on or before the first (1st) day of each calendar month. The Ordinance Carrier shall pay its charges for Landing Fees and IAF Fees within thirty (30) calendar days following the last day of each calendar month, without demand or invoice. The Ordinance Carrier's aircraft parking fees, Baggage Make-up Area fees, Baggage Claim Area fees; Non-Preferential Ground Load Holdroom and Aircraft Apron rentals, Common Use Space rentals, and all other charges permitted hereunder shall be due within thirty (30) calendar days of the Port's invoice therefore. Payment of Rent and other amounts due under this Ordinance shall be made without offset, abatement or deduction, to the Port at the address set forth in Section 25, or such other place as the Port may designate.

14.12.4 Place of Payment

All payments required of the Ordinance Carrier by any section of this Ordinance shall be made to the following address:

Port of Portland
P.O. Box 5095
Portland, Oregon 97208-5095

or to such other address as the Port may substitute therefor, in accordance with the requirements of Section 25. The Port may designate in writing account(s) of the Port where payments can be made by direct deposit or wire transfer.

14.13 Delinquency Charge

All Rent and other amounts not paid when due shall bear a delinquency charge of eighteen percent (18%) per annum ("Delinquency Charge"), or the maximum rate of interest allowed by law, whichever is less, from the date such Rent or other amount is due until paid in full. The Delinquency Charge is subject to periodic change by the Port. Imposition of a Delinquency Charge shall not constitute a waiver of any other remedies available to the Port for the Ordinance Carrier's failure to timely pay Rent or any other amounts.

14.14 Returned Checks

If the Ordinance Carrier's check for payment of Rent, or any other amount due under this Ordinance, is returned to the Port for any reason, the payment shall be considered not to have been made and shall be delinquent. In addition to the Delinquency Charge, the Port may charge the Ordinance Carrier a returned check fee of ONE HUNDRED FIFTY DOLLARS AND NO CENTS (\$150.00) per returned check, for the additional administrative time and expense incurred by the Port. The Delinquency Charge shall continue to accrue until the returned check fee is paid, the check can be cashed, and the Port receives all funds due.

14.15 Reports to be Supplied by Ordinance Carrier

Not later than five (5) Business Days after the end of each month, the Ordinance Carrier shall file with the Port separate reports, on form(s) provided by the Port or forms approved and accepted by the Port: (a) for activity (including number of Enplaned and Deplaned Passengers) conducted by the Ordinance Carrier during said month at the Airport; (b) for any aircraft flights, scheduled or non-scheduled, handled by the Ordinance Carrier for other aircraft operators not having an agreement with the Port; and (c) for outbound baggage counts that enter the baggage handling system (collectively, "Monthly Reports"). Ordinance Carriers may submit Monthly Reports electronically or in hard copy. The Port may elect to calculate Rent from information generated from sources other than the Monthly Report.

14.16 Invoices; Ordinance Carrier Failure to Report

In the event the Ordinance Carrier fails to submit the Monthly Report required by Section 14.15 when due, the Port shall base its invoice for Rent upon the most recent data transmitted by the Ordinance Carrier to the Port, with such charges to be adjusted as necessary on the next succeeding payment date. If statistical data to be submitted by the Ordinance Carrier continues to be unavailable in the next succeeding month, the Port may develop estimates as to the Ordinance Carrier's monthly activity at one hundred twenty percent (120%) of the Ordinance Carrier's highest monthly activity level during the preceding six (6) months for use in the calculation of Rent until such time as actual data is available, at which time the Ordinance Carrier shall pay any additional amount due within thirty (30) calendar days of the date of the Port's issuance of its billing. In the event said actual data establishes that the Ordinance Carrier has been overcharged as a result of the estimate, then the Ordinance Carrier shall be entitled to an offsetting credit for any future amounts due for the Rent.

14.17 Acceptance of Payment Is No Waiver

The Port's acceptance of any Air Carrier payment shall not preclude the Port from verifying the accuracy of the Monthly Reports on which Rent is based, and shall not be construed as a waiver of any balance which may be due from the Ordinance Carrier. In the event any such balance is found to be due from the Ordinance Carrier as the result of an audit pursuant

to Section 14.19, interest shall accrue thereon from the date the payment was originally due, at the Delinquency Charge.

14.18 Late Monthly Reports

The Port incurs additional administrative expense if the Ordinance Carrier's Monthly Reports, as described in Section 14.15, are not completed and received by the due date of each Report. To compensate the Port for this administrative expense, the Ordinance Carrier shall pay the Port TWO HUNDRED FIFTY DOLLARS AND NO CENTS (\$250.00) per month, as a reasonable fee to compensate the Port for its additional administrative costs, for each Monthly Report which is not complete and received by its due date. Said TWO HUNDRED FIFTY DOLLARS AND NO CENTS (\$250.00) payment shall be paid within thirty (30) calendar days of the Port's invoice.

