

MARK E. GALE, A.A.E.
CHIEF EXECUTIVE OFFICER

May 29, 2015

Joan Decker, Commissioner
Department of Records
City Hall, Room 156
Philadelphia, PA 19107

Re: Filing of Airport Rates and Charges Regulation

Dear Commissioner Decker:

Enclosed for filing is the Airport Rates and Charges Regulation and Airline Operating Terms and Conditions for the Use of Facilities and Services at Philadelphia International Airport and Northeast Philadelphia Airport, revised as of May 29, 2015, effective as of promulgation. Kindly time stamp the enclosed copy and return it to the attention of Katherine O'Keefe, Assistant City Solicitor, City of Philadelphia Law Department, Philadelphia International Airport, Terminal D/E, Third Floor, Philadelphia, PA 19153. For your review, I am enclosing advertising copy for the aforesaid rates and charges regulation.

I would like to schedule a hearing for Tuesday, June 30, 2015. I assume you will schedule an appropriate place for such hearing. I anticipate that you will keep the Law Department informed with regards to the hearing by contacting Katherine O'Keefe at (215) 863-3972 or Katherine.O'Keefe@phl.org.

Thank you for your consideration.

Sincerely,



Mark Gale
Chief Executive Officer

Enclosure

cc: Chellie Cameron, Chief Operating Officer (w/o enclosures)
Tracy Borda, Acting Deputy Director of Aviation (w/o enclosures)
Joseph Messina, Divisional Deputy City Solicitor (w/o enclosures)
Katherine O'Keefe, Assistant City Solicitor (w/o enclosures)

DEPARTMENT OF RECORDS
2015 MAY 29 PM 2:45

THE CITY OF PHILADELPHIA
DEPARTMENT OF COMMERCE
DIVISION OF AVIATION

AIRPORT RATES AND CHARGES REGULATION AND AIRLINE OPERATING TERMS AND
CONDITIONS FOR THE USE OF FACILITIES AND SERVICES AT PHILADELPHIA
INTERNATIONAL AIRPORT AND NORTHEAST PHILADELPHIA AIRPORT

ADVERTISING COPY

The Department of Commerce, Division of Aviation has updated its Airport Rates and Charges Regulation and Airline Operating Terms and Conditions for the Use of Facilities and Services at Philadelphia International Airport and Northeast Philadelphia Airport, revised as of May 29, 2015, effective as of promulgation. City of Philadelphia, through its Department of Commerce, Division of Aviation, hereby promulgates this Airport Rates and Charges Regulation and Airline Operating Terms and Conditions for the Use of Facilities and Services at Philadelphia International Airport and Northeast Philadelphia Airport.

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DEPARTMENT OF COMMERCE
2015 MAY 29 PM 2:46

THE CITY OF PHILADELPHIA
DEPARTMENT OF COMMERCE
DIVISION OF AVIATION

AIRPORT RATES AND CHARGES REGULATION AND AIRLINE OPERATING TERMS AND
CONDITIONS FOR THE USE OF FACILITIES AND SERVICES AT PHILADELPHIA
INTERNATIONAL AIRPORT AND NORTHEAST PHILADELPHIA AIRPORT

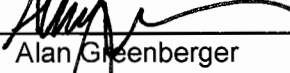
(Revised as of May 29, 2015, effective as of promulgation)
(Intended to Supersede All Previous Rates and Charges Regulations)

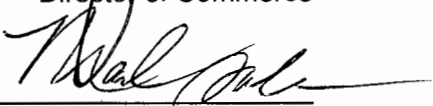
AIRPORT RATES AND CHARGES REGULATION AND AIRLINE OPERATING TERMS AND
CONDITIONS FOR THE USE OF FACILITIES AND SERVICES AT PHILADELPHIA
INTERNATIONAL AIRPORT AND NORTHEAST PHILADELPHIA AIRPORT


The City of Philadelphia, through its Department of Commerce, Division of Aviation, hereby promulgates these Rates and Charges and Operating Terms and Conditions for the Use of Facilities and Services at Philadelphia International Airport and Northeast Philadelphia Airport.

The City of Philadelphia is the owner and operator of Philadelphia International Airport and Northeast Philadelphia Airport. All existing Rates and Charges contained in Appendix H of the Rules and Regulations, as they apply to Philadelphia International Airport and Northeast Philadelphia Airport, are hereby repealed and superseded by the Rates and Charges and Operating Terms and Conditions for the Use of Facilities and Services at Philadelphia International Airport and Northeast Philadelphia Airport as promulgated herein.

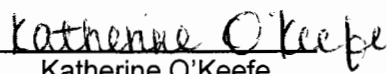
THE CITY OF PHILADELPHIA

By: 
Alan Greenberger
Director of Commerce

By: 
Mark Gale
Chief Executive Officer

Concur: 
John Elfrey
Acting Deputy Mayor, Transportation and Utilities

Approved as to form:
SHELLEY R. SMITH, Esquire
City Solicitor

By: 
Katherine O'Keefe
Assistant City Solicitor

Filed: May ____, 2015

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2015 MAY 29 PM 2:45

**THE CITY OF PHILADELPHIA
DEPARTMENT OF COMMERCE
DIVISION OF AVIATION**

**AIRPORT RATES AND CHARGES REGULATION AND AIRLINE OPERATING TERMS AND
CONDITIONS FOR THE USE OF FACILITIES AND SERVICES AT PHILADELPHIA INTERNATIONAL
AIRPORT AND NORTHEAST PHILADELPHIA AIRPORT**

(Revised as of May 29, 2015, Effective as of promulgation)

(Intended To Supersede All Previous Rates and Charges Regulations)

(Hereinafter referred to as the "Rates and Charges Regulation")

I. If any Air Carrier enters into an Effective Airport-Airline Use and Lease Agreement with the City of Philadelphia, then such Signatory Airline shall be governed by the rates and charges and terms and conditions as set forth in the Effective Airport-Airline Use and Lease Agreement.

II. If there is an Effective Airport-Airline Use and Lease Agreement with the City of Philadelphia, then any other Air Carrier not party to the Effective Airport-Airline Use and Lease Agreement shall be governed by the following rates and charges at Philadelphia International Airport and Northeast Philadelphia Airport, which are fifteen percent (15%) higher than those rates and charges provided by the Effective Airport-Airline Use and Lease Agreement:

**RATES AND CHARGES REGULATION AND OPERATING TERMS AND CONDITIONS FOR THE USE
OF FACILITIES AND SERVICES AT PHILADELPHIA INTERNATIONAL AIRPORT AND NORTHEAST
PHILADELPHIA AIRPORT**

1.01. Pursuant to Section 4-501 and Section 8-407 of the Philadelphia Home Rule Charter and Section 18-201 of the Philadelphia Code, the Department of Commerce, Division of Aviation fixes the following rates and charges for the use of Philadelphia International Airport and Northeast Philadelphia Airport facilities and services not otherwise governed by written leases, licenses or operating agreements (specifically excluding any contract titled "Fee Payment Agreement") with the Department of Commerce-Division of Aviation.

A. Rates and Charges related to the Philadelphia International Airport Terminal Area and Ramp Area. The Terminal Area shall mean the Airport passenger terminal buildings, including the un-air conditioned areas available for use as baggage make-up, the sidewalk and curb adjacent to the landside of the terminal buildings, the loading bridges and all pedestrian bridges connecting the terminal buildings with the landside vehicular parking garages, as such areas now exist or may be developed, extended or improved from time to time. The Ramp Area shall mean those un-air conditioned airport operations areas of the Airport designated for the Terminal Area consisting of the aircraft parking positions, ramp space and canopy space (and including any other equipment located on the Ramp Area that are owned by City and provided for the use by Air Carriers.)

1. Leased Premises Terminal Area, Joint Use Areas, and Ramp Area. Leased Premises Terminal Areas shall mean those areas of the Terminal Area that are occupied by an Air Carrier. Joint Use Areas shall mean those areas of the Terminal Area that are used by an Air Carrier on a shared or joint use basis with other Air Carriers at the Airport. Rentals for use of the Leased Premises Terminal Area, Joint Use Areas and Ramp Areas shall be:

a. Type 1: Ticket Counter and Ticket Counter Office space - \$256.58 per square foot per annum.

b. Type 2: Holdrooms, Baggage Claim Area, Baggage Claim Offices, Airline Lounge, and Airline Space - \$192.44 per square foot per annum.

c. Type 3: Airline Operations Space, Baggage Makeup Area, Inbound Baggage - \$128.29 per square foot per annum.

d. Type 4: FIS Area, Cart Tunnel/Baggage Recheck - \$64.15 per square foot per annum.

e. Ramp Area: Ramp space adjacent to preferentially-used Aircraft gates - \$100.99 per linear foot per annum.

2. International Common Use Area Fees. The following rates and charges are applicable for the use of the International Common Use Areas. International Common Use Areas shall mean the International Common Use Ticket Counter Areas, the International Common Use Enplaning Areas, the International Common Use Deplaning Areas and the Federal Inspections Services (FIS) Areas. International Common Use Enplaning and Deplaning Areas include the baggage make-up, holdroom, aircraft parking ramp area, loading bridges, and associated fixtures and equipment located thereon (that are not the property of an Air Carrier). Written authorization may be granted for permission to process international and charter operations at locations other than the International Common Use Areas on the condition that the rates and charges paid to the City as set forth below will apply to these operations.

a. **International Common Use Enplaning Area Fee.** For the use of International Common Use Enplaning Areas: \$5.67 per Enplaned Passenger.

b. **International Common Use Deplaning Area Fee.** For the use of International Common Use Deplaning Areas in common with other Air Carriers: \$5.54 per deplaned passenger.

c. **FIS Area Fee.** For the use of FIS Areas, those areas where Deplaned Passengers are processed and collect their checked baggage and the baggage cart movement areas associated therewith: \$5.70 per deplaned passenger processed thru Federal Inspection Service facilities.

d. **Ramp Use Charge.** For use, in common with other Air Carriers, of the Ramp space adjacent to the International Common Use Area: \$150.00 per use for each two hour period or fraction thereof. This charge shall apply only to flights which incur no other International Common Use Enplaning or Deplaning Area Fees and FIS Area Fees as set forth above.

e. **International Common Use Ticket Counter Area Fee.** For the use of International Common Use Ticket Counter Areas in common with other Air Carriers: \$2.28 per Enplaned Passenger.

3. Domestic Common Use Area Fees. Domestic Common Use Terminal Areas shall mean those portions of the Terminal Area that could be allocated to an individual airline on a preferential basis, but are available for use for individual flights or other limited use upon agreement by City. Domestic Common Use Areas are available for use for individual flights or other limited use upon agreement by the City, including but not limited to, Domestic Common Use Gates, Ticket Counters and Bag Claim for operations by Air Carriers.

a. **Domestic Common Use Gate Fee**, including the associated ramp area and equipment necessary to operate from the gates - \$397 per aircraft turn (an aircraft arrival and departure).

b. **Domestic Common Use Ticket Counter Fee**, including associated back office, baggage makeup areas and baggage conveyors - \$126 per aircraft departure.

c. **Domestic Common Use Bag Claim Fee**, including associated cart circulation and recheck area, bag claim and operations space - \$1.00 per deplaned passenger from aircraft operations utilizing such space in the terminal complex.

4. **Aircraft Parking.** The following charges apply for the parking of Aircraft by Air Carriers not paying rentals under Section 1.01.A.1 above at all designated parking areas within the Airport:

a. Aircraft parking charge (beyond the first two hour period) \$150.00 per day.

b. In addition to the above aircraft parking charge, any aircraft engaged in a cargo processing operation at a designated parking area shall be subject to the following charges: Cargo off-loading operation - \$150.00 per operation; Cargo on-loading operation: \$150.00 per operation.

B. Rates and Charges related to the Airfield Area at Philadelphia International Airport

1. **Landing Fees** at Philadelphia International Airport by Large Certificated Air Carriers, Commuter Air Carriers and Small Certificated Air Carriers, Foreign Flag Air Carriers and Air Taxi/Commercial Operators - \$4.88 per thousand pounds of maximum allowable gross landing weight.

2. **General Aviation Aircraft Landing Fees** at Philadelphia International Airport for all non-based, general aviation aircraft and those based general aviation aircraft engaged in commercial activities approved in writing by the City will be based on a sliding weight scale as follows:

<u>Maximum Allowable Gross Landed Weight</u>	<u>Landing Fee per Landing</u>
0 - 5,000 lbs.	\$10.00
5,001 - 10,000 lbs.	\$33.00
10,001 - 25,000 lbs.	\$76.00
25,001 - 50,000 lbs.	\$163.00
50,001 - 100,000 lbs.	\$326.00
100,001 - 200,000 lbs.	\$651.00
over 200,000 lbs.	\$868.00

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DEPARTMENT OF TRANSPORTATION

C. Rates and Charges Related to Northeast Philadelphia Airport

1. Terminal Building - Ticket counter space: \$22.19 per square foot per annum.

2. Terminal Building - All other space: \$20.40 per square foot per annum.

a. Mooring Fee for airships, blimps and similar aircraft types that are less than 210 ft. in length: \$75.00 per day or fraction thereof for the first four days; \$35.00 per

day thereafter.

b. Mooring Fee for airships, blimps and similar aircraft types that are more than 210 ft. in length: \$100.00 per day or fraction thereof for the first four days; \$50.00 per day thereafter.

3. Landings at Northeast Philadelphia Airport by Commuter Air Carriers: \$1.65 per thousand pounds of maximum allowable gross landing weight.

4. Landings at Northeast Philadelphia Airport by all non-based general aviation aircraft and those based general aviation aircraft engaged in commercial activities approved in writing by the City will be based on a following sliding weight scale:

<u>Maximum Allowable Gross Landed Weight</u>	<u>Landing Fee per Landing</u>
0 - 5,000 lbs.	\$5.00
5,001 - 10,000 lbs.	\$10.00
10,001 - 25,000 lbs.	\$15.00
25,001 - 50,000 lbs.	\$35.00
50,001 - 75,000 lbs.	\$60.00
over 75,000 lbs.	\$95.00

D. Demurrage. The Chief Executive Officer will allow the use of the designated non-leased and/or common use area for such time as may be reasonably required for Aircraft loading and unloading; provided, however, that if such area is needed for another Aircraft, the Chief Executive Officer may require the operator to relocate the Aircraft. If the Aircraft is not moved within ten minutes of such request, a demurrage charge of \$150.00 will be assessed for each additional ten minute period or part thereof the Aircraft remains at the designated area.

E. Armed Guard Security Charge. Each Air Carrier shall be charged a proportionate amount of the costs incurred by the Airport in complying with the security requirements of Federal Aviation Regulation Part 107 or any other federally-mandated security requirements.

F. Utility Charges. All utilities, including but not limited to electricity, water and sewer service and natural gas, shall be billed at rates which shall not be in excess of rates charged for such service to users of the class and volume level using the service at the airports by utility suppliers authorized to provide such service in the vicinity of the airports.

G. Ground Handling Fees. All Air Carriers shall be subject to a fee equal to 10% of ground handling fees charged by a provider of ground handling services to the Air Carrier. Ground handling services provided to Signatory Airlines, their Affiliates, and other Air Carriers that are party to Airline Operating License Agreements with the Department of Commerce-Division of Aviation are exempt from ground handling fees. Affiliates shall mean any Air Carrier that is either a wholly-owned subsidiary of the Air Carrier or operates under essentially the same trade name as the Air Carrier at the Airport and uses essentially the same livery as the Air Carrier.

H. Fuel Flowage Fees. Fuel dispensed on-airport to Aircraft operating at Philadelphia International Airport and Northeast Philadelphia Airport: \$0.083 per gallon. Fuel dispensed to Signatory Airlines and other Air Carriers that are party to Airline Operating License Agreements with the Department of Commerce-Division of Aviation are exempt from the fuel flowage fee.

I. Aviation Lubricants Fees. Aviation lubricants sold at Philadelphia International Airport and Northeast Philadelphia Airport: \$0.15 per gallon. Aviation lubricants sold to Signatory Airlines and other Air Carriers that are party to Airline Operating License Agreements with the Department of

Commerce - Division of Aviation are exempt from the aviation lubricants fee.

1.02. Passenger Facility Charge ("PFC")

In accordance with regulations of the U.S. Department of Transportation, Federal Aviation Administration ("FAA"), found at 14 Code of Federal Regulations ("CFR") Part 158, the City of Philadelphia has been given approval by notice from the FAA dated January 30, 2001 to impose a \$4.50 Passenger Facility Charge ("PFC") on the fares charged to passengers departing from Philadelphia International Airport. Additional information concerning the PFC and the obligations of Air Carriers with respect thereto is on file with the City of Philadelphia's Division of Aviation and is found in 14 CFR Part 158.

1.03. Airport I.D. Badge Fees

Airport I.D. Badges are issued to provide positive identification, authorization and access to controlled airport areas. The following fees apply to new badge issues, replacement of expired badges and replacement of damaged badges:

- A. Philadelphia International Airport
 - 1. PHL-based employees of Air Carriers: \$18.00 per badge.
 - 2. All others: \$33.00 per badge.
 - 3. Replacement of all lost or stolen badges: fines will escalate as follows
 - a. 1st incident of a lost or stolen badge - \$100.00
 - b. 2nd incident of a lost or stolen badge - \$150.00
 - c. 3rd incident of a lost or stolen badge - \$200.00
 - d. 4th incident of a lost or stolen badge - possible loss of badge
- B. Northeast Philadelphia Airport
 - 1. Initial badge issuance - No charge.
 - 2. Replacement of all lost or stolen badges - \$35.00 per badge.

Airport I.D. Badge fees will be invoiced to the company of the employee who is being badged, unless a prior arrangement has been made between a company and the Division of Aviation. Payment may be accepted from an individual by the City for replacement of lost or stolen Airport I.D. Badges and for badges issued to non-based crew members. The City reserves the right to make reasonable exceptions in the assessment of I.D. Badge fees.

1.04. Fingerprinting Fee

Pursuant to 14 CFR Parts 107 and 108, Criminal History Record Checks, the U. S. Transportation Security Administration (TSA) requires that all airports within the United States submit fingerprints for all personnel working in airport Sterile and Security Identification Display Areas (SIDA).

The Division of Aviation processes fingerprints through the Aviation Security Clearinghouse (ASC). A fee for fingerprint processing is mandated by the TSA. The current fee is \$32.00 per applicant, including employees of governmental agencies. The fee must be paid to the City at the time of fingerprinting by the employee or the company of the employee being fingerprinted unless a prior pre-payment arrangement has been made between the company and the Division of Aviation.

The fingerprinting process must be satisfactorily completed prior to the issuance of Airport I.D. Badges for access to SIDA.

1.05. Payments

A. Leased Premises Terminal Area, Joint Use Areas, Ramp Areas, and Northeast Philadelphia Airport Terminal Building rentals shall be due to City without invoice, in advance, on the first day of each calendar month, pertaining to that calendar month without notice, demand, set-off or counterclaim.

B. The City reserves the right to invoice certain non-scheduled Air Carriers not paying rentals under Section 1.01.A.1. All invoiced charges shall be due 20 days after invoice date unless otherwise stated on invoice.

C. All other charges and activity reports proscribed by City shall be due to City without invoice on or before the tenth (10th) day of each subsequent calendar month during the term of the Agreement.

D. Non-tenant Air Carriers and Operators not providing adequate surety or security in form and amount satisfactory to the Department of Commerce, to ensure payment of fees and charges, shall be required to pay all incurred fees and charges prior to aircraft departure.

E. Penalties and Interest for Late Payments

1. Interest charges on unpaid amounts shall be charged effective on the first day after the due date.

2. Air Carriers, Operators and other tenants shall pay interest at the default rate of five percent (5%) plus the Prime Rate (as hereinafter defined) on all payments which are unpaid as of the first day after the day on which such payment is due to City. City's failure to impose such an interest charge in any particular case shall not be deemed a waiver of City's right to do so in any future case. As used in this Rates and Charges Regulation, the "Prime Rate" shall be the prime rate as published in the Wall Street Journal as being the base rate on corporate loans posted by at least seventy five percent (75%) of the nations' thirty largest banks.

3. If any charges remain unpaid for a period of twenty (20) days after the due date, the City may:

- a. Bar operator from the Airport and the use thereof; and/or
- b. Deny operator the use of Airport facilities; and/or
- c. Commence such actions at law or in equity as are deemed in the best interests of the City.

1.06. This Rates and Charges Regulation shall not apply to space occupied by any governmental agencies or to services rendered to governmental agencies, except as specifically provided herein.

1.07. This Rates and Charges Regulation shall be effective on the earliest date possible after filing with the Department of Records in accordance with Section 8-407 of the Philadelphia Home Rule Charter, and shall apply on and after that date, and shall supersede all prior Airport Rates and Charges Regulations.

1.08. In the event that any portion of this Rates and Charges Regulation shall be determined to be illegal, for any reason whatsoever, such determination shall not affect any other portion of the Rates and Charges Regulation, it being the intent of the Department of Commerce that each charge set forth in the Rates and Charges Regulation shall be absolutely independent of every other charge.

1.09. Payment Method

A. Rates and Charges. Unless and until City notifies Air Carriers, Operators or other tenants in writing designating an alternative payment method, all payments pursuant to this Rates and Charges Regulation (save and except PFC) shall be submitted due hereunder shall be made by either:

- 1. Separate wire transfer as follows:
Wells Fargo Bank, N.A.
Phone: 1-800-869-3557
E-Mail: www.wellsfargo.com

City of Philadelphia Aviation Division
Aviation Operating Account
Account #200-003-388-8734
ABA # 121000248 (Routing Number)

Or

2. Submitted to the following mailing address:
City of Philadelphia
241758
PO Box 8500
Philadelphia, PA 19178-1758

B. Passenger Facility Charges. Unless and until City notifies Air Carriers, Operators or other tenants in writing designating an alternative payment method, all PFCs due hereunder shall be paid by either:

1. Separate wire transfer as follows:
Wells Fargo Bank, N.A.
Phone: 1-800-869-3557
E-Mail: www.wellsfargo.com
City of Philadelphia Aviation Division
Aviation Capital Account
Account #200-003-388-8653
ABA #121000248 (Routing Number)

Or

2. Submitted to the following mailing address:
City of Philadelphia
213966
PO Box 8500
Philadelphia, PA 19178-3966

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1.10. All operations from Philadelphia International and Northeast Philadelphia Airports are governed by this Rates and Charges Regulation except for those operations governed by valid, written contracts executed by the Director of Commerce or duly authorized designee and approved by the City Solicitor.

1.11. The Division of Aviation may adopt occupancy and operating procedures if it determines, in its sole discretion, that such procedures are appropriate.

1.12. Customer Facility Charge ("CFC"). A Customer Facility Charge ("CFC") is imposed in the amount of \$8 per rental day on each customer renting a motor vehicle from a Vehicle Rental Company doing business at Philadelphia International Airport. Customer Facility Charges shall be collected from the customer by the Vehicle Rental Company and held in a segregated trust fund for the benefit of the Airport. All other provisions in Subchapter C of Chapter 59 of Title 74 (74 Pa. C.S. Sections 5931-5933) are hereby incorporated herein by reference.

III. In the absence of an Effective Airport-Airline Use and Lease Agreement between the City of Philadelphia and Air Carriers, the following airport rates and charges and terms and conditions for the use of facilities and services at Philadelphia International Airport and Northeast Philadelphia Airport shall be effective:

**RATES AND CHARGES REGULATION AND OPERATING TERMS AND CONDITIONS FOR THE USE
OF FACILITIES AND SERVICES AT PHILADELPHIA INTERNATIONAL AIRPORT AND NORTHEAST
PHILADELPHIA AIRPORT**

RECITALS

Whereas, the City of Philadelphia, Department of Commerce, Division of Aviation (the "City") owns and operates the Philadelphia International Airport located in Philadelphia and Delaware Counties ("Airport") and Northeast Philadelphia Airport located in Philadelphia County ("PNE") (collectively, the "Airport System"); and

Whereas, Air Carriers engaged in the business of transportation by air of persons, property, mail, parcels and/or cargo desire to conduct operations within Airport System; and

Whereas, pursuant to Section 4-500(a) and (c) and Section 4-501 of the Philadelphia Home Rule Charter and the Rates and Charges Ordinance dated December 28, 1954, the City is authorized to operate and maintain the Airport System and collect charges for the use of such facilities; and

Whereas, as a recipient of financial assistance from the United States Government for development of airports, the City is required by 49 USC § 47107(a)(13) to maintain a schedule of charges for the use of facilities and services within the Airport System that will make the Airport as self-sustaining as possible under the circumstances existing within the Airport System; and

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

Whereas, the Federal Aviation Administration has directed airports to ensure that rates, fees, landing fees, and other service charges imposed on aeronautical users of the Airport System for aeronautical uses are fair, reasonable, and not unjustly discriminatory; and

Whereas, the City may, consistent with 49 USC § 47107(a)(2)(B), levy fees, and other charges upon Air Carriers that use the Airport System, but have not entered into agreements with the City, to reflect differences in the kinds of commitments that Regulatory Airlines make; differences in the kinds of risks that the City assumes; and other factors; and

Whereas, in order to generate revenue to make the Airport System as self-sustaining as possible under the circumstances existing within the Airport System and in order to maintain, operate, and develop the Airport System 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 City of Philadelphia; and govern use of Airport System property, it is necessary to adopt and implement a methodology that authorizes the establishment of and periodically the adjustment of fees, and other charges to be paid by Air Carriers engaged in air transportation to or from the Airport System, and which are without agreements with the City that grant defined operating privileges in exchange for the payment of specified fees and other charges; and

Whereas, City consulted with Air Carriers on this Rates and Charges Regulation on May 13, 2015 and received comments from the Air Carriers on May 20, 2015.

Article 1

DEFINITIONS

1.01. Definitions. The following words and phrases, wherever used in this Rates and Charges Regulation, shall, for the purpose of this Rates and Charges Regulation, have the following meanings:

"Activity Report" or **"Supplemental Activity Report"** shall mean those reports required to be submitted by Airline to City within ten (10) days following the end of each calendar month in a form acceptable to City setting forth aircraft and passenger activity and other statistical information reasonably

required by City related to Airline's operations at the Airport in the form attached to Airline's Letter of Authorization.

"Additional Fees" shall mean Landing Fees, Ground Handling Fees, International Common Use Fees, FIS Area Fees, Domestic Common Use Terminal Area Rates and Fees and any other concession or fee required to be paid together with an Activity Report for each calendar month during the term of Airline's Letter of Authorization.

"Air Transportation Business" shall mean the carriage by aircraft of persons, cargo or property as a common airline for compensation or hire, or the carriage of mail, by aircraft, in commerce as defined in the Federal Aviation Act of 1958, as amended.

