

**NOTICE OF A REGULAR MEETING OF
THE FRIEDMAN MEMORIAL AIRPORT AUTHORITY**

PLEASE TAKE NOTICE that a regular meeting of the Friedman Memorial Airport Authority shall be held Tuesday, October 2, 2018 at 5:30 p.m. at the **old Blaine County Courthouse Meeting Room Hailey, Idaho**. All matters shall be considered Joint Decision Matters unless otherwise noted. The proposed Agenda for the meeting is as follows:

**AGENDA
October 2, 2018**

- I. APPROVE AGENDA – ACTION ITEM**
- II. PUBLIC COMMENT (10 Minutes Allotted)**
- III. FRIEDMAN MEMORIAL AIRPORT AUTHORITY MEETING MINUTES OF:**
 - A. September 4, 2018 Regular Meeting – Motion to Approve – **Attachment #1 ACTION ITEM**
- IV. REPORTS**
 - A. Chairman Report
 - B. Blaine County Report
 - C. City of Hailey Report
 - D. Fly Sun Valley Alliance Report
 - E. Airport Manager Report
- V. AIRPORT STAFF BRIEF (5 Minutes Allotted)**
 - A. Noise Complaints
 - B. Profit & Loss, ATCT Traffic Operations Count and Enplanement Data – **Attachments #2 – #4**
 - C. Airport Commercial Flight Interruptions (unofficial)
- VI. ACTION ITEMS**
 - A. NEW BUSINESS
 - 1. Airline Operating Agreement And Terminal Building Lease –
Consideration of Motion to Approve - **Attachment #5 ACTION ITEM**
 - 2. Snow Removal Equipment (SRE) Recommendation Of Award –
Consideration of Motion to Approve **ACTION ITEM**
 - 3. Terminal Apron/Parking Lot Landscaping T-O Engineers Work Order 19-01
Consideration of Motion to Approve – **Attachment #6 ACTION ITEM**
 - B. CONTINUING BUSINESS
 - 1. 2ND Reading FMAA Amended Regulation 94-1 regarding Ground Transportation Service Providers at the Airport - Consideration of Motion to Adopt Regulation – **Attachment #7 ACTION ITEM**
 - 2. Additional Continuing Business Action after Executive Session
- VII. DISCUSSION AND UPDATES**
 - A. NEW BUSINESS
 - 1. None
 - B. CONTINUING BUSINESS
 - 1. Construction and Capital Projects
 - i. Terminal Air Carrier Apron and Parking Lot Improvements
 - ii. ARFF Equipment Acquisition
 - 2. Airport Planning Projects
 - i. Environmental Assessment for Runway Protection Zone and Obstruction Removal
 - ii. Tower and Airspace Planning Request For Qualifications (RFQ)
- VIII. PUBLIC COMMENT**
- IX. EXECUTIVE SESSION**
 - I.C. §74-206 (c) To acquire an interest in real property which is not owned by a public agency
 - I.C. §74-206 (f) To communicate with legal counsel to discuss legal ramifications for controversy
imminently likely to be litigated
- X. ACTION - Continued**
 - B. CONTINUING BUSINESS
 - 2. Offer to Acquire Interest in Approach/RPZ Land
- XI. ADJOURNMENT**

III. FRIEDMAN MEMORIAL AIRPORT AUTHORITY MEETING MINUTES OF:

- A. September 4, 2018 Regular Meeting – Motion to Approve – **Attachment #1 ACTION ITEM**

IV. REPORTS

- A. Chairman Report

This item is on the agenda to permit a Chairman report if appropriate.

- B. Blaine County Report

This item is on the agenda to permit a County report if appropriate.

- C. City of Hailey Report

This item is on the agenda to permit a City report if appropriate.

- D. Fly Sun Valley Alliance Report

This item is on the agenda to permit a report if appropriate.

- E. Airport Manager Report

This item is on the agenda to permit an Airport Manager report if appropriate.