14.19 Audit of Ordinance Carrier Records

The Ordinance Carrier shall maintain for a period of at least six (6) years its books, records, ledgers, accounts or other records ("Records") containing entries as are relevant to the determination and verification of any Rents, fees or charges under this Ordinance. All Records shall be kept in accordance with generally accepted accounting principles, consistently applied, showing in detail all business done or transacted in, on, about, from or pertaining to the Airport sufficient to permit the Port to calculate and verify the fees and charges due under this Ordinance. The Port may conduct an audit, examination, or inspection of the Ordinance Carrier's original Records and computerized systems relating to the Ordinance Carrier's operations in order to determine the accuracy of the fees and charges paid by the Ordinance Carrier to the Port. In connection with this audit the Ordinance Carrier shall accommodate the Port's representatives by providing adequate workspace (including electrical outlets and phone access), and to the extent available, photocopiers, fax machines and similar office equipment, and shall make employees with knowledge of the Records available to support the audit. The Ordinance Carrier shall, if requested, freely lend assistance in making such audit, examination or inspection; and, if such Records are maintained in electronic and other machine readable format, shall provide the Port and/or its representatives such assistance as may be required to allow complete access to such Records within fifteen (15) Business Days from the original request. If the Ordinance Carrier does not make the Records available within fifteen (15) Business Days, a charge of ONE HUNDRED DOLLARS AND NO CENTS (\$100.00) per day, to cover the Port's administrative expenses of enforcing compliance with this Section, for each day the Records are late, will accrue and be due and payable to the Port. If the Ordinance Carrier's Records have been generated from computerized data, the Ordinance Carrier shall provide the Port's representative with extracts of data files in a computer readable format on data disks, e-mail with attached files or suitable alternative computer data exchange formats. If such Records are maintained outside the City of Portland, Oregon, the Ordinance Carrier shall make provisions to transfer the documents to Portland, but if the Ordinance Carrier fails to provide all required documentation to a location within Portland, Oregon, the Ordinance Carrier shall, subject to the limitation below, reimburse the Port for travel expenses incurred to send representatives to the location at which the Records are maintained. Such expenses will include transportation, lodging, food and out of pocket expenses for travel to and from Portland, Oregon. If the result of any audit reveals any discrepancy of more than three percent (3%), an adjustment will be made in accordance with the Annual Audit process set forth in Section 15.2. The Port's right to inspect and audit the

Ordinance Carrier Records shall survive the term of the Ordinance Carrier's Letter of Authorization to operate at the Airport.

15. ADJUSTMENTS TO RENT

15.1 Annual and Periodic Rent Adjustments

Rent rates shall be reviewed annually, in conjunction with the Port's budgeting process, and may be adjusted effective on July 1 of each Fiscal Year. Such adjustments may be made at any time that unaudited monthly Airport financial data indicates that total Rent payable pursuant to the then current rate schedule is estimated and anticipated by the Port to produce higher or lower Revenues than would be received if rates for Rent were based upon more current information. The Port will provide an adjusted rate schedule to the Ordinance Carrier at each adjustment.

15.2 Final Adjustment of Rates after Annual Audit of Port Records

Within one hundred twenty (120) calendar days following the close of each Fiscal Year, or as soon as audited financial data for said Fiscal Year is available, rates for Rent for the preceding Fiscal Year shall be recalculated using audited financial data and the methods set forth in Section 14. Any difference(s) between the Rent that would have been paid by the Ordinance Carrier using said recalculated rates shall be applied as year-end adjustments to the Airport accounts. Said adjustments shall be applied to the particular Rent for which a difference(s) in rates resulted in overpayment or underpayment of Rent. Any underpayment shall be invoiced by the Port and paid by the Ordinance Carrier within thirty (30) calendar days following the issuance of said invoice. Subject to the provisions of Section 15.5, any overpayment shall be refunded to the Ordinance Carrier within thirty (30) calendar days of its determination.

15.3 Time Limit on Reconciliation

The Ordinance Carrier shall not seek a reconciliation reimbursement from the Port for any error in Landing Fees or Terminal Rents discovered more than six (6) months after the final adjustment of Landing Fees and Terminal Rents is issued as provided in Section 15.2.

