

Port of Seattle

Seattle-Tacoma International Airport

OPERATING PERMIT

THIS OPERATING PERMIT (“Permit”) made by and between the **PORT OF SEATTLE**, a municipal corporation of the State of Washington (“Port”), and _____ (“Operator”).

RECITALS

WHEREAS, the Port owns and operates Seattle-Tacoma International Airport (the “Airport”) situated in King County, State of Washington; and

WHEREAS, Operator is an air carrier certificated by the Secretary of Transportation under 49 U.S.C. § 41102, and engaged in the business of carrying passengers or air freight in scheduled or charter services; and

WHEREAS, Operator desires to operate at the Airport in connection with its business; and

WHEREAS, the Port is willing to permit Operator to operate at the Airport on the terms and conditions set forth below;

NOW, THEREFORE, for and in consideration of the terms and conditions contained herein, and other good and valuable consideration, the Port and Operator agree as follows:

ARTICLE 1: BASIC DATA AND DEFINITIONS

1.1 Basic Data. Each reference in this Permit to any of the following subjects shall incorporate the information specified below:

Port: Port of Seattle.

Port’s Overnight Delivery and Street Address: Attn: Manager, Aviation Properties, Mezzanine Level, 17801 Pacific Highway So. Seattle, WA 98158.

Port’s Post Office and Payment Address: P. O. Box 34249-1249, Seattle, WA 98124-1249

Operator: _____

Operator’s Overnight Delivery Address: _____

Operator's Post Office Delivery Address: *Same as above*

Commencement Date: *January 1, 2014.*

Term: The period of time beginning on the Commencement Date and continuing on a month-to-month basis unless earlier terminated pursuant to a provision of this Permit.

Security Deposit: \$ _____

The following terms shall have the following meanings wherever used in this Permit:

“Air Carrier” means a carrier certificated by the Secretary of Transportation under 49 U.S.C. § 41102 or 49 U.S.C. § 41103.

“Airfield” means the total area comprised of the Airfield Apron Area, Airfield Movement Area and Airfield Commercial Area.

“Airfield Apron Area” or “Apron” means the paved areas surrounding the Terminal used by Passenger Carriers, including taxi lanes used for circulation and ramp areas used for parking of aircraft and ground service equipment and the remote parking areas designated for Air Carriers, not including Airfield Commercial Area ramps and taxi lanes.

“Airfield Commercial Area” means the land, taxi lanes, ramps and facilities outside the Airfield Movement Area, Aprons and Terminal used primarily for cargo activities and aircraft maintenance.

“Airfield Movement Area” means all landing areas, runways, taxiways, adjacent field areas and related support facilities (e.g. field lighting, navigational aids and cart roads).

“Airport Tariff” means the Seattle - Tacoma International Airport Tariff No. 1, as may be amended, or other fee schedule as adopted by the Port during the Term of this Permit.

“Baggage Claim Areas” means the areas located in the Terminal where inbound baggage is unloaded and/or delivered to and claimed by arriving passengers..

“Baggage Make up Areas” means the areas located in the Terminal where outbound baggage is sorted for delivery to departing aircraft.

“Commercial Activity” means carrying on any business, commercial enterprise or other form of revenue producing activity on the Airport, including the sale of food and beverages to passengers at the Terminal or Gates.

“Common Use Facilities” means those facilities within the Terminal including

Common Use Gates and Common Use Ticket Counters that are made available by the Port to Operator and to one or more other Air Carriers.

“Common Use Gates” means the Gates designated by the Director to be used in common with other Air Carriers.

“Common Use Ticket Counters” means the space in the Terminal designated by the Director to be used in common with other Air Carriers for ticket counters and associated queuing space.

“Director” means the Managing Director, Aviation Division, of the Port or his/her successor.

“Facilities” means those areas and facilities of the Airport, including the Airfield, the Terminal and Public Areas which Affiliate is authorized to use on a common use, non-exclusive basis only pursuant to this Permit.

“Fees and Charges” means all applicable fees and other charges, including but not limited to, landing fees, Terminal rents including Common Use Gate charges, Common Use Ticket Counter charges, passenger loading bridges fees, ramp tower fees, Apron fees, charges for the use of the FIS Facility, Baggage Claim Area charges, Baggage Make up Area charges, charges for use of storage space, parking fees, signage fees, and such other fees and charges as set forth in the Airport Tariff.

“FIS Facility” means the Federal Inspection Services Facility located in the Terminal and is sometimes referred to as the “International Arrivals Facility.

“Gate” means those portions of the Terminal individually comprised of a passenger loading bridge, if any, and a passenger hold room.

“Gate Ramp” means the ramp area associated with each Gate.

“Landed Weight Report” means a report containing Operator’s monthly activity at the Airport including aircraft type, registration number and Maximum Gross Landed Weight.

“Maximum Gross Landed Weight” means the maximum weight in thousand pound units at which each aircraft operated by Operator is authorized by the FAA to land at the Airport.

“Port Passenger Processing Equipment” means equipment owned and installed by the Port for use in passenger processing, which may include all or some of, equipment casework, gate information displays (“GIDS”), boarding gate readers, passenger processing workstations, seating and self-service kiosks (for boarding passes and bag tagging).

“Public Areas” means sidewalks, concourses, corridors, lobbies, passageways,

restrooms, elevators, escalators and other similar space made available by the Port from time to time for use by passengers, Port and Air Carrier employees and other members of the public.