V. AIRPORT STAFF BRIEF - (5 Minutes Allotted)

- A. Noise Complaints in September 2018

LOCATION	DATE	TIME	AIRCRAFT TYPE	INCIDENT	ACTION/RESPONSE
Hailey	9/5/2018	7:24 a.m.	Jet	Caller complained of a Loud jet departing at 6:14 a.m. At that same time, a Gulfstream was seen departing by Airport Operation personnel as they were performing the morning inspection.	A letter was sent to the aircraft operator by the Airport Manager. Ops manager was unable to reach the caller of the incident but left a message.
Hailey	9/20/2018	11:09 p.m.	Jet	The caller complained about a loud jet landing at about 11:09 p.m.	Airport Ops stated that the Delta flight from Salt Lake arrived late and landed at 11:01.
Hailey	9/23/2018	11:03 a.m.	Prop	A small single engine Cessna departed north over Hailey very	Ops Manager investigated but was unable to identify the aircraft. The Airport Manager returned a call to the caller and discussed the operation.

				low and loud. Caller said it was so low he could probably throw a rock and hit it. He said it sounded like it was at full throttle when it went over.	
--	--	--	--	---	--

B. Profit & Loss, ATCT Traffic Operations Count and Enplanement Data - Attachments #2 - #4

Attachment #2 is Friedman Memorial Airport Profit & Loss Budget vs. Actual (unaudited)

Attachment #3 is 2001 - 2018 ATCT Traffic Operations data comparison by month

Attachment #4 is 2018 Enplanement, Deplanement and Seat Occupancy data

The following revenue and expense analysis is provided for Board information and review:

	July	
Total Non-Federal Revenue	July 2018	\$713,772.28
Total Non-Federal Revenue	July, 2017	\$652,823.68
Total Non-Federal Revenue	FY '18 thru July	\$2,868,699.92
Total Non-Federal Revenue	FY '17 thru July	\$2,694,477.47
Total Non-Federal Expenses	July, 2018	\$216,959.18
Total Non-Federal Expenses	July, 2017	\$205,296.27
Total Non-Federal Expenses	FY '18 thru July	\$2,455,040.66
Total Non-Federal Expenses	FY '17 thru July	\$2,283,352.15
Net Income to include Federal Programs	FY '18 thru July	\$455,642.15
Net Income to include Federal Programs	FY '17 thru July	\$255,149.13

C. Airport Commercial Flight Interruptions (unofficial):

AIRLINE	FLIGHT CANCELLATIONS	FLIGHT DIVERSIONS
	August 29 through September 27	
Alaska Airlines	None	None
Delta	None	None
United	None	None

VI. ACTION ITEMS

A. NEW BUSINESS

1. Airline Operating Agreement And Terminal Building Lease - Consideration of Motion to Approve – Attachment #5 ACTION ITEM

As the Board is aware, for the past several months, the Finance/Lease Committee, airport legal counsel, and staff have been working with Ricondo & Associates, Inc., to prepare and negotiate a new Airline Operating Agreement and Terminal Building Lease with the air carriers. Attachment #5 is the result of those negotiations and is the final draft of the Airline Operating Agreement.

If acceptable, Staff is requesting a motion to approve the Chairman to execute the lease based on final review and acceptance by legal counsel.

2. Snow Removal Equipment (SRE) Recommendation of Award – Consideration of Motion to Approve ACTION ITEM

As presented at the September meeting, bids were opened on August 30. The low bidder indicated they would not be able to meet the Buy American requirements of the project and submitted a waiver request to the FAA. This request is at FAA Headquarters for review. If denied, the low bidder's bid will be rejected. The second-low bidder's bid is also considered disqualified.

Staff is awaiting additional information from the FAA regarding the low bidder. Depending on the information received from the FAA, a recommendation to award to the low bidder or third-low bidder will be requested from the Board at the meeting. Additional information and a full update be provided prior and/or at the meeting.

3. Terminal Apron/Parking Lot Landscaping T-O Engineers Work Order 19-01 Consideration of Motion to Approve – Attachment #6 ACTION ITEM

As discussed at the September meeting, a separate project for completion of landscaping in front of the retaining wall and other areas disturbed by the parking lot construction will be necessary. Included at Attachment #6 is a Work Order for T-O Engineers for professional services required to prepare this design and oversee construction of the landscaping. Note that nearly all this work will be completed by Eggers Associates of Ketchum. Further, the cost of these professional services was accounted for in the overall project cost estimate.