"Air Transportation Company" shall mean an entity conducting an Air Transportation Business at the Airport.

"Aircraft Parking and Storage Areas" shall mean those portions of the Airfield Area, that are designated by the Chief Executive Officer for the parking and storage of aircraft and aircraft support vehicles, and, if necessary, the loading and unloading of aircraft, which areas are subject to change from time to time.

"Airfield Area Requirement" shall mean that amount calculated per Section 7.03.B hereof.

"Airline" shall mean an individual Air Transportation Company.

"Airline Allocable Space" shall mean Exclusive Use Space, Preferential Use Space, Joint Use Space, and International Common Use Areas in the Terminal Area allocated to any Airline, as shown on an exhibit attached to Airline's Letter of Authorization.

"Airline's Allocated Premises" shall mean the areas of Airline Allocable Space that are directly allocated to Airline under Airline's Letter of Authorization, together with Airline's Ramp Premises as set forth in an exhibit attached to Airline's Letter of Authorization.

"Airline Cost Centers" shall mean (i) the Airfield Area Cost Center, (ii) the Terminal Area Cost Center; (iii) the Roadways Cost Center, and (iv) the Northeast Philadelphia Airport Cost Center.

"Airline Equipment" shall mean those moveable trade fixtures, furniture and equipment located on Airline's Allocated Premises, or elsewhere at the Airport, purchased and/or constructed at the sole cost and expense of Airline which are considered the personal property of Airline.

"Airline Improvements" shall mean those fixtures and construction related additions, modifications and improvements located on or affixed to Airline's Allocated Premises, or elsewhere at the Airport, which have been purchased and/or constructed at the sole cost and expense of Airline.

"Airline's Preferential Use Premises" shall mean that portion of Airline's Allocated Premises which Airline has Preferential Use of under Airline's Letter of Authorization: such as ticket counters, holdrooms, associated Airline's Ramp Premises for aircraft parking, and associated boarding bridge(s), including all fixtures and equipment located thereon (that are not Airline Equipment)

"Airline's Ramp Premises" shall mean that portion of the Ramp Area from the face of the terminal building in the Terminal Area to the aircraft parking restriction line ("Aircraft Parking Restriction Line" or "APRL") as set forth in an exhibit attached to Airline's Letter of Authorization, and that is allocated specifically to Airline for its Preferential Use. Unless specifically stated otherwise, "Airline's Preferential Use Premises" shall be deemed to include "Airline's Ramp Premises".

"Airline Revenues" shall mean all Fees, Additional Fees, fees and other operating revenues paid by Airlines under this Rates and Charges Regulation.

"Airline's Terminal Area Allocated Premises" shall mean the total square footage in the Terminal Area attributable to an individual Airline in any given Fiscal Year, which is the sum of the Airline's Exclusive Use, Preferential Use, and Joint Use Space.

"Airport" shall mean the Philadelphia International Airport, together with any modifications thereto.

"Airport Cost Centers" or "Cost Centers" shall mean collectively the following cost centers. Such Airport Cost Centers shall be used for purposes of accounting for Airport Revenues and Airport Expenses and for calculating and adjusting certain fees and charges as specified in this Rates and Charges Regulation:

A. "Airfield Area" or "Airfield Area Cost Center" shall include all existing and future City owned and operated airfield areas at the Airport, including the following sub-cost centers:

1. **Airfield Area** - shall include the hard surface and grass areas within the airfield perimeter fence, reserved for aircraft operations and aircraft-related activities, including but not limited to areas provided for aircraft landing, taking-off, taxiing, safety overruns and parking, as designated from time to time. The Airfield Area Cost Center also shall include other appurtenances on the Airport related to the aeronautical use of the Airport, including but not limited to City-owned or controlled easement areas designated as approach and transition zones, obstacle-free areas, clear zones, navigation areas or other easements, including any property purchased for direct aviation operations purposes including noise mitigation purposes, as they now exist or may be developed, extended or improved from time to time.

2. **"Ramp Area"** - shall include those outside airport operations areas of the Airport designated for the Terminal Area consisting of the aircraft parking positions, ramp space and canopy space that extend from the face of the Terminal Area to the outer limits of the vehicle service road to the South, bordering the fence line on the West, and to the taxilane object free area to the Northeast, as may be subject to change from time to time.

B. "Terminal Area" or "Terminal Area Cost Center" shall include the Airport passenger terminal buildings, including the areas available for use as baggage make-up, the sidewalk and curb adjacent to the landside of the terminal buildings, the boarding bridges and all pedestrian bridges connecting the terminal buildings with the landside vehicular parking garages, as such areas now exist or may be developed, extended or improved from time to time. For the purposes of this Rates and Charges Regulation, the cost of operating the shuttle service for the Employee Parking Lot is included in the Terminal Area Cost Center.

C. "Other Areas" or "Other Areas Cost Center" shall include the following sub-cost centers:

1. **"Other Buildings and Areas"** shall include airline, general aviation and corporate hangars; commissary; fueling facilities; industrial facilities, airline freight, express and mail handling facilities; the former hangars, renovated and improved by City in 1972 and the north and south international terminal aprons associated with the area formerly known as the Overseas Terminal; and certain non-airline facilities (including office, retail, warehouses, etc.) including any property purchased for indirect aviation purposes, such as concurrent commercial development as they now exist or may be developed, demolished, extended, expanded or improved from time to time.

2. **Outside Terminal Area** – shall include hotel, service station, vehicular parking and car rental facilities appurtenant, adjacent to or used in connection with the Airport as they now exist or may be developed, extended, or improved from time to time.

D. **“Northeast Philadelphia Airport” or “Northeast Philadelphia Airport Cost Center”** shall include the airport facilities operated by the Division of Aviation located in the northeast portion of City as it now exists or may be developed, extended or improved from time to time.

E. **“Airport Services” or “Airport Services Cost Center”** an Indirect Cost Center which shall include the Airport Expenses associated with the operation of the Airport System or any part thereof, which are not directly accounted for in the Airfield Area, Terminal Areas, Outside Terminal Area, Other Areas, Roadways and Northeast Philadelphia Airport Cost Centers.

F. **“Roadways” or “Roadways Cost Center”** an Indirect Cost Center which shall include the Airport Expenses associated with the maintenance of the PHL Airport roadways.

“Airport Expenses” shall mean the Operating Expenses, Capital Project Expenditures Debt Service, and Fund Requirements associated with the operation of the Airport System or any part thereof for any Fiscal Year.

“Airport Revenues” shall mean Project Revenues as set forth in the Bond Ordinance.

“Airport System” shall mean the Philadelphia International Airport and the Northeast Philadelphia Airport.

“Allocated Premises Terminal Area” shall mean the aggregate of all Airline’s Allocated Premises (except the Airline’s Ramp Premises) as set forth in an exhibit attached to Airline’s Letter of Authorization.

“ALP” or “Airport Layout Plan” shall mean the currently FAA approved layout plan for the Airport depicting the physical characteristics of the Airport and identifying the location and configuration of current runways, taxiways, buildings, roadways, utilities, nav aids and other improvements. When appropriate, ALP shall also include the physical layout of the Northeast Philadelphia Airport, as may be subject to change from time to time.

“Annual Budget” shall mean the capital and operating budget and annual rates and charges report of the Airport System, prepared and adopted by City for each Fiscal Year.

“Bonds” shall have the meaning as set forth in the Bond Ordinance.

“Bond Documents” shall mean those contracts, agreements, certificates, resolutions or other materials, ancillary to and including the Bond Ordinance, evidencing the issuance of Bonds.

“Bond Ordinance” shall mean the Amended and Restated General Airport Revenue Bond Ordinance, executed June 16, 1995, as amended and supplemented, and any ordinance or resolution of City regulating or authorizing the issuance of Bonds, payable from Airport Revenues.

“Bond Redemption and Improvement Account” shall mean an account established by City pursuant to this Rates and Charges Regulation to provide for the purposes specified in Article 5 herein.

“Bond Redemption and Improvement Requirement” shall mean the amount required to be deposited in the Bond Redemption and Improvement Account in each Fiscal Year determined by City as set forth in Section 5.06.A.

“Calendar Year” shall mean the twelve (12) month period commencing on January 1st of each year.

"Capital Project Expenditures" shall mean those expenditures for capital projects and investments which are not financed and do not generate Debt Service.

"Category Terminal Rates" shall mean those rates established for Airline Allocable Space classified according to Types of Space by location and function as calculated in accordance with Article 7 hereof.

"Chief Executive Officer" shall mean the Chief Executive Officer of the Philadelphia International Airport of City's Division of Aviation or his successor in functions.

"City" shall mean City of Philadelphia in the Commonwealth of Pennsylvania, a municipal corporation of the Commonwealth of Pennsylvania and City of the First Class, acting by and through its Department of Commerce, Division of Aviation.

"Code" shall mean the Internal Revenue Code of 1986, as amended, supplemented, or replaced, and the regulations and rulings issued thereunder.

"Debt Service" shall mean Debt Service Requirements; the debt service requirements, net of interest earnings, if any, of any outstanding General Obligation Bonds (including General Obligation Bonds that have not been adjudged to be self-sustaining on the basis of expected Project Revenues) issued for improvements to the Airport System; the debt service requirements of any outstanding Subordinate Obligations and any other subordinate indebtedness secured by Amounts Available for Debt Service including but not limited to any commercial paper program adopted by the City for the payment of expenditures for improvements to the Airport System; and amounts required to repay any loans among the Aviation Capital Fund, the Renewal Fund, and the Aviation Operating Fund made pursuant to Section 4.05(c) of the Bond Ordinance.

"Debt Service Requirements" shall have the meaning as set forth in the Bond Ordinance.

"Default Rate" shall mean five percent (5%) plus the Prime Rate.

"Deplaned Passenger" shall mean any passenger, including any non revenue passenger but excluding the flight crew, disembarking from an aircraft at the Airport, even if such passenger subsequently departs from the Airport on another aircraft of the same or a different Passenger Air Transportation Company. Where Deplaned Passenger data are used to calculate Fees, the number of Deplaned Passengers for the most recent complete Calendar Year shall be used.

"Discretionary Account" shall mean an account established by this Rates and Charges Regulation, reflecting funds available for City's use in its sole discretion for any lawful Airport System purpose.

"Division of Aviation" shall mean that operating agency of City directly responsible for the operation, management, maintenance, improvement, repair and administration of the Airport System, or such other duties and responsibilities as directed by City or any successor division or department charged by law with such responsibility.

"Domestic Common Use Gates" shall mean any City controlled gates not directly allocated to an individual airline on a preferential basis, for which City reserves for the flexible and temporary use of any Air Transportation Company. Domestic Common Use Gates shall include the associated Ramp Area and all equipment necessary to operate from the gates, including loading bridges, ground power units and potable water supply (that are not the property of Airline or any other Air Transportation Company).

"Domestic Common Use Gate Fee" shall mean those rates, fees and charges established by City for any given Fiscal Year, as set forth in this Rates and Charges Regulation for Airlines utilizing a Domestic Common Use Gate.

"Domestic Common Use Terminal Area" shall mean that portion of the General Terminal Areas within the Terminal Area that could be directly allocated to an individual airline on a preferential basis, but are available for use for individual flights or other limited use upon agreement by City, and include but are not limited to, Domestic Common Use Gates and Domestic Common Use Ticket Counters.

"Domestic Common Use Ticket Counters" shall mean any ticket counter not directly allocated to an individual airline on a preferential basis, for which City reserves for the flexible and/or temporary use of any Air Transportation Company. Domestic Common Use Ticket Counters shall include the associated back office, baggage make up areas and baggage conveyors.

"Domestic Common Use Ticket Counter Fee" shall mean those rates, fees and charges paid per Turnaround Use for any given Fiscal Year as set forth in this Rates and Charges Regulation, established by City for Airlines utilizing Domestic Common Use Ticket Counters.

"Effective Date" shall mean July 1, 2015.

"Enplaned Passenger" shall mean any passenger, including any non-revenue passenger but excluding the flight crew, boarding an aircraft at the Airport, even if such passenger previously disembarked from a different aircraft of the same or a different Passenger Air Transportation Company. Unless established otherwise where Enplaned Passenger data are used to calculate Fees, the number of Enplaned Passengers is for the most recent complete Calendar Year for which data is available.

"Event of Default" shall include those occurrences, actions or inactions as set forth in Article 10 of this Rates and Charges Regulation.

"Exclusive Use Space" shall mean that portion of Airline Allocable Space which Airline has exclusive use of under Airline's Letter of Authorization; including generally but not limited to, ticket counter offices, airline operations space, airline office support, baggage claim offices, and airline lounges.

"FAA" shall mean the Federal Aviation Administration, or its authorized successor(s).

"Fees" shall mean all Terminal Fees, Other Fees, other fees, charges, fines, costs, reimbursements, penalties, taxes, late charges, liquidated damages, and interest of all types and of all nature that Airline is required to pay pursuant to this Rates and Charges Regulation.

"Fiscal Year" shall mean the twelve-month period commencing on July 1st of each year, or such other twelve-month period as may be established by City from time to time.

"Fueling Services" shall mean the transportation, sale, delivery, dispensing, storage, or draining of fuel or fuel waste products to or from aircraft, vehicles or equipment in the Airport System.

"Fund Requirements" shall mean the amount, if any, required to be paid into the Sinking Fund Reserve Account or Renewal Fund; any amounts required to be paid under Exchange Agreements; the Bond Redemption and Improvement Requirement; and the O&M Requirement.

"Gate Position" shall mean passenger gate(s) in the Terminal Area and Ramp Area, including a holdroom and loading bridge (if any), and all fixtures, furnishings and equipment located thereon, or appurtenant thereto that are reasonably necessary for flight operations.

"General Terminal Areas" shall mean those areas of the Terminal Area Cost Center including (i) those occupied or designated as space for any Division of Aviation or City function; (ii) Public Areas; (iii) those used by City to support the operations of the Airport System, including, but not limited to, utility rooms, ductways, janitorial rooms and closets, telephone rooms, and other such areas as designated by City; (iv) Domestic Common Use Terminal Areas and (v) those designated by City and leased directly to concessionaires or other non-Air Transportation Company tenants within the Terminal Area Cost Center.

"Gross Receipts" shall mean the total amount received or realized by or accruing to Airline from all Ground Handling Services authorized by this Rates and Charges Regulation rendered by Airline to an Air Transportation Company other than Airline at or from the Airport. The amount due Airline at the time of each transaction, whether for cash or credit, shall be used to determine Gross Receipts and not the amount due at the time of billing or payment, unless otherwise specifically stated in this Rates and Charges Regulation; provided, however, that any taxes imposed by law and the Ground Handling Fee which are separately stated and paid by the customer to Airline, which are directly payable to the taxing authority or to City by Airline, shall be excluded from Gross Receipts.

"Ground Handling Fees" shall mean payments received by City from Air Transportation Company(ies) or service providers authorized at the Airport to provide Ground Handling Services.

"Ground Handling Services" shall mean services provided to Air Transportation Companies to include, but not necessarily be limited to, Fueling Services; loading and unloading of passengers, baggage and freight into aircraft; providing passenger service agents; assisting in processing of passengers and crews; furnishing and operating ground support equipment in support of aircraft operations; aircraft cleaning and lavatory service activities; deicing; and aircraft maintenance activities.

"Indirect Cost Centers" means cost centers whose Operating Expenses, Debt Service, and Capital Project Expenditures are allocated to other Airport Cost Centers.

"International Common Use Areas" shall mean the International Common Use Ticket Counter Areas, the International Common Use Enplaning Areas, the International Common Use Deplaning Areas and the FIS Areas as identified in an exhibit attached to Airline's Letter of Authorization.

"Joint Use Space" shall mean those portions of Airline Allocable Space which are used jointly by one or more Airlines and is apportioned to Airline based on the Joint Use Formula; including generally but not limited to, baggage claim areas, baggage makeup areas, inbound baggage areas, cart tunnel area, and baggage recheck areas.

"Joint Use Formula" shall mean the formula used to prorate a specified square footage for an area within Joint Use Space on the basis of twenty percent (20%) of the square footage divided equally among all such Airlines using such area. The remaining eighty percent (80%) of the square footage shall be apportioned among all such Airlines using such area based upon the ratio of the number of Enplaned Passengers of each Airline that operates from each Airline's Allocated Premises under City-approved ground handling agreements, to the total number of Enplaned Passengers of all such Airlines that operate from such Airlines' Allocated Premises under City-approved ground handling agreements using such area, during the most recently reported twelve (12) month period for which such information is available.

"Landing Fees" shall mean those fees, calculated by multiplying the Landing Fee Rate by the Maximum Landed Weight (1,000 lb. units) established to pay the Airfield Area Cost Center Requirement.

"Landing Fee Rate" shall mean a rate calculated by dividing the Airfield Area Requirement by the aggregate Maximum Landed Weight (1,000 lb. units) of the Airlines for any given Fiscal Year.

"Letter of Authorization" shall mean a letter or permit issued by the Chief Executive Officer to an Airline granting that Airline a temporary permit to use the facilities and services at the Airport on a month-to-month basis, renewable in accordance with the provisions of Section 2.01.

"Maximum Landed Weight" shall mean the maximum certificated gross landed weight in one thousand pound units, as stated in the flight operations manual of each aircraft operated at the Airport by an Air Transportation Company.

"Non-Airline Revenues" shall mean all rentals, charges, fees, Ground Handling Fees, user charges, concession and other operating revenues received by or on behalf of City from the operation of the Airline

Cost Centers or any part thereof; but excluding however, all Airline Revenues, and also excluding all gifts, grants, reimbursements, restricted funds or payments received from governmental units or public agencies or any other source, passenger facility charges, customer facility charges, and federal, state or City subsidies or incentives deposited in the Aviation Capital Fund.

"Operating Expenses" shall have the meaning as set forth in the Bond Ordinance. Operating Expenses allocable to the Airport Services Cost Center shall be allocated to the other Cost Centers (Airfield Area, Terminal Area, Ramp Area, Other Buildings and Areas, Northeast Philadelphia Airport and Outside Terminal Area based on each such Cost Center's proportionate share of the Operating Expenses of the Airport directly allocated to such Cost Center

"Operation and Maintenance Account" or "O&M Account" shall mean a fund established by City for the necessary expenses for the maintenance, operation, repairs and ordinary replacement and reconstruction of the Airport to the extent that other funding allocated for Operating Expenses in the Annual Budget is not sufficient for such purposes.

"O&M Requirement" shall mean an amount, as same may be allocated to a particular Cost Center, to be deposited in the O&M Account to maintain a balance equal to ten percent (15%) of Operating Expenses as set forth in Section 5.06.B.

"Other Fees" shall mean those fees and charges imposed by City and paid by Air Transportation Companies for certain uses and operations at the Airport, including, but not limited to Surcharges for Proprietary Equipment as set forth in the Rules and Regulations, and any applicable federal, state or local law, regulation, ordinance, statute or directive.

"Passenger Airline" shall mean a Passenger Air Transportation Company.

"Passenger Air Transportation Company" shall mean an entity engaged in or desiring to engage in the Air Transportation Business at the Airport primarily for the carriage of persons.

"PFC" shall mean federally approved Passenger Facility Charges or passenger facility fees, as authorized by 49 USC App. Section 1513 and regulated by 14 CFR Part 158, as such statute and regulation currently exist or as they may be amended.

"Preferential Use" shall mean a right or use having priority, but not exclusivity, over a use by other Passenger Air Transportation Companies.

"Preferential Use Space" shall mean that portion of Airline Allocable Space which Airline has Preferential Use of under Airline's Letter of Authorization, including ticket counters, holdrooms, and associated boarding bridge(s), including all fixtures and equipment located thereon (that are not Airline Equipment).

"Prime Rate" shall mean the prime rate as published in the Wall Street Journal as being the base rate on corporate loans posted by at least seventy five percent (75%) of the nation's thirty largest banks.

"Project Revenues" or "Airport Revenues" shall mean Project Revenues as specifically defined in the Bond Ordinance.

"Proprietary Equipment" shall mean those moveable or permanent fixtures, furniture and equipment located on or affixed to Airline's Allocated Premises, or elsewhere at the Airport, purchased and/or constructed at the cost and expense of City which are made available for use by Airline and subject to the Surcharge for Proprietary Equipment, if any, as set forth in a separate written agreement between City and Airline.

"Public Areas" shall mean those areas of the Terminal Area designated by City for the public ingress and egress of the Airport's customers, passengers, employees and tenants within the Terminal Area including public circulation areas, restrooms, stairwells, and elevators.

"Ramp Area Premises" shall mean that square footage of the Ramp Area (in the aggregate) attributable to either the Airlines' Ramp Premises allocated specifically to the Airlines for their Preferential Use or the International Common Use Areas measured from the face of the building to the aircraft parking limit line, as further described in an exhibit attached to Airline's Letter of Authorization.

"Regional Aircraft" shall mean aircraft with fewer than fifty-one (51) seats.

"Regulatory Airline" shall mean any Airline operating at the Airport under this Rates and Charges Regulation.

"Rental Car Concession Fees" shall mean those fees imposed under City's ground transportation regulation that corresponds to either a percentage of a car rental company's gross revenues or any minimum annual guarantee, as applicable.

"Requesting Air Transportation Company" shall mean an Air Transportation Company requesting accommodation on the Airline's Preferential Use Premises as set forth in Section 4.11.

"Revenue Aircraft Arrival" shall mean any passenger aircraft arrival at the Airport for which Airline has received or made a monetary fee or charge, including but not limited to, scheduled trips and charters, sightseeing and other trips for which revenue is received, but excluding, without limitation, ferry, test, courtesy, and inspection or other trips for which there is no fee or charge. Training flights shall be excluded from Revenue Aircraft Arrivals, except to the extent that the number of training flights operated by Airline during any Fiscal Year exceeds five (5) per Fiscal Year. Flights which are diverted to the Airport because of mechanical, meteorological or other causes shall be considered the same as a Revenue Aircraft Arrival, except that if a revenue flight is required to return to the Airport because of such mechanical, meteorological or other precautionary reasons, such arrival shall not be considered a Revenue Aircraft Arrival.

"Rules and Regulations" shall mean those rules and regulations promulgated by City for the use of the Airport, including but not limited to this Rates and Charges Regulation, as the same may be amended, modified or supplemented from time to time by City.

"Scheduled Service" shall mean the scheduled flights of an Airline, at the Airport as published in the Official Airline Guide or successor publication referenced and used by City of at least two (2) flights, or one (1) round trip, a week at the Airport on the same day or days of the week for eight (8) or more weeks within the immediately preceding ninety (90) consecutive day period.

"State" shall mean Commonwealth of Pennsylvania.

"Subsidiary Airline" shall mean any Air Transportation Company that is a directly or indirectly wholly-owned subsidiary of Airline or of Airline's parent company.

"Surcharge for Proprietary Equipment" shall mean that amount to be paid by Air Transportation Company(ies) as may be as determined by City from time to time, for the use of Proprietary Equipment, for which the Air Transportation Company(ies) would otherwise be responsible for providing at its (their) own expense for its (their) use.

"Terminal Allocable Space" shall mean Airline Allocable Space, plus concessions space, plus any other space within the terminal building available for use by a commercial tenant.

"Terminal Area Requirement" shall mean that amount each Fiscal Year determined as set forth in Section 7.02.B.

"Terminal Fees" shall mean those fees and charges, calculated in accordance with Section 7.02, established to pay the Terminal Area Requirement for any given Fiscal Year.

"Ticket Counter Positions" shall mean a ticket counter area, including the associated back office, baggage make-up areas and baggage conveyors.

"TSA" shall mean the Transportation Security Administration or its authorized successor(s).

"Types of Space" shall mean the classification of the square footage attributable to the Airline Allocable Space in any given Fiscal Year for the purpose of establishing Category Terminal Rates, as set forth in Section 7.02.D.

"Turnaround Use" shall mean that each aircraft arrival and departure or other utilization of a Gate Position by an Air Transportation Company for a turnaround aircraft operation not to exceed one hundred eighty (180) minutes, consistent with the definitions of Active Loading and Active Unloading.

1.02. Other Terms. Any terms not specifically defined in this Rates and Charges Regulation as follows shall have the meaning as set forth in the Bond Ordinance if related thereto.

Article 2

LETTER OF AUTHORIZATION

2.01 Letter of Authorization

A. Prior to using the facilities and services at the Airport, an Airline must present satisfactory evidence to the City that this Airline meets the insurance requirements established by this Rates and Charges Regulation and has complied with the requirements of this Rates and Charges Regulation.

B. Upon delivering satisfactory evidence of compliance, as required by this Article, an Airline must obtain from the Chief Executive Officer a Letter of Authorization to operate at the Airport on a month-to-month basis until such use is canceled by the Airline or the City with at least 30 day advance notice. The Airline's submission of satisfactory evidence of its insurance, together with the Airline's receipt of a Letter of Authorization, shall be deemed to constitute acceptance by the Airline of all terms and conditions of this Rates and Charges Regulation.

2.02. Surrender of Airline's Allocated Premises

Upon expiration or cancellation of an Airline's Letter of Authorization, Airline will quit and surrender its Airline's Allocated Premises in good state and condition, reasonable wear and tear excepted, and Airline shall remove therefrom all Airline Equipment, trade fixtures and personal property belonging to Airline. Such Airline's Allocated Premises and all structures, foundations, and improvements placed thereon by Airline, and which, by and under the terms of this Rates and Charges Regulation are to remain on such Airline's Allocated Premises as the property of City, shall be in good usable order and condition, with allowance for reasonable wear and tear and damage by the elements, and City shall have the right on such termination, to enter upon and take possession of such Airline's Allocated Premises. All other Airline Equipment, trade fixtures and personal property belonging to Airline shall be removed from said Airline's Allocated Premises on or before the time of the cancellation of the Airline's Letter of Authorization and the Airline's Allocated Premises restored to the condition existing at the time of the letting, reasonable wear and tear excepted, unless City and Airline agree in writing at the time of such installation or not less than thirty (30) days in advance of such expiration or cancellation, with respect to City's acceptance of title to such other Airline Equipment, trade fixtures and personal property of Airline in lieu of restoration of the Airline's Allocated Premises. All Airline Equipment shall be removed within thirty (30) days of the time of the cancellation of the Airline's Letter of Authorization and the Airline's Allocated Premises or other such time as shall be mutually agreed to by City and Airline. The Airline's obligations to pay Fees associated with the Allocated Premises shall continue until such Airline Equipment has been removed.

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Article 3

RIGHTS AND OBLIGATIONS

3.01. Rights of Airline

A. Airline's Air Transportation Business. The rights granted hereunder are in addition to all rights elsewhere granted in this Rates and Charges Regulation and relate to the conduct of Airline's Air Transportation Business at the Airport. Airline shall have the right, at its own cost and expense, and in common with others as may be so authorized by City, to:

1. **Air Transportation.** Operate an Air Transportation Business at the Airport, including all activities reasonably necessary for such operation.