15.4 Continuation of Unadjusted Rates

If adjustment of Rent is not completed by the Port on or prior to the end of any Fiscal Year, Rent then in existence shall continue to be paid by the Ordinance Carrier until adjustment is concluded. At the time such adjustment is concluded, appropriate payments by the Ordinance Carrier, or credits to the Ordinance Carrier, shall be made to adjust Rent paid to date in said Fiscal Year to the amounts that would have been paid had the new Rent rates been effective at the beginning of said Fiscal Year.

15.5 Refunds and Payments to the Ordinance Carrier

15.5.1 Source of Funds

Any cash payment of any amounts due to the Ordinance Carrier pursuant to this Ordinance shall be payable only from funds in or available for deposit in, the Airport General Account.

15.5.2 Offset for Amount Owed to the Port

Any refund or payment to the Ordinance Carrier pursuant to this Ordinance shall be retained by the Port for offset if the Ordinance Carrier is not current on payment of all Rent due to the Port. The set off amounts shall be applied as determined by the Port in its sole discretion and may be applied to pay any amounts, including amounts that became due prior to the commencement of bankruptcy by the Ordinance Carrier.

15.6 Calculation Methodology

The Port shall calculate Ordinance Carrier rates in a manner that: (a) is consistent with this Ordinance; (b) shall not render taxable any federally tax exempt revenue bonds issued to finance Airport construction; and (c) shall be consistent with federal law and applicable federal policy statements with respect to rates and charges.

16. PASSENGER CHARGES

16.1 Passenger Facility Charges

The Port imposes PFCs in accordance with 49 USC § 40117 and applicable implementing regulations adopted by the FAA, 14 CFR 158, as they may be amended from time to time. The Ordinance Carrier acknowledges that the PFCs are Port revenue and that the Ordinance Carrier has no property interest in these funds, with the exception of the amounts the Ordinance Carrier may withhold constituting "Collection Compensation" as that term is defined under 14 CFR 158.53.

16.2 Miscellaneous Charge to Passengers

The Port may charge passengers and other members of the general public any other fees it deems reasonable for use of Airport facilities.

17. INDEMNIFICATION AND INSURANCE

17.1 Indemnification

To the full extent permitted by applicable law, and subject to the provision for waiver of subrogation set forth in Section 17.5, the Ordinance Carrier shall indemnify, defend and hold harmless the Port, its commissioners, directors, officers and employees (collectively, the "Indemnified Parties"), individually or collectively, from and against any and all claims, actions, damages, loss and liability, including environmental claims and costs, together with all reasonable expenses incidental to the investigation and defense thereof claimed by the Port or by any other party by reason of injury or damage to persons or property to the extent arising from an act, omission or any negligence of the Ordinance Carrier, its officers or employees, subtenants, contractors, subcontractors, or by anyone acting under the Ordinance Carrier's direct control, arising out of the Ordinance Carrier's use of any part of the Airport. The Ordinance Carrier shall also indemnify, defend and hold harmless, the Indemnified Parties, individually or collectively, from and against any and all claims, actions, damages, loss and liability, together with all reasonable expenses incidental to the investigation and defense thereof, in any way arising from or based upon the violation of any federal, state, or municipal laws, statutes, ordinances, or regulations, including applicable Environmental Laws, by the Ordinance Carrier, its officers or employees, subtenants, contractors, subcontractors or by anyone under the Ordinance Carrier's direct control arising out of the Ordinance Carrier's use of any part of the Airport.

17.2 Ordinance Carrier Insurance

The Ordinance Carrier shall maintain commercial insurance, self-insurance, or a combination thereof as set forth below to cover its operations and indemnity obligations under this Ordinance. Insurance types and amounts stated below are minimum requirements only and shall not limit the Ordinance Carrier's liability or indemnity obligations under the Ordinance. The Ordinance Carrier shall continuously maintain the following policies of insurance, without interruption, for so long as the Ordinance Carrier uses or occupies the Airport in any way:

17.2.1 Aviation and Premises Operations Liability Insurance

The Ordinance Carrier shall maintain aviation and premises operations liability insurance for the protection of the Ordinance Carrier and the Port, its commissioners, directors, officers, agents, and employees for claims arising out of the Ordinance Carrier's operation at the Airport. Such insurance shall include coverage for bodily injury, death, property damage, including loss of use thereof, personal injury, contractual liability, fire legal and products and completed operations. Coverage shall be written on an occurrence form with a single limit in no less than the following amounts:

17.2.1.1 Ordinance Carriers classified as a "Regional/Commuter Ordinance Carrier" by the FAA shall carry insurance in the amount of ONE HUNDRED MILLION DOLLARS AND NO CENTS (\$100,000,000.00) each occurrence and in the annual aggregate, to the extent an annual aggregate is typical in the market, with respect to personal injury and products and completed operations. Ordinance Carriers not classified as regional commuters shall carry insurance in the amount of TWO HUNDRED MILLION DOLLARS AND NO CENTS (\$200,000,000.00) each occurrence and in the annual aggregate, to the extent an annual aggregate is typical in the market, with respect to personal injury and products and completed operations.