Construction services for the landscaping project will be acquired using a simplified process, due to the small size of the project. A public bid process is not required. Instead, three quotes will be obtained, and the work awarded to the company submitting the lowest quote. The results of this process will be presented at the November meeting for consideration by the Board.

If acceptable, approval of this Work Order by the Board will be requested during the meeting.

B. CONTINUING BUSINESS

**1. 2nd Reading FMAA Amended Regulation 94-1 regarding Ground Transportation Service Providers at the Airport – Consideration of Motion to Approve – Attachment #7
ACTION ITEM**

This action item is the second reading of FMAA Amended Regulation 94-1 regarding Ground Transportation Service providers at the Airport. Via a motion, the Board can elect to read the regulation by title only.

As required in the Procedures for Enacting Airport Regulations that the Board approved in March, Staff has posted the proposed Regulation on the airport website and has provided each GTSP operators and airport commercial tenants with a copy of the proposed Regulation, including providing another copy via email after the September meeting as a reminder.

Once the readings are completed and the Regulation is adopted, staff will publish a summary of the regulation consistent with I.C. §50-901A.

2. Additional Continuing Business Action after Executive Session

VII. DISCUSSION AND UPDATES

A. NEW BUSINESS

1. None

B. CONTINUING BUSINESS

1. Construction and Capital Projects

i. Terminal Air Carrier Apron and Parking Lot Improvements

Work on this project continues and is going well. Most of the earthwork behind the wall is complete, and the contractor is preparing to complete concrete paving, which is scheduled to be complete by October 18. A brief project update will be presented at the board meeting.

ii. ARFF Equipment Acquisition

This project will be completed later this calendar year or in early 2019. There is no progress to report at this time.

2. Airport Planning Projects

i. Environmental Assessment for Runway Protection Zone and Obstruction Removal

The Environmental Assessment (EA) process continues to move forward, albeit slowly. A 4(f) evaluation was submitted to FAA and has been reviewed and forwarded to regional headquarters for review. It is anticipated that this review will be completed soon. Following acceptance of this document, a Memorandum of Agreement with the State Historical Preservation Office can be completed, and the EA document finalized. The EA will be provided to the Board and public as soon as it is available, and a public hearing will be held before the process is completed. A short status update will be provided at the meeting.

ii. Tower and Airspace Planning Request For Qualification (RFQ)

Due to a technicality associated with publication of the RFQ, staff has extended the deadline of the RFQ submittal deadline to October 10. Staff will provide RFQ submittals to the selection committee for review once received. Based on Committee review, a recommendation for selection by the Committee to full Board should be expected at the November meeting.

VIII. PUBLIC COMMENT

- | | |
|---|---|
| IX. EXECUTIVE SESSION - I.C. §74-206 (c) | To acquire an interest in real property which is not owned by a public agency |
| I.C. §74-206 (f) | To communicate with legal counsel to discuss legal ramifications for controversy imminently likely to be litigated |

X. ACTION – Continued

B. CONTINUING BUSINESS

2. Offer to Acquire Interest in Approach/RPZ Land

This item is for the Board to discuss a potential offer to the landowner on the south end of the airport to acquire an interest in approach/RPZ land.

Action Requested: Consideration of a formal offer to the land owner south of the airport to acquire an interest in approach/RPZ land.