“Scheduled Airline” means an Air Carrier performing scheduled passenger service operations at the Airport.

“Scheduled Operation” means a Scheduled Airline’s operation (arrival or departure) that occurs pursuant to a schedule that is published in the Official Airline Guide (OAG) or any successor publication and that is also made available to the Port at least forty-five (45) days prior to the commencement of such operation.

“Terminal” means Gates, Ticket Counters, Baggage Claim Areas, Baggage Make up Areas, Security Checkpoint Areas, office space, storage areas, concourses, lobbies, VIP lounges, the FIS Facility, employee break rooms and Public Areas located within the “drip-line” of the passenger terminal building at the Airport. For purposes of this definition, the “drip-line” means the footprint (improved or unimproved) inside the outer limits of the passenger terminal building, which in all cases should not extend beyond the roof-drip line.

“Ticket Counters” means those areas made available by the Port for use by Air Carriers for ticketing passengers and similar activities, including curbside check-in positions and associated queuing space.

ARTICLE 2: GRANT OF PERMIT.

For and in consideration of the fees and charges to be paid by Operator pursuant to **Article 4**, and subject to the provisions, covenants and agreements contained in this Permit, Operator shall, during the Term of this Permit, have the right, in common with others to land aircraft at or take off aircraft from the Airport in the operation of its business, and in connection therewith Operator may use certain Airport facilities, including runways, taxiways, Gate Ramp areas, apron areas, Gates, Terminal and Public Areas on a common use, non-exclusive basis only (such Airport facilities, collectively, the “Facilities”). The specific Facilities available for use by Operator and the time or times of such use shall be subject at all times to the exclusive control and management of the Port. The legal description of the Airport is attached hereto as **Exhibit A** and incorporated herein by this reference.

ARTICLE 3: USE OF AIRPORT

3.1 **Limitations and Prohibitions on Use.** Operator shall not use the Facilities or cause or permit its employees or others to use the Facilities for any other purpose than specified in this Permit.

3.2 **Terminal.** Use of the Terminal by Operator shall be limited to the following activities:

3.2.1 The operation of an air transportation business for the carriage of persons, property, baggage, cargo, express and mail, including but not limited to the following categories of flights: revenue, training, test, inspection, emergency, charter and sightseeing.

3.2.2 The hiring and training of personnel in the employ of or to be employed by Operator, and the training of Operator's contractors.

3.2.3 The use of the Facilities in connection with or incidental to Operator's air transportation business, including the handling of reservations, the handling, ticketing and billing of passengers.

3.3 Gates. The use of Gates by Operator shall be limited to:

3.3.1 The ticketing, boarding, unboarding and billing of passengers, the use of the passenger holding areas as waiting areas for such passengers and the use of the Gate Ramp while the Gate is used by Operator; *provided*, that this provision shall not be deemed to authorize the sale of food and beverages to passengers at the Gate.

3.3.2 Operational staging of equipment for fueling, servicing, loading, or unloading and line maintenance of aircraft that can be completed during the time period associated with a Scheduled Operation, provided that:

(i) Nothing in this subsection shall be implied or construed to grant to Operator the right to store or park equipment on the Gate Ramp (other than as required for the regular servicing of aircraft at Gates); and

(ii) In addition to the line maintenance permitted under this subsection 3.3.2, at the Port's sole discretion and so long as it does not interfere with another Air Carrier's Scheduled Operations, the Port may permit Operator to perform emergency line maintenance of aircraft on the Gate Ramp.

3.4 Airfield. The use of the Airfield and related facilities by Operator shall be limited to the following activities:

3.4.1 The servicing by Operator or others of Operator's aircraft, including Operator's servicing of its code-share partners and affiliates, and other equipment by truck or otherwise, with gasoline, fuel, or other propellants, de-icing or other supplies including food and beverages required by Operator.

3.4.2 The landing, taking off, flying, taxiing, towing, parking, loading or unloading of Operator's aircraft.

3.4.3 The loading and unloading of any property, cargo, express mail, and carriage of employees, in properly designated facilities, by such motor vehicles or other manner of conveyance as Operator may require in the operation of an air transportation business.

3.4.4 The installation, maintenance and operation by Operator of aircraft air-conditioning equipment, auxiliary power, start-up and miscellaneous support equipment reasonably necessary for Operator's operations and not otherwise provided by the Port. Any such equipment not reasonably required shall be promptly removed by Operator.

3.5 Storage of Equipment. Operator shall not store or park equipment at the Airport other than in areas that Operator leases for such use.

3.6 Commercial Activity. Operator shall not undertake any Commercial Activity at the Airport, including in the Terminal and the Gates, other than as authorized in Article 3.

ARTICLE 4: FEES AND CHARGES.

4.1 Operator's right to conduct operations under this Permit is conditioned upon payment of all Fees and Charges applicable to its operations at the Airport, as set forth in this Article 4.

4.2 Operator shall pay to the Port all applicable Fees and Charges as set forth in the Airport Tariff. The Airport Tariff containing the Fees and Charges in effect on the Commencement Date is attached hereto and incorporated herein by this reference as **Exhibit B**. Operator understands and agrees that the Fees and Charges and **Exhibit B** are subject to periodic revision by the Port and notice of such revisions need not be given to Operator by the Port prior to such revisions becoming effective, *provided, however*, the Port agrees to advise Operator of such revisions without unreasonable delay.