2. **Airport Use.** Use facilities, equipment and improvements at the Airport for the operation of Airline's Air Transportation Business.

3. **Aircraft Operations.** Land, take-off, load, unload, repair, condition, service, park and store aircraft or other equipment, in areas designated by City; provided, however, that Airline shall not use Terminal Areas including the Ramp Area to load or unload all-cargo aircraft unless otherwise authorized in writing by City.

4. **Aircraft Maintenance.** Service aircraft or equipment operated by Airline with line maintenance or materials or supplies at City-designated locations.

5. **Conveyance Rights.** Sell tickets, document shipments, handle reservations, and load and unload persons, property, cargo and/or mail at the Airport by using motor vehicles or such other means of conveyance as Airline may desire or require in the operation of its Air Transportation Business, which means of conveyance is subject to the approval of City through and on behalf of City.

6. **Procurement.** Purchase, either on or off the Airport, Airline's requirements of gasoline, fuel, lubricating oil, grease, food and other passenger supplies, and any other materials and supplies, from any person or company of Airline's choice, and the right to make arrangements with any person or company of Airline's choice for work to be done for Airline, subject, however, to City's right to require such person or company to enter into a contract or secure a permit and/or license to conduct such business at the Airport and subject to such person's or company's compliance with applicable federal, local and State security requirements.

7. **Aircraft Testing.** Test aircraft and other equipment being utilized at the Airport in the operation of Airline's Air Transportation Business; provided, however, that said testing shall be incidental to the use of the Airport in the operation by Airline of its Air Transportation Business and shall not unreasonably hamper or interfere with the use of the Airport and its facilities by others entitled to the use of same. City reserves the right to restrict or prohibit such testing operations which it deems to interfere with the use of the Airport, including excessive noise as reasonably determined by City.

8. **Signage.** Install and maintain identifying signs at the Airport, the general type, design and location of which shall be subject to the Airport permit processes and the prior approval of City, which approval shall be at the sole discretion of City. The general type, design and location of such signs shall be compatible with and not detract from the pattern and décor of the Terminal Area.

9. **Communication Devices.** Install, maintain and operate such electronic or electrical devices, radio, communication, meteorological and aerial navigation equipment and facilities in, on and about the Airport as may be necessary or convenient in the opinion of Airline

for its operations; provided that the location and nature of such devices, equipment and facilities shall be subject to the prior approval of City and shall not unreasonably hamper or interfere with the use of the Airport and its facilities by others entitled to the use of same. City reserves the right to restrict or prohibit such electronic or electrical devices, radio, communication, meteorological and aerial navigation equipment and facilities which it deems will interfere with the use of the Airport.

10. Hire and Train. Hire and train, on the Airport, personnel in the employ of, or to be employed by Airline or any other Air Transportation Company, provided that such right shall not be construed as authorizing the conduct of a separate business by Airline, but shall permit Airline to perform such functions as are incidental to the conduct of its Air Transportation Business.

11. Ingress and Egress. Ingress to and egress from the Airport and Airline's Allocated Premises, Public Areas and common use areas for Airline's officers, employees, agents, subcontractors and invitees, including, but not limited to, passengers, suppliers of materials, and furnishers of services, aircraft equipment, vehicles, machinery and other property. Such right shall be subject to Federal Aviation Regulations (FAR) Part 107, 49 CFR Part 1542 and any successor regulations, applicable laws, and City's right in accordance with applicable law to establish reasonable and not unjustly discriminatory Rules and Regulations; provided, however, that any such Rules and Regulations of Airport shall not unreasonably interfere with the operation of Airline's Air Transportation Business. As set forth in Article 8, City may at any time temporarily or permanently close or re-route any roadway, door, passageway or other access to the Airline's Allocated Premises or to the Airport, so long as a means of ingress and egress reasonably equivalent is concurrently made available to Airline. Airline hereby releases and discharges City through and on behalf of City from any and all claims, demands, or causes of action which Airline may now or at any time hereafter have arising or alleged to arise out of such a closing or re-routing.

12. Vending Machines. Airline may install a limited number of soft drink vending machines and snack vending machines, subject to the prior approval of City, in non-public Airline's Allocated Premises for the exclusive use of Airline's employees and agents.

13. Food Service. Subject to any restrictions in City's existing agreement(s) with its food and beverage service provider(s); (i) provide under a separate contract with City through and on behalf of City for its own flight kitchen, (ii) serve food or beverages to its passengers and crews for consumption aboard its aircraft, except that no such food or beverages may be sold by Airline in the Terminal Area or elsewhere at the Airport without the prior approval of City. If in-flight food or beverages are supplied to Airline by an off-Airport caterer or supplier, or other Air Transportation Company, or concessionaires other than City's on-Airport food and beverage service provider(s), City shall require such off-Airport caterer or supplier, or other Air Transportation Company, to pay a fee at a rate not to exceed the rate that would be payable to City for comparable deliveries made on the Airport by City's on-Airport food and beverage service provider, as such rate may be amended from time to time.

14. Porter/Skycap. Provide either alone or in conjunction with other Air Transportation Companies or through a sub-contractor, porter/skycap service for the convenience of the public.

15. Wireless Applications and Similar Technology. To the extent not pre-empted by Federal Communications Commission rulings and regulations, Airline will not install, deploy or otherwise engage in the use of any new transmitting wireless device, application and/or technologies on its Airline's Allocated Premises, any portion of the Airport or within the Airport System without having first obtained the prior approval of the Division of Aviation. Such wireless applications shall only be for Airline's operational use. All wireless applications used by Airline as of the date of this Rates and Charges Regulation are deemed approved. At the request of the

Division of Aviation, Airline will cease operation of a particular device due to interference with another transmitting device of City, Division of Aviation, emergency services, and/or other already approved wireless device. City reserves the right to impose a fee for the use of such wireless equipment and/or to charge for any space required for the installation of such equipment, as additional fees payable under this Rates and Charges Regulation, for the use of such area. Airline shall not have any right to install any type of wireless device, application and/or technology at the Airport for commercial and/or revenue generating purposes, if the wireless application is the same as that falling within a City concession agreement.

16. Airline Equipment. Install such personal property, including instant ticketing machines, furniture, furnishings, supplies, machinery, and equipment, in Airline's Allocated Premises as Airline may deem necessary, useful or prudent for the operation of its Air Transportation Business, subject to City's prior approval. Title to such personal property shall remain with Airline, subject to the provisions of this Rates and Charges Regulation, or as may be otherwise provided by law. Airline will not install, deploy or otherwise engage in the use of any self-service check-in kiosks and/or device, applications and/or technologies on its Airline's Allocated Premises or any portion of the Airport without having first obtained the prior approval of the Division of Aviation.

17. Airline Improvements. Construct such modifications, finishes and improvements in its Airline's Allocated Premises as Airline may deem necessary or prudent for the operation of its Air Transportation Business, subject to City's prior approval.

18. Telephone and ATM. Airline shall not provide nor enter into any agreements providing for pay telephones or wireless cell phone connectivity for the public anywhere at the Airport. Airline may not install cash machines (ATMs), sell merchandise or operate any other sort of retail business at the Airport without the prior approval of City.

19. Airline Lounges. Airline shall have the right, subject to the prior approval of City, to construct and maintain an airline lounge included in Airline's Allocated Premises. Upon entering into a separate agreement with City, Airline may engage in the sale of food and/or beverages to passengers and guests in such airline lounge. Such agreement shall include a fee to be paid to City which shall not be less than the current concession fee paid by the food and/or beverage concessionaire(s), and shall be paid in addition to the Fees for the Terminal Area space occupied by such airline lounge. No fee to City will be applicable to the free distribution of beverages and/or food consumed within the Airline lounge. Notwithstanding the foregoing, Airline shall not be required to pay a concession fee to City on account of food or beverages, including alcoholic beverages, purchased directly from any of the food and/or beverage concessionaires at the Airport who are already paying a concession fee on such products.

20. Public Facilities. Airline shall have the right to use public Airport facilities in common with others authorized to do so, in accordance with the laws of the United States of America, the Commonwealth of Pennsylvania, the City and the Airport, and the Rules and Regulations.

21. Concessionaire Fees. Nothing in this Rates and Charges Regulation shall prohibit City from charging Airline the standard rates charged to concessionaires in connection with the sale by Airline to others of food, beverages or other items normally sold by concessionaires or the rendering by Airline for compensation of services normally rendered by concessionaires. To the extent that Airline competes with the concessionaire of City, City shall not be deprived of concession revenue by such competition.

B. Airline to Service Others. The rights and privileges granted to Airline pursuant to this Article may be exercised on behalf of Airline by other Airlines or contractors authorized by City to provide such services at the Airport, subject to the prior approval of City and further subject to all laws of the United States of America, the Commonwealth of Pennsylvania, and the City and the Airport's Rules and

Regulations, and other fees and charges as may be applicable to the activities undertaken.

C. Rights Extended to Others. Airline may exercise on behalf of any other Air Transportation Company any of the rights granted Airline herein, so long as Airline is currently exercising those same rights in the operation of Airline's own Air Transportation Business at the Airport, subject to all laws, ground handling agreements, Rules and Regulations, and other fees and charges as may be applicable to the activities undertaken.

D. Limitation to Air Transportation Business. Nothing in this Rates and Charges Regulation shall be construed as authorizing Airline to conduct any business separate and apart from the conduct of its Air Transportation Business.

E. Rights Reserved for City. Any and all rights and privileges not specifically granted to Airline for its use of and operations at the Airport pursuant to this Rates and Charges Regulation are hereby reserved for and to City.

3.02. Ground Handling Services

A. Notice. In the event Airline agrees to provide Ground Handling Services to any portion of the on-Airport operations of another Air Transportation Company, Airline shall provide City thirty (30) days advance notice of such proposed activities, including, but not limited to, the following:

1. A description of the type and extent of services to be provided;
2. The Air Transportation Company to whom the services are to be provided; and
3. The aircraft gates, holdrooms and other facilities that will be involved in the Ground Handling Services and the charges therefor. All such services shall occur within the Airline's Allocated Premises, the Allocated Premises of the Air Transportation Company to be ground handled, or at such other locations as may be designated by City.

Such Ground Handling Services arrangement shall be reduced to writing and is subject to the prior approval of City. City approval shall be dependent upon Airline charging reasonable fees for ground handling services.

B. Ground Handling Fee. Airline shall pay City a nondiscriminatory Ground Handling Fee of ten percent (10%) of Ground Handling Gross Receipts, based on the Gross Receipts derived by Airline for providing such services to Air Transportation Companies.

C. Third Party Airline Service Providers. City reserves the right to establish the total number of third party airline service companies operating at the Airport. Nothing herein shall restrict City to any specific limitation whatsoever based on either a total number of providers or based on a specific type of service. In addition, nothing in this Section 3.02 shall limit or restrict the right of Airline to provide Ground Handling Services to any Air Transportation Company under a City-approved ground-handling agreement with Airline.

3.03. Obligations of Airline

In addition to the obligations as set forth elsewhere in this Rates and Charges Regulation, the following obligations shall apply to Airline at the Airport.

A. Compliance with Insurance. Airline shall comply with the requirements of all insurance companies having policies of public liability, fire and other insurance in force covering the Airline's Allocated Premises and any other areas and facilities used by Airline of which Airline has received notice.

B. ALP Compliance. Airline will comply with any City limitations or restricted uses of the Airfield Area by any aircraft operated and controlled by Airline which exceeds the design strength or capability of the Airfield Area as described in the current FAA approved ALP, as amended, or other engineering evaluations performed subsequent to the approval of the current ALP, including the current airport certification manual as required by the FAA.

C. Mechanics' Liens. Although prohibited by law, if any mechanics' liens or other liens or orders for the payment of money shall be filed in a court of competent jurisdiction against the Airport property or any improvements thereon or against Airline by reason of, or arising out of, any labor or materials furnished or alleged to have been furnished or to be furnished to Airline in connection with any work of construction, alteration, repair or demolition to all or any part of the Airport property by Airline, Airline shall cause the same to be canceled and discharged of record by bond approved by the court or as otherwise permitted by such court in which the claim is filed, at the expense of Airline.

D. Utilities. Airline shall not knowingly interfere or permit interference with the use, operation or maintenance of the Airport, including but not limited to, the effectiveness or accessibility of the drainage, sewage, water, communications and fire protection, utility, electrical, security or other systems installed or located from time to time at the Airport.

E. Allocated Premises Condition. Airline shall have the responsibility for maintenance, cleaning and operations established pursuant to an exhibit attached to Airline's Letter of Authorization. In addition, Airline shall preserve, maintain and keep its Airline's Allocated Premises in an orderly, clean, neat, and sanitary condition free from fuel, oil, trash, debris and other foreign objects in each case resulting from Airline's operations.

F. Operation of Equipment. In addition to its other responsibilities for maintenance, cleaning and operation pursuant to an exhibit attached to Airline's Letter of Authorization, Airline shall safely operate equipment, including Proprietary Equipment and specifically including City or Airline-owned loading/boarding bridges, if any, located on the Airline's Ramp Premises.

G. Professional Operations. Airline shall conduct its Air Transportation Business using best management practices consistent with industry standards, including (i) manage passenger check-in lines in compliance with applicable fire codes and regulations, (ii) accurately and timely input flight information into multi-use flight information display (MUFIDS) and baggage information display (BIDS), (iii) notify City at least thirty (30) days in advance of planned schedule changes, including but not limited to equipment changes, flight times, and number of flights and (iv) notify City of disruptions and operational or equipment changes that will impact City.

H. Non-Disturbance and Conduct of Employees. Airline shall require all of its agents, employees, contractors, subcontractors, suppliers, service providers, vendors or officers hired by Airline working in view of the public and about the Terminal Area to wear clean and neat attire and to display appropriate identification. Airline will, in and about the Airport and its Airline's Allocated Premises, exercise reasonable control over the conduct, demeanor and appearance of its employees, agents and representatives, contractors, suppliers, vendors, service providers and officers in an orderly and proper manner so as not to harass, irritate, disturb or be offensive to the public and at all times act in accordance with the Rules and Regulations and Airport Security Program. Upon objection from City to Airline concerning the conduct, demeanor or appearance of such persons, Airline will, within a reasonable time, remedy the cause of the objection.

I. Obstructions. Airline shall not construct anything unless authorized by City. No Improvement that has been authorized by City shall be deemed an obstruction. Any obstructions erected by Airline shall be removed by Airline at its expense, if requested by City or required by the FAA. Airline agrees not to increase the height of any structure or objects or to permit the growth of plantings of any kind or nature whatsoever that would interfere with the line of sight between the Airport's control tower and the ramp towers and the operations controlled therefrom. Airline further agrees not to install any structures, objects, machinery or equipment that would interfere with operation of navigation aids or

would interfere with the safe and efficient operation of the Airport.

J. Antennae. Airline shall not install antennae at the Airport without City's prior approval. Airline shall comply with the regulations, directives and requirements of City as to the placement, erection, repair and maintenance of each outside antenna that Airline erects at the Airport and shall pay all fees and privilege charges associated therewith.

K. Subsidiary Airline Obligations. Any and all of the obligations of Airline set forth in this Rates and Charges Regulation shall apply to any Subsidiary Airline conducting operations at the Airline's Allocated Premises and Airline shall ensure compliance by any such Subsidiary Airline.

L. Airport Terminal Equipment. City and Airline will consult on various technological changes that may be implemented by City to alter the handling of passengers, baggage, and cargo in and about the Airport and the Airlines' use of and operations at the Airport. In such event, City and Airline agree to consult as to the applicability and implementation of such technological changes to the Airport and the Airlines.

3.04 Airport Security Program

A. TSA Program. In accordance with regulations issued by the FAA, the U.S. Department of Transportation and the U.S. Department of Homeland Security, TSA and found at 49 Code of Federal Regulations ("CFR") Part 1542, airports are required to have TSA-approved security programs. These programs are designed to control access to certain areas of airports and to control the movement of people and vehicles within those areas.

B. Airline Compliance. City has a TSA-approved security program for the Airport. Airline must have a security program for the operation of its Air Transportation Business at the Airport at all times during the term of Airline's Letter of Authorization. At all times during the term of Airline's Letter of Authorization, Airline's security program must be in compliance with 49 CFR Part 1544 or 1546 and all other applicable laws and regulations from time to time enacted or promulgated, must be consistent and compatible in all respect with City's overall security program for the Airport, and must be acceptable to City and the TSA.

C. Indemnification. Airline shall be responsible for any breach of security on the Airline's Allocated Premises which occurs as a result of the negligence and/or willful misconduct of Airline, its agents, employees, contractors, subtenants, or invitees, not including passengers, and Airline further agrees to indemnify and hold harmless City from and against any and all damages, penalties, fines, claims and costs resulting directly or indirectly from the breach of Airline's responsibilities, covenants and agreements as set forth in this Section 3.04.C. City shall provide Airline notice of and consult with Airline regarding any claims that City has knowledge are related to Airline. City shall defend all alleged security violations. The indemnification contained in this Section 3.04.C applies to this Section 3.04 only.

D. Confidentiality and Indemnity. In connection with its operations, Airline may receive, gain access to or otherwise obtain certain knowledge and information related to City's overall Airport security program. Airline acknowledges that all such knowledge and information is of a highly confidential nature. Airline covenants and agrees that no person, whether an employee of Airline or a third party, shall be permitted or gain access to such knowledge and information, unless such person has been approved by City in advance in writing, which approval may be granted or withheld by City in its sole discretion. Notwithstanding the foregoing, Airline is permitted to direct such security knowledge and information to its employees who require same to conduct Airline's Air Transportation Business or to comply with any law or regulation. Airline further agrees to indemnify and hold harmless City and other users of the Airport from and against any and all fines, claims, costs, expenses, damages and liabilities, including but not limited to all attorneys' fees and costs, resulting directly or indirectly from the breach of Airline's covenants and agreements as set forth in this Section 3.04. City shall provide Airline notice of any claims that City has knowledge of related to Airline. The indemnification contained in this Section

3.04 applies to this Section 3.04 only.

E. Material Breach. Violation of any of the provisions of this Section 3.04 shall be a material breach of Airline's Letter of Authorization. In order to cure a breach under this Article, Airline shall cooperate with City in all respects reasonably necessary to assist in its defense related thereto in City's sole discretion.

3.05 Removal of Aircraft

A. Airline Removal. As soon as allowed by the appropriate authorities, Airline shall remove any of its disabled aircraft from any parts of the Airport, including, without limitation, runways, taxiways, aprons and Aircraft Parking and Storage Area and shall place any such disabled aircraft only in such storage areas as may be designated by City. Airline shall store such disabled aircraft only upon such terms and conditions as may be established by City.

B. City Removal. In the event Airline fails, is unable (due to bankruptcy, strike or any other reason) or elects not to move any aircraft as required, City, to the extent not prohibited by law, may, but shall not be obligated to, cause the removal of such aircraft (after first informing Airline of City's intent to remove such aircraft). Airline agrees to reimburse City for all of City's actual costs of such removal, plus a fifteen (15%) administrative fee.

3.06 Electric Cart Usage

Anything contained in this Rates and Charges Regulation to the contrary notwithstanding, City reserves the right to preclude Airline from operating or contracting to operate on its own behalf or in conjunction with other Air Transportation Companies, an electric cart or other motorized vehicle passenger transportation service within the Terminal Area. City's decision to preclude such operations shall be at the sole discretion of City and City shall have no liability to Airline in conjunction therewith.

3.07 Obligations of City

In addition to the obligations as set forth elsewhere in this Rates and Charges Regulation and in an exhibit attached to Airline's Letter of Authorization, City shall have the obligations set forth below.

A. Airport Operation. City shall use reasonable efforts to, except as otherwise provided in this Rates and Charges Regulation, efficiently maintain and operate the Airport in an orderly, clean, neat, safe and sanitary condition and in a state of reasonably good repair consistent with airports of similar size. In addition, City will maintain and operate the Airport facilities to conform to the requirements of the FAA, TSA, and other governmental agencies and regulatory authorities having jurisdiction over the Airport.

B. Non-Airline Revenues. City shall use reasonable efforts to optimize concession and other Non-Airline Revenues at the Airport consistent with its obligations as a City-owned airport operator.

C. Airport Approaches. City shall use reasonable efforts, to the extent it is legally able so to do, to keep the Airport and its approaches free from obstruction, congestion and interference for the safe, convenient and proper use thereof by Airline.

D. Ice and Snow Removal. City shall use reasonable efforts to keep the Airport free from ice, snow and other foreign matter which could adversely affect operations in accordance with an exhibit attached to Airline's Letter of Authorization, City's Snow and Ice Plan and other applicable operational plans, as may be amended from time to time.

E. Maintenance of Common Area of Airport and Terminal Area. City shall use

reasonable efforts to appropriately furnish and maintain in safe condition and good repair all common areas in and about the Airport, which are used by, or made accessible to the public or any Air Transportation Company. In addition, City shall use reasonable efforts to appropriately furnish and maintain in safe condition and good repair all City owned loading bridges, furniture, carpeting and other equipment or belongings owned by City in the Airline's Allocated Premises, and to fulfill its other responsibilities for maintenance and cleaning of the Terminal Area including the Ramp Area, as set forth in an exhibit attached to Airline's Letter of Authorization.

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DEPARTMENT OF RECORDS
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Article 4

PREMISES

4.01. Nothing contained in the definitions herein or in this Article 4 shall prohibit City from reclassifying any Airline Allocable Space for any Airline at any time.

4.02. Classification of Airline Allocable Space

AIRLINE ALLOCABLE SPACE IN THE TERMINAL AREA WILL BE CLASSIFIED AND DEFINED AS SHOWN
IN THE FOLLOWING TABLE:

Airline Allocable Space	Space Location/Function	Description/Definition of space
<i>Exclusive Use Space</i>	Ticket Counter Offices	Airline office areas located within the ticketing building that support the passenger check-in function and Airline staff.
	Airline Lounge	An area operated by a particular airline offering private meeting rooms, business services, and food and beverage.
	Airline Office Support	Airline office support area typically located on the second level of the terminal.
	Airline Operations Space	Allocated area which includes operations offices, and mechanical/electrical facilities.
	Baggage Claim Offices	Airline offices which are located within or adjacent to the baggage claim area.
<i>Preferential Use Space</i>	Holdroom	A waiting area usually adjacent to a gate, used for assembling departing.
	Ticket Counters	Areas in which departing passengers check-in, including E-ticket kiosks.
	Ticket Counter Queuing	A 20-foot area in front of the Ticket Counters
<i>Joint Use Space</i>	Baggage Claim Area	Area provided in the Terminal Area for the claiming of checked baggage from the airlines by arriving passengers.
	Baggage Make-Up Area	A nonpublic area where checked baggage for departing flights is sorted and loaded into containers or onto baggage carts.

Airline Allocable Space	Space Location/Function	Description/Definition of space
<i>Joint Use Space</i>	Baggage Recheck Area	Area and devices used for the recheck of baggage.
	Cart Tunnel Area	Roadway or tunnel area used for tug circulation.
	Inbound Baggage	The area where checked baggage from arriving flights is unloaded from baggage containers or baggage carts and placed on conveyor belts for distribution to the baggage claim device.
<i>International Common Use Areas</i>	International Common Use Deplaning Area	The area equal to one-half of the space designated on the exhibit attached to the Letter of Authorization for International Common Use Baggage Make-Up Area, Holdroom, and Ramp Premises, including boarding bridges and associated fixtures and equipment located thereon (that are not the property of Airline).
	International Common Use Enplaning Area	The area equal to one-half of the space designated on exhibit attached to the Letter of Authorization for International Common Use Baggage Make-Up Area, Holdroom, and Ramp Premises, including boarding bridges and associated fixtures and equipment located thereon (that are not the property of Airline).
	International Common Use Ticket Counter Area	The area designated on the exhibit attached to the Letter of Authorization for International Common Use ticket counter areas and associated fixtures and equipment located thereon (that are not the property of Airline).
	International FIS Area (FIS Areas)	The area designated on an exhibit attached to the Letter of Authorization where international Deplaned Passengers are processed (including sterile corridors) and collect their checked baggage and the baggage delivery cart movement (Inbound Baggage) associated therewith. More specifically, the area where U.S. Customs and Border Protection Services are conducted, including passport and baggage inspection, collection of duties of certain imported items, and ancillary offices and rooms required to support these services.
	Sterile Corridor	A secure corridor system leading from aircraft gates to the Customs and Border Protection primary inspection area, which separates international arriving passengers from departing passengers or arriving domestic passengers.

4.03. Exclusive Use Space

Airline will have exclusive use of that portion of Airline's Allocated Premises designated as Exclusive Use Space as described in Section 4.02. Airline's Exclusive Use Space, excluding Airline Lounges, are subject to the change of facility status, relocation and other provisions of this Rates and Charges Regulation.

4.04. Preferential Use Space

A. General. Airline will have Preferential Use of that portion of Airline's Terminal Area Allocated Premises designated as Preferential Use Space as described in Section 4.02. Airline's Preferential Use Space are subject to the change of facility status, relocation, Active Loading and Active Unloading period requirements and other provisions of this Rates and Charges Regulation.

4.05. Joint Use Space

Airline has the right to use that portion of Airline's Allocated Premises designated as Joint Use Space as described in 4.02 in conjunction with other Airlines and Air Transportation Companies as designated by the City.

A. Domestic Baggage Claim Area. Airline has the right to use Domestic Baggage Claim Area(s) in conjunction with other Airlines and Air Transportation Companies as designated by City.

B. Domestic Baggage Make-up Area. Airline has the right to use Domestic Baggage Make-up Area(s) in conjunction with other Airlines and Air Transportation Companies as designated by City.

C. Cart Tunnel. Airline has the right to use the Cart Tunnel Area in conjunction with other Airlines and Air Transportation Companies as designated by City.

D. Baggage Recheck Area. Airline has the right to use the Baggage Recheck Area in conjunction with other Airlines and Air Transportation Companies as designated by City.

E. Inbound Baggage Area. Airline has the right to use the Inbound Baggage Area in conjunction with other Airlines and Air Transportation Companies as designated by City.

4.06. International Common Use Areas

Airline may request and City may grant to Airline the right to use International Common Use Areas in conjunction with other Airlines and Air Transportation Companies designated by City. International Common Use Areas are to be assigned at the discretion of City, consistent with the established international gate use provisions in its operating plan, in its prudent operation of the Airport. Use of the International Common Use Areas must be scheduled with City on a biannual basis or as periodically established

4.07. General Terminal Areas

A. Terminal Areas Designations. All Terminal Areas will be designated as General Terminal Areas until such premises are allocated to an Airline.