XI. ADJOURNMENT

**MINUTES OF A REGULAR MEETING ATTACHMENT 1
OF THE
FRIEDMAN MEMORIAL AIRPORT AUTHORITY***

**September 4, 2018
5:30 P.M.**

IN ATTENDANCE:

BOARD MEMBERS: Chairman – Don Keirn, Vice-Chairman – Jacob Greenberg, Secretary - Lawrence Schoen, Treasurer – Ron Fairfax, Board - Angenie McCleary, Fritz Haemmerle
FRIEDMAN MEMORIAL AIRPORT STAFF: Airport Manager – Chris Pomeroy, Contracts/Finance Administrator – Lisa Emerick, ASC/Special Projects Coordinator/Executive Assistant – Steve Guthrie, Airport Operations Manager – Todd Emerick; Administrative Assistant – Cecilia Vega
CONSULTANTS: Centerlyne – Sarah Shepard, Candace Crew, T-O Engineers – Dave Mitchell
AIRPORT TENANTS/PUBLIC: Comp Plan – Len Harlig, Fly Sun Valley Alliance – Carol Waller, JCP – John Strauss, Brittany Shipley
AIRPORT LEGAL COUNSEL: Lawson Laski Clark & Pogue, PLLC – Jim Laski
Idaho Mountain Express: Alejandra Buitrago

CALL TO ORDER:

The meeting was called to order at 5:32 p.m. by Chairman Keirn.

I. APPROVE AGENDA

The agenda was approved as presented.

II. PUBLIC COMMENT

No public comment was made.

**III. APPROVE FMAA
MEETING MINUTES**

A. August 7, 2018 Regular Meeting (See Brief)

MOTION:

Made by Board Member McCleary to approve the August 7, 2018 Airport Authority Regular Meeting Minutes as presented. Seconded by Vice-Chairman Greenberg.

PASSED UNANIMOUSLY

IV. REPORTS

A. Chairman Report

No report was given.

B. Blaine County Report

No report was given.

C. City of Hailey Report

No report was given.

D. Fly Sun Valley Alliance Report

Fly Sun Valley Alliance (FSVA) representative, Carol Waller briefed the Board that they should anticipate the summer statistical report on enplanements at the October meeting. She also commented that a follow up meeting with the winter bussing stakeholders is pending to finalize the information system on bussing for passengers.

Board Member McCleary asked if the flight service to Salt Lake City will increase and the status of the discontinued Portland flight.

Ms. Waller responded that a new contract agreement with Delta offers 3 daily flights during the year as frequency was important and Portland is being discontinued due to the low demand and aircraft unavailability.

Board Member Schoen commented that the Portland, Wednesday, Saturday flight schedule was not optimal.

Board Member Fairfax asked what the occupancy for the morning flight was and was it local travelers or tourist.

Ms. Waller responded that the morning flight traveler results will be available at the next meeting and commented that this flight is usually the busiest as more connections are available to the passengers.

Board Member Schoen commented that there is still a misunderstanding on why passengers need to arrive earlier in the morning since they quickly pass the security check point and he recommended that communications with the flying public continue. He also commented that Alaska should know that this airport is interested in a Portland flight.

Board Member McCleary commented that she too supports a future Portland flight but is concerned that one private entity such as Sun Valley Company, can sway the air service decisions.

E. Airport Manager Report

Airport Manager Pomeroy briefed the Board on the following:

- Airport Manager informed the Board on impending Staff changes.
- The Airport Manager will be hosting a Joint Planning Conference to discuss the Tower Replacement and Capital Improvement Projects with representatives from the Helena Federal Aviation Administration (FAA) Office on September 6, 2018.
- Airport Manager Pomeroy announced that Friedman Memorial Airport is officially on a candidate list for a FAA Remote Tower Pilot Program and the Airport will continue to move forward with planning.
- Summer activity has concluded the Airport, TSA and the airlines are working on improvements to the challenges encountered this season and plan to implement new procedures to get passengers through security more efficiently this winter season.
- The United States Department of Transportation (USDOT) of Inspector General will be performing an Audit of Program for the Contract Tower Program and SUN will be providing input regarding operations. The Airport Manager will serve on the FAA Working Group regarding the Contract Tower Sitting process.
- The Airport Manager was asked to submit a nomination packet to sit on the Northwest Chapter American Association of Airport Executives (NWAAAE) and will also attend the annual conference on September 24 -26, 2018.
- The annual FAA Helena ADO Conference will be held October 30 -31, 2018, the Airport Manager and select Staff will attend.
- On the horizon, the Board should anticipate the second reading of Regulation 94-1.