4.2.1 Payment of Landing Fees. Operator shall provide to the Port by no later than the tenth (10th) day of each and every month Operator's Landed Weight Report for the preceding month. When remitting the Landed Weight Report to the Port as required in this subsection 4.2.1, Operator shall simultaneously pay to the Port the landing fees due for the preceding month. In the event Operator fails to provide to the Port the Landed Weight Report required under this subsection 4.2.1, the Port shall determine the landing fee payment due in accordance with the provisions of **Section 5.3** of this Permit.

4.2.2 Payment of Fees for Use of Facilities. The Port shall invoice Operator as of the twentieth (20th) day of each month for the actual charges associated with Operator's use of the Facilities during the prior month. Operator's payment of charges for the Facilities shall be due and payable upon Operator's receipt of the Port's invoice.

4.2.3 Passenger Facility Charges. The Port expressly reserves the right to impose passenger facility charges ("PFCs") in accordance with 49 U.S.C. § 40117 and applicable implementing regulations adopted by the Federal Aviation Administration ("FAA"), 14 CFR Pt. 158, as they may be amended from time to time (the "PFC Regulations"). Operator shall hold in trust for the Port the net principal amount of all PFCs that are collected by Operator or its agents on behalf of the Port pursuant to 49 U.S.C. § 40117 and the PFC Regulations. For purposes of this subsection 4.2.3, net principal amount shall mean the total principal amount of all PFCs that are collected by

Operator or its agents on behalf of the Port, reduced by any amount that Operator is permitted to retain pursuant to § 158.53(a) of the PFC Regulations. PFCs collected by Operator shall be remitted to the Port at its Payment Address or at such other place as the Director may from time to time designate in writing.

4.2.4 All payments of Fees and Charges required under this Permit shall be made to the Port at its Payment Address or at such other place as the Director may from time to time designate in writing. All amounts shall be paid in lawful money of the United States, free from all claims, demands, set-offs or counterclaims of any kind. Any amounts owed under this Article 4 that are not paid when due shall be subject to a service charge equal to the lesser of, the rate of one and one-half percent (1½ %) per month or the maximum rate permitted by law. The Port's acceptance of any payment under this Permit shall not constitute a waiver of Operator's default on the overdue amount or prevent the Port from exercising any of its rights and remedies under this Permit.

4.2.5 Fines. Upon demand from the Port, Operator shall pay promptly any and all fines assessed by the Port on Operator or Operator's employees for violations of the Airport's Rules and Regulations, subject to any applicable appeal provisions regarding the contesting of such fines. Such fines shall be considered an additional payment under **Article 4**.

ARTICLE 5: ACTIVITY REPORTS.

5.1 Flight Information Management System. Operator shall provide the Port with the information for the Port's Flight Information Management System ("FIMS") by providing real time data output from Operator's internal flight information display system, computer reservations system, cargo load message transmission, ARINC or SITA transmissions, or other information systems (including commercial information systems) on a per flight basis. Operator's flight information shall be in a format prescribed by the Port and shall include, at least, the following information about Operator's operations and activities at the Airport. For each arriving flight: (a) flight number and Gate utilized, (b) aircraft registration number and aircraft type, (c) actual time of arrival at the Airport (wheels-on) and actual time of arrival at the Gate (aircraft parked at the Gate), (d) baggage claim number, (e) scheduled time of arrival, (f) estimated time of arrival, (g) aircraft parking position, (h) international or domestic flight indicator, (i) pre-cleared flight indicator, (j) code share information if applicable and (k) flight routing. For each departing flight: (a) flight number and Gate utilized, (b) aircraft registration number and aircraft type, (c) actual time of departure from Gate (aircraft pushback) and actual time of departure from Airport (wheels-off), (d) scheduled time of departure, (e) estimated time of departure, (f) aircraft parking position (g) code share information if applicable and (h) flight routing.

5.2 Reporting. Operator shall provide to the Port, on or before the 10th day of each and every month, an accurate summary report of Operator's operations at the Airport during the preceding month ("Monthly Activity Report"). Operator's Monthly Activity Report shall be in a format prescribed by the Port and shall include at least the following information: (a) the aircraft make, model and series, Maximum Gross Landed Weight

("MGLW"), seating capacity and configuration of every aircraft type operated by Operator at the Airport during the preceding month; (b) the total MGLW of all passenger aircraft and, separately, all cargo aircraft landing at the Airport; (c) the total number of domestic and international enplaned and deplaned passengers served by Operator at the Airport (including the breakdown of FIS Facility and non-FIS Facility deplaned passengers and revenue and non-revenue passengers); (d) the total amount (in pounds or kilograms) of domestic and international cargo and mail enplaned and deplaned by Operator at the Airport; (e) the total number of revenue and non-revenue aircraft operations; (f) total Operator use of Common Use Gates by date and time, including gate, aircraft type and registration (tail) number; and (g) total Outbound Checked Bags and Outbound Checked Bags delivered on the Common Use Baggage Make up System.

5.3 Airline Activity Management System. The Port is working to enhance the Airport's system for the collection of Operator-reported data. The Port expects the enhanced system will provide for the electronic collection of all Operator data required under this Section 5.2 and subsection 4.2.1 via the internet and/or other automated activity data sources ("Airline Activity Management System"). Operator agrees to collaborate with the Port in support of the development of the Airline Activity Management System and shall cooperate with the Port in testing and utilizing the Airline Activity Management System.