17.2.1.2 Such insurance shall name the Port, its commissioners, directors, officers, agents and employees as additional insureds to the extent of the Ordinance Carrier's insurable indemnity obligations hereunder, with the stipulation that this insurance, as to the interest of the Port only, shall not be invalidated by any act, or omission by the Ordinance Carrier. The coverage shall be primary coverage and any other insurance carried by the Port is excess.

17.2.2 Automobile Liability Insurance

The Ordinance Carrier shall maintain automobile liability insurance in the amount of FIVE MILLION DOLLARS AND NO CENTS (\$5,000,000.00) each occurrence for the protection of the Ordinance Carrier and the Port, its commissioners, directors, officers, agents, and employees. Such insurance shall include coverage for claims arising out of the Ordinance Carrier's use of any owned or non-owned automobile at the Airport.

17.2.2.1 The Ordinance Carrier may self-insure the automobile liability if the Ordinance Carrier has been approved as self-insured under Oregon law and complies with all state requirements.

17.2.2.2 If the Ordinance Carrier violates any aspect of its responsibilities as a self insurer, the Port reserves the right to, and may, in its sole discretion, immediately rescind acceptance of such self-insurance.

17.2.3 Workers' Compensation Insurance

The Ordinance Carrier shall also maintain in force workers' compensation insurance, to the extent required by Oregon law, and coverage for "Employer's Liability" in the minimum amount of ONE MILLION DOLLARS AND NO CENTS (\$1,000,000.00).

17.2.4 Property Insurance

The Ordinance Carrier shall provide property insurance, or be allowed to self-insure, in an amount adequate to repair or replace its improvements and betterments in the Assigned Space and other Port facilities used by the Ordinance Carrier on a temporary basis, and the Ordinance Carrier's Personal Property anywhere on the Airport. Any self-insurance shall conform at least to the terms and conditions of standard commercial property "all risk" insurance.

17.2.5 Review of Insurance Coverage

The aforesaid types and amounts of insurance shall be reviewed from time to time by the Port and may be adjusted by the Port.

17.2.6 Certificate of Insurance

Ordinance Carrier shall furnish the Port a certificate(s) of insurance as evidence that the required amounts and types of such insurance are in force, including a copy of the additional insured requirement as stated in Section 17.2.1.2. Said policies shall be in a form, content, and for a term customary for Air Carriers with business operations substantially similar to those of Ordinance Carrier. The certificate(s) shall provide for thirty (30) calendar days written notice to the Port prior to the cancellation of, or any material change in, such policies.

17.2.7 Other Forms of Insurance

The Ordinance Carrier shall also obtain all other forms of insurance required for its particular use of the Airport or as required by law.

17.2.8 Cancellation or Unauthorized Policy Changes

In the event of cancellation of any required insurance at any time during the Ordinance Carrier's use or occupancy of the Airport, or in the event of any change not acceptable to the Port, the Port may provide additional insurance and charge the cost of any premiums for such coverage to the Ordinance Carrier.

17.2.9 No Representation of Adequacy

The Port makes no representation that the limits or forms of insurance coverage specified or required under this Ordinance are adequate to cover the Ordinance Carrier's property or the Ordinance Carrier's liabilities or obligations under this Ordinance.

17.2.10 Port's Right to Request Information from Insurance Company

If at any time the Port requests a written statement from the Ordinance Carrier's insurance company as to any claim or loss, the Ordinance Carrier shall promptly authorize its insurer to have such statement delivered to the Port. The Ordinance Carrier authorizes the Port and its insurance consultant or company to confirm with the Ordinance Carrier's insurance agents, brokers and insurance companies all information furnished the Port as to the Ordinance Carrier's compliance with the Port's insurance requirements.

17.2.11 Primary Coverage

All insurance policies shall be endorsed to state that Ordinance Carrier's policy shall be primary and not contributory with respect to any insurance carried by the Port.

17.2.12 Excess Coverage

To the extent that the Ordinance Carrier relies on any excess policy of insurance to satisfy any requirement of this Ordinance, any such policy shall be no less broad than the underlying policy, shall have a term at least equal to the time period covered by the underlying policy, and shall at all times meet the minimum coverage requirements and include a drop down provision.