B. Domestic Common Use Terminal Areas. Airline may request and City may grant to Airline the right to use Domestic Common Use Terminal Areas in conjunction with other Airlines and Air Transportation Companies designated by City. Domestic Common Use Terminal Areas are to be assigned at the sole discretion of City in its prudent operation of the Airport as necessary to achieve a balanced utilization of the Terminal Area.

1. **Domestic Common Use Gates** may be utilized by an Air Transportation Company on a Turnaround Use basis and must be scheduled with City during the month prior to the month that such Air Transportation Company desires to use the Domestic Common Use Gates.

2. **Domestic Common Use Ticket Counters** may be utilized by an Air Transportation Company on a Turnaround Use basis and must be scheduled with City during the month prior to the month that such Air Transportation Company desires to use the Domestic Common Use Ticket Counters.

C. **Public Areas.** Airline has the right of ingress and egress to the Public Areas and the right to its use in conjunction with its Air Transportation Business at the Airport.

D. **Other General Terminal Areas.** City shall at all times manage, direct, control, and where appropriate, enter into contracts and leases in and for the General Terminal Areas. Airline's rights with respect to the General Terminal Areas are at all times subject to the terms of this Rates and Charges Regulation, the Rules and Regulations and the rights and privileges afforded to other Terminal Area tenants under separate leases and contracts. City shall have the right to restrict Airline's ingress, egress or use of the General Terminal Areas as provided for in this Rates and Charges Regulation, subject to Airline's right to use the Public Areas and the Domestic Common Use Terminal Areas as provided for herein and otherwise in the prudent operation of the Airport and sole discretion of City.

4.08. Use of Airline's Ramp Area Premises

A. **General.** Airline shall have Preferential Use of the Airline's Ramp Premises included in Airline's Allocated Premises for the loading and unloading of Airline's passenger aircraft, and City-approved Air Transportation Company users under an existing ground handling agreement. Airline's use of said Airline's Ramp Premises shall be limited to (i) the loading and unloading of persons, property, cargo, parcels, mail and in-flight food and related supplies on passenger aircraft, as well as (ii) subject to the provisions of this Rates and Charges Regulation the parking, refueling, interior cleaning, and minor mechanical maintenance of Airline's passenger aircraft, and the aircraft of City-approved Air Transportation Company users under an existing ground handling agreement. Unless otherwise approved by City, Airline's right of Preferential Use of the Airline's Ramp Premises shall not include the parking of any aircraft beyond the published size of aircraft approved by City for such area, which aircraft size limitations are subject to change from time to time.

B. **Ground Support Equipment Storage.** Airline shall have the right to stage/store its ground support equipment on the Airline's Ramp Premises in areas designated for such staging/storage by City, subject to the requirement that Airline's ground support equipment may need to be removed from such staging/storage areas at City's request if necessary to accommodate use of such Airline's Preferential Use Premises for another Air Transportation Company's flights pursuant to Section 4.11.

C. **Alternate Ramp Premises.** City may from time to time, following consultation with Airline's local management personnel and taking into consideration Airline's operational needs, temporarily designate suitable alternate areas outside the Airline's Ramp Premises for the loading and unloading of Airline's passenger aircraft and/or the staging/storage of ground support equipment, consistent with City's obligations under Section 4.08 and Article 8.

D. **Disabled Equipment.** Airline shall not store on the Airline's Ramp Premises any damaged equipment, disabled equipment or mechanically non-operable motorized equipment.

E. **Maintenance of Airline's Ramp Premises.** In addition to the other obligations of Airline set forth in this Rates and Charges Regulation, with respect to the Airline's Ramp Premises, Airline shall to the extent reasonably practicable, to abide by Sections 12.03 and 12.05 and to promptly remove any spilled or deposited petroleum products and the accumulation of oil and grease caused by the aircraft and

ground support equipment of Airline and Air Transportation Companies operating from Airline's Allocated Premises under City-approved ground handling agreements, except those Air Transportation Companies operating on the Airline's Ramp Premises under a City Designated Accommodation per Section 4.11.D, while operating on the Airline's Ramp Premises or elsewhere at the Airport. Airline shall also maintain the Airline's Ramp Premises of the Airport in a safe, neat, clean and orderly manner and place all trash and debris in proper containers approved by City, until properly disposed of in a manner acceptable to City.

4.09. City's Right to Enter and Make Repairs

A. City's Right to Enter. City and its authorized officers, employees, agents, contractors, subcontractors, and other representatives (including but not limited to the Airport's City Fire Marshall's Office) shall have the right and with as little interruption to Airline's operations as is reasonably practicable, to enter upon Airline's Allocated Premises for the following purposes:

1. Inspection. To inspect such Airline's Allocated Premises at reasonable intervals during regular business hours (or at any time in an emergency) to determine whether Airline has complied or is complying, with the terms and conditions of this Rates and Charges Regulation.

2. Maintenance. To perform maintenance and make repairs and replacements where Airline is obligated to do so and has failed after sixty (60) days prior notice to do so (or less in the case of an emergency which Airline fails to immediately address), in which event Airline shall reimburse City for its actual costs, plus a fifteen percent (15%) administrative fee, promptly upon demand.

3. Structural Safety. To perform maintenance and make repairs and replacements where City is obligated to do so; and in any other case where City, in its reasonable judgment, determines that it is necessary or desirable so to do in order to preserve the structural safety of such Airline's Allocated Premises or of the Terminal Area or to correct any condition likely to cause injuries or damages to persons or property.

4. Police Power. To take necessary action in the exercise of City's police power with respect to Airline's Allocated Premises or of the Terminal Area.

5. Fire/Life Safety. To perform fire/life safety inspections with respect to Airline's Allocated Premises or of the Terminal Area where City is obligated to do so.

6. Security. To take necessary action for security related purposes.

B. Non-Interference. No such entry by or on behalf of City upon the Airline's Allocated Premises of Airline shall cause or constitute a termination of the letting thereof or be deemed to constitute an interference with the possession thereof by Airline. During any inspection and repairs, City may close doors, entrances, corridors and other facilities, all without any liability to City for inconvenience, interference or annoyance. Such repairs and replacements shall be made in coordination with Airline to the best extent possible.

4.10. Relinquishment of Abandoned Space

In the event that Airline has abandoned or constructively abandoned a portion of its Airline's Allocated Premises, same shall be an Event of Default hereunder. City may, in addition to the other remedies provided for in this Rates and Charges Regulation and after appropriate notice and cure periods provided for in this Rates and Charges Regulation, partially terminate Airline's Letter of Authorization with respect to, and delete from Airline's Allocated Premises hereunder, such abandoned space. Whether or not all or a portion of the Airline's Allocated Premises is abandoned or constructively abandoned shall be determined by City in its discretion but after taking into account planned use by the Airline for such

premises and provided that reduced use of the Airline's Allocated Premises by Airline, and Air Transportation Companies operating from Airline's Allocated Premises under City-approved ground handling agreements shall not be considered an abandonment or constructive abandonment.

4.11. Accommodation of Requesting Air Transportation Companies

A. Policy of Open Access. City has a policy of providing open access to the Airport and achieving a balanced utilization of the facilities of the Airport. To achieve that goal, City, as may be modified from time to time and consistent with the provisions of this Rates and Charges Regulation: (i) has established Domestic Common Use Terminal Areas; (ii) has established procedures for the consensual reallocation of space and accommodations among Passenger Air Transportation Companies, including Airline; (iii) has reserved to City the right to require temporary use of Airline's Preferential Use Premises; (iv) has established procedures to accommodate requests for facilities by Passenger Air Transportation Companies seeking to expand their present service at the Airport or Passenger Air Transportation Companies seeking entry into the Airport and (v) has established Minimum Use Requirements.

B. Utilization of Facilities during Periods of Operational Inconvenience. During periods of operational inconvenience, including but not limited to, weather delays, the temporary non-availability of facilities for maintenance purposes, or aircraft mechanical delays, and when accommodation at Domestic Common Use Gates is not readily available, Airline shall make all reasonable efforts to accommodate other Air Transportation Company's operations on Airline's Preferential Use Premises in such instances.

C. Accommodation Obligation of Airline. City is obligated under federal law to provide Airport access to all qualified Air Transportation Companies on reasonable terms and without unjust discrimination. Airline's Preferential Use Premises may be subject to City's right to accommodate the air services of other Air Transportation Companies at the Airport, including but not limited to air services that enhance competition on routes served by Airline and/or other Air Transportation Companies already operating at the Airport.

D. City's Scheduling Rights. In the event that City is unable to reasonably, efficiently, and adequately accommodate the existing or proposed operations of an Air Transportation Company at the Domestic Common Use Terminal Areas and provided that the use by another Air Transportation Company of Airline's Preferential Use Premises will not interfere with the Active Loading and Active Unloading operations by Airline, and Air Transportation Companies operating from Airline's Allocated Premises under City-approved ground handling agreements, City has the right to schedule aircraft operations of such other Air Transportation Company at Airline's Preferential Use Premises subject to the provisions of this Article. The overnight parking of Airline's aircraft at its Airline's Ramp Premises shall not be deemed Active Loading and Active Unloading or occupation of the Gate Position by Airline.

E. Aircraft Towing Requirements of Airline

1. General. City may require Airline to tow aircraft from the Ramp Area Premises, if City requires Airline's Preferential Use Gate Positions or Airline's Ramp Premises in order to accommodate operations by a Requesting Air Transportation Company. City shall designate a location at either (i) the Aircraft Parking and Storage Area to which the aircraft is to be towed or (ii) such other area at the Airport to which the aircraft is to be towed and shall not impose a parking or storage fee in connection with such towed aircraft. This obligation of Airline to tow any parked aircraft not engaged in an Active Loading or Active Unloading operation shall include, but is not limited to, any parked aircraft remaining over-night. This towing requirement shall not be invoked by City if the period of time between the completion of the Active Unloading and the commencement of the Active Loading periods is equal to less than ninety (90) minutes.

2. Failure to Tow Aircraft. In the event Airline fails to expeditiously remove any aircraft which City has notified Airline to tow under the previous paragraph, as determined by City, then such failure will be an Event of Default hereunder, which shall be curable by Airline towing such said aircraft and thereafter paying the City one thousand (\$1,000) dollars for each thirty (30) minute period or portion thereof that Airline fails to tow. This amount is liquidated damages and not a penalty, is payable within ten (10) business days following receipt of an invoice hereunder and shall be included as a Non-Airline Revenue in the Airfield Area Cost Center.

F. Priority under Accommodation. Subject to the provisions of Section 4.03 of this Rates and Charges Regulation, in the event City designates the accommodation of a Requesting Air Transportation Company on Airline's Preferential Use Premises, Airline, and Air Transportation Companies operating from Airline's Allocated Premises under City-approved ground handling agreements shall have priority in all aspects of usage of such Airline's Preferential Use Premises over all Requesting Air Transportation Companies scheduled by City to use such Airline's Preferential Use Premises. Requesting Air Transportation Company will be entitled to maintain its schedule on Airline's Preferential Use Premises until such time as Airline provides Requesting Air Transportation Company and City at least ninety (90) days advance notice of such changes to its schedule, as subsequently verified in the Official Airline Guide, as will require Requesting Air Transportation Company to adjust its schedule. .

4.12. Change of Facility Status

A. Change of Facility Status Rights. In the event that City, in exercising prudent management of the Airport facilities, determines there is a need for additional facilities to allocate to a Requesting Air Transportation Company or additional facilities are needed for Domestic Common Use Terminal Areas, a portion of any individual Airline's Allocated Premises may be subject to cancellation at the expiration of the next monthly period with 30 days notice.

Article 5

BOND DOCUMENTS AND FLOW OF FUNDS

5.01. Subordination to Bond Ordinances

This Rates and Charges Regulation and all rights granted to Airline hereunder are expressly subordinated and subject to the lien and provisions of the pledges, transfer, hypothecation or assignment made by City in the Bond Ordinance adopted by City to issue Bonds. City expressly reserves the right to make such pledges and grant such liens and enter into covenants as it may deem necessary or desirable to secure and provide for the payment of Bonds, including the creation of reserves therefore, provided that City shall not take any actions that would be inconsistent with the terms and conditions of this Rates and Charges Regulation. Notwithstanding the foregoing, nothing contained in this Article shall be deemed a pre-approval by Airline of a future Bond Ordinance that changes the terms and conditions of this Rates and Charges Regulation.

5.02. Internal Revenue Code of 1986

Airline understands that City is and will be the issuer of bonds and Bonds. With respect to bonds or Bonds that may be issued, the interest on which is intended to be excludable from gross income of the holders for Federal income tax purposes under the Code, Airline agrees that it will not act, or fail to act (and will immediately cease and desist from any action, or failure to act) with respect to the use of the Airline Allocated Premises, if the act or failure to act may cause City to be in noncompliance with the provisions of the Code, and Airline will not take or persist in any action or omission which may cause the interest on such bonds or Bonds to be includable in the gross income of the holders thereof for Federal income tax purposes.

5.03. SEC Rule 15c2-12

Upon request of City, Airline shall provide City with such information with respect to Airline as City may request in writing in order for City to comply with its continuing disclosure obligations under Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "Rule"), as it may be amended from time to time. To the extent that Airline is an "Obligated Party" with respect to the bonds or Bonds as per the Rule, Airline agrees to execute the Continuing Disclosure Agreement incident to such financing.

5.04. Bond Documents Flow of Funds

All Project Revenues shall be deposited, maintained and paid as set forth in the Bond Documents.

5.05. Establishment of Bond Redemption and Improvement Account, O&M Account and Discretionary Account

Under this Rates and Charges Regulation, the City has established the Bond Redemption and Improvement Account, O&M Account and Discretionary Account pursuant to Section 4.06 of the Bond Ordinance and herein, which accounts shall have the following uses:

A. Bond Redemption and Improvement Account. Any balance in the Bond Redemption and Improvement Account is available for use by City for the payment of deficiencies with respect to the Debt Service Requirements or deficiencies with respect to the Sinking Fund Reserve Requirement as provided under the Bond Ordinance. If no such deficiencies exist, City is not in default under the Bond Ordinance and, the Division of Aviation can use such amounts for repair, renewals, replacements or alterations to the Airport System; redemption of Bonds; costs of Capital Projects or equipment; purchase of Bonds; arbitrage rebate pursuant to Section 148(f) of the Code or for any lawful Airport System purposes. At the termination of Airline's Letter of Authorization, it is City's intention to retain the balance

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in the Bond Redemption and Improvement Account in an Airport related account with substantially the same purpose.

B. O&M Account. Any balance in the O&M Account is available for use by City for the payment of Operating Expenses in City's sole discretion in the event the then current Airport Revenues allocated to Operating Expenses in the Annual Budget are deemed to be insufficient. Any balance then can be used for repairs, renewals, replacements, alterations, and the redemption of Bonds or bonds or for any Airport System purposes. Notwithstanding the foregoing, City has no reasonable expectation that funds in the O&M Account will be used to pay Debt Service since the account is being created to pay Operating Expenses. At the termination of Airline's Letter of Authorization, if there is an Effective Airport-Airline Use and Lease Agreement, it is City's intention to retain the balance in the O&M Account in an account with substantially the same purpose.

C. Discretionary Account. Any balance in the Discretionary Account may be used by City for any lawful Airport System purpose.

5.06. Deposit and Application of Airport Revenues

It is understood and agreed that so long as any Bonds or bonds are outstanding, the deposit and application of Project Revenues for each Fiscal Year shall be governed by the Bond Documents. Notwithstanding anything to the contrary in this Article, City is expressly permitted in the Bond Ordinance to use amounts remaining in the Aviation Operating Fund following any transfers pursuant to 4.06 (a) – (i) of the Bond Ordinance for the Bond Redemption and Improvement Requirement, and the O&M Requirement. Pursuant to Section 4.06 of the Bond Ordinance, any amounts remaining in the Aviation Operating Fund following any transfer then required to be made pursuant to Section 4.06 of the Bond Ordinance, will be applied or credited in the following manner:

A. Bond Redemption and Improvement Requirement.

1. The Bond Redemption and Improvement Requirement shall mean an amount not to exceed the lesser of (i) the amount of Debt Service Reserve Surety Bonds fulfilling City's Sinking Fund Reserve Requirements or (ii) twenty five percent (25%) of the Debt Service Requirement thereafter. City hereby provides its written direction pursuant to Section 4.06 of the Bond Ordinance that the Bond Redemption and Improvement Account may be funded with amounts remaining, if any, following any and all transfers required by Section 4.06 of the Bond Ordinance.

2. Notwithstanding the foregoing, for each and every Fiscal Year, the interest earned on the balance of the Bond Redemption and Improvement Account shall first be used to reduce the Bond Redemption and Improvement Requirement for the following Fiscal Year and the remaining interest and any excess balance in the Bond Redemption and Improvement Account due to a reduction in the Debt Service Requirement, if any, shall be transferred to the Aviation Operating Fund and then allocated to the Airport Cost Centers in proportion to the Debt Service Requirement for each such Airport Cost Center as a Non-Airline Revenue.

3. The net Bond Redemption and Improvement Requirement shall be allocated to the Airport Cost Centers on the basis of Debt Service Requirements for the respective Airport Cost Centers.

B. O&M Requirement.

1. The O&M Requirement shall mean an amount to be deposited in the O&M Account to maintain a balance equal to fifteen percent (15%) of Operating Expenses.

2. Notwithstanding the foregoing, for each and every Fiscal Year, the interest earned on the balance of the O&M Account shall first be used to reduce the O&M Requirement for the following Fiscal Year and the remaining interest and any excess balance in the O&M Account due to a reduction in Operating Expenses,

3. The net O&M Requirement shall be allocated on the basis of Operating Expenses to the Airport Cost Centers.

C. **Discretionary Account.** Following any and all transfers required by Section 4.06 of the Bond Ordinance and by Sections 5.06.A and 5.06.B above, any amounts remaining in the Aviation Operating Fund, shall be deposited in the Discretionary Account to be used by City for any lawful Airport System purpose.

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Article 6

RATES, FEES AND CHARGES REGULATION

6.01. General

In consideration for the use of the Airline's Allocated Premises; the facilities, rights, and privileges granted hereunder; and for the undertakings of City; Airline agrees to pay City, without notice, demand, set-off or counterclaim, the fees as set forth in this Article 6 and as adjusted according to the procedures of Article 7.

6.02 Rates and Charges for the Use of Facilities at Philadelphia International Airport and Northeast Philadelphia Airport

A. Rates and Charges related to the Philadelphia International Airport Terminal Area.

1. Allocated Premises Terminal Area and Joint Use Areas. Fees for use of the Allocated Premises Terminal Area and Joint Use Areas shall be:

- a.** Type 1: Ticket Counter and Ticket Counter Office space - \$234.20 per square foot per annum.
- b.** Type 2: Holdrooms, Baggage Claim Area, Baggage Claim Offices, Airline Lounge, and Airline Space - \$175.65 per square foot per annum.
- c.** Type 3: Airline Operations Space, Baggage Makeup Area, Inbound Baggage - \$117.10 per square foot per annum.
- d.** Type 4: FIS Area, Cart Tunnel/Baggage Recheck - \$58.55 per square foot per annum.

2. International Common Use Area Fees. The following rates and charges are applicable for the use of the International Common Use Areas. Written authorization may be granted for permission to process international and charter operations at locations other than the International Common Use Areas on the condition that the rates and charges paid to the City as set forth below will apply to these operations.

- a. International Common Use Enplaning Area Fee.** For the use of International Common Use Enplaning Areas: \$5.08 per Enplaned Passenger.
- b. International Common Use Deplaning Area Fee.** For the use of International Common Use Deplaning Areas in common with other Airlines: \$4.97 per Deplaned Passenger.
- c. FIS Area Fee.** For the use of FIS Areas, those areas where Deplaned Passengers are processed and collect their checked baggage and the baggage cart movement areas associated therewith: \$8.90 per Deplaned Passenger processed thru Federal Inspection Service facilities.
- d. Ramp Use Charge.** For use, in common with other Airlines, of the Ramp space adjacent to the International Common Use Area: \$150.00 per use for each two hour period or fraction thereof. This charge shall apply only to flights which incur no other International Common Use Enplaning or Deplaning Area Fees and FIS Area Fees as set forth above.

e. **International Common Use Ticket Counter Area Fee.** For the use of International Common Use Ticket Counter Areas in common with other Airlines: \$2.94 per Enplaned Passenger.

3. **Domestic Common Use Area Fees.**

a. **Domestic Common Use Gate Fee**, including the associated ramp area and equipment necessary to operate from the gates - \$489 per aircraft turn (an aircraft arrival and departure).

b. **Domestic Common Use Ticket Counter Fee**, including associated back office, baggage makeup areas and baggage conveyors - \$161 per aircraft departure.

c. **Domestic Common Use Bag Claim Fee**, including associated cart circulation and recheck area, bag claim and operations space - \$1.00 per Deplaned Passenger from aircraft operations utilizing such space in the terminal complex.

4. **Aircraft Parking.** The following charges apply for the parking of Aircraft by Airlines not paying monthly fees under Section 6.02.A.1 above at all designated parking areas within the Airport:

a. Aircraft parking charge (beyond the first two hour period) \$150.00 per day.

b. In addition to the above aircraft parking charge, any aircraft engaged in a cargo processing operation at a designated parking area shall be subject to the following charges: Cargo off-loading operation - \$150.00 per operation; Cargo on-loading operation: \$150.00 per operation.

B. **Rates and Charges related to the Airfield Area at Philadelphia International Airport**

1. **Landing Fees** at Philadelphia International Airport by Large Certificated Airlines, Commuter Airlines and Small Certificated Airlines, Foreign Flag Airlines and Air Taxi/Commercial Operators - \$4.59 per thousand pounds of maximum allowable gross landing weight.

2. **General Aviation Aircraft Landing Fees** at Philadelphia International Airport for all non-based, general aviation aircraft and those based general aviation aircraft engaged in commercial activities approved in writing by the City will be based on a sliding weight scale as follows:

<u>Maximum Allowable Gross Landed Weight</u>	<u>Landing Fee per Landing</u>
0 - 5,000 lbs.	\$10.00
5,001 - 10,000 lbs.	\$33.00
10,001 - 25,000 lbs.	\$76.00
25,001 - 50,000 lbs.	\$163.00
50,001 - 100,000 lbs.	\$326.00
100,001 - 200,000 lbs.	\$651.00
over 200,000 lbs.	\$868.00

C. Rates and Charges Related to Northeast Philadelphia Airport

1. Terminal Building - Ticket counter space: \$22.19 per square foot per annum.
2. Terminal Building - All other space: \$20.40 per square foot per annum.
 - a. Mooring Fee for airships, blimps and similar aircraft types that are less than 210 ft. in length: \$75.00 per day or fraction thereof for the first four days; \$35.00 per day thereafter.
 - b. Mooring Fee for airships, blimps and similar aircraft types that are more than 210 ft. in length: \$100.00 per day or fraction thereof for the first four days; \$50.00 per day thereafter.
3. Landings at Northeast Philadelphia Airport by Commuter Airlines: \$1.65 per thousand pounds of maximum allowable gross landing weight.
4. Landings at Northeast Philadelphia Airport by all non-based general aviation aircraft and those based general aviation aircraft engaged in commercial activities approved in writing by the City will be based on a following sliding weight scale:

<u>Maximum Allowable Gross Landed Weight</u>	<u>Landing Fee per Landing</u>
0 - 5,000 lbs.	\$5.00
5,001 - 10,000 lbs.	\$10.00
10,001 - 25,000 lbs.	\$15.00
25,001 - 50,000 lbs.	\$35.00
50,001 - 75,000 lbs.	\$60.00
over 75,000 lbs.	\$95.00

D. Demurrage. The Chief Executive Officer will allow the use of the designated non-leased and/or common use area for such time as may be reasonably required for Aircraft loading and unloading; provided, however, that if such area is needed for another Aircraft, the Chief Executive Officer may require the operator to relocate the Aircraft. If the Aircraft is not moved within ten minutes of such request, a demurrage charge of \$150.00 will be assessed for each additional ten minute period or part thereof the Aircraft remains at the designated area.

E. Armed Guard Security Charge. Each Airline shall be charged a proportionate amount of the costs incurred by the Airport in complying with the security requirements of Federal Aviation Regulation Part 107 or any other federally-mandated security requirements.

F. Utility Charges. All utilities, including but not limited to electricity, water and sewer service and natural gas, shall be billed at rates which shall not be in excess of rates charged for such service to users of the class and volume level using the service at the airports by utility suppliers authorized to provide such service in the vicinity of the airports.

G. Fuel Flowage Fees. Fuel dispensed on-airport to Aircraft operating at Philadelphia International Airport and Northeast Philadelphia Airport: \$0.083 per gallon.

H. Aviation Lubricants Fees. Aviation lubricants sold at Philadelphia International Airport and Northeast Philadelphia Airport: \$0.15 per gallon.

I. **Proprietary Equipment and Law Enforcement Officers.** The City shall be able to engage in cost recovery for (i) Proprietary Equipment used by Airlines and (ii) law enforcement officers stationed at the Airport.

6.03. Passenger Facility Charge ("PFC")

In accordance with FAA regulations, found at 14 Code of Federal Regulations ("CFR") Part 158, the City of Philadelphia has been given approval by notice from the FAA dated January 30, 2001 to impose a \$4.50 PFC on the fares charged to passengers departing from Philadelphia International Airport. Additional information concerning the PFC and the obligations of Airlines with respect thereto is on file with the City of Philadelphia's Division of Aviation and is found in 14 CFR Part 158.

6.04. Airport I.D. Badge Fees

Airport I.D. Badges are issued to provide positive identification, authorization and access to controlled airport areas. The following fees apply to new badge issues, replacement of expired badges and replacement of damaged badges:

- A. Philadelphia International Airport
 - 1. PHL-based employees of Airlines: \$18.00 per badge.
 - 2. All others: \$33.00 per badge.
 - 3. Replacement of all lost or stolen badges: fines will escalate as follows
 - a. 1st incident of a lost or stolen badge – \$100.00
 - b. 2nd incident of a lost or stolen badge – \$150.00
 - c. 3rd incident of a lost or stolen badge – \$200.00
 - d. 4th incident of a lost or stolen badge – possible loss of badge
- B. Northeast Philadelphia Airport
 - 1. Initial badge issuance - No charge.
 - 2. Replacement of all lost or stolen badges - \$35.00 per badge.

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Airport I.D. Badge fees will be invoiced to the company of the employee who is being badged, unless a prior arrangement has been made between a company and the Division of Aviation. Payment may be accepted from an individual by the City for replacement of lost or stolen Airport I.D. Badges and for badges issued to non-based crew members. The City reserves the right to make reasonable exceptions in the assessment of I.D. Badge fees.