5.4 Failure to Report. If Operator fails to timely furnish the Port with any monthly activity reports required under Section 5.2 or subsection 4.2.1, whichever may be applicable, Operator's Fees and Charges due under this Permit shall be determined by assuming that Operator's activity in any month for which Operator has failed to report its activity equaled Operator's maximum activity during any of the previous twelve (12) months for which Operator submitted a Monthly Activity Report to the Port. Any necessary adjustments in Operator's Fees and Charges shall be calculated after an accurate report is delivered to the Port by Operator for the month in question. Resulting credits or debits shall be applied to the appropriate invoices in the next billing period.

ARTICLE 6: SECURITY DEPOSIT.

Operator shall, simultaneously with its execution of this Permit, obtain and deliver to the Port at the address set forth in **Article 1**, a Security Deposit in the amount set forth in **Article 1** to secure Operator's full performance under this Permit, including the payment of all Fees and Charges now or in the future payable to the Port under this Permit. The amount, form, provisions and nature of the Security Deposit, including if appropriate the identity of the surety or other obligor thereunder, shall at all times be subject to the Port's approval. The Port may, upon reasonable notice, require Operator to increase its Security Deposit if the Port's estimate of the Fees and Charges owed by Operator increase, the Port's policies governing security deposits are amended to require an increase during the Term, or Operator has three (3) consecutive instances or five (5) instances in a period of twelve (12) months of late or delinquent payment of its obligations under the Permit. The Security Deposit shall be made in advance by cash, letter of credit, surety bond or other

instrument acceptable to the Port and shall remain in place at all times throughout the Term. The Port shall not pay interest on the Security Deposit, and the Port shall not be required to keep the Security Deposit separate from its other accounts. No trust relationship is created with respect to the Security Deposit. The Security Deposit is a part of the consideration for execution of this Permit. If Operator shall have fully performed all terms and conditions of this Permit, any cash deposit shall be paid to Operator within thirty (30) days following the termination of this Permit, without interest; otherwise the Port shall, in addition to any and all other rights and remedies available under this Permit or at law or equity, retain the Security Deposit. The Port may apply all or part of the Security Deposit to any unpaid sum due under this Permit. If the Port depletes the Security Deposit in this way, Operator shall restore the Security Deposit within ten (10) days after the receipt of the Port's written request to do so.

ARTICLE 7: INDEMNIFICATION – LIABILITY INSURANCE

7.1 Indemnification of Port by Operator. Except where, and to the extent, caused by the negligence or intentional wrongdoing of Port, its agents, employees, contractors, officers, directors or predecessors in interest, the Port and its officers, employees and agents, shall not be liable for any injury (including death) to any persons or for damage to any property regardless of how such injury or damage may be caused, sustained or alleged to have been sustained by Operator or by others, including but not limited to all persons directly or indirectly employed by Operator, or any agents, contractors, subcontractors, licensees and invitees of Operator, as a result of any condition (including existing or future defects at the Airport) or occurrence (including failure or interruption of utility service) whatsoever related in any way to Operator's operations at the Airport pursuant to this Permit. Operator agrees to defend (with counsel reasonably acceptable to the Port) and hold and save the Port harmless from all liability and expenses (including attorney's fees, costs, and all expenses of litigation) in connection with any such actual or alleged injury or damage, except where, and to the extent, caused by the negligence or intentional wrongdoing of the Port, its agents, employees, contractors, officers, directors or predecessors in interest. All indemnities provided in this Permit shall survive the termination of this Permit. Any final judgment rendered against the Port for any cause for which Operator is liable hereunder shall be conclusive against Operator as to liability and amount upon the expiration of the time for appeal therefrom. In any and all claims against the Port by any employee of Operator, the indemnification obligation of this Section 7.1 shall not be limited in any way by any limitation on the amount or type of damages or compensation benefits payable by or for Operator under applicable workers' or workmen's compensation, benefit, or disability laws (including, but not limited to, the Industrial Insurance laws, Title 51 of the Revised Code of Washington). OPERATOR EXPRESSLY WAIVES ANY IMMUNITY OPERATOR MIGHT HAVE HAD UNDER SUCH LAWS, AND, BY ENTERING INTO THIS PERMIT, ACKNOWLEDGES THAT THE FOREGOING WAIVER HAS BEEN MUTUALLY NEGOTIATED BY THE PARTIES.

7.2 Aviation General Liability Insurance. During the Term, Operator shall provide to the Port at the address set forth in **Article 1**, pay for and maintain with companies,

reasonably satisfactory to the Port, aviation commercial general liability insurance using a coverage form that includes liability for bodily injury and property damage arising out of Operator’s operations at the airport. The insurance policy shall include coverage for liability arising from premises, operations, products completed operations, and liability assumed under an insured contract. The Operator’s insurance shall be primary and non-contributory with respect to any insurance the Port carries and apply separately to each insured. Port shall be named as an additional insured and shall provide an appropriate endorsement to the Port that evidences this.

(The applicable limits on a combined single limit basis are noted below, based on Operator’s highest Maximum Gross Landed Weight:

<u>Maximum Gross Landed Weight</u>	<u>Minimum Single Limit</u>
0 to 15,000	\$50 Million per occurrence
Above 15,000 to 50,000	\$100 Million per occurrence
Above 50,000	\$300 Million per occurrence

and hereafter in such increased amounts or on such revised terms and conditions as the Port may from time to time specify, to indemnify both the Port and Operator against any liability or expense relating to this Permit. The liability insurance required by this Section 7.2 shall not contain a deductible or self-insured retention in excess of \$100,000 without the prior written approval of the Port.