17.3 Actions that Impact Coverage

The Ordinance Carrier shall not do, or permit to be done, anything either by act, or failure to act, that shall cause the cancellation or violate the provisions of any policy of insurance for the Airport, or any part thereof, or that shall cause a hazardous condition so as to increase the risks normally attendant upon operations permitted by this Ordinance. If such Ordinance Carrier act, or failure to act, shall cause cancellation of any policy, then the Ordinance Carrier shall immediately take such action as is necessary to cause reinstatement of said insurance.

17.4 Ordinance Carrier's Risk

Ordinance Carrier shall be responsible for obtaining any insurance it deems necessary to cover its own risks, including, without limitation: (a) business interruption covering loss of income, extra expenses, and consequential loss or damages of any type or kind; (b) personal property; (c) aircraft hull and machinery coverage; and/or (d) automobile physical damage and/or theft, if applicable. In no event shall the Port be liable for any: (i) business interruption or any other related or consequential loss sustained by Ordinance Carrier; (ii) damage to, or loss of, Ordinance Carrier's property; (iii) damage to, or loss of, an aircraft; or (iv) damage to, or loss of an automobile, whether or not such loss is insured.

17.5 Waiver of Subrogation

The Ordinance Carrier waives any right of action that it and/or its insurance carrier(s) may have against the Port for any loss from perils which can be insured against under the standard form commercial property, aircraft hull and machinery, or fire insurance contract with extended perils coverage endorsement generally available in Oregon at the time the loss occurs, whether or not the party incurring the loss has actually obtained such insurance. If Ordinance Carrier's applicable insurance policies do not allow the insured to waive the insurer's rights of recovery prior to a loss, it shall be endorsed to allow the waivers of subrogation required by this Section.

18. SECURITY DEPOSIT

18.1 Security Deposit Required

In order to guarantee the timely payment of rent, fees and other charges due from Ordinance Carrier to the Port under the provisions of this Ordinance, Ordinance Carrier must provide the Port with a Security Deposit before the Port will issue a Letter of Authorization. If any payment required to be made by Ordinance Carrier under this Ordinance is not timely made, the Port may, without waiving any other legal remedies to which the Port may be entitled, take

and use so much of Ordinance Carrier's Security Deposit as may be necessary to make such payment in full.

18.2 Acceptable Forms of Security Deposit

18.2.1 Letter of Credit

The Ordinance Carrier may deliver to the Port an irrevocable stand by letter of credit, in favor of the Port, in a form and with drawing instructions acceptable to the Port, drawn on a bank acceptable to the Port.

18.2.2 Cash

The Ordinance Carrier may post with the Port cash in the amount of the Security Deposit. Cash shall not be considered to be held in trust and may be commingled with any other Port accounts. The Port shall have no obligation to pay Ordinance Carrier any interest on Ordinance Carrier's Security Deposit.

18.3 Amount of Security Deposit

The amount of Security Deposit required by this Ordinance shall be a minimum of three (3) months average Terminal Rents and Landing Fees, as reasonably estimated by the Port and may, in the Port's sole discretion, be increased to such amount as may be deemed reasonable by the Port upon its evaluation of Ordinance Carrier's demonstrated creditworthiness. If Ordinance Carrier's Security Deposit is drawn down by the Port to cover payments due from Ordinance Carrier, Ordinance Carrier shall within five (5) Business Days replenish its Security Deposit so that it continues to satisfy the requirements of this Section.

19. ENVIRONMENTAL REQUIREMENTS

19.1 Environmental Compliance

An Ordinance Carrier shall manage and conduct all of its activities on or relating to the Airport or the Assigned Space: (a) in compliance with applicable Environmental Laws and the environmental provisions of this Ordinance; (b) in cooperation with the Port in the Port's efforts to comply with applicable Environmental Laws; and (c) in adherence with Best Management Practices applicable to Ordinance Carrier's use of the Airport and the Assigned Space.

19.2 Duty to Notify

An Ordinance Carrier shall promptly notify the Port in writing upon becoming aware of: (a) a notice of violation or alleged violation of any applicable Environmental Laws related to Ordinance Carrier's operations or occupancy of the Airport or the Assigned Space; and (b) any Hazardous Substance Release by Ordinance Carrier in, on or from the Airport, or the Assigned Space, except for a de minimis Hazardous Substance Release that is promptly and fully cleaned up.

19.3 Duty to Share Information

An Ordinance Carrier shall maintain, in the Assigned Space, copies of any permits, authorizations, approvals and notifications issued under applicable Environmental Laws by any governmental agencies related to the Ordinance Carrier's operations or occupancy of the Airport or its Assigned Space. The Ordinance Carrier shall promptly provide the Port with copies of any permits, authorizations, approvals and written notifications issued under applicable

Environmental Laws by any governmental agencies related to the Ordinance Carrier's operations or occupancy of the Airport or its Assigned Space. The Ordinance Carrier will also provide the Port with a description of any Environmental Management System (EMS), as applicable, at the Airport.