6.05. Fingerprinting Fee

Pursuant to 14 CFR Parts 107 and 108, Criminal History Record Checks, the TSA requires that all airports within the United States submit fingerprints for all personnel working in airport Sterile and Security Identification Display Areas (SIDA).

The Division of Aviation processes fingerprints through the Aviation Security Clearinghouse (ASC). A fee for fingerprint processing is mandated by the TSA. The current fee is \$32.00 per applicant, including employees of governmental agencies. The fee must be paid to the City at the time of fingerprinting by the employee or the company of the employee being fingerprinted unless a prior pre-payment arrangement has been made between the company and the Division of Aviation.

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The fingerprinting process must be satisfactorily completed prior to the issuance of Airport I.D. Badges for access to SIDA.

6.06. Payments

A. Allocated Premises Terminal Area, Joint Use Areas, and Northeast Philadelphia Airport Terminal Building fees shall be due to City without invoice, in advance, on the first day of each calendar

month, pertaining to that calendar month without notice, demand, set-off or counterclaim.

B. The City reserves the right to invoice certain non-scheduled Airlines not paying monthly fees under Section 6.02.A.1. All invoiced charges shall be due 20 days after invoice date unless otherwise stated on invoice.

C. All other charges and activity reports proscribed by City shall be due to City without invoice on or before the tenth (10th) day of each subsequent calendar month during the term of the Agreement.

D. Airlines not providing adequate surety or security in form and amount satisfactory to the Department of Commerce, to ensure payment of fees and charges, shall be required to pay all incurred fees and charges prior to aircraft departure.

E. Penalties and Interest for Late Payments

1. Interest charges on unpaid amounts shall be charged effective on the first day after the due date.

2. Airlines, Operators and other tenants shall pay interest at the Default Rate on all payments which are unpaid as of the first day after the day on which such payment is due to City. City's failure to impose such an interest charge in any particular case shall not be deemed a waiver of City's right to do so in any future case.

3. If any charges remain unpaid for a period of twenty (20) days after the due date, the City may:

- a. Bar operator from the Airport and the use thereof; and/or
- b. Deny operator the use of Airport facilities; and/or
- c. Commence such actions at law or in equity as are deemed in the best interests of the City.

6.07. This Rates and Charges Regulation shall not apply to space occupied by any governmental agencies or to services rendered to governmental agencies, except as specifically provided herein.

6.08. In the event that any portion of this Rates and Charges Regulation shall be determined to be illegal, for any reason whatsoever, such determination shall not affect any other portion of the Rates and Charges Regulation, it being the intent of the Department of Commerce that each charge set forth in the Rates and Charges Regulation shall be absolutely independent of every other charge.

6.09. Payment Method

A. Rates and Charges. Unless and until City notifies Airlines, Operators or other tenants in writing designating an alternative payment method, all payments pursuant to this Rates and Charges Regulation (save and except PFC) shall be submitted due hereunder shall be made by either:

- 1. Separate wire transfer as follows:
Wells Fargo Bank, N.A.
Phone: 1-800-869-3557
E-Mail: www.wellsfargo.com
City of Philadelphia Aviation Division
Aviation Operating Account
Account #200-003-388-8734
ABA # 121000248 (Routing Number)

Or

2. Submitted to the following mailing address:
City of Philadelphia
241758
PO Box 8500
Philadelphia, PA 19178-1758

B. Passenger Facility Charges. Unless and until City notifies Airlines, Operators or other tenants in writing designating an alternative payment method, all PFCs due hereunder shall be paid by either:

1. Separate wire transfer as follows:
Wells Fargo Bank, N.A.
Phone: 1-800-869-3557
E-Mail: www.wellsfargo.com
City of Philadelphia Aviation Division
Aviation Capital Account
Account #200-003-388-8653
ABA #121000248 (Routing Number)

Or

2. Submitted to the following mailing address:
City of Philadelphia
213966
PO Box 8500
Philadelphia, PA 19178-3966

6.10. All operations from Philadelphia International and Northeast Philadelphia Airports are governed by this Rates and Charges Regulation.

6.11. The Division of Aviation may adopt occupancy and operating procedures if it determines, in its sole discretion, that such procedures are appropriate.

6.12. Vehicle Rental Companies

A. Customer Facility Charge ("CFC"). A Customer Facility Charge ("CFC") is imposed in the amount of \$8 per rental day on each customer renting a motor vehicle from a Vehicle Rental Company doing business at Philadelphia International Airport. Customer Facility Charges shall be collected from the customer by the Vehicle Rental Company and held in a segregated trust fund for the benefit of the Airport. All other provisions in Subchapter C of Chapter 59 of Title 74 (74 Pa. C.S. Sections 5931-5933) are hereby incorporated herein by reference.

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Article 7

ADJUSTMENT OF RATES, FEES AND CHARGES

7.01. General

A. Adjustment to Terminal Fees and Landing Fee Rate

1. **Annual Rate Adjustments.** The City shall have the option to adjust the Terminal Fees and Landing Fee Rate from time to time, but no less frequently than annually.

2. **Airline Consultation.** City will consult with the Airlines prior to adjusting the Terminal Fees, Ramp Premises Rate and Landing Fee Rate by providing preliminary budget information, including the Terminal Fees, Ramp Premises Rate and Landing Fee Rate calculation, for the ensuing Fiscal Year in writing to the Airlines no less than forty five (45) days prior to implementation of the adjustment. A consultation meeting will be held at least thirty (30) days prior to the implementation date of any Terminal Fees, Ramp Premises Rate or Landing Fee Rate increase.

7.02. Terminal Area Rates, Fees and Charges

A. **Terminal Area Cost Center Commercial Compensatory Methodology.** City has employed a cost center commercial compensatory methodology for charging Terminal Fees, using Airline Allocable Space in calculating Category Terminal Rates by Types of Space in the Terminal Area Cost Center.

B. **Terminal Area Requirement.** The Terminal Area Requirement for each Fiscal Year shall be the amount in the Annual Budget equal to:

1. The sum of Operating Expenses, Capital Project Expenditures or Debt Service and Fund Requirements allocated to the Terminal Area Cost Center;

2. Plus the allocable portion of Roadway and Airport Services Operating Expenses to the Terminal Area Cost Center; and

3. Less (a) fees collected for the use and maintenance of Proprietary Equipment, (b) expense to be reimbursed by federal, state, or local government for law enforcement officer (LEO) costs and (c) operating grant reimbursements allocable to the Terminal Area Cost Center ;

C. **Calculation of Average Terminal Rate.** Terminal Area Requirement shall be divided by the Terminal Allocable Space to determine the Average Terminal Rate. The Airline Allocable Space will then be multiplied by the Average Terminal Rate to determine Airlines' pro rata share of the Terminal Area Requirement.

D. Category Terminal Rates

1. **Types of Space.** For any given Fiscal Year, Airline Allocable Space shall be classified by Type of Space as set forth in the table below:

Category (Types of Space)	Location/Function	Weighted Value
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1	Ticket counter and ticket counter offices	100%
2	Holdrooms, baggage claim area, baggage claim offices, airline lounge, upper level Airline office support space	75%
3	Airline Operations Space, baggage makeup, inbound baggage	50%
4	FIS Area, Cart Tunnel, Baggage Recheck, Ticket Counter Queuing	25%

2. Calculation of Category Terminal Fees Rates. For any given Fiscal Year, the Category Terminal Allocable Rates for the Airline Allocable Space square footage shall be calculated as follows:

- a. Classify all Airline Allocable Space by Types of Space described above;
- b. Multiply the total square footage of each Type of Space by the weighted value of each Type of Space identified in Section 7.02.D.1 above to determine the weighted equivalent square footage;
- c. Sum the weighted equivalent square footage for all of the Types of Space to determine total weighted equivalent square footage;
- d. Divide the Airlines' pro rata share Terminal Area Requirement by the total weighted equivalent square footage to establish the Type 1 Rate;
- e. Multiply the Type 1 Rate by the weighted value of each Type of Space identified in Section 7.02.D.1 for Types 2, 3 and 4 to determine the Category Terminal Fee Rate for each of the remaining Types of Space.

E. Other Terminal Area Fees – International Common Use Areas and FIS

1. International Common Use Ticket Counter Areas

- a. The "International Common Use Ticket Counter Area Cost" shall be equal to the Category Terminal Rates for the Types of Space contained in the International Common Use Ticket Counter Area multiplied by the corresponding square footage of the International Common Use Ticket Counter Area for any given Fiscal Year.
- b. The "International Common Use Ticket Counter Area Fee" for any given Fiscal Year shall be determined by dividing the "International Common Use Ticket Counter Area Cost" by the sum of (i) the estimated number of Airline Enplaned Passengers utilizing the International Common Use Ticket Counter Area for any given Fiscal Year and (ii) 1.15 multiplied by the estimated number of - Airline Enplaned Passengers utilizing the International Common Use Ticket Counter Area for any given Fiscal Year as established in the Annual Budget.

2. International Common Use Enplaning Areas

- a. The "International Common Use Enplaning Area Cost" shall be equal to the Category Terminal Rates for the Types of Space contained in the International

Common Use Enplaning Area multiplied by the corresponding square footage of the International Common Use Enplaning Area for any given Fiscal Year.

b. The "**International Common Use Enplaning Area Fee**" for any given Fiscal Year shall be determined by dividing the "International Common Use Enplaning Area Cost" by the sum of (i) the estimated number of Airline Enplaned Passengers utilizing the International Common Use Enplaning Area for any given Fiscal Year and (ii) 1.15 multiplied by the estimated number of Airline Enplaned Passengers utilizing the International Common Use Enplaning Areas for any given Fiscal Year as established in the Annual Budget.

3. International Common Use Deplaning Areas

a. The "**International Common Use Deplaning Area Cost**" shall be equal to the Category Terminal Rates for the Types of Space contained in the International Common Use Deplaning Area multiplied by the corresponding square footage of the International Common Use Deplaning Area for any given Fiscal Year.

b. The "**International Common Use Deplaning Area Fee**" for any given Fiscal Year shall be determined by dividing the "International Common Use Deplaning Area Cost" by the sum of (i) the estimated number of Airline Deplaning Passengers utilizing the International Common Use Deplaning Area for any given Fiscal Year and (ii) 1.15 multiplied by the estimated number of Airline Deplaning Passengers utilizing the International Common Use Deplaning Areas for any given Fiscal Year as established in the Annual Budget.

4. FIS Areas

a. The "**FIS Area Cost**" shall be equal to the Category Terminal Rates for the Types of Space contained in the FIS Area multiplied by the corresponding square footage of the FIS Area for any given Fiscal Year.

b. The "**FIS Area Fee**" for any given Fiscal Year shall be determined by dividing the "FIS Area Cost" by the sum of (i) the estimated number of Airline Deplaning Passengers utilizing the FIS Area for any given Fiscal Year and (ii) 1.15 multiplied by the estimated number of Airline Deplaning Passengers utilizing the FIS Areas for any given Fiscal Year as established in the Annual Budget.

7.03. Landing Fee

A. Airfield Area - Cost Recovery Methodology. City shall employ a "break-even" methodology to recover the costs of the Airfield Area from all users —taking into consideration the Airfield Area, and the Northeast Philadelphia Airport Cost Centers—in calculating Airfield Area fees, using Airlines' aggregate Maximum Landed Weight in calculating the Landing Fee Rate for any given Fiscal Year.

B. Airfield Area Requirement Calculation. The Airfield Area Requirement for each Fiscal Year shall be the amount in the Annual Budget equal to:

1. The sum of Operating Expenses, Capital Project Expenditures or Debt Service and Fund Requirements for the Fiscal Year allocable to the Airfield Area;
2. Plus the allocable portion of Roadway and Airport Services Operating Expenses to the Airfield Area Cost Center;

3. Plus the net operating cost of the Northeast Philadelphia Airport Cost Center, including allocable Operating Expenses, Capital Project Expenditures, Debt Services, and Fund Requirements, less all allocable Non-Airline Revenues; and

4. Less all General Aviation landing fees and fuel flowage fees

C. **Landing Fee Rate.** The Landing Fee Rate shall be calculated by dividing the Airfield Area Requirement by the aggregate Maximum Landed Weight of the Airlines.

7.04. Adjustment to Terminal Fees or Landing Fee Rate

City may implement an adjustment of the Terminal Fees or Landing Fee Rate in any given Fiscal Year. City will notify and hold a consultation meeting with the Airlines at least thirty (30) days prior to the implementation of an adjustment of the Terminal Fees or Landing Fee Rate and otherwise comply with the City regulatory process.

7.05. Monthly Activity Reports

A. **Landing Weight Report.** Airline shall prepare and file with City, in the manner indicated on the form attached to Airline's Letter of Authorization, an "Aircraft Used in Philadelphia Service" form (Form 72-109), as may be modified by City from time to time, showing the certified maximum gross landing weight of each aircraft. Such completed form shall be submitted prior to commencement of service and annually thereafter and whenever changes in the aircraft serving the Airport occur;

B. Additional Fees Report

1. **Payment of Additional Fees.** As provided for in Section 6.06.C, not later than ten (10) days after the end of each calendar month, Airline shall pay the Additional Fees (including Landing Fees, other use charges and Ground Handling Fees) due for the previous month. By the tenth (10th) day of the month, Airline shall remit an itemized calculation of amounts of Additional Fees on individual self-invoicing reports, the formats for which will be provided and revised from time to time by City.

C. **Other Activity Reports.** Airline shall remit, in the form and manner indicated on the form attached to Airline's Letter of Authorization, the following monthly Activity Reports by the tenth day of the month for the previous month's activity:

1. A **"Monthly Schedule Data Report"** form (Form 72-35) attached to Airline's Letter of Authorization may be modified by City from time to time, including the number of flight arrivals operated by Airline during the previous month including the type, model and make of aircraft.

2. A **"Traffic Activity Summary"** form (Form 72-36) attached to Airline's Letter of Authorization as may be modified by City from time to time, including all passenger, mail and cargo activity for the previous month. Said Activity Summary shall include the number of Deplaned Passengers and Enplaned Passengers by terminal.

D. As provided for in Section 6.06.C, payments for Other Fees shall be made by Airline when due and payable, as imposed pursuant to the Airport's Rules and Regulations, any federal, state or local law, regulation, ordinance, statute or directive.

E. With respect to each and every filing required herein:

1. The acceptance by City of any such payment shall not preclude City from questioning the accuracy of Airline's reports upon which the Additional Fees and/or Other Fees are based. City shall have the right, upon reasonable notice, to examine that portion of the books and records of Airline relevant for the purpose of ascertaining that the amounts paid or to be paid to City are correct.

2. In the event that Airline fails to remit to City the payments and the supporting data for Additional Fees as described above, City may compute such Additional Fees as though the activity statistics upon which said Additional Fees are based were the same as during the highest month in City's immediately preceding Fiscal Year or in the current Fiscal Year, whichever is higher, or upon the basis of such other estimate thereof as City, in its discretion, deems reasonable. City will issue an invoice to Airline for such estimated Additional Fees. After Airline remits the required, but delinquent payment and report to City, City shall recalculate the Additional Fees for the month in question based upon the report. If the actual Additional Fees are higher than those invoiced by City, Airline shall be liable for any deficiencies in payments; payments for said deficiencies shall be deemed due as of the date such fee or charge was due and payable.

3. If the actual Additional Fees are less than those Additional Fees invoiced by City to Airline, City shall either apply such overpayment as a credit against a subsequent amount due for such fees and charges from Airline or at the election of City, issue a refund, provided, however, Airline shall not be entitled to any credit for late fees on payments of such estimated amounts.

7.06. Records and Audits of Records

A. Airline Books and Records

1. Airline shall keep books of account and other records relating to the provision and requirements of this Rates and Charges Regulation (including the records supporting the basis for and recalculation of Monthly Fees, Additional Fees and Other Fees described in Article 7 of this Rates and Charges Regulation) consistent with its reporting obligations herein.

2. City, through its duly authorized representative, and the City Controller, shall have the right, at any time during the term of Airline's Letter of Authorization and for three (3) years after the termination of Airline's Letter of Authorization, and upon advance notice to Airline and during reasonable business hours, to make an audit or cause an audit, examination or inspection of Airline's original books and records relating to Airline's operations. Airline shall, if requested, provide assistance to such auditors in making such inspection, and, if such records are maintained in electronic or other machine-readable format, shall provide the Airport and/or its representative such assistance as may be required to allow complete access to such records including providing such records in electronic read-only format compatible with computers utilized by City.

3. Airline shall make such books and records available to City for audit at the Airport or some other mutually agreed upon location. Should adequate records not be made available at the Airport or at the agreed upon location, then the additional cost of said audit, including all actual travel, food and lodging expenses incurred by City shall, at City's direction, be borne by Airline.

4. The cost of such audit shall be borne by City; provided however, the actual cost of such audit shall be borne by Airline if the audit reveals an underpayment of five percent (5%) or more of the specific Monthly Fees, Additional Fees or Other Fees being audited and payable under this Rates and Charges Regulation for any Fiscal Year, as determined by such audit, or Airline has failed to maintain accurate and complete records required herein.

B. City Books and Records

1. City shall follow such procedures and keep and maintain such books, records and accounts as may be necessary or appropriate under the provisions of this Rates and Charges Regulation consistent with City practices.

2. Airline shall be entitled to access such Division of Aviation books, records and accounts that contain any information affecting the computation of Fees and Additional Fees. Airline shall have right at any reasonable time, subject to prior written notice to City, to examine, make copies and take extracts from such books, records and accounts.

3. In addition, in accordance with applicable FAA regulations, all records concerning the Airport are subject to inspection by any duly authorized agent of the United States Secretary of Transportation upon reasonable request.

Article 8

ALTERATIONS, IMPROVEMENTS AND EQUIPMENT

8.01. City's Construction Rights

In order that City and its facilities may be suitable for the volume and character of air traffic, flight activity, and passenger traffic, which will require accommodation, and for purposes of maintaining or constructing improvements, modifications, or expansions to the Airport System, City shall have the right to close, temporarily relocate, reconstruct, change, alter, or modify the General Terminal Areas, either temporarily or permanently, and/or the means of access to Airline's Allocated Premises or elsewhere in the Terminal Area pursuant to this Rates and Charges Regulation or otherwise provided that to the extent reasonably possible, any City-sponsored capital improvement project that is undertaken shall not adversely interfere with Airline's operation of its Air Transportation Business.

8.02. Notification

Unless such action is necessitated by circumstances, which, in the opinion of City, pose an immediate threat to the health and safety of persons using the Airport, City shall provide Airline reasonable notice of the construction activities; the timing of such notice shall be at the discretion of City taking into consideration the nature, the scope, and the anticipated disruption as a result of the construction activities.

8.03. Ingress and Egress

City shall provide reasonably adequate means of ingress and egress for Airline's Allocated Premises or for alternate premises in the event Airline is relocated to alternate premises.

8.04. Inconveniences during Construction

Programs of construction, reconstruction, expansion, temporary relocation, maintenance and repair may inconvenience Airline in its operations at Airport. City will make a reasonable effort to provide alternative accommodations to mitigate any adverse effects of such programs and Airline agrees that no liability shall attach to the Commonwealth of Pennsylvania, City, and their officers, employees, and contractors by reason of such inconvenience and, for and in further consideration of the use of the Airline's Allocated Premises, Airline waives any right to claim damages or other consideration therefore except as set forth in Section 8.01 above. The aforementioned non-liability and waiver shall not apply in the event a claim is due to the gross negligence or willful misconduct of City or its officers, employees and contractors.

8.05. Airline Improvements

A. City Consent. Airline shall not construct, install, or make any structural or non structural alterations, additions or improvements to the Airline's Allocated Premises, including without limitation, the installation of trade fixtures, without prior approval of City, which will not be unreasonably withheld or delayed; provided, however, that, if City approvals are required for any such alterations, additions or improvements, the plans and specifications, location and construction schedule for such alterations, additions or improvements shall be (i) approved by City in writing prior to the commencement of any and all such construction or installation, (ii) in compliance with the tenant alterations procedures of City and (iii) in compliance with all applicable laws and regulations, including, without limitation, the requirements of the Americans with Disabilities Act.

B. Airport Operation. Any work associated with construction and installation by Airline shall not unreasonably interfere with the operation of the Airport, or otherwise unreasonably interfere with the permitted activities of other tenants in or users of the Terminal Area. Upon completion of the

approved construction and within sixty (60) days of the receipt by Airline of a certificate of occupancy, a complete set of as-built drawings shall be delivered to City in a media type and format acceptable for the permanent record of City.

C. Property of Airline. All alterations, additions and improvements made by Airline, except for those financed by City, shall be and remain the property of Airline until the termination of Airline's Letter of Authorization and thereafter will be subject to the provisions of Section 2.02.

8.06. Airline Improvements Compliance

Airline Improvements and all alterations thereof and additions thereto, shall in all respects be constructed in accordance with applicable codes and Rules and Regulations of the Airport and pursuant to any required building or installation permit to be obtained from City, Tinicum Township and/or Delaware County, as applicable, according to the customary terms and conditions thereof.

8.07. Airline Equipment and Furnishings

Airline agrees that it will, at its own expense, furnish, decorate, insure and provide necessary specialized furnishings and Airline Equipment for its own Airline operations at all areas of the Airline's Allocated Premises, to the extent that such furnishings and equipment are not otherwise provided by City for use by Airline as Proprietary Equipment, as set forth in this Rates and Charges Regulation. Such furnishings and equipment provided by Airline shall be (i) kept neat, clean and in presentable appearance, (ii) maintained in good working condition and (iii) subject to the prior approval of City, such approval not to be unreasonably withheld.

Article 9

ASSIGNMENT, SUBLEASE AND TRANSFER OF SPACE

9.01. Prohibited Transactions

A. Airline shall not assign, mortgage, pledge or otherwise transfer Airline's Letter of Authorization; provided, however, the foregoing shall not be deemed or construed to require the consent of City in connection with an assignment of this Airline's Letter of Authorization or any of the rights or privileges granted to Airline herein pursuant to a merger, consolidation, or sale of all or substantially all of the assets of Airline. Nothing contained herein shall be construed to prohibit City from exercising any of its legal rights existing independently from this Rates and Charges Regulation with respect to such merger, consolidation, or asset sale.

9.02. Sublease

Airline shall not sublet any of the space allocated to Airline under Airline's Letter of Authorization, by operation of law or otherwise.

9.03. Approved Transactions

In the event a transfer is approved by City, such approval shall in no way relieve Airline of any contractual obligations assumed under Airline's Letter of Authorization unless City specifically consents thereto in its discretion, and such approval shall not constitute a waiver of strict future compliance by Airline with the provisions of this Article. Further, Airline shall not enter into any agreement to handle other aircraft at the Airport.

9.04. Future Compliance

Regardless of City's consent, no transfer shall release Airline of Airline's obligations or alter the primary liability of Airline to pay Fees and to perform all other obligations to be performed by Airline hereunder. Consent to one transfer pursuant to 4.11 shall not be deemed consent to any other or subsequent transfer. In the event of default by any successor of Airline in the performance of any of the terms hereof, City may proceed directly against Airline without the necessity of exhausting remedies against such successor unless released of its obligation as described in Section 9.03. City may consent to subsequent transfer or may execute separate Letters of Authorization with successors of Airline without notifying Airline, and without obtaining its or their consent thereto and such action shall not relieve Airline of liability under its Letter of Authorization, except as set forth above.

9.05. Bankruptcy

Notwithstanding any provision contained in this Rates and Charges Regulation and to the extent consistent with Federal bankruptcy law, any Airline which seeks protection under the Federal bankruptcy code, or is currently operating under the protection of the Federal bankruptcy code, herein called "Debtor", shall be prohibited from conveying its interest under Airline's Letter of Authorization to any other entity without prior approval of City. In the event that such a Debtor intends to assume the Letter of Authorization, or assume and assign the Letter of Authorization pursuant to 11 U.S.C. Section 365, Bankruptcy-Executory Contracts and Unexpired Leases, the Debtor shall be required to immediately cure any and all defaults and provide adequate assurance of future performance under this Letter of Authorization which shall include, but not be limited to (i) adequate assurance of the reliability of the proposed source for the fees and charges due under this Rates and Charges Regulation upon the assumption of the Letter of Authorization, and (ii) adequate assurance that all other consideration due under the Letter of Authorization shall be forthcoming upon the assumption of the Letter of Authorization.

Article 10

DEFAULT AND RIGHTS AND REMEDIES UPON DEFAULT

10.01. Events of Default

The occurrence of any of the following shall constitute a material breach of the Letter of Authorization by Airline and an Event of Default:

A. Airline's abandoning or constructive abandoning of the Airline's Allocated Premises as determined pursuant to Section 4.10, if such abandonment or constructive abandonment continues for fifteen (15) days after receipt of notice of default by Airline.

B. Airline's failure to pay any Monthly Fees, Passenger Facility Charge payments or any other payment due hereunder, if such failure continues for ten (10) days after receipt of notice to Airline.

C. Airline's failure to pay, when due, any installment of Additional Fees or other sum required to be paid by Airline hereunder where such failure continues for ten (10) days after notice thereof to Airline.

D. Airline's failure to observe and comply with the requirements of Section 3.04.E, Section 12.12, Article 13, Sections 14.01 and 14.02, and Section 15.04 where such failure continues for thirty (30) days, after notice thereof to Airline provided, however, that if the nature of the default is such that the same cannot reasonably be cured within such thirty (30) day period, Airline shall not be deemed to be in default if Airline shall within such period commence such cure and thereafter diligently prosecute the same to completion, and advises City of same, but in no event for longer than sixty (60) days after notice to Airline without the consent of City, or for such shorter cure period as may be specifically prescribed in the applicable article of this Rates and Charges Regulation.

E. Airline's failure to observe and perform any other provision or covenant of this Rates and Charges Regulation to be observed or performed by Airline, where such failure continues for thirty (30) days after notice thereof to Airline provided, however, that if the nature of the default is such that the same cannot reasonably be cured within such thirty (30) day period, Airline shall not be deemed to be in default if Airline shall within such period commence such cure and thereafter diligently prosecute the same to completion, and advise City of same, but in no event for longer than sixty (60) days after notice to Airline without the consent of City.

F. The filing of a petition by or against Airline for relief in bankruptcy or insolvency or for its reorganization or for the appointment pursuant to any local, state or federal bankruptcy or insolvency law of a receiver or trustee of any part of Airline's property; or, an assignment by Airline for the benefit of creditors; or the taking possession of the property of Airline by any local, state or federal governmental officer or agency or court-appointed official for the dissolution or liquidation of Airline or for the operating, either temporarily or permanently, of Airline's business, provided, however, that if any such action is commenced against Airline the same shall not constitute a default if Airline files a motion to dismiss such action within thirty (30) days after its filing and such action is dismissed or discharged within ninety (90) days after the action against Airline was commenced.