V. AIRPORT STAFF BRIEF

A. Noise Complaints (See Brief)

B. Profit & Loss, ATCT Traffic Operations Count and Enplanement Data (See Brief)

VI. ACTION ITEMS

C. Airport Commercial Flight Interruptions (See Brief)

A. NEW BUSINESS – (See Power Point Presentation)

1. Blue Sky Hangar Lease – Consideration of Motion to Approve

Airport Manager Pomeroy briefed the Board on the Lease/Finance committee negotiations with Blue Sky, Inc. and is seeking Board approval to enter into a new lease agreement.

Attorney Laski commented that the scope of the lease is significantly larger than normal leases and the current owner is seeking to sell to ALSCOTT Hangar, LLC.

MOTION:

Made by Board Member Fairfax to approve general terms of the Airport Lease Agreement between FMAA and ALSCOTT Hangars, LLC. effective October 1, 2018. Seconded by Board Member McCleary.

PASSED UNANIMOUSLY

B. CONTINUING BUSINESS

1. 1st Reading (Title Only) FMAA Amended Regulation 94-1 Regarding Ground Transportation Service Providers at the Airport and Consideration of Motions to Waive Reading and Adopt Regulation.

Airport Manager Pomeroy briefed the Board on the FMAA Amended Regulation 94-1 reading and commented that in order to adhere to the Procedures in Enacting Airport Regulations the Amended Regulation 94-1 Regarding Ground Transportation Service Providers (GTSP) has been distributed to the Airport Tenants as well as the GTSP for comment and will be read by title only.

Airport Attorney Laski commented that the regulation has been reviewed by the City of Hailey Attorney since they are the enforcing entity of the regulation.

Board Member Schoen asked when the GTSP were notified of the Regulation and asked where the stipulations were for the second and third readings.

Airport Attorney Laski responded that the GTSP have been aware of the Amendment to Regulation 94-1 for a year and the FMAA adopted the Procedures for Enacting Airport Regulations at the March meeting.

Chairman Keirn opened the discussion for public comment.

No public comment was made.

MOTION:

Made by Board Member Haemmerle to approve the Amendment to FMAA Regulation 94-1 to proceed with the first reading to be read by title only. Seconded by Vice-Chairman Greenberg.

ROLL CALL VOTE:

Chairman Keirn	Yes
Vice-Chairman Greenberg	Yes
Board Member Fairfax	Yes
Board Member Schoen	Yes
Board Member Haemmerle	Yes
Board Member McCleary	Yes
Board Member Cooley	Absent

PASSED

VII. DISCUSSION AND UPDATES

A. NEW BUSINESS (See Power Point Presentation)

1. Tower and Airspace Planning Request for Qualifications (RFQ)

Airport Manager Pomeroy briefed the Board on the status of the Tower and Airspace Planning RFQ's and commented that they will be sent out the following day and asked the Board to appoint a Selection Committee that will make a recommendation at the October meeting.

After a brief discussion the Board Appointed Chairman Keirn, Board Member Fairfax, and Board Member Schoen to the committee.

B. CONTINUING BUSINESS (See Power Point Presentation)

1. Construction and Capital Projects

i. Terminal Air Carrier Apron and Parking Lot Improvements

Airport Engineer Mitchell briefed the Board on the status of the Terminal Air Carrier Apron and Parking Lot Improvements Project and commented that Phase 2 work is underway. The third air carrier spot was closed to allow for pavement removal in preparation for the concrete pavement. The Airport Staff and the Car Park continue to improve the signage in the parking lot and are finalizing the pay stations.

ii. Snow Removal Equipment Acquisition

Airport Engineer Mitchell briefed the Board on the Snow Removal Equipment Acquisition bid opening that was held on August 30, 2018. He commented that five bids were received, and the lowest bid was from J.A. Larue, Inc., a Canadian company. The Board should anticipate a recommendation at the October meeting.

Board Member Schoen asked if any tariffs were anticipated with this bid since this is a Canadian company and would the equipment come from Canada.