19.4 Storm Water Management

An Ordinance Carrier is authorized to discharge storm water associated with its operations or occupancy at the Airport or the Assigned Space into the Port owned Municipal Separate Storm Sewer System ("System") subject to the following conditions: (a) Ordinance Carrier shall be deemed to have become a co-permittee with the Port on, and shall comply with the Port's 1200 COLS National Pollution Discharge Elimination System General Storm Water Discharge Permit for the Airport or its successor permit ("Stormwater Permit"); and (b) Ordinance Carrier shall comply with all requirements of the Port's Storm Water Pollution Control Plan ("SWPCP").

19.5 Deicing and Anti-icing Discharge Management

Any Ordinance Carrier that elects to discharge deicing or anti-icing materials at the Airport shall be deemed to have become a co-permittee on the Port's deicing and anti-icing permit issued by the Oregon Department of Environmental Quality and shall comply with Port anti-icing and deicing Best Management Practices.

19.6 Hazardous Substance Release

The Ordinance Carrier shall be responsible for any Hazardous Substance Release on the Airport, on or into adjacent waterways or groundwater or on Ordinance Carrier's Assigned Space caused by or resulting from the Ordinance Carrier's occupancy or operations thereon, and for the prompt and diligent completion of any required remediation and restoration of such release in accordance with applicable Environmental Laws. The Ordinance Carrier shall pay all costs incurred by the Port resulting from the remediation and restoration of a Hazardous Substance Release attributable to Ordinance Carrier with or not under the formal oversight of the Oregon Department of Environmental Quality ("DEQ").

19.7 Air Quality

The Ordinance Carrier shall comply with federal and state air quality laws, the PDX Rules and Port Best Management Practices related to operations impacting air quality at the Airport. Ordinance Carrier will cooperate with the Port to minimize contributions to climate change.

19.8 Noise Mitigation

The Ordinance Carrier acknowledges that aircraft noise is of significant concern to the community, particularly residents located in close proximity to the Airport or under flight paths. The Ordinance Carrier shall cooperate with the Port in finding reasonable solutions or alternatives to mitigate noise, whenever reasonably possible, and to the extent allowed by law.

19.9 Asbestos and Lead Paint

The Port will provide its most recent survey data related to asbestos found in areas the Ordinance Carrier is licensed to occupy within the Airport. The Ordinance Carrier shall not knowingly disturb or otherwise impact any such material without the prior written permission of

the Port. If the Ordinance Carrier disturbs asbestos or paint containing lead or other heavy metals at the Airport without the Port's prior consent, the Ordinance Carrier shall pay all costs associated with Port remediation measures and any fines, penalties or costs of litigation resulting from the disturbance or remediation.

19.10 Safety and Security Requirements

The Ordinance Carrier shall comply with all applicable state and federal safety rules and regulations and the intent of the Federal Aviation Regulations Part 107 (airport security) in the PDX Rules as approved in the ASP. The Ordinance Carrier shall pay the cost of any charges, fees, fines levied upon and paid by the Port through enforcement of FAA Part 107 or Part 139 or any subsequent regulations resulting from acts of the Ordinance Carrier's employees, agents, suppliers, guests or invitees.

20. DISCRIMINATION

20.1 Federal Nondiscrimination Regulations

The Ordinance Carrier must comply with the requirements of Title VI of the Civil Rights Act of 1964 and 49 CFR Part 21 that with respect to its operations at the Airport: (a) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (b) in the construction of any improvements on, over, or under such land and the furnishings of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (c) it shall use the Airport and the Assigned Space in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federal Assisted Programs of the Department of Transportation Effectuations of Title VI of the Civil Rights Act of 1964, and as that regulation may be amended. The Ordinance Carrier shall promptly provide the Port, upon written request by the Port, such information the Port is required to obtain from the Ordinance Carrier to show compliance with applicable nondiscrimination laws.

20.2 Affirmative Action

The Ordinance Carrier assures that it will undertake an affirmative action program if required by 14 CFR 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, or national origin be excluded from participating in any employment activities covered in 14 CFR 152, Subpart E. The Ordinance Carrier assures that no person shall be excluded on these grounds from participating in, or receiving the services or benefits of, any program or activity covered by this subpart. The Ordinance Carrier further assures that it will require that its covered sub organizations, if required by 14 CFR 152, Subpart E, make the same required assurances.