G. Notwithstanding anything set forth in Sections 10.01.A, B, C, and D above to the contrary, in no event shall City be obligated to send more than two (2) notices under any single article of this Rates and Charges Regulation in any twelve (12) month period for any of the failures described in those subsections. Any failure occurring after City has sent two (2) notices within a twelve (12) month period shall be an automatic Event of Default hereunder and City shall be entitled to exercise its rights and remedies hereunder. In any event, more than six (6) Events of Default in any twelve (12) month

period will render the next default an automatic Event of Default hereunder and City shall be entitled to exercise its rights and remedies hereunder.

H. A default by Airline which is not cured within the applicable cure period in any other agreement entered into with City relating to the Philadelphia Airport System.

10.02. Remedies of City

Upon the occurrence of any Event of Default set forth in Section 10.01, City, at its option, may take all or any of the following actions:

A. In addition to any other rights and remedies provided to City herein including the respective indemnification provisions set forth herein, City may, without any further liability of City to Airline except in the case of City's gross negligence or willful misconduct, perform any obligations of Airline set forth herein which Airline has failed to perform in a timely manner, after reasonable notice, in which case Airline shall pay to City, upon receipt of invoice, City's costs incurred therefor, plus a fifteen percent (15%) administrative fee, unless a different payment requirement is stated in this Rates and Charges Regulation. This provision shall not apply to Airline's responsibility to tow or move aircraft or the like except as otherwise established in Section 3.05.

B. City shall be entitled to terminate Airline's Letter of Authorization and, until such time as Airline's equipment has been removed and the City gains for access to the premises to reallocate the space allocated to Airline hereunder, recover all unpaid Fees which have accrued prior to the date of said Event of Default and which are then due and payable,

C. City, at any time after the occurrence of any Event of Default whether or not the Letter of Authorization has been terminated as aforesaid, may reenter and repossess, the Airline's Terminal Area Allocated Premises and any part thereof with or without process of law, provided no undue force shall be used, and shall have the option, but not the obligation either in its own name, as agent for Airline if the Letter of Authorization has not been terminated or for its own behalf if the Letter of Authorization has been terminated, to give rights and privileges to or allocate to other airlines or users, all or any part of the Airline's Terminal Area Allocated Premises; provided that City shall not be required to grant rights or allocate to any entity proposed by Airline or observe any instruction given by Airline about the granting of such rights. Nor shall such reentry or taking possession of the Airline's Terminal Area Allocated Premises be construed as an election on City's part to terminate the Letter of Authorization unless a notice of such election by City is given to Airline. City may at any time thereafter elect to terminate the Letter of Authorization for any previous breach and uncured default. City may, in its reasonable discretion, decorate or make repairs, changes, alterations or additions in or to the Airlines' Terminal Area Allocated Premises to the extent deemed by City desirable or convenient, and the cost of such decoration, repairs, changes, alterations or additions shall be charged to and payable by Airline as Fees hereunder, as well as any reasonable brokerage and legal fees expended by City; and any sums collected by City from any new airline shall be credited against the balance of the Fees due hereunder as aforesaid. Airline shall pay to City monthly, on the days when Fees would have been payable under this Rates and Charges Regulation, the amount due hereunder less the amount obtained by City from such new airline, if any; and/or

D. In the event that City elects to terminate the Letter of Authorization, City at its option, may serve notice upon Airline that the Letter of Authorization and the then unexpired term thereof shall cease and expire and become absolutely void on the date specified in such notice, to be no less than ten (10) days after the date of such notice, without any right on the part of Airline thereafter to save the forfeiture by payment of any sum due or by the performance of any term, provision, covenant, agreement or condition broken; and, thereupon and at the expiration of the time limit in such notice, the Letter of Authorization and the term thereof granted, as well as the rights and privileges of Airline hereunder, shall wholly cease and expire and become void in the same manner and with the same force and effect (except as to Airline's liability) as if the date fixed in such notice were the date in Airline's Letter of

Authorization stated for expiration of the term. Thereupon, Airline shall immediately quit and surrender to City the Airlines' Terminal Area Allocated Premises by summary proceedings, detainer, ejectment or otherwise and remove itself and all other occupants thereof and, at City's option, any Airline property thereon without City being liable for any damages therefore. No such expiration or termination of the Letter of Authorization shall relieve Airline of the liability and obligations under this Rates and Charges Regulation accruing prior to the termination of Airline's Letter of Authorization, whether or not City allocates or grants preferential rights to the Airline's Terminal Area Allocated Premises to another entity, or allocates the Exclusive Use Space, all of which shall survive such expiration or termination; or

E. Airline further hereby expressly authorizes and empowers (which power is coupled with an interest) City, upon the occurrence of an Event of Default, to exercise the remedy of self-help with respect to the Proprietary Equipment and to enter upon the Airline's Terminal Area Allocated Premises, distrain upon and remove therefrom all inventory, equipment, machinery, trade fixtures and personal property of whatsoever kind or nature, whether owned by Airline or by others and to proceed without judicial decree, writ of execution or assistance or involvement of constables or City and Airline officers, to conduct a private sale, by auction or sealed bid without restriction. Airline hereby waives the benefit of all laws, whether now in force or hereafter enacted, exempting any personal property on the Airline's Terminal Area Allocated Premises from sale or levy, whether execution thereon is had by order of any court or assistance or involvement of constables or City and Airline officer, or through self-help, private sale hereinabove authorized.

F. City shall have the right of injunction, in the event of a breach or default or threat thereof by Airline of any of the agreements, conditions, covenants or terms hereof, to restrain the same and the right to invoke any remedy allowed by law or in equity, whether or not other remedies, indemnity or reimbursements are herein provided. The rights and remedies given to City in this Rates and Charges Regulation are distinct, separate and cumulative remedies; and no one of them, whether or not exercised by City, shall be deemed to be in exclusion of any other.

G. Airline expressly waives the benefits of all laws, now or hereafter in force, exempting any of Airline's property on the Airline's Terminal Area Allocated Premises or elsewhere from distraint, levy or sale in any legal proceedings taken by City to enforce any rights under this Rates and Charges Regulation. If proceedings shall be commenced by City to recover possession under the Acts of Assembly, either at the end of the term of Airline's Letter of Authorization or any extension thereof or on sooner termination thereof, or for nonpayment of Fees or any other reason, Airline specifically waives pursuant to 68 P.S. § 250.501(e) the right to the fifteen (15) or thirty (30) day notice and agrees that five (5) days' notice shall be sufficient in either or any such case. The right to enter judgment against Airline and to enforce all of the other provisions of this Rates and Charges Regulation hereinabove provided may be exercised by any assignee of City's right, title and interest in the Letter of Authorization, in such assignee's own name, notwithstanding the fact that any or all assignments of said right, title and interest may not be executed and/or witnessed in accordance with the Act of Assembly and any and all laws regulating the manner and/or form in which such assignments shall be executed and witnessed.

H. Neither Airline's Letter of Authorization nor any rights or privileges hereunder shall be an asset of Airline in any bankruptcy, insolvency or reorganization proceeding. If City shall not be permitted to terminate Airline's Letter of Authorization because of the provisions of the United States Bankruptcy Code, Airline or any trustee for it shall, within fifteen (15) days upon request by City to the Bankruptcy Court, assume or reject Airline's Letter of Authorization, provided however, that Airline may not assume the Letter of Authorization unless all defaults thereunder shall have been cured, City shall have been compensated for any monetary loss resulting from such default and City shall be provided with adequate assurance of full and timely performance of all provisions, terms and conditions of this Rates and Charges Regulation on the part of Airline to be performed.

I. The failure or delay on the part of either party to enforce or exercise at any time any of the provisions, rights or remedies in the Rates and Charges Regulation shall in no way be construed to be a waiver thereof, nor in any way to affect the validity of this Rates and Charges Regulation or any act hereof, or the right of the party to thereafter enforce each and every such provision, right or remedy. No

waiver of any violation of this Rates and Charges Regulation shall be held to be a waiver of any other or subsequent violation. The receipt by City of Fees from and after the time when the non-payment of Fees becomes an Event of Default hereunder shall not be construed as a waiver of such default. The receipt by City of a lesser amount than the Fees due shall not be construed to be other than a payment on account of the Fees then due, nor shall any statement on Airline's check or any letter accompanying Airline's check be deemed an accord and satisfaction, and City may accept such payment without prejudice to City's right to recover the balance of the Fees due or to pursue any other remedies provided in this Rates and Charges Regulation. No act or thing done by City or City's agents or employees during the term of Airline's Letter of Authorization and any extension thereof shall be deemed an acceptance of a surrender of the Airline's Terminal Area Allocated Premises, and no agreement to accept such a surrender shall be valid unless in writing and signed by City, unless such surrender is rejected by City.

J. City shall have the right, upon any uncured Event of Default hereunder, to cancel the security badge access to the Airport of all employees of Airline.

10.03. City's Right to Cure

City may perform, in whole or in part, any obligation of which Airline is in default, either prior to (provided Airline is not in the process of curing its default) or following the maturation of such default into an Event of Default, and Airline shall pay on demand as Fees any expenditures made pursuant hereto and the amount of any obligations incurred in connection herewith, plus per annum interest at the Default Rate from the date of any such expenditure, and City's performance shall not constitute a cure of such default by Airline.

10.04. City's Expenses

Airline shall be responsible for all of City's costs and expenses, including usual attorneys' fees, in enforcing any and all provisions of this Rates and Charges Regulation. All such costs and expenses shall constitute Fees, shall accrue interest at the Prime Rate from the date of such expenditure, and shall be payable by Airline to City immediately upon demand.

10.05. Disputed Obligations

Notwithstanding anything to the contrary in this Rates and Charges Regulation, if a dispute arises between City and Airline with respect to any obligation or alleged obligation of Airline to pay money, the payment under protest by Airline of the amount claimed by City to be due shall not waive any of Airline's rights, and if any court or other body having jurisdiction determines that all or any part of the protested payment was not due, then City shall as promptly as reasonably practicable reimburse Airline any amount determined as not due.

Article 11

DAMAGE OR DESTRUCTION

11.01. Partial Damage

If all or any portion of the Airline's Allocated Premises, (but specifically excluding any Airline Improvements, Airline Equipment, or personal property, fixtures, equipment or other installations provided by Airline in and to the Airline's Allocated Premises,) is partially damaged by fire, explosion, the elements, act(s) of war or terrorism, or other casualty, but not rendered untenable, the same will be repaired with due diligence by City at its own cost and expense, to the extent and only to the extent of insurance proceeds received by City, and there shall be no abatement of Airline payments, provided, however, that if any damage is caused by the act or omission of Airline, agents, or employees, Airline shall be responsible at its expense for making the necessary repairs for which it is responsible as approved by City. If Airline fails to make the necessary repairs in a timely manner as determined by City, then Airline shall reimburse City for the costs and expenses incurred in such repair, plus a fifteen percent (15%) administrative fee.

11.02. Damage Suitable for Repair

If damages referred to in Section 11.01. shall be so extensive as to render part or all of the Airline's Allocated Premises untenable, but capable of being repaired in one hundred and twenty (120) days, the same shall be repaired with due diligence by City at its own cost and expense, to the extent and only to the extent of insurance proceeds received by City, and Airline payments payable herein shall abate, in proportion to the portion of the Airline's Allocated Premises rendered untenable, from the time of such damage until such time as the Airline's Allocated Premises are fully restored and certified by City's engineers as ready for occupancy provided, however, that if any damage is caused by the act or omission of Airline, agents, or employees, Airline shall be responsible, at its expense, for making the necessary repairs as approved by City. If Airline fails to make the necessary repairs for which it is responsible in a timely manner as determined by City, then Airline shall reimburse City for the costs and expenses incurred in such repair, plus a fifteen percent (15%) administrative fee.

11.03. Complete Damage

In the event the Airline's Allocated Premises are completely destroyed by fire, explosion, the elements, act(s) of war or terrorism, or other casualty or so damaged that they are untenable and cannot be replaced except after more than one hundred and twenty (120) days, City shall be under no obligation to repair, replace, and reconstruct said Airline's Allocated Premises and Airline payments shall abate as of the time of such damage or destruction and shall cease until such time as said Airline's Allocated Premises are fully restored, or until City provides substitute facilities, acceptable to Airline, for use by Airline. If within twelve (12) months or such other time as may be mutually agreed to by City and Airline after the time of such damage or destruction said Airline's Allocated Premises shall not have been repaired or reconstructed, and City has not supplied substitute facilities, acceptable to Airline, Airline may give City notice of its intention to cancel Airline's Letter of Authorization in its entirety as of the date of such damage or destruction.

11.04. Airline Acts or Omissions

Notwithstanding the foregoing, if said Airline's Allocated Premises are completely destroyed as a result of the negligence of Airline, agents, or employees, applicable fees and charges shall not abate and City may, in its discretion, require Airline to repair and reconstruct said Airline's Allocated Premises within twelve (12) months or such other time as may be mutually agreed to by City and Airline of such destruction and pay the costs therefor; or City may repair and reconstruct said Airline's Allocated Premises within twelve (12) months of such destruction and Airline shall be responsible for reimbursing

City for the costs and expenses incurred in such repair, plus a fifteen percent (15%) administrative fee.

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DEPARTMENT OF PROGRAMS
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Article 12

ENVIRONMENTAL MATTERS

12.01 Environmental Definitions

A. **"Hazardous Substances"** shall mean (i) asbestos, volatile hydrocarbons, industrial solvents, explosives, hazardous chemicals, radioactive material, oil, petroleum, petroleum products or by products, crude oil, natural gas, natural gas liquids, hazardous chemical gases and liquids, volatile or highly volatile liquids, and/or synthetic gas, and shall include, without limitation, substances defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "regulated substance," "pollutant," or "contaminant," as those terms are used in any Environmental Law or at common law, and (ii) any and all other materials or substances that any governmental agency or unit having appropriate jurisdiction shall determine in generally applicable regulations from time to time are hazardous, harmful, toxic, dangerous or otherwise required to be regulated, removed, cleaned-up, or remediated.

B. **"Environmental Law"** shall mean (i) all applicable current and future federal, state, and local environmental safety or health laws, statutes, rules, regulations, ordinances, orders, or common law including, but not limited to, reported applicable decisions of any applicable state or federal courts and shall include, but not be limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. § 9601 *et seq.*), the Resource Conservation and Recovery Act, as amended (42 U.S.C. § 6901 *et seq.*); the Toxic Substances Control Act, as amended, (15 U.S.C. § 2601 *et seq.*); the Hazardous Materials Transportation Act, as amended (49 U.S.C. § 5101 *et seq.*); the Clean Air Act, as amended, (42 U.S.C. § 7401 *et seq.*); the Clean Water Act, as amended (33 U.S.C. § 1251 *et seq.*); the Oil Pollution Act of 1990, as amended (33 U.S.C. § 2701 *et seq.*); the Safe Drinking Water Act, as amended (42 U.S.C. § 300 *et seq.*); the Air Pollution Control Act, 35 P.S. § 4005; the Federal Insecticide, Fungicide and Rodenticide Act, as amended (7 U.S.C. § 136 *et seq.*); the National Oil and Hazardous Substances Pollution Contingency Plan (40 C.F.R. § 300.1 *et seq.*); the Pennsylvania Solid Waste Management Act, as amended (35 P.S. § 6018.101 *et seq.*); the Pennsylvania Hazardous Sites Cleanup Act, as amended (35 P.S. § 6020.101 *et seq.*); the Pennsylvania Clean Streams Law, as amended (35 P.S. § 691.1 *et seq.*); the Pennsylvania Storage Tank and Spill Prevention Act (35 P.S. § 6021.101 *et seq.*); Pennsylvania Land Recycling and Environmental Remediation Standards Act (35 P.S. § 6026.101 *et seq.*); the Pennsylvania Hazardous Material Emergency Planning and Response Act, as amended (35 P.S. § 6022.101 *et seq.*); and the Philadelphia Code, as any of the foregoing may hereinafter be amended; any rule or regulation promulgated pursuant thereto; (ii) all applicable Airport Rules and Regulations; and (iii) any other applicable present or future law, ordinance, regulation, permit or permit condition, order, directive or guideline addressing environmental, health, or safety issues of or by the federal government or the Commonwealth of Pennsylvania or other applicable political subdivision thereof, or any agency, court or body of the federal government, or the Commonwealth of Pennsylvania or any political subdivision thereof exercising executive, legislative, judicial, regulatory or administrative functions.

C. **"Environmental Claim"** shall mean any investigative, enforcement, cleanup, removal, containment, remedial, or other private, governmental or regulatory action at any time that (i) is threatened, instituted or completed pursuant to any Environmental Law or activity, on the Allocated Premises; (ii) arises or relates to Airline's operations at the Airport; or (iii) otherwise relates to damage, contribution, cost recovery, claims, causes of action, liabilities, fines, penalties, impairments, liens, compensation, loss or injury resulting from or in any way arising in connection with any Hazardous Substance or any Environmental Law. Notwithstanding the foregoing, an Environmental Claim shall be limited in time to occurring during the term of the Letter of Authorization to the extent: (a) such Environmental Claim arises outside the Allocated Premises; and (b) does not arise as a result of Airline operations on the Allocated Premises.

D. **"Release"** shall mean any unlicensed or unpermitted spill, leak, emission, pumping, pouring, discharging, leaching, dumping, causing to become airborne, percolation or disposing into the environment.

E. **"Allocated Premises"** shall mean the real estate covered by this Rates and Charges Regulation, including soil, air, surface water and groundwater; all improvements thereon; and all fixtures or personal property located on the Allocated Premises, including, common areas, ramp areas at and about the concourse and loading bridges at which Airline's aircraft operate, any underground storage tanks, or other storage tanks, pumps, waste oil apparatus, pipes, or related lines.

1. **"On" or "in"** when used with respect to the Allocated Premises, means on, in, under, above or about.

F. **"Contamination"** shall mean the uncontained presence of Hazardous Substances resulting from Airline's activities at the Allocated Premises or arising from the Allocated Premises.

G. **"Act 2"** shall mean the Pennsylvania Land Recycling and Environmental Remediation Standards Act (35 P.S. §6026.101 et seq.) and its implementing regulations.

H. **"Applicable Cleanup Standard"** shall mean in all cases the Nonresidential Statewide Health Standard promulgated under Act 2, unless the City, in its sole discretion, agrees to a less stringent "site specific standard" in a particular instance at a specific location.

I. **"Remediate" or Remediation"** shall mean to properly cleanup, remove, repair, dispose and/or complete corrective actions to correct contamination in compliance with Environmental Laws and this Rates and Charges Regulation.

J. **"Best Management Practices"** when used in this Article 12, shall mean those practices and procedures employed by prudent operators at similar facilities regarding a particular matter of Environmental Law or as defined in Environmental Law and any applicable permit, as either may be amended from time to time.

12.02. Environmental Compliance

A. Airline's conduct and operations at the Airport shall at all times be in compliance with all Environmental Laws. Except to the extent provided elsewhere in this Rates and Charges Regulation with respect to the Airport Rules and Regulations, in the event of a conflict, the most stringent Environmental Law shall apply. Airline shall obtain all permits, licenses, or approvals required under Environmental Law to conduct its operations at the Allocated Premises or otherwise comply with its obligations under this Rates and Charges Regulation. Airline shall at all times comply with the terms and conditions of any such permits, licenses, approvals, or notifications. Airline shall make all notifications and equipment modifications as required by applicable Environmental Laws or this Rates and Charges Regulation. Airline shall promptly correct any violation of Environmental Laws at the Airport in connection with its activities at the Airport.

B. 2. Unless otherwise provided below or previously provided, Airline shall within thirty (30) days, for ongoing matters, and within seventy-two (72) hours, for all other matters occurring after the execution of Airline's Letter of Authorization, provide to City copies of:

1. Applications or other documentation submitted to any governmental agency pursuant to any Environmental Laws as related to any and all operations involving or arising from the Allocated Premises;

2. Any notification submitted to a government agency pursuant to the Environmental Laws with respect to the existence of an adverse environmental impact at the Allocated Premises or related proceedings;

3. Any permit, license, approval, or amendment or modification thereto as related to any operations involving or arising from the Allocated Premises granted pursuant to Environmental Laws;

4. Upon request by the City, any record or manifest related to any operations involving or arising from the Allocated Premises required to be maintained by Airline pursuant to Environmental Laws;

5. All known plans, specifications and registration or permitting applications relating to any Storage Tanks (as defined in Section 12.04) owned or leased by Airline at the Allocated Premises; and

6. Any notice, violation, summons, order, complaint, or any correspondence, threatening or relating to any of the foregoing received by Airline pertaining to compliance with Environmental Laws as related to any operations involving or arising from the Allocated Premises.

The contact for submitting such copies, unless otherwise informed, is the Airport's Planning and Environmental Service Manager. Airline shall similarly provide (and maintain) to the Airport a single point of contact for any written notices or other information required to be provided to Airline pursuant to this Article 12.

C. Airline shall see that its appropriate employees receive proper training regarding the specific requirements of all Environmental Laws concerning Airline's conduct and operations involving or arising from the Allocated Premises.

12.03. Site Contamination

A. Airline shall not cause or permit those conducting operations on its behalf to cause Contamination at the Airport. Airline shall at all times handle Hazardous Substances in a manner consistent with Best Management Practices and Environmental Laws.

B. In the event of a Release or threatened Release of Hazardous Substances into the environment relating to or arising out of Airline's use or occupancy of the Allocated Premises and/or common use areas during the term of Airline's Letter of Authorization, where the Release is caused by the Airline or a third party, Airline, upon discovery, shall immediately notify City on the Airport's emergency number 215-937-3111, which shall be confirmed by Airline in writing within forty-eight (48) hours, unless such Release or threatened Release is less than a reportable quantity, and the total volume of the Release can be immediately and completely Remediated and poses no risk of harm to health, the environment or of permanent damage to City property including without limitation the Allocated Premises; provided, however, that all Releases of jet fuel, aviation gasoline, other petroleum products, or placarded non-petroleum substances shall be reported to City by Airline in accordance with the reportable quantity requirements defined in the Division of Aviation's Spill Notification Procedure for the Airport and Northeast Philadelphia Airport. Any Release entering a storm drain shall also be reported. The reporting of a Release by the Airline's contractors or agents shall fulfill Airline's requirements under this Section 12.03. Airline acknowledges that its responsibility to Remediate Contamination applies to Contamination caused by its subleasees, agents, employees, contractors, fuelers, or invitees.

1. Any correction of a violation or condition which requires a cleanup, proper disposal, removal, repair or other remedial action by Airline as noted herein, shall be completed as soon as practicably possible consistent with Best Management Practices. Airline shall

Remediate any Contamination related to Airline's operations to at least the Applicable Cleanup Standard. Any such action lasting longer than sixty (60) days shall require a remediation action plan which shall require the prior approval of City. Such approval shall not be unreasonably withheld.

2. Upon stabilization of the Release site, Airline shall develop, within a reasonable time frame, a remediation action plan where required by Section 12.03.B.1, prepared by a licensed environmental firm or professional to be submitted to City for approval. Such a plan, at a minimum, must comply with all Environmental Laws.

3. Once approved by City, Airline shall proceed with execution of the remediation action plan as soon as reasonably possible and shall work expeditiously to fully Remediate the Contamination to the Applicable Cleanup Standard consistent with an appropriate schedule for the work as approved by City. As to any such Remediation, Airline shall exercise prudent diligence and shall act with all due speed to complete any such project. Airline shall submit to City copies of all test results, close out reports and related items for City's records. Airline shall not be responsible for any pre-existing environmental conditions that were present at the time Airline or any predecessor in interest (i.e. U. S. Airways now American) first occupied the Allocated Premises or any part thereof. Notwithstanding the foregoing, Airline shall be responsible for such pre-existing conditions to the extent that Airline operations exacerbate, aggravate or otherwise adversely impact such pre-existing conditions. If disagreement exists as to the pre-Release condition of the Allocated Premises, Airline bears the burden of proof regarding any pre-existing conditions present at the time Airline took control of Allocated Premises.

4. If Airline is responsible for the Remediation of any Contamination, Airline shall have the right to propose a site specific cleanup standard pursuant to Act 2 to be used as the Applicable Cleanup Standard. The City may at its sole discretion and prerogative grant or deny such request in whole or in part. Such discretionary decision by City, if granted, shall apply only to the specific Release in a specified instance and at the particularly designated location.

5. Small spills, whether or not reportable, shall be cleaned up completely and in accordance with all Environmental Laws.

C. If Airline fails to Remediate any Contamination to the Applicable Cleanup Standard or if Airline fails to correct a violation of Environmental Laws or this Rates and Charges Regulation, City, after providing Airline with a reasonable opportunity to cure such failure, may (but shall not be required to) take all steps it deems necessary to properly complete such Remediation or correct such violation of Environmental Law in accordance with the terms of this Article. Any such Remediation or correction shall be at Airline's sole cost and expense and Airline shall indemnify City for any such Remediation or correction pursuant to Section 12.07.

1. If remedial action equipment needs to be stored in connection with City's actions as described above, Airline will provide to City storage (at no charge) and water and electrical service in connection with the Remediation.

12.04. Storage Tanks

A. In accordance with the approvals and notifications required under this Article, Airline shall not, without City's consent, install, modify or remove any Storage Tank on the Allocated Premises. As used in this Rates and Charges Regulation "Storage Tank" means any aboveground or underground storage tank owned, operated, or used by Airline or any predecessor in interest (but excluding totes and other mobile containers), the associated underground or aboveground piping directly servicing such storage tank, any waste oil related apparatus, pumps servicing such storage tank, and one or more of the following which are associated with such storage tank: (i) ancillary equipment directly related to tank use or operation, (ii) foundation, (iii) containment structure or facility, (iv) corrosion protection system, (v)

release detection system, or (vi) spill and overflow protection system, pumps, waste oil apparatus, related or associated appurtenances, pipes, or related lines (collectively referred to as a "Storage Tank" or "Storage Tanks").

B. Storage Tank Requirements

1. If Airline obtains City's consent to install or modify Storage Tanks, or if Airline is currently using Storage Tanks on the Allocated Premises or common use areas, the Airline shall maintain such Storage Tanks in a safe, efficient and orderly manner and in a manner that conforms to all Environmental Laws.