Airport Engineer Mitchell responded that if there were tariffs they would have been included in their bid. There is a waiver that the company can obtain to by-pass the "Buy American" stipulation in the bid; however, the actual equipment will come from New York.

iii. ARFF Equipment Acquisition

Airport Engineer Mitchell briefed the Board on the ARFF Equipment Acquisition and commented that T-O Engineers will begin the preparation of the equipment specifications later in the year with the bid opening in late 2018 or early 2019.

iv. Landscaping

Airport Engineer Mitchell briefed the Board on the status of the Landscaping project at the Airport, after the City of Hailey plan review, Eggers Associates is finalizing the design plan. Three bid quotes will be required to complete the project in Spring of 2019.

2. Airport Planning Projects (See Power Point Presentation)

i. Environmental Assessment for Runway Protection Zone and Obstruction Removal

Airport Engineer Mitchell briefed the Board on the EA status and commented that the 4(f) memo, for Cultural Resources is nearly complete. A Memorandum of Agreement (MOA) with the State Historical Preservation Office (SHPO) is needed to finalize the EA process.

Airport Manager Pomeroy commented that once approval is obtained on the 4(f) memo and the Memorandum of Agreement (MOA) with the FAA, a copy will be distributed to the Board for a final review.

Chairman Keirn asked when will the public hearing take place.

Airport Manager Pomeroy responded that the public hearing will be determined once the approval is obtained and the Board should anticipate the meeting for mid-October.

VIII. PUBLIC COMMENT No public comment was made.

IX. EXECUTIVE SESSION– MOTION:

I.C. §74-206 (c)(f)

Made by Board Member McCleary to enter into Executive Session pursuant to Idaho Code §74-206 paragraph, paragraph (c) to acquire an interest in real property and paragraph (f) to communicate with legal counsel to discuss legal ramifications for controversy imminently likely to be litigated. Seconded by Board Member Schoen.

ROLL CALL VOTE:

Chairman Keirn	Yes
Vice-Chairman Greenberg	Yes
Board Member Fairfax	Yes
Board Member Schoen	Yes
Board Member Haemmerle	Yes
Board Member McCleary	Yes
Board Member Cooley	Absent

PASSED

X- ADJOURNMENT

The September 4, 2018 Regular Meeting of the Friedman Memorial Airport Authority was adjourned at approximately 7:45 p.m.

Lawrence Schoen, Secretary

- * *Additional resources/materials that should be reviewed with these meeting minutes include but are not limited to the Friedman Memorial Airport Authority Board Packet briefing, the PowerPoint presentation prepared for this meeting and any referenced attachments.*

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
 October 2017 through July 2018