7.3 Automobile Liability Insurance. During the Term, Operator shall provide to the Port at the address set forth in **Article 1**, pay for and maintain with companies reasonably satisfactory to Port, automobile liability insurance covering all owned, non-owned and hired automobiles, trucks and trailers in the minimum single limit of \$5 million per occurrence for operations outside the Air Movement Area and \$10 million per occurrence for operations inside the Air Movement Area and hereafter in such increased amounts or on such revised terms and conditions as the Port may from time to time specify. The Port shall be included by definition as an insured within the policy form, or shall be added as an as an additional insured on the policy by endorsement. The Operator may utilize the aviation general liability insurance required under Section 7.2 in lieu of a separate automobile liability policy if the aviation general liability policy includes coverage for automobiles that operate on the Airport Operations Area (movement and non-movement areas). The liability insurance required by this Section 7.3 shall not contain a deductible or self-insured retention in excess of \$100,000 without the prior written approval of the Port.

7.4 Evidence of Insurance. Operator shall deliver, or cause to be delivered, to the Port, certificates of insurance, additional insured endorsements, waivers of subrogation and any other documentation or endorsement that provides evidence of the insurance required by this Section.

7.4 Cancellation/Non-Renewal. Insurance is to remain in effect and current throughout the term of the Permit. Should any insurance required herein be terminated, cancelled, or not renewed, the Operator will have five (5) days to obtain replacement insurance from the date of the termination, cancellation or non-renewal notice Operator receives from their insurer(s)

7.5 Other Forms of Insurance. Operator shall also obtain all other forms of insurance required for its particular use of the Airport or as required by law.

7.6 Excess Policies of Insurance. To the extent that Operator relies on excess or “umbrella” policy of insurance to satisfy the requirements of this Section, any such policy shall be no less broad than the underlying policy, shall have the same inception and expiration dates as the underlying policy, and shall include a drop-down provision.

7.7 Deductibles and Retentions. All deductibles and self-insured retentions shall be paid by, assumed by, for the account of, and at Operator's sole risk.

7.8 Additional Insurance. In the event of cancellation of any required insurance at any time during the Term, or any change not reasonably acceptable to the Port, including an erosion in available limits below those specified in this Article 7, the Port reserves the right, after consultation with Operator, to provide additional insurance and charge the cost of any premiums for such coverage to Operator. The Port’s right under this Section 14.5 includes, but is not limited to, the Port purchasing higher limits for its own insurance program to account for erosion in limits by Operator.

7.9 No Representation of Adequacy. The Port makes no representation that limits or forms of insurance coverage specified or required under this Permit are adequate to cover Operator's property or Operator's liabilities or obligations under this Permit.

7.10 Port’s Right to Request Information from Insurance Company. If at any time the Port requests a written statement from the insurance company as to any impairments to the aggregate limit, Operator shall promptly authorize and have delivered such statement to the Port. Operator authorizes the Port and its insurance consultant to confirm with Operator's insurance agents, brokers and/or insurance companies all information furnished the Port, as to Operator’s compliance with the Port’s insurance requirements.

7.11 Increase in Cost of Insurance. Operator shall not use the Facilities in any manner not contemplated by this Permit so as to increase the existing rates of insurance applicable to the buildings or structures of which the Facilities are a part. If it nevertheless does so, then, at the option of the Port, the full amount of any resulting increase in premiums paid by the Port with respect to the buildings or structures of which the Facilities are a part, and to the extent allocable to the Term, shall be paid by Operator to the Port.

ARTICLE 8: WAIVER OF SUBROGATION

The Port and Operator (for themselves and on behalf of anyone claiming through or under them by way of subrogation or otherwise) hereby release each other from liability and waive all right of recovery against each other on account of any loss arising out of or incident to the perils required to be insured against under this Permit to include loss to real or personal property located anywhere on or about the Airport from perils which can be insured against under a standard form commercial property or fire insurance policy (specifically including hull insurance or the like) with extended perils coverage endorsements generally available in Washington at the time the loss occurs. The effect of the release and waiver of the right to recover damages shall not be limited by whether the

party incurring the loss has actually obtained such insurance, by the amount of insurance carried, or by any deductibles applicable thereto. If a party's applicable insurance policies do not allow the insured to waive the insurer's rights to recovery, the party shall cause each insurance policy to be endorsed to allow the waiver of subrogation required by this Section

ARTICLE 9: TAXES

Operator recognizes and understands that this Permit may create an interest subject to property taxation, including state leasehold tax, and that Operator may be subject to the payment of property taxes levied on such interest. Operator shall be liable for, and shall pay throughout the Term, all taxes payable for, or on account of, the activities conducted by Operator on the Airport and all taxes on the personal property of Operator at the Airport and any taxes on Airport property or on any property interest created by this Permit and any taxes levied in lieu of a tax on any such property interest and any taxes levied on, or measured by, the Fees and Charges payable under this Permit, whether imposed on Operator or on the Port. Operator shall reimburse the Port for all such taxes paid or payable by the Port. With respect to any such taxes payable by the Port that are levied on, or measured by, the Fees and Charges payable under this Permit, Operator shall pay to the Port with each payment an amount equal to the tax levied on, or measured by, that particular payment. All other tax amounts for which the Port is or will be entitled to reimbursement from Operator shall be payable by Operator to the Port at least fifteen (15) days prior to the due dates of the respective tax amounts involved, provided that Operator shall be entitled to a minimum of ten (10) days written notice of the amounts payable by it.