2. All Storage Tanks installed or used by Airline on the Allocated Premises or common use areas during the term of Airline's Letter of Authorization shall be equipped with spill detection instruments and alarms as well as spill containment and overflow devices as required by Environmental Laws or pursuant to this Rates and Charges Regulation, which Airline shall maintain in proper working condition in accordance with law, regulations and applicable industry standards. Nothing contained herein shall diminish the obligation of Airline to remove the Storage Tanks during the term to the extent required under Environmental Laws or otherwise pursuant to this Rates and Charges Regulation, and to Remediate the presence of any Hazardous Substances Released from such Storage Tanks at the expiration or termination of Airline's Letter of Authorization. City may order removal of Storage Tanks for cause during the term.

C. Removal of Storage Tanks

1. City may order removal of Airline's Storage Tanks at the Allocated Premises during the term if such Storage Tanks are found to be Releasing or pose an imminent threat of Releasing Hazardous Substances into the environment.

2. Upon termination of Airline's Letter of Authorization, unless otherwise agreed to by the parties, Airline shall be responsible for the complete removal and disposal of any Storage Tanks on the Allocated Premises, which removal and disposal shall commence within thirty (30) days of the notice to terminate Airline's Letter of Authorization; provided, however, that upon agreement by the parties, such Storage Tanks may be transferred to a new tenant or closed in place, or such removal or closure in place of the Storage Tanks may be deferred to such later time as the parties may agree. If no mutual agreement to the contrary is reached any such Storage Tanks shall be removed by Airline as required herein. Any such removal or closure in place (if agreed by the parties) shall be performed in accordance with all Environmental Laws and Airline shall be responsible for Remediation of any Contamination of the Allocated Premises related to such Storage Tanks in accordance with Section 12.03.

3. If Airline fails to remove, transfer, close in place, or defer action, if applicable under Section 12.04.C.2, the Storage Tanks that must be removed under the terms of this Rates and Charges Regulation, City may, after providing Airline the opportunity to cure such default pursuant to Section 12.12, remove or close in place if applicable, the same, at Airline's expense, and take such other measures as required to Remediate any Contamination caused by such Storage Tanks to the Applicable Cleanup Standard. Any such Storage Tank removal, closure in place or remediation shall be at Airline's sole cost and expense and Airline shall indemnify City pursuant to Section 12.07. In connection with City's actions under this Section 12.04.C, Airline agrees to cooperate with City or any other governmental agency in furnishing such information related to the Storage Tanks as is required by City or by any other governmental agency.

12.05. Stormwater

A. Airline acknowledges that the Airport is subject to the National Pollution Discharge Elimination System ("NPDES") Program and its regulations relating to operational and industrial stormwater discharges, 40 CFR Part 122, for operations that occur at the Airport. Airline further

acknowledges that it is familiar with these NPDES stormwater regulations, and that it will conduct operations at the Airport in compliance with applicable provisions of 40 CFR Part 122 and any of the Airport's NPDES permit requirements, and any subsequent amendments, extensions or renewals thereto, to the extent such permits affect Airline's operations at the Airport. Upon request, City will provide to Airline copies of the Airport's NPDES permits and the Pollution Prevention Contingency (PPC) Plan, and agrees to provide a copy of any new NPDES permit application or major modification to the PAAC. City and Airline will consult informally and reasonably prior to submission regarding appropriate requirements, and upon submission to the Pennsylvania DEP, City will consider any timely and reasonable comment received from the PAAC. City shall notify Airline of any changes to any portions of said permit and plan applicable to, or that affect, Airline's operations. City shall provide Airline with a final copy of any changes to the permit or PPC Plan.

B. City and Airline acknowledge that close cooperation is necessary to ensure compliance with stormwater discharge requirements. Airline acknowledges that it may be necessary for it to minimize the exposure of stormwater to materials generated, stored, handled or otherwise used by Airline by implementing and maintaining Best Management Practices.

C. Airline agrees to participate in any reasonable manner requested by City in any City organized task force or other work group established to coordinate stormwater activities at the Airport.

D. To ensure compliance with City's NPDES permit, Airline shall undertake the following responsibilities so as to not contaminate City's stormwater system:

1. Airline shall report to City, all reportable quantity spills of Hazardous Substances, and any other spills, including but not limited to lavatory waste spills that enter into any storm drain, waterway, or soil, regardless of quantity. In addition, spills of fuel or other petroleum products shall be reported by City or Airline, as applicable in accordance with the Division of Aviation's Spill Notification Procedure for the Airport and Northeast Philadelphia Airport. Airline is responsible for the cleanup and disposal of all spills caused by Airline, and any of its subleasees, agents, employees, contractors, fuelers or invitees. Airlines shall also at all times comply with the reporting requirements set forth in Section 12.03.B.

2. Airline shall maintain its vehicles to prevent Releases of Hazardous Substances from such vehicles to stormwater. Airline shall not clean, degrease, or replace vehicle fluids of any aircraft or vehicle, including but not limited to ground service equipment (GSE), without incorporating proper containment and recovery methods, which prevent oil, or other vehicle fluids, or cleaning fluids or other potential contaminants from entering the soils or storm drains. Such cleaning or maintenance activities may only be performed in City designated areas unless Airline obtains City's express authorization otherwise.

3. City may require Airline to remove vehicles that leak Hazardous Substances from service until properly repaired. As a temporary measure, Airline shall place drip pans and/or DOA-approved absorbent under such leaking vehicles, promptly clean up all leaks and spills, and properly dispose of all material used to cleanup spills.

4. Airline shall allow City's designated representative access to its vehicle maintenance facilities, upon reasonable notice during regular business hours, and at any time in cases of emergency.

5. If any discharges from Airline vehicles or operations occur that enter or threaten to enter the Airport stormwater system, the Airline shall immediately stop the discharge and immediately report the discharge to the Airport using its emergency number (215.937.3111). All Releases from any Airline vehicle must be properly and fully Remediated in accordance with Environmental Law and this Rates and Charges Regulation. Airline shall take all necessary measures to stop such discharge and report the Release as required by Section 12.03.B hereof.

12.06. Record of Hazardous Materials

Within thirty (30) days of execution of Airline's Letter of Authorization and annually thereafter, and when amended by Airline thereafter, Airline shall provide City with a copy of any completed Superfund Amendments and Reauthorization Act (SARA) forms (EPA Form 8700-30 etc.) required for its operation, on an annual basis, listing Hazardous Substances which were present on the Allocated Premises or the common use areas and reported to a governmental agency within the last twelve (12) months; and any documentation to or from a governmental agency not previously submitted to City of all Releases of Hazardous Substances that occurred or were discovered on the Allocated Premises or the common use areas during the term of Airline's Letter of Authorization. Airline shall also complete, and provide copies to Airport annually, and when amended by Airline thereafter, a hazardous substance survey form created by the Pennsylvania Department of Labor and Industry under the Pennsylvania Worker and Community Right-to-Know Act (35 P.S. §7302 et seq., P.L. 734 No.159). Airline shall maintain such records of Hazardous Substances for not less than three (3) years.

12.07. Environmental Indemnification

In addition to all other remedies available to City under this Rates and Charges Regulation, at law or in equity, Airline shall indemnify, defend and save harmless City, its officials, officers, agents, boards, commissions, employees, successors and assigns (Indemnified Parties) from and against any and all Environmental Claims, whether known or unknown, foreseeable or unforeseeable, regardless of the source, to the extent permitted by law (collectively, "Indemnified Environmental Claims"), including, but not limited to: (i) any and all expenses City may incur in complying with any Environmental Laws (including the costs of inspection, testing, or audit), penalties or fines imposed by any governmental agency, (including fines levied against City for Airline's failure to comply); (ii) the expense of Remediating any Contamination to achieve the Applicable Cleanup Standard at the Allocated Premises; (iii) any claims by third-parties for any personal injury, death, natural resources or property damage (real or personal) arising out of or related to Hazardous Substances used (including storage or disposal) by Airline; (iv) all reasonable legal expenses and fees incidental to the investigation and defense of any Indemnified Environmental Claims, including but not limited to reasonable legal fees, court costs, expert witness and/or consultant fees, (and any costs related thereto); and (v) any diminution in value of the Allocated Premises assuming its current use by tenant (or another similar tenant) under this Rates and Charges Regulation; and (vi) any costs relating to or arising from aggravation of or contribution to any pre-existing conditions that arise from or are caused by the acts or omissions of Airline, its agents, employees, licensees, invitees, or any other persons or entities acting by, through, under or on behalf of Airline on the Allocated Premises, except to the extent arising primarily out of: (a) the gross negligence or willful misconduct of City; (b) Releases of Hazardous Substances on or from the Allocated Premises that are caused solely by the acts of third parties not contractually related to either Airline or the City; and (c) pre-existing Hazardous Substances that existed on the Allocated Premises prior to the date on which the Airline first occupied the property, subject to the conditions, exceptions and proof requirements in Subsection 12.03.B.3 *and provided, however*, that with respect to any claims otherwise excluded under Section 12.07(b), Airline agrees to reimburse the City for its actual, usual and out-of-pocket attorney and investigative fees spent by City in pursuing any such third parties. In addition, Airline shall defend the Indemnified Parties against any claim which could reasonably be expected to give rise to indemnification of the Indemnified Parties even if such claim alleges that the Indemnified Parties are wholly or partially at fault or strictly liable for causing the loss. It is further expressly agreed that to the extent Airline is obligated to indemnify the City against any Indemnified Environmental Claims hereunder, the Airline also assumes any obligations to indemnify and defend all third parties against such losses to the extent the City is obligated to indemnify and defend such third parties against such losses by contract. The foregoing indemnity shall survive the expiration or earlier termination of Airline's Letter of Authorization. City will use its best efforts to notify Airline promptly upon its discovery and verification of such a claim. Remediation of any Contamination that forms the basis of an Indemnified Environmental Liability shall be conducted in accordance with Environmental Laws and pursuant to this Rates and Charges Regulation. Claims for environmental matters are limited to indemnification under this Section 12.07 and are not subject to the general indemnification provisions of Section 13.02 of this Rates and Charges Regulation.

12.08. Waste Removal and Disposal by Airline

A. Airline shall remove and dispose of all Hazardous Substances generated by Airline, or resulting or arising from Airline's activities or operations at the Allocated Premises during the term of Airline's Letter of Authorization in full compliance with all Environmental Laws. Such removal and disposal shall include, but not be limited to, Airline manifesting any hazardous wastes for disposal under Airline's assigned U. S. Environmental Protection Agency Identification Number and ensuring that removal of such hazardous wastes from the Allocated Premises and the Airport is accomplished in accordance with Environmental Laws. Airline shall be solely responsible for Contamination on the Allocated Premises as a result of the storage, handling or leakage of any substances stored at or transported to the Allocated Premises by Airline, its agents, employees, fuelers, licensees, invitees, or any other persons or entities acting by, through, under or on behalf of Airline. Upon termination of Airline's Letter of Authorization for any reason, Airline shall also be responsible for the safe and proper removal of all Hazardous Substances possessed, used and/or generated in connection with Airlines operations at the Allocated Premises in full compliance with all Environmental Laws. Airline shall be responsible for the Remediation of any Contamination of the Allocated Premises arising from its operations in accordance with Section 12.03.

B. Upon termination of Airline's Letter of Authorization for any reason unless otherwise agreed by the parties, ownership of any Storage Tanks, waste oil apparatus or related lines used, installed or operated on or under the Allocated Premises during the term of Airline's Letter of Authorization, shall remain with Airline and shall not pass to City. Storage Tanks shall be removed in accordance with Section 12.04.

12.09. Lead-Based Paint

Airline agrees that in conducting or managing any improvements on the Allocated Premises Airline will be solely responsible for the abatement of lead-based paint hazards to the extent required by Environmental Laws, and Best Management Practices; provided, however, that Airline shall not be responsible for the abatement of lead-based paint hazards that are pre-existing Airline's occupancy of the Allocated Premises only when Airline does not conduct or manage any improvements related to such hazards. Upon request by Airline, City will provide any reports or other information in City's possession regarding the presence of lead-based paint. City assumes no liability for damages for personal injuries, illness, disability, or death, to Airline or any other person including members of the general public arising from or incident to the purchase, transportation, removal, handling, use, disposition, or other activity causing or leading to contact of any kind whatsoever with lead-based paint on the Allocated Premises in connection with Airline's completion of any such improvements, whether Airline and/or City has properly warned and failed to properly warn the individual(s) injured.

12.10. Environmental Audit

A. Not more than once every two (2) years, upon City's request, the Airline shall cause an audit to be conducted (at Airline's expense) to assess Airline's compliance with Environmental Laws at the Allocated Premises. If Airline fails to cause such an audit to be initiated within sixty (60) days after City's request, City shall have the right, but not the obligation, to conduct or cause to be conducted an audit to assess Airline's compliance with Environmental Laws on the Allocated Premises (collectively, the "Compliance Audit"). City shall provide Airline reasonable opportunity to consult with and provide comments to City as to the design of the Compliance Audit before such audit is conducted. No such Compliance Audit shall be conducted by City more than once every two (2) years, unless City has a reasonable basis to believe that Airline has materially breached the provisions of this Article 12. Airline shall have the right to have an Airline representative present during any such Compliance Audit. In conducting any such Compliance Audit, City shall not unreasonably interfere with Airline's operations. Airline shall be responsible for the documented expense of such Compliance Audit undertaken by City through normal City rates and charges.

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1. (a) If the resulting Compliance Audit report reveals non-compliance with any Environmental Laws at or affecting the Allocated Premises related to Airline's operations, or indicates that a Release of Hazardous Substances has occurred on the Airport that was caused by Airline, its agents, employees, fuelers, licensees, invitees (not including passengers), or any other persons or entities acting by, through, under or on behalf of Airline, or elsewhere if such non-compliance or Release appears to have been attributable to Airline's use or operation at the Airport, then Airline shall be responsible for such non-compliance and shall deliver to City a report ("Compliance Report") within sixty (60) days of Airline's receipt of the Compliance Audit from its auditor or from the City, containing an explanation of the non-compliance and a corrective action plan that is consistent with this Rates and Charges Regulation. Airline shall be responsible for the Remediation of any Contamination of the Allocated Premises found during the Compliance Audit in accordance with Section 12.03. The Compliance Report and corrective action plan shall be subject to City review and approval.

a. minor violations found during Audit pursuant to this Rates and Charges Regulation which can be corrected to the satisfaction of City prior to completion of the Audit shall not require a corrective action plan.

b. Airline shall have reasonable opportunity to review and comment on findings or conclusions of the Audit before the Audit is finalized,

2. Within forty-five (45) days after City's approval of the Compliance Report and corrective action plan, or as otherwise agreed by the parties, Airline shall commence and expeditiously proceed to complete at its sole cost and expense, subject to City's review and approval, the corrective action plan. City approval shall not be unreasonably withheld.

3. Notwithstanding the foregoing, if any local, state or federal agency with jurisdiction over the Airport establishes a remediation plan or schedule to address any confirmed Release of Hazardous Substances at the Airport, such agency's plan or schedule shall control, except to the extent it fails to return the Allocated Property to the Applicable Cleanup Standard. If disagreement exists as to the pre-Release condition of the site, Airline bears the burden of proof regarding pre-existing conditions present at the time Airline took control of Allocated Premises.

4. If Airline does not complete the required Remediation as required by Environmental Laws or pursuant to the terms of this Rates and Charges Regulation, in the time periods set forth in the corrective action plan or schedule, City shall have the right, but not the obligation, to implement such corrective actions to address such non-compliance. If City implements any Remediation action pursuant to this Rates and Charges Regulation or pursuant to any Environmental Laws, Airline shall reimburse City for its actual, usual and out-of-pocket costs (including administrative, investigative or attorney costs), without limiting any other claims or damages that City may have against Airline arising out of the terms of this Rates and Charges Regulation or otherwise.

5. In the event the Compliance Audit reveals non-compliance with any Environmental Laws or indicates that a Release of Hazardous Substances has occurred on the Airport, and it is not clear which Air Transportation Company is responsible for such noncompliance or Release, Airport shall investigate and where reasonably possible seek Remediation and/or costs from the responsible party or parties. City shall prepare a compliance and Remediation plan consistent with this Article. City shall provide Airline reasonable opportunity to consult with and provide comments to City as to the design of the compliance and remediation plan. If, after investigation, the City cannot determine the responsible party or parties or said party(s) are not financially viable, the Airline and all other Air Transportation Companies shall be responsible for the actual and usual out-of pocket costs (including administrative, investigative and attorney costs) of such plan and resulting Remediation through normal City rates and charges.

B. City shall keep the results of the Compliance Audit, any summaries of the Compliance Audit and any Compliance Reports confidential and shall not share them with any persons other than Airline and its representatives unless it is required to disclose such results, summaries, and reports pursuant to applicable law, in which case City will provide Airline with sufficient advance notice to the extent allowed by law prior to disclosure to allow Airline to seek protection of confidential business information or trade secrets.

12.11. Inspection

City may at all reasonable times after reasonable advance notice and in the presence of an employee or agent of Airline, except in the event of an emergency which access shall be unlimited, or as may be required by any federal, state or local agency having jurisdiction and requesting such inspection, enter the Allocated Premises to conduct inspections, tests, samplings, split samples or other investigations in connection with Airline's obligations under the provisions of this Article. City will not unreasonably interfere with Airline operations.

12.12. Remedies

Airline's breach of any provision of this Section or Article (including, without limitation, any uncorrected violation of Environmental Law or Release of Hazardous Substances) shall be an Event of Default under Article 10 of this Rates and Charges Regulation and in such case, City shall be entitled to exercise any and all remedies as set forth in this Rates and Charges Regulation, at law or equity, if such breach continues for thirty (30) days, after notice thereof to Airline; provided, however, that if the nature of the default is such that the same cannot reasonably be cured within such thirty (30) day period, Airline shall not be deemed to be in default if Airline shall within such period commence such cure and thereafter diligently prosecutes the same to completion, and advises City of same, but in no event for longer than sixty (60) days after notice to Airline without the written consent of the City. Except as set forth in Article 10, nothing in this Section or Article shall be construed or deemed to limit any remedies which City may have against Airline hereunder, at law or equity.

12.13. No Third Party Rights

This Article shall create no third party interests or causes of action and City expressly reserves the right to compel any third party responsible for pre-existing environmental conditions to Remediate at its own cost and expense.

12.14. Survival

The provisions of this Article shall survive the termination of Airline's Letter of Authorization. No subsequent modification or termination of Airline's Letter of Authorization, by agreement of the parties or otherwise, shall be construed to waive or modify any provision of this Article unless the termination or modification agreement or other document so states in writing.

12.15. End of Occupancy

At least thirty (30) days prior to the final vacating of Allocated Premises in connection with the termination or expiration of Airline's Letter of Authorization, City shall obtain an environmental assessment sufficient to assess site impacts associated with Airline's occupancy, operations or activities on Allocated Premises. The documented cost of the end of occupancy audit shall be paid through normal City rates and charges. City shall provide Airline reasonable opportunity to consult with and provide comments to City on any such environmental assessment. Any Contamination on Allocated Premises that is caused by Airline's occupancy, operations, or activities at the Airport disclosed in the environmental assessment prepared at the termination of Airline's Letter of Authorization shall be the responsibility of Airline, and Airline shall be obligated promptly to effect the Remediation of such environmental contamination in accordance with this Article, as provided for in Section 12.03.

12.16 Airport Rules and Regulations

In the event of a conflict between the Airport Rules and Regulations and any provision of this Article 12 (including without limitation any Applicable Cleanup Standard), the provisions of this Article 12 shall govern.

Article 13

INSURANCE AND INDEMNIFICATION

13.01. Insurance

A. Insurance Requirements. During the term of Airline's Letter of Authorization and any extension thereof, Airline shall, at its sole cost and expense, obtain and maintain in full force and effect, and promptly pay all premiums, when due, for, the following types of insurance in the amounts specified and in the form heretofore provided for:

1. All Risk Property Insurance. All Risk property insurance, including the perils of flood, earthquake, and wind, covering all improvements, betterments, equipment, trade fixtures, merchandise, business personal property and any other property in Airline's care, custody or control, (other than aircraft hull, spaces, cargo and passenger baggage and personal effects) in an amount equal to the full replacement cost and with no penalty for coinsurance. Said policy may take into consideration any limitations on liability that may exist in favor of Airline for customer goods.

2. Boiler and Machinery. Boiler and machinery insurance against loss or damage from explosion, electrical injury or arcing, erupting, collapsing or mechanical breakdown of boilers or pressure vessels and all equipment parts thereof and appurtenances attached thereto to the extent applicable to the space allocated to Airline.

3. Automotive Liability. Automotive liability insurance covering liability arising from the ownership, maintenance and use of all owned, non-owned, hired, leased and rented trucks, automobiles, with a combined single limit of \$1,000,000 which requirement shall be \$10,000,000 for those vehicles with access to the Airfield Area.

4. Worker's Compensation and Employer's Liability. Worker's compensation and employer's liability insurance affording statutory coverage and containing statutory limits with the employer's liability insurance at limits of \$1,000,000 each accident/\$1,000,000 each employee/\$1,000,000 policy limit. In addition, such policy shall include Waiver of Right to Recover From Others endorsement in favor of the City of Philadelphia, its respective officials, employees, agents, representatives, successors and assigns.

5. General Liability Insurance / Aviation Liability. General liability insurance, aviation liability insurance in amounts not less than \$100,000,000 per occurrence combined single limit for bodily injury (including death) and property damage liability; \$100,000,000 general aggregate. Coverage shall include but not be limited to Premises operations; contractual liability; passenger liability; War Risk and other perils which coverage shall be \$50,000,000; personal injury and advertising liability (contractual exclusion deleted) which coverage shall be \$10,000,000; Fire, legal liability which coverage shall be \$1,000,000; products and completed operations; and liability for vehicles on the restricted access areas of the Airfield Area including baggage tugs, aircraft pushback tugs, provisioning trucks, air stair trucks, belt loaders and ground hangar keeper's liability. Explosion, collapse and underground property damage liability coverages shall not be excluded from such insurance coverage.

a. Aircraft Liability Insurance. Airline shall maintain aircraft liability insurance with a limit of not less than (A) \$50,000,000, with respect to Airline that operates aircraft with a passenger capacity not in excess of 20 persons, or (B) \$100,000,000, with respect to all other Airlines, in any case with aggregates where applicable, for bodily injury or death, and property damage for all owned, operated, maintained, non-owned, leased, or hired aircraft. The aircraft liability insurance may be included in the General Liability/Aviation Liability insurance.

6. Contractors' Insurance. Any (i) contractor, construction manager or other party engaged by Airline or (ii) subcontractor or other party engaged by a contractor, construction manager or other party that is engaged by Airline, in either case, to perform any construction, renovations or repairs at the Airport shall obtain and maintain in full force and effect during any construction period:

a. A commercial general liability insurance policy for premises operations, products/completed operations, personal and advertising injury, broad form property damage, contractual liability, in minimum limits, unless otherwise specified, of \$1,000,000 per occurrence for bodily injury and \$2,000,000 General Aggregate.

b. Automotive liability insurance covering liability arising from ownership, maintenance, and/or use of all owned, non-owned and hired, leased and rented trucks and/or automobiles with a combined limit of \$1,000,000 which requirement shall be \$10,000,000 for those vehicles with access to the Airfield Area.

c. A worker's compensation policy affording statutory coverage and containing statutory limits and employer's liability insurance at limits of \$1,000,000 per accident/\$1,000,000 each employee/\$1,000,000 policy limit. In addition, such policy shall include Waiver of Right to Recover From Other Endorsement in favor of the City of Philadelphia, its respective officials, employees, agents, representatives, successors and assigns.

d. Professional liability insurance shall be maintained when any architect or engineer performs, directly or indirectly, work for or on behalf of Airline at Airport or involving Airline's operations and/or the Airline's Allocated Premises with a \$1,000,000 policy limit.

If coverage is written on a Claims-made basis, the retroactive date applicable to the coverage shall precede the effective date of Airline's Letter of Authorization; and that continuous coverage will be maintained for a period of at least two (2) years after final payment to provide two (2) years of completed operations coverage.

7. Environmental Impairment or Pollution Liability. Environmental impairment or pollution liability insurance covering a minimum limit of \$5,000,000 per occurrence for bodily injury (including death) and property damage. Coverage shall include sudden, accidental and gradual occurrences, as well as, coverage for receiving, dispensing, transporting, removing, handling or storing aviation fuels or any other pollutants, and may be written on a claims-made basis provided that coverage for occurrences happening during the term of Airline's Letter of Authorization shall be maintained in full force and effect under the policy of "tail" coverage for a period of at least two (2) years after expiration or termination of Airline's Letter of Authorization. Airline, with the concurrence of City, may self-insure this risk.

8. Self-Insurance. In the event that Airline wants to self-insure any of the coverage listed in this Rates and Charges Regulation, it shall make available its public financial statements on-line. In the event the City grants its approval, Airline understands and agrees that the City, its officers, employees and agents shall be entitled to receive the same coverage and benefits under Airline's self-insurance program that they would have received had the insurance requirements been satisfied by a reputable insurer. The insurance (including self-insurance) requirements set forth herein are not intended and shall not be construed to modify, limit or reduce the indemnifications made in the Rates and Charges Regulation by Airline to the City, or to limit Airline's liability under the Rates and Charges Regulation to the limits of the policies of insurance (or self-insurance) required to be maintained by Airline hereunder."

9. Liquor Liability Insurance. If alcoholic beverages are served or sold on the Airline's Allocated Premises, liquor liability insurance coverage shall be maintained in an amount of \$5,000,000; provided, however, that no alcoholic beverages shall be served or sold unless approved in writing by City.

B. Additional Requirements. All policies of insurance provided for in this Article shall be issued in form reasonably acceptable to City by insurance companies accepted in the United States or International airline industry, which shall include Airline's captive, if applicable, and otherwise acceptable to City. At no time may Airline cancel any insurance without thirty (30) days (ten [10] days in the case of a cancellation due to non-payment of premium) prior written notice to City. Airline may change insurance carriers as long as the obligations under this Article are met and notice of such change is provided to City within ten (10) days. Each and every such policy:

1. Except for worker's compensation, employer's liability, professional liability, boiler and machinery and property insurance, shall be issued in the name of Airline and shall name City, its respective officers, employees, agents, successors and assigns and any other parties in interest from time to time designated in writing by notice from City to Airline as additional insureds to the extent covered and indemnified herein. The coverage offered to the additional insureds shall be primary coverage to any coverage maintained by the additional insureds and shall not permit or require such other coverage to contribute to the payment of any loss. In addition, the additional insureds shall also be provided the same completed operations coverage as detailed under the General Liability/Aviation Liability Coverage section herein;

2. With respect to liability insurance, shall be for the mutual and joint benefit and protection of City and Airline and additional insureds;

3. Shall (or certificates thereof shall) be delivered to City's Risk Manager (One Parkway, 1515 Arch Street, 14th Floor, Philadelphia, PA 19102) with a copy to the Division of Aviation, and additional insureds prior to the commencement of the term and thereafter as soon as practical prior to the expiration of each such policy, and, as often as any such policy shall expire or terminate within the term. Renewal or additional policies shall be procured and maintained by Airline in like manner and to like extent;

4. Shall be on an "occurrence" basis and not a "claims made" basis, except for pollution and professional liability which may be on a claims made basis with a tail. If coverage is written on a claims-made basis, the retroactive date applicable to the coverage shall precede the effective date of Airline's Letter of Authorization; and that continuous coverage shall be maintained for a period of at least two (2) years after final payment.