	Oct '17 - Jul 18	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4000-00 · AIRCARRIER				
4000-01 · Aircarrier - Lease Space	70,434.20	77,770.00	-7,335.80	90.6%
4000-02 · Aircarrier - Landing Fees	155,807.49	164,000.00	-8,192.51	95.0%
4000-03 · Aircarrier - Gate Fees	1,000.00	1,400.00	-400.00	71.4%
4000-04 · Aircarrier - Utility Fees	21,323.12	17,800.00	3,523.12	119.8%
4000-05 · Aircarrier - Misc.	0.00	18,000.00	-18,000.00	0.0%
4010-07 · Aircarrier - '14 PFC App	332,341.60	352,500.00	-20,158.40	94.3%
Total 4000-00 · AIRCARRIER	580,906.41	631,470.00	-50,563.59	92.0%
4020-00 · TERMINAL AUTO PARKING REVENUE				
4020-01 · Automobile Parking - Terminal	319,342.09	243,025.00	76,317.09	131.4%
Total 4020-00 · TERMINAL AUTO PARKING REVENUE	319,342.09	243,025.00	76,317.09	131.4%
4030-00 · AUTO RENTAL REVENUE				
4030-01 · Automobile Rental - Commission	431,241.54	505,300.00	-74,058.46	85.3%
4030-02 · Automobile Rental - Counter	22,840.80	22,850.00	-9.20	100.0%
4030-03 · Automobile Rental - Auto Prkng	67,346.30	64,100.00	3,246.30	105.1%
4030-04 · Automobile Rental - Utilities	1,501.68	1,355.00	146.68	110.8%
Total 4030-00 · AUTO RENTAL REVENUE	522,930.32	593,605.00	-70,674.68	88.1%
4040-00 · TERMINAL CONCESSION REVENUE				
4040-01 · Terminal Shops - Commission	2,378.92	2,750.00	-371.08	86.5%
4040-02 · Terminal Shops - Lease Space	0.00	13,750.00	-13,750.00	0.0%
4040-03 · Terminal Shops - Utility Fees	471.98	1,050.00	-578.02	45.0%
4040-10 · Advertising - Commission	41,806.93	42,700.00	-893.07	97.9%
4040-11 · Vending Machines - Commission	14,662.09	15,900.00	-1,237.91	92.2%
4040-12 · Terminal ATM	584.50	155.00	429.50	377.1%
Total 4040-00 · TERMINAL CONCESSION REVENUE	59,904.42	76,305.00	-16,400.58	78.5%
4050-00 · FBO REVENUE				
4050-01 · FBO - Lease Space	154,491.31	151,180.00	3,311.31	102.2%
4050-02 · FBO - Tiedown Fees	315,548.07	371,500.00	-55,951.93	84.9%
4050-03 · FBO - Landing Fees - Trans.	288,033.16	256,600.00	31,433.16	112.2%
4050-04 · FBO - Commission	21,126.74	18,675.00	2,451.74	113.1%
4050-07 · FBO - Miscellaneous	10,117.20	8,500.00	1,617.20	119.0%
Total 4050-00 · FBO REVENUE	789,316.48	806,455.00	-17,138.52	97.9%
4060-00 · FUEL FLOWAGE REVENUE				
4060-01 · Fuel Flowage - FBO	278,252.34	240,015.00	38,237.34	115.9%
Total 4060-00 · FUEL FLOWAGE REVENUE	278,252.34	240,015.00	38,237.34	115.9%

10:52 AM

09/18/18

Accrual Basis

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
 October 2017 through July 2018

	Oct '17 - Jul 18	Budget	\$ Over Budget	% of Budget
4070-00 · TRANSIENT LANDING FEES REVENUE				
4070-02 · Landing Fees - Non-Comm./Gov't	218.82	250.00	-31.18	87.5%
Total 4070-00 · TRANSIENT LANDING FEES REVENUE	218.82	250.00	-31.18	87.5%
4080-00 · HANGAR REVENUE				
4080-01 · Land Lease - Hangar	487,128.84	473,110.00	14,018.84	103.0%
4080-02 · Land Lease - Hangar/Trans. Fee	12,165.00	1,500.00	10,665.00	811.0%
4080-03 · Hangar/Utilities (E8,11,24)	0.00	1,250.00	-1,250.00	0.0%
4080-05 · Land Lease - FMA Hangar Rentals	4,150.70	29,000.00	-24,849.30	14.3%
Total 4080-00 · HANGAR REVENUE	503,444.54	504,860.00	-1,415.46	99.7%
4090-00 · TIEDOWN PERMIT FEES REVENUE				
4090-01 · Tiedown Permit Fees (FMA)	9,906.23	8,650.00	1,256.23	114.5%
Total 4090-00 · TIEDOWN PERMIT FEES REVENUE	9,906.23	8,650.00	1,256.23	114.5%
4100-00 · CARGO CARRIERS REVENUE				
4100-01 · Cargo Carriers - Landing Fees	8,224.89	7,800.00	424.89	105.4%
4100-02 · Cargo Carriers - Tiedown	3,596.99	3,000.00	596.99	119.9%
Total 4100-00 · CARGO CARRIERS REVENUE	11,821.88	10,800.00	1,021.88	109.5%
4110-00 · MISCELLANEOUS REVENUE				
4110-01 · Misc. Revenue	147.54			
4110-09 · Miscellaneous Expense Reimburse	3,677.82			
Total 4110-00 · MISCELLANEOUS REVENUE	3