ARTICLE 10: AUDITS

10.1 Operator shall maintain separate and accurate daily records of Operator's operations at the Airport for a period of three (3) years after the close of each calendar year throughout the Term, *provided*, however, that in the event the Port gives Operator written notice of a claim for payment under this Permit, Operator shall retain all of its records relating to its daily operations at the Airport that might pertain to the claim until the claim has been finally resolved. This record-keeping obligation shall survive the expiration or termination of this Permit. All such books and records shall be kept in accordance with generally accepted accounting principles, consistently applied, showing in detail all business done or transacted in, on, about or from or pertaining to the Airport, and shall be sufficient to permit the Port to calculate and verify the Fees and Charges due under this Permit. Upon the Director's written request, Operator shall make available to the Port or its auditors any and all books, records and accounts pertaining to its operations under this Permit. If the requested books, records and accounts are not made available at the Airport, and the Port or its auditors are required to travel elsewhere to review them, the Port may require that Operator reimburse the Port for the reasonable costs of such review of Operator's books, records and accounts.

ARTICLE 11: UTILITIES

11.1 Reservations by Port. It is understood and agreed that the Port reserves and retains the right with reasonable advance notice to Operator to construct, reconstruct, install, repair, remove, renew, operate and use pipelines, utility lines, roadways or structures for Airport purposes anywhere within the Airport, provided that any such activities by the Port shall not have a substantial and material adverse effect on Operator's operations at the Airport or its rights hereunder.

11.2 Utilities.

11.2.1 The Port shall provide the following utility services to the Facilities in reasonable amounts and at pressures appropriate for Operator operations: water, electricity, fire suppression systems, sewage outlets, heating, ventilation and air conditioning. The Port shall determine the points in the Facilities where such services will be made available to Operator. Any additional utility services requested by Operator and not otherwise provided by the Port shall be provided only with the Port's approval and shall be subject to separate tariffs.

11.2.2 Except where, and to the extent, caused by the negligence or intentional wrongdoing of Port, its agents, employees, contractors, officers, directors or predecessors in interest, Operator expressly waives any and all claims against the Port for damages arising or resulting from failures or interruptions of utility services or any failure of performance by an independent party providing utility services to the Facilities, including electricity, gas, water, plumbing, sewage, telephone, communications, heat, ventilation, air conditioning, or for the failure or interruption of any public or passenger conveniences.

ARTICLE 12: ALTERATIONS, MAINTENANCE, REPAIR AND SIGNAGE

12.1 Port Right to Alter Airport. Operator acknowledges and agrees that the Port shall have the right at all times to change, alter, expand or contract the Airport and that the Port has made no representations, warranties or covenants to Operator regarding the design, construction, pedestrian traffic, or views of the Airport.

12.1.1 The Port reserves the right to install Port Passenger Processing Equipment at all Gates. The Port shall maintain Passenger Processing Equipment the Port installs, consistent with standards published by the Port in its Airport Rules and Regulations. 12.2

No Alterations or Improvements. Operator shall not make any repairs, changes, alterations, improvements or modifications to the Facilities.

12.2 Port Maintenance and Repair Obligations.

12.2.1 Operator specifically acknowledges and agrees that the Port is permitting the use of the Facilities by Operator on an "as is with all faults" basis and that Operator is not relying on any representations or warranties of any kind whatsoever, express or implied, from the Port, as to any matters concerning the Facilities.

12.2.2 The Port agrees to keep, operate and maintain the Facilities, including its foundation, structure, outside walls, roof and utility systems. The Port will also keep and maintain (i) all fixtures, furnishings, equipment and carpeting or other floor coverings located in the Facilities in a neat, clean and operating condition, replacing all worn-out fixtures, furnishings, carpeting and other floor coverings, machinery and equipment as may be required. Janitorial services, carpet cleaning, maintenance and repair and window washing on the Facilities will be furnished by the Port.

12.3.3 Gate Ramp Maintenance. The Port agrees to provide striping and maintain the Industrial Waste System on the Gate Ramp. The Port shall also keep, operate and maintain the concrete infrastructure and structural integrity of the Gate Ramp.

12.3 Signage. Operator shall not install any signage on the Facilities, including Operator's branded signage. The Port shall, in its sole discretion, determine the type of signage it will authorize for installation in the Facilities, as well as the fees that it will charge Operator for the costs associated with any such Operator specific or branded signage.

12.4 Obligations of Operator. Operator agrees to keep the Facilities, including the fixtures and equipment, in a clean, neat, safe, and sanitary condition, and in good order, at all times during Operator's use of the Facilities, except for damages or loss due to reasonable wear and tear, fire or other casualty or other cause beyond Operator's control. Operator shall not store nor allow accumulation of trash or debris on any portion of the Facilities, nor use the trash containers provided by the Port for use by the general public.

ARTICLE 13: ENVIRONMENTAL STANDARDS

13.1 Definitions. For purposes of this Article 13, the following terms shall have the following meanings:

13.1.1 "Environmental Law" means any environmentally related state or federal law, regulation, ordinance, permit or order (including without limitation any final order of any court of competent jurisdiction), now or hereafter in effect.