C. Inspection of Policies. If the City has questions concerning Airline's required coverage herein, the City may require Airline to furnish written responses from its authorized insurance carrier broker or airline representatives at any time upon ten (10) business days written notice to Airline.

D. Waiver. To the extent permitted by law, Airline hereby waives all claims against the City for any loss or damage to Airline's property which loss or damage is covered by insurance or required to be insured against pursuant to this Article 13, except for such claims which arise due to the willful misconduct or sole negligence of City.

E. Failure to Maintain. In the event Airline fails to cause such insurance to be maintained, City (i) shall not be limited in the proof of any damages which City may claim against Airline or any other person or entity to the amount of the insurance premium or premiums not paid or incurred and which would have been payable upon such insurance, but City shall also be entitled to recover as damages for such breach the uninsured amount of any loss, and damages, expenses of suit and costs, including without limitation reasonable cancellation fees, suffered or incurred during any period when Airline shall have failed or neglected to provide insurance as required herein and (ii) City may, after advance written notice, provide such insurance by taking out policies from companies satisfactory to City in amounts which may be lesser than or equal to those specified herein. The amount of the premiums paid for such policies by City shall be payable by Airline on receipt of City's billing therefore with interest at the Default Rate per year, accrued and compounded on a monthly basis, commencing from the date of payment by

City. Further, if Airline fails to comply with the insurance requirements set forth herein, City may terminate Airline's Letter of Authorization upon seven (7) days prior written notice to Airline.

F. Increases. Airline may not use the Airport or conduct any additional, non-standard airline operations in any manner that will increase City's insurance rates with respect to the Airport. If Airline's additional, non-standard operations activities at the Airport result in increased insurance costs for City at the Airport or in the cancellation of a City insurance policy, then City may, after advance written notice, charge the increased cost or the cost of obtaining new insurance to Airline as additional fee hereunder.

G. Minimums. The policy dollar amounts stated herein are minimums only; City shall be entitled to the full benefit and protection of any higher dollar amount of coverage stated in an insurance policy actually carried by Airline. The insurance requirements set forth herein shall not be construed as a representation by City that the satisfaction of such requirements will be sufficient to protect Airline.

H. No Limitation. The insurance requirements set forth herein shall in no way be intended to modify, limit or reduce the indemnifications made in this Rates and Charges Regulation by Airline to City or to limit Airline's liability under this Rates and Charges Regulation to the limits of the policies of insurance required to be maintained by Airline.

I. Sub-lessees. No subleasing of any interest in any part of the Letter of Authorization shall be effective unless and until City in writing acknowledges that it has received satisfactory evidence of a sub-lessee's insurance policies and/or coverage.

J. Changes to Insurance Requirements. Circumstances affecting, among other things, the Airport, City, Airline, the aviation industry and the insurance market may occur during the term of the Airline's Letter of Authorization and, as a consequence, City may, upon written notice, adjust the insurance requirements set forth in this section at any time during the term of Airline's Letter of Authorization if, in City's judgment, the insurance requirements of this Rates and Charges Regulation are deemed inadequate to properly protect City and/or the Airport and Airline shall promptly comply with such adjustment(s). Any changes to insurance requirements will be implemented at the next applicable insurance policy renewal term.

K. Incidents. If any accident or event occurs during the term which results in or may have resulted in bodily injury, personal injury, property damage, or a loss of any kind or is otherwise covered or should be covered by the insurance coverage provided for herein and such accident or event occurs in or about the Airport, then such accident or event in excess of \$25,000 filed against or involving Airline and City based upon accidents or events at the Airport or involving Airline's operations in or around the Airport is to be reported promptly to City (in any case no later than twenty-four hours after Airline has knowledge of the occurrence thereof) and a written report thereof shall be submitted to City within three days after the occurrence of the accident or event. Further, any individual claim for damages in excess of twenty-five thousand dollars (\$25,000) filed against or involving Airline and City based upon accidents or events at the Airport or involving Airline's operations in or around the Airport shall be reported to City within ten (10) days following receipt of such claim by Airline. Airline is not required under this Section 13.K to report worker's compensation claims against Airline.

L. Deductibles. The payment of deductibles under any insurance policy required herein shall be made solely by Airline and City shall not have any liability for payment thereof. Any deductible amounts in excess of \$500,000 shall be disclosed to the City.

13.02. Indemnity

A. To the fullest extent provided by law, Airline shall indemnify, defend and hold harmless City, its officials, agents, employees, representatives, successors and assigns (the "Indemnified Parties") from and against all liability for claims, suits, causes of action, liabilities, losses, costs and expenses

(including reasonable attorneys fees), for which the Indemnified Parties may be held liable by reason of injury (including death) to any person (including Airline's employees) or damage to any property whatsoever kind or nature except to the extent caused by City's sole negligence or willful misconduct of every kind relating to or arising in connection with:

1. Any act or negligent omission of Airline, its agents, directors, officers, employees, contractors or sublessees arising out of or in any manner connected with the Airline's Allocated Premises (including, but not limited to, Airline's use or occupancy of Airline's Allocated Premises, ingress or egress to Airline's Allocated Premises, access or use of parking lots, walkways or common areas and any alterations or work done in or about the Airline's Allocated Premises by the Airline or on the Airline's behalf);

2. Any breach, violation or nonperformance of any covenant, term or condition of this Rates and Charges Regulation to be performed or observed by Airline, or of any restrictions of record or of any applicable laws, ordinances, statutes, rules, codes or regulations, affecting the Airline's Allocated Premises, Proprietary Equipment (unless such Proprietary Equipment was purchased or constructed by City in contravention of such applicable laws and/or regulations) or Airline Equipment, or any part of the Airline's Allocated Premises, Proprietary Equipment or Airline Equipment, or the ownership, occupancy or use thereof;

3. Any encroachment of improvements made by Airline upon property adjoining the Airline's Allocated Premises.

The indemnification contained in this Article 13 applies to this Article 13 only. Said indemnification does not apply to City-maintained equipment or property, unless caused by Airline's negligence. Nothing herein shall prevent the Airline(s) to which City has tendered a matter covered by any indemnification provision of the Rates and Charges Regulation from joining as a defendant any Air Transportation Company to the extent permitted by applicable law.

B. Defense of Proceedings. In case any action or proceeding is brought against City by reason of any matter referred to in this Article or any other Article herein to defend City, Airline, upon written notice from City (which shall be promptly given), shall at Airline's sole cost and expense, resist or defend such action or proceeding by counsel approved by City in writing (which approval shall not be unreasonably withheld), provided that no approval of counsel shall be required in each instance where the action or proceeding is resisted or defended by counsel of an insurance carrier obligated to resist or defend such action or proceeding, and further provided that City may engage at its own expense its own counsel to participate in the defense of any such action.

1. If Airline determines that the defense of such action is not covered by this Rates and Charges Regulation, Airline shall immediately give City notice thereof.

2. If Airline fails to defend such action as required by this Article 13, Airline will be responsible for all defense costs and usual expenses incurred by City insofar as permitted by law as well as any settlement amounts paid or payable by City and/or damages awarded against the City by a court of competent jurisdiction.

3. City shall be notified in advance of any potential settlements of any action defended herein and Airline shall also be notified of any potential settlements in the event of a City defense of said action.

4. The provisions of Article 13 as they apply to occurrences or actual or contingent liabilities arising during the term of Airline's Letter of Authorization shall survive the expiration or cancellation of Airline's Letter of Authorization for the applicable statute of limitations, but no longer than six (6) years, with the exception of losses involving minor children or the construction on real property.

D. Non-Waiver of Tort Claims Act. Nothing contained in this Rates and Charges Regulation shall be construed as a waiver by City of rights under the Political Subdivision Tort Claims Act, 42 Pa. Cons. Stat. Ann. Section 8541 et seq., as may be amended from time to time, nor as a limitation on the rights and defenses available to City under law.

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DEPARTMENT OF RECORDS
2015 MAY 29 PM 2:50

Article 14

NON-DISCRIMINATION

14.01. Local Requirements

A. Airline's Letter of Authorization is entered into under the terms of the Philadelphia Home Rule Charter, the Fair Practices Ordinance (Chapter 9-1100 of the Philadelphia Code) and the Mayor's Executive Order No. 04-86 (the "Executive Order"), as they may be amended from time to time, and in performing Airline's Letter of Authorization, Airline shall not discriminate or permit discrimination against any individual because of race, color, religion, ancestry, national origin, sex, gender identity, sexual orientation, age or disability. Nor shall Airline discriminate or permit discrimination against individuals in employment, housing and real property practices, and/or public accommodation practices whether by direct or indirect practice of exclusion, distinction, restriction, segregation, limitation, refusal, denial, differentiation or preference in the treatment of a person on the basis of actual or perceived race, ethnicity, color, sex, sexual orientation, gender identity, religion, national origin, ancestry, age, disability, marital status, source of income, familial status, genetic information or domestic or sexual violence victim status, Human Immunodeficiency Virus (HIV) infection, or engage in any other act or practice made unlawful under the Philadelphia Home Rule Charter, Chapter 9-1100, the Executive Order, or under the non-discrimination laws of the United States or the Commonwealth of Pennsylvania. In the event of any breach of this Section 14.01, the City may, in addition to any other rights or remedies available under this Rates and Charges Regulation, at law or in equity, suspend or terminate Airline's Letter of Authorization forthwith.

B. In accordance with Chapter 17-400 of the Philadelphia Code, Airline agrees that its payment or reimbursement of membership fees or other expenses associated with participation by its employees in an exclusionary private organization, insofar as such participation confers an employment advantage or constitutes or results in discrimination with regard to hiring, tenure of employment, promotions, terms, privileges or conditions of employment on the basis of race, color, sex, sexual orientation, religion, national origin or ancestry, constitutes, without limiting the applicability of any other provision of this Rates and Charges Regulation, a substantial breach of Airline's Letter of Authorization entitling City to all rights and remedies provided in this Rates and Charges Regulation or otherwise available at law or in equity.

1. Airline agrees to include the immediately preceding paragraph, with appropriate adjustments for the identity of the parties, in all subcontracts which are entered into for work to be performed pursuant to this Rates and Charges Regulation.

2. Airline further agrees to cooperate with the Commission on Human Relations of City of Philadelphia in any manner which the Commission deems reasonable and necessary for the Commission to carry out its responsibilities under Chapter 17-400 of the Code. Airline's failure to so cooperate shall constitute, without limiting the applicability of any other provision of this Rates and Charges Regulation, a substantial breach of Airline's Letter of Authorization entitling City to all rights and remedies provided in this Rates and Charges Regulation or otherwise available in law or equity.

14.02. Federal Requirements

A. Airline covenants and agrees that in order to confirm the assurance required by City of Philadelphia by Federal non-discrimination laws, statutes and regulations, including, but not limited to, Title VI of the Civil Rights Act of 1964 and 49 C.F.R. Part 21 of the regulations governing the U.S. Department of Transportation ("DOT"), as amended, (a) no person on the grounds of race, religion, color, national origin, sex, age or disability shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of any space allocated to it hereunder and (b) Airline shall use the premises in compliance with all other requirements imposed by or pursuant to 49 C.F.R. Part 21 and Title VI of the Civil Rights Act of 1964, and as said regulations may be amended. Noncompliance

with this clause will constitute a material breach of Airline's Letter of Authorization; therefore, in the event of such noncompliance, Airline hereby authorizes Airport to take such action as the Federal government may direct to enforce this covenant, and Airline also authorizes the Federal government to take appropriate action to enforce compliance, including the right to seek judicial enforcement.

B. Airline will undertake any affirmative action program as required by 14 C.F.R. Part 152, Subpart E, as amended from time to time, to ensure that no person is excluded from participating in any employment, contracting, or leasing activity on the grounds of race, religion, color, national origin or sex. Airline agrees that no person may be excluded on those grounds from participating in or receiving the services or benefits of any program or activity covered by the regulation. Airline will require its covered sub-organizations to provide assurance that they will also undertake affirmative action programs and require assurances from their sub-organizations, as required by 14 C.F.R. Part 152.

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DEPARTMENT OF TRANSPORTATION
2015 MAY 29 PM 2:50

Article 15

Miscellaneous Provisions

15.01. Taxes and Assessments

A. Payment of Taxes. Airline agrees to pay all applicable sales, use, intangible and ad valorem taxes or excises of any kind which may accrue as to the operations of Airline, the leasehold estate of Airline, or the personal property of Airline situated at the Airport, whether levied against Airline or City. Airline shall be entitled to seek whatever tax exemptions may be available, but City makes no representations whatsoever concerning the current or future tax-exempt status of the leasehold estate or any other taxable property, taxable sales, or taxable income. Airline may, at its expense, contest the amount or validity of any tax or assessment, or the inclusion of the Airline's Allocated Premises as taxable or assessable property, directly against the taxing or assessing authority, so long as any non-payment of such taxes by Airline does not result in a lien against the real property or any improvement thereon or a direct liability on the part of City. Airline shall indemnify and hold City harmless from all liability and expense arising from such contest, including all taxes, penalties, costs, expenses and attorney fees incurred by City resulting directly or indirectly from all such tax contests, and provide an escrow or bond in the amount of City tax claim or security satisfactory to such other taxing authority with respect to the performance by Airline of such indemnification obligation. The indemnification contained in this Section 15.01 applies to this Section 15.01 only.

B. No Liens. Airline shall not permit a lien or encumbrance to attach to the Airline's Allocated Premises by reason of any failure of tax payment.

C. Tax Payment Verification. Airline shall provide to City, upon ten (10) days prior notice and at no cost, any information deemed necessary by them to verify taxes paid on the Airline's Allocated Premises with respect to City or to the municipality or authority with taxing jurisdiction of the Airline's Allocated Premises.

D. Tax Proration. Upon any termination of Airline's Letter of Authorization, all lawful taxes then levied as a lien upon any of such property or taxable interest therein, as appropriately prorated if applicable, shall be paid in full by Airline immediately, or as soon as a statement of taxation has been issued by the appropriate taxing authority if termination occurs during the interval between the attachment of the lien and the issuance of a statement.

15.02. Condemnation / Eminent Domain

A. Total Taking. During the term of Airline's Letter of Authorization, if the whole, or, if such a portion of the Airline's Allocated Premises as will materially interfere with Airline's conduct of its business be taken or acquired or be sold to a government in lieu thereof under threat of such a taking (each event hereinafter called a "taking") for any public or quasi-public use or purpose under any power of eminent domain or condemnation, then, and in any of such events, the term of Airline's Letter of Authorization shall cease and terminate on the date that title vests in the condemning authority pursuant to such proceedings or under such sale in lieu thereof. Airline shall pay all required payments apportioned to the date of such termination and shall promptly vacate the Airline's Allocated Premises. All sums representing prepaid fees or charges, if any, shall be promptly repaid to Airline.

B. Partial Taking. If the taking of the Airline's Allocated Premises is not the whole and not such a portion as will materially interfere with Airline's conduct of its business, then the Airline's Letter of Authorization shall expire as to that portion of the Airline's Allocated Premises taken but shall continue in full force and effect as to that portion of the Airline's Allocated Premises not taken.

15.03. Energy Conservation and Recycling

A. City and Airline shall become familiar with and comply with all applicable local, state, and federal environmental laws and policies regarding recycling, green building, water conservation, energy conservation, renewable energy, and air quality. City has established and implemented environmental policies and principles that reflect City's priorities with respect to environmental sustainability. Such policies and procedures outline recommended criteria to efficiently manage environmental issues, establish a commitment to pollution prevention and regulatory compliance, and increase environmental awareness and stewardship by City and by all Airport tenants. These policies and principles are subject to revision in the future and Airline shall be notified in writing of revisions in a timely manner and provided an opportunity to comment on any such proposed revision prior to finalizing such changes.

B. Airline shall use reasonable and customary efforts to comply with City's policies and programs to the extent such policies and programs are consistent with the terms and conditions of this Rates and Charges Regulation. Airline shall have the right to participate in the development of such policies and programs and City shall fully consider for incorporation Airline's comments. In furtherance of the Airport's sustainability and environmental stewardship goals, the Airlines shall appoint and maintain at least one representative to the PHL Sustainability Committee or any successor working group.

15.04. Certification of Non-Indebtedness

A. **Airline Not Indebted.** Airline hereby certifies and represents that Airline and Airline's parent company(ies) and Subsidiary Airline(s) are not currently indebted to City, excluding Division of Aviation, and will not at any time during the term of Airline's Letter of Authorization be indebted to City, excluding Division of Aviation, for or on account of any delinquent taxes (including, but not limited to, taxes collected by City on behalf of the School District of Philadelphia), liens, judgments, fees or other debts for which no written agreement or payment plan satisfactory to City has been established. In addition to any other rights or remedies available to City at law or in equity, Airline acknowledges that any breach or failure to conform to this certification may, at the option of City, result in the withholding of payments otherwise due to Airline and, if such breach or failure is not resolved to City's satisfaction within a reasonable time frame specified by City in writing, may result in the offset of any such indebtedness against said payments and/or the termination of Airline's Letter of Authorization for default (in which case Airline shall be liable for all excess costs and other damages resulting from the termination).

B. **Requirement for Subcontractors.** Airline shall require all subcontractors performing work in connection with Airline's Letter of Authorization, with appropriate modifications to the language regarding the parties, to be bound in writing by the following provision and Airline shall cooperate fully with City in exercising the rights and remedies described below or otherwise available at law or in equity.

Subcontractor hereby certifies and represents that Subcontractor and Subcontractor's parent company(ies) and subsidiary(ies) are not currently indebted to City and will not at any time during the term of Airline's Letter of Authorization with City, including any extensions or renewals thereof, be indebted to City, for or on account of any delinquent taxes (including, but not limited to, taxes collected by City on behalf of the School District of Philadelphia), liens, judgments, fees or other debts for which no written agreement or payment plan satisfactory to City has been established. In addition to any other rights or remedies available to City at law or in equity, Subcontractor acknowledges that any breach or failure to conform to this certification may, at the option and direction of City, result in the withholding of payments otherwise due to Subcontractor for services rendered in connection with the Airline's Letter of Authorization and, if such breach or failure is not resolved to City's satisfaction within a reasonable time frame specified by City in writing, may result in the offset of any such indebtedness against said payments otherwise due to Subcontractor and/or the termination of Subcontractor for default (in which case Subcontractor will be liable for all excess costs and other damages resulting from the termination).

15.05. No Recordation

Airline's Letter of Authorization shall not be recorded in any office of public record, and the recordation hereof by Airline shall be deemed an event of default hereunder.

15.06. Supervening Law / Agreement with Government

A. No Exclusive Right. Nothing herein contained shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act or any other statute, ordinance, regulation or policy of any governmental agency having jurisdiction over the Airport and/or the activities that take place at the Airport. Further, nothing contained herein shall be construed as violating PFC Assurance Number 7.

B. Subordination to Agreements with United States

1. Airline's Letter of Authorization is subject and subordinate to the provisions of any existing or future agreement made between City and the United States relative to the operation or maintenance of the Airport, the execution of which has been made or may be required by the provisions of the Federal Aviation Act of 1958, as amended, or any future act affecting the operation or maintenance of the Airport.

2. All provisions of Airline's Letter of Authorization shall be subordinate to the rights of the United States to lease, occupy, use, operate or otherwise assume control of the Airport, or any part thereof, during time of war or national emergency, and any provisions inconsistent with the provision of such lease to, or assumption of control by, the United States shall be suspended.

C. Restrictions of Record. Airline's Letter of Authorization is subject to all restrictions of record affecting the Airport and the use thereof and all federal statutes and regulations affecting the same, and shall be subject and subordinate to the provisions of any and all existing and future agreements made between City and the Commonwealth of Pennsylvania and/or the United States relative to the operation and management of the Airport, the execution of which has been or will be required as a condition precedent to the transfer of Commonwealth or federal rights or property to City for Airport purposes, or to the granting or expenditure of Commonwealth or federal funds or PFCs for the extension, expansion, or development of the Airport, including the expenditure of federal funds for the development of the Airport in accordance with the provisions of the Airport and Airway Development Act, as it has been amended from time to time.

D. Assurance Agreements. Airline's Letter of Authorization is subject and subordinate to the terms of any "Sponsor's Assurance Agreement" or like agreement that has been or may be furnished to the FAA by City or required by law. In the event that the FAA or its successors require modification or changes in Airline's Letter of Authorization as a condition precedent to the granting of its approval or to the obtaining of funds for improvements at the Airport or as a requirement of any prior grants, Airline hereby approves any and all such modifications, amendments, revisions, supplements or deletions of any of the terms, conditions or requirements of Airline's Letter of Authorization as may reasonably be required.

15.07. Compliance with Law

Airline agrees to observe and comply with all applicable current and future Federal, State and municipal laws, statutes, ordinances and regulations, including such ordinances, resolutions, and rules and regulations as City may from time to time promulgate or adopt relative to the use of any property owned by City, including the premises that are the subject of Airline's Letter of Authorization and the conduct of persons in, on and about such City property in order to preserve such property and to protect the public health, safety and welfare. Airline agrees to cooperate with City in the enforcement of Airport rules, regulations and policies. Nothing in this Rates and Charges Regulation shall waive, or be construed to

waive, any power or authority of City under all applicable laws, ordinances, statutes, rules and regulations.

15.08. Governing Law

Unless preempted by federal law, this Rates and Charges Regulation is to be read, construed, governed and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

15.09. Waiver of Jury Trial

It is mutually agreed that City and Airline hereby waive trial by jury in any action, proceeding or counterclaim brought by either of City or Airline against the other as to any matters arising out of or in any way connected with this Rates and Charges Regulation.

15.10. Notices

Notices or communications required herein shall be in writing and given by personal delivery or sent by overnight delivery or United States mail, postage prepaid. Unless otherwise provided in this Rates and Charges Regulation, any notice shall be effective upon its actual receipt, but, in any event, shall be presumed to have been received by the addressee no later than forty-eight (48) hours after deposit of same in mail, or on the first working day after said forty-eight (48) hour period, whichever occurs later. Either party shall have the right, by giving notice to the other, to change the address at which its notices are to be received. Until any such change is made, notices shall be addressed and delivered as follows:

A. If intended for City:

Department of Commerce
1515 Arch Street, 12th Floor
Philadelphia, PA 19102
Attn: Director of Commerce

Division of Aviation
Terminal E
Philadelphia International Airport
Philadelphia, PA 19153
Attention: Chief Executive Officer

With a copy to:

City of Philadelphia Law Department
1515 Arch Street, 16th Floor
Philadelphia, PA 19102
Attention: Divisional Deputy City Solicitor, Transportation Division

15.11. Force Majeure

Neither City nor Airline shall be deemed to be in default hereunder if either party is prevented from performing any of the obligations imposed under this Rates and Charges Regulation by reason of strikes, boycotts, labor disputes, embargoes, shortage of energy or materials, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which is beyond its control. City shall be under no obligation to furnish any service or supply any utility if and to the extent and during any period that the furnishing of any such service or the supplying of any such utility, or the use of any device or component necessary therefore, shall be prohibited or rationed by any federal or state law, rule, regulation, requirement, order or directive. Under no circumstances shall the happening of any event provided for in

this section excuse Airline from paying the fees and charges payable to City by Airline, pursuant to the terms of this Rates and Charges Regulation and during the term of Airline's Letter of Authorization.

15.12. Invalid Provisions

If any covenant, condition, or provision herein contained is held to be invalid by any court of competent jurisdiction, the invalidity of such covenant, condition, or provision shall in no way affect any other covenant, condition, or provision herein contained, provided that the invalidity of any such covenant, condition, or provision does not materially prejudice either party hereto in its respective rights and obligations contained in the valid covenants, conditions or provisions in this Rates and Charges Regulation.

15.13. Non-Waiver of Rights

No waiver of rights or of default by either party of any of the terms, covenants and conditions herein to be performed, kept and observed by the other party shall be construed as, or shall operate as, a subsequent waiver of rights or a waiver of any subsequent default of any of the terms, covenants or conditions herein contained, to be performed, kept and observed by the other party. No failure by City or Airline to insist upon the strict performance by the other of any agreement, term, condition or covenant hereof, or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any subsequent breach or of such agreement, term, condition or covenant. No waiver of any breach shall affect or alter this Rates and Charges Regulation, but each and every agreement, term, condition and covenant hereof shall continue in full force and effect with respect to any existing or subsequent breach thereof.

15.14. Successors and Assigns

All of the covenants, conditions and agreements contained herein shall extend to and be binding upon the legal representatives, successors and assigns of City and Airline; provided, however, that except as otherwise provided herein, no rights shall inure to the benefit of any successors of Airline unless City's prior approval for the transfer to such successor has first been obtained as herein provided.

15.15. Headings

The headings of the articles and sections of this Agreement are inserted only as a matter of convenience and for reference and shall not constitute a part of this Rates and Charges Regulation and in no way define, limit, or describe the scope or intent of any provisions of this Rates and Charges Regulation and shall not be construed to affect in any manner the terms and provisions of this Rates and Charges Regulation, or the interpretation or construction thereof.

15.16. General Rights / No Partnership Formed/ No Lease

Insofar as this Rates and Charges Regulation grants, permits or contemplates the use of space, or facilities or the doing of any other act or thing at the Airport by Airline, such use or the doing of such act or thing is to be in connection with the operation of the Air Transportation Business of Airline for the carriage by aircraft of persons, property, cargo, and/or mail on scheduled or nonscheduled flights, whether as a joint carrier, a contract carrier, a private carrier or otherwise. City does not become a partner or of Airline in the conduct of its business or otherwise, or a joint venture or a member of a joint enterprise with Airline by virtue of this Rates and Charges Regulation. Airline has entered into Airline's Letter of Authorization solely for its own benefit; and (without limiting the right of either party to maintain suits, actions, or other proceedings because of breaches of Airline's Letter of Authorization). Airline's Letter of Authorization does not grant to any third person (excepting a successor party to City) a right to claim damages or bring any suits, action, or other proceeding against either City or Airline because of any breach hereof. Although certain provisions of this Rates and Charges Regulation may refer to "lease," spaces or areas

"leased," "leased premises", and/or "rent" or "rentals" nothing contained herein shall construe this Rates and Charges Regulation to be a lease or granting a lease.

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