21. CONTRACTOR COMPLIANCE

The Ordinance Carrier may contract with a third party to provide services in support of its operation at the Airport; provided, however, that the Ordinance Carrier shall require any such contractor to enter into an operating agreement or permit acceptable to the Port. A material provision of any such agreement with respect to operations in the Terminal is that the third party contractor license sufficient operational space to accommodate all employee activities, including without limitation break rooms, locker rooms, cafeterias, storage and operations within the

contractor's licensed area. Furthermore, any such contractor will comply with all fire code and insurance requirements applicable to the service provided and the space licensed.

22. PORT REMEDIES FOR CARRIER NON-COMPLIANCE

Subject to the requirements of 49 CFR Part 21, the Port shall have the right to immediately terminate the privileges granted under any Letter of Authorization and this Ordinance and to pursue all other legal remedies, in the event an Ordinance Carrier fails to meet its obligations under any nondiscrimination covenant of this Ordinance.

23. AIR CARRIER SURRENDER OF ASSIGNED SPACE

23.1 Upon Termination of License

Upon termination of its license to use an Assigned Space of the Airport, the Ordinance Carrier shall peaceably surrender possession of the Assigned Space in good condition, reasonable wear and tear, Acts of God, and fire excepted. The Ordinance Carrier shall not abandon any of its property on the Airport without the written consent of the Port and shall reimburse the Port for any costs incurred in the removal of the Ordinance Carrier's property by the Port. Title to any property not removed by the Ordinance Carrier upon termination shall, at the option of the Port, vest in the Port.

24. LABOR DISPUTES

The Ordinance Carrier shall avoid disruption to the Port, its tenants or members of the public, arising from labor disputes involving the Ordinance Carrier, and in the event of a strike, picketing, demonstration or other labor difficulty involving the Ordinance Carrier, to use reasonable efforts to minimize or eliminate any disruption to the Port, its tenants or members of the public, arising from such strike, picketing, demonstration or other labor difficulty.

25. NOTICES

25.1 Legal Notices

Notices required to be given to the Port shall be given by personal delivery or by depositing notice in the United States mail, certified mail, return receipt requested, and postage prepaid, to the Port at its address as set forth below. Ordinance Carriers must, before obtaining a Letter of Authorization from the Port, provide a notice address to the Port. Unless otherwise provided in this Ordinance, any notice shall be effective upon its actual receipt but, in any event, shall be deemed received by the addressee no later than four (4) calendar days after deposit of same in the mail. The Port and the Ordinance Carrier may, by giving written notice to the other, change the address at which notices are to be received. If notice is given in any other manner or at any other place than those specified below, it will also be given at the place and in the manner specified below.

Notice to the Port shall be mailed to the following address:

The Port of Portland
Attention: Director of Aviation
7200 N.E. Airport Way
Portland, OR 97218

25.2 Agent for Service of Process

If the Ordinance Carrier does not have or maintain an agent for service of process within the State of Oregon who is designated in its Letter of Authorization, then for the purpose of service of process in any action between it and the Port arising out of or based upon this Ordinance, the Ordinance Carrier may be personally served with such process by the certified mailing, or hand delivery, of a true copy of such complaint and process to the last known headquarters of the Ordinance Carrier. It is further agreed that any such service by certified mail or hand delivery shall constitute valid service upon the Ordinance Carrier.

26. GENERAL PROVISIONS

26.1 Attorneys' Fees

If a suit, action, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code), is instituted in connection with any controversy arising out of this Ordinance or to interpret or enforce any rights or obligations hereunder, the Port shall, if it prevails, be entitled to recover reasonable attorney, paralegal, accountant, and other expert fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith, as determined by the court at trial or on any appeal or review, in addition to all other amounts provided by law. Payment of all such fees shall also apply to any administrative proceeding, trial, and/or any appeal or petition for review. Whenever this Ordinance requires the Ordinance Carrier to defend the Port, such defense shall be by legal counsel reasonably acceptable to the Port.

26.2 Avigation Rights

The Port holds, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Airport, including the Assigned Space, for navigation or flight for landing, taking off or operating on the Airport, together with the right to cause in airspace such noise as may be inherent in the operation of aircraft now known or hereafter used on or about the Airport.

26.3 Calculation of Time

Unless referred to as Business Days, all periods of time referred to in this Ordinance shall include Saturdays, Sundays, and Legal Holidays. However, if the last day of any period falls on a Saturday, Sunday, or Legal Holiday, then the period shall be extended to include the next day which is not a Saturday, Sunday or Legal Holiday. "Legal Holiday" means any holiday observed by the Federal Government. "Business Days" means Monday through Friday and shall exclude Saturday, Sunday and Legal Holidays.