13.1.2 "Hazardous Substances" means any substance or material defined or designated as a hazardous waste, toxic substance, or other pollutant or contaminant by any Environmental Law.

13.1.3 "Release" means any spilling, leaking, pumping, pouring, emitting, discharging, leaching, dumping or disposing into or on any property or the environment. Petroleum spills of less than five (5) gallons are excluded unless water or soil are impacted.

13.2 Restriction on Hazardous Substances. Operator shall not allow the presence or Release on the Airport of any Hazardous Substance that is in violation of any Environmental Law. Operator shall not allow any Hazardous Substances first Released during the Term to migrate off the Airport or allow the Release of any Hazardous

Substances into adjacent surface waters, soils, underground waters or air in violation of any Environmental Law. At the reasonable written request of the Port, Operator shall provide the Port with Operator's USEPA Waste Generator Number. Operator shall immediately notify the Port in writing should Operator become aware of: (1) any Release of any Hazardous Substances or the occurrence of any other environmental problem or liability with respect to the Airport or any real property adjoining or in the vicinity of the Airport; (2) any notice given to Operator from any third party with respect to any Release or threat of Release of any Hazardous Substances; or (3) the commencement of any litigation or any information relating to any threat of litigation relating to any alleged unauthorized Release of any Hazardous Substances or other environmental contamination, liability or problem with respect to the Airport. In addition to any remedy provided in this Permit, the Port shall be entitled to full reimbursement from Operator whenever the Port incurs any reasonable costs directly attributable to Operator's use or management of Hazardous Substances at the Airport, including but not limited to, costs of clean-up or other remedial activities, fines or penalties assessed directly against the Port, and injuries to third persons or other properties.

13.3 Compliance and Remediation. Operator shall at all times conduct its business at the Airport in compliance with all applicable Environmental Laws and if Operator or the Facilities is in violation of any Environmental Law concerning the presence, use, Release or threat of Release of Hazardous Substances or any other Environmental Law (whether or not pertaining to Hazardous Substances), Operator shall promptly take such action as is reasonably necessary to remedy and cure the violation.

13.4 Port Remedies. If Operator, or the Facilities because of actions that occur during the Term, is in violation of any Environmental Law concerning Hazardous Substances and Operator does not act promptly to take such action as is reasonably necessary to remedy and cure the violation, the Port has the right, but not the obligation, to come onto the Facilities, to act in place of Operator (Operator hereby appoints the Port as its agent for such purposes) and to take such action reasonably necessary to cure the violation. If the Port has a reasonable belief that Operator's actions or inactions present a threat of violation or a threat of damage to the Facilities, the Port reserves the right to enter onto the Facilities and take such corrective or mitigating action as the Port deems reasonably necessary. All reasonable costs and expenses incurred by the Port in connection with any such actions shall become due and payable by Operator thirty (30) days after presentation of an invoice to the extent caused by Operator's violation of Environmental Law.

13.5 Access to Facilities. The Port retains the right to access the Facilities at any time to conduct environmental inspections and testing. The Port shall conduct the inspection in a manner that does not unduly interfere with Operator's operation..

13.6 Environmental Indemnity Without limiting any indemnities provided in this Permit for other than environmental matters, and except for Excluded Environmental Claims, as hereinafter defined, Operator agrees to defend, indemnify and hold the Port free and harmless from any and all claims, causes of action, regulatory demands,

liabilities, fines, penalties, losses, and expenses, including without limitation clean-up or other remedial costs (and including actually incurred reasonable attorneys' fees, costs and all other reasonable litigation expenses when incurred and whether incurred in defense of actual litigation or in reasonable anticipation of litigation), arising from the existence or discovery of any Hazardous Substance on the Facilities or at the Airport, or the Release of any Hazardous Substance from the Facilities to other properties or into the surrounding environment or from any other violation of Environmental Law, whether made, commenced or incurred during the Term, or made, commenced or incurred after the expiration or termination of this Permit, directly attributable to Operator's actions during the Term. For purposes of this Section 13.6, "Excluded Environmental Claims" shall mean, any claims, causes of action, demands, liabilities, fines, penalties, costs, expenses or any other liabilities, to the extent caused by or arising from (A) the migration of Hazardous Substances not first Released during the Term; and (B) the movement of Hazardous Substances first Released outside the Facilities onto or under the Facilities due to leaching or the flow of groundwater, provided that Operator is not otherwise responsible for the off-Facilities Release that introduced the migrating Hazardous Substances into the environment.

ARTICLE 14: COMPLIANCE WITH LAWS

14.1 General Laws. At all times, Operator shall, with respect to its operations at the Airport, comply with all applicable present and future federal, state and local laws, rules, regulations and ordinances, as they may be amended from time to time, whether foreseen or unforeseen, ordinary as well as extraordinary, including without implied limitation those relating to (a) health and safety; (b) the environment; and (c) disabled access, including the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq.

14.2 Airport Rules and Regulations. Operator's use of the Facilities and all other areas of the Airport authorized under this Permit, shall be subject to such Airport Rules and Regulations as are now or may in the future be adopted by the Port, provided that such Rules and Regulations do not conflict with applicable provisions of state or federal law.