26.4 Compliance by Other Airport Users

The Port shall not be liable to the Ordinance Carrier for any violation or non observance of the PDX Rules by any other tenant, Air Carrier, or other users of the Airport.

26.5 Governing Law

This Ordinance is to be read and construed in accordance with the laws of the State of Oregon. The exclusive forum for any legal actions brought hereunder shall be a federal or state court sitting in the State of Oregon.

26.6 Right of Port to Enter

The Port shall have the right at all times, with reasonable advance notice to enter any area of the Airport occupied by the Ordinance Carrier for the following purposes:

26.7 Inspections

The Port may, upon twenty four (24) hours advance written notice to the Ordinance Carrier, conduct an inspection of Ordinance Carrier's operations at the Airport to confirm that such operations comply with the requirements set forth in this Ordinance. Ordinance Carrier shall cooperate with such inspection. If the inspection shows that Ordinance Carrier is not in compliance, the Port may charge Ordinance Carrier for the reasonable costs of the inspection and any re-inspection until Ordinance Carrier has demonstrated its compliance.

26.8 Maintenance and Repairs

The Port may, upon twenty four (24) hours advance written notice to the Ordinance Carrier enter the Carrier's Assigned Space to make repairs and replacements either to meet the obligations of the Ordinance Carrier or the Port to preserve any portion of the Airport or to correct any condition likely to cause injury or property damage. As to any such repairs or replacements that are occasioned by the misuse by Ordinance Carrier, Ordinance Carrier shall pay the Port for its entire cost of performing such work. The Port is not required to provide advance notice to make an emergency repair.

26.9 Environmental Compliance Inspection

The Port may, upon seventy two (72) hours advance written notice to the Ordinance Carrier enter the Assigned Space to review Ordinance Carrier's compliance with Environmental Law at the Airport. The Port may conduct environmental sampling, and perform any Hazardous Substance Release remediation or restoration, as required by applicable Environmental Laws, or this Ordinance, in the event Ordinance Carrier is obligated to do so under this Ordinance and has failed to do so within a reasonable period after being notified by the Port of Ordinance Carrier's failure so to perform.

26.10 SEC Rule 15c2-12

The Ordinance Carrier, upon request by the Port, shall provide the Port with such information as the Port may reasonably request in writing to comply with the Port's continuing disclosure requirements under any Securities and Exchange Commission rulings, including, but not limited to, SEC Rule 15c2-12, as it may be amended from time to time, provided, however, that Ordinance Carrier may, in lieu of providing the requested information, direct the Port to the Ordinance Carrier's or SEC website where the requested information is then currently available.

26.11 PENALTIES

26.11.1 Civil Sanctions

In the event Ordinance Carrier violates any term or condition of this Ordinance, the Port may exercise any rights or remedies allowed by law or equity, including without limitation, imposition of a civil penalty pursuant to ORS 836.210 of not more than FIVE HUNDRED DOLLARS AND NO CENTS (\$500.00) per violation; and, in the case of a violation of any term or condition of any Letter of Authorization granted pursuant to this Ordinance, after reasonable notice and hearing, suspension or termination of the rights granted

pursuant to the Letter of Authorization. In the event that any Letter of Authorization is so suspended or terminated, any covenant or condition (including, but not limited to, indemnification covenants), set forth in the Letter of Authorization, the full performance of which is not specifically required prior to the suspension or termination of the Letter of Authorization, and any covenant or condition which by its terms is to survive, shall survive the suspension or termination of the Letter of Authorization, and shall remain fully enforceable thereafter.

26.11.2 Criminal Sanctions

The Ordinance Carrier violating this Ordinance shall be guilty of a misdemeanor and upon conviction, shall be punished by a fine of not more than TWO HUNDRED FIFTY DOLLARS AND NO CENTS (\$250.00), per violation.

26.12 Severability

If one or more clauses, sections, or provisions of this Ordinance shall be held to be unlawful, invalid or unenforceable by any court of competent jurisdiction, the remainder of this Ordinance shall not be affected thereby, unless the rights enjoyed by either the Port or the Ordinance Carrier hereunder are substantially adversely affected.

ADOPTED THIS 9 day of June, 2010, being the date of its second reading before the Board of Commissioners of the Port of Portland.

THE PORT OF PORTLAND

By: Judi Johansen
Judi Johansen, Commission President

By: Pam Thompson
Pam Thompson, Assistant Secretary

APPROVED AS TO LEGAL SUFFICIENCY

By: [Signature]
Counsel for Port of Portland

APPROVED BY COMMISSION

Date June 9, 2010