ARTICLE 15: DISCRIMINATION

15.1 Federal Nondiscrimination Regulations. Operator understands and acknowledges that the Port has given to the United States of America (the "Government"), acting by and through the FAA, certain assurances with respect to nondiscrimination, which have been required by Title VI of the Civil Rights Act 1964 and by 49 CFR Part 21 as a condition precedent to the Government making grants in aid to the Port for certain Airport programs and activities, and that Port is required under those regulations to include in every agreement pursuant to which any person or persons other than the Port operates or has the right to operate on the Airport providing services to the public, the following covenant, to which Operator agrees:

Operator, in its operation at and use of Airport, covenants that

15.1.1 No person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities;

15.1.2 In the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination;

15.1.3 It shall use the Facilities in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation Effectuations of Title VI of the Civil Rights Act of 1964, and as that regulation may be amended.

Operator further agrees promptly to provide the Port, upon written request by the Port, such information the Port is required to obtain from Operator to show compliance with applicable nondiscrimination laws.

15.2 Affirmative Action. Operator assures that it will undertake an affirmative action program if required by 14 CFR Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Operator assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Operator assures that it will require that its covered sub organizations provide assurances to Operator that they will require assurances from their sub organizations, if required by 14 CFR Part 152, Subpart E, to the same effect.

ARTICLE 16: ASSIGNMENT

Operator shall not assign or transfer this Permit or any interest therein, nor shall this Permit or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, or otherwise, without the prior written consent of the Port.

ARTICLE 17: DEFAULTS

Time is of the essence of this Permit. In the event of the failure of Operator to pay the Fees and Charges provided for in this Permit at the time and in the manner specified in **Article 4**, or to keep any of the covenants or agreements herein set forth to be kept and performed, the Port may immediately terminate this Permit without notice to Operator. Payment by Operator to the Port of interest on Fees and Charges due and owing under this Permit shall not cure or excuse Operator's default in connection with such Fees and Charges. Interest, default and all other remedies of the Port hereunder are cumulative and not alternative.

ARTICLE 18: TERMINATION

18.1 Termination. Either party may terminate this Permit at any time by providing not less than thirty (30) days prior written notice to the other party, in which event this Permit shall terminate on the termination date provided in such notice.

18.2 Survival of Obligations. If this Permit is terminated, Operator shall remain liable for indemnification under this Permit, and for any and all Fees and Charges and damages which may be due to the Port or sustained by the Port as a result of Operator's operations at the Airport, and all costs, fees and expenses (including, without limitation, reasonable attorneys' and experts' fees and other expenses) incurred by the Port in pursuit of its remedies hereunder.

18.3 Termination for Government Use. In the event that any federal, state or local government or agency or instrumentality thereof shall, by condemnation or otherwise, take title, possession or the right to possession of the Facilities or any part thereof, the Port may, at its option, terminate this Permit as of the date of such taking, and, if Operator is not in default under any of the provisions of this Permit on said date, any Fees and Charges prepaid by Operator shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Operator.

18.4 Termination Because of Court Decree. In the event that any court having jurisdiction in the matter shall render a decision which has become final and which will prevent the performance by the Port of any of its obligations under this Permit, then either party hereto may terminate this Permit by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations that accrued prior to the effective date of termination) shall thereupon terminate. If Operator is not in default under any of the provisions of this Permit on the effective date of such termination, any Fees and Charges prepaid by Operator shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Operator.

ARTICLE 19: MISCELLANEOUS

19.1 Notices. All notices and payments under this Permit may be delivered or mailed at the addresses set forth in **Section 1.1**, or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices and payments sent by certified or registered mail shall be deemed to have been given on the day next following the date of mailing, if properly mailed, and the postmark affixed by the United States Postal Service shall be conclusive evidence of the date of mailing.

19.2 Invalidity of Particular Provisions. If any term or provision of this Permit or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Permit or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.

19.3 Nonwaiver. The acceptance of Fees and Charges by the Port for any period or periods after a default by Operator under this Permit shall not be deemed a waiver of such default unless the Port shall so intend and shall so advise Operator in writing. No waiver by the Port of any default under this Permit by Operator shall be construed to be or act as a waiver of any subsequent default by Operator.

19.4 Captions. The captions in this Permit are for convenience only and do not in any way limit or amplify the provisions of this Permit.

19.5 Entire Agreement - Amendments. This Permit constitutes the entire agreement between the Port and Operator with regard to its subject matter, and the parties hereby confirm and agree that any and all prior agreements between them concerning the same have been or are hereby superseded. No modification or amendment of this Permit shall be valid or effective unless evidenced by an agreement in writing.

19.6 Construction. This Permit shall be deemed to be made in and construed in accordance with laws of the State of Washington.

19.7 Successors and Assigns. All of the covenants, stipulations and agreements in this Permit shall extend to and bind the successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Permit in duplicate by their duly authorized officers on the date specified above.

PORT: PORT OF SEATTLE

a municipal corporation of the State of Washington

By: _____

Name: _____

Title: _____

OPERATOR: _____.

a _____ Corporation

By: _____

Name: _____

Title: _____

STATE OF _____)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the _____ of the _____, a corporation of the State of _____, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2006.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public in and for the State of
Washington, residing at _____
My Commission Expires: _____.

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the _____ of the PORT OF SEATTLE, a municipal corporation of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2006.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public in and for the State of
Washington, residing at _____
My Commission Expires: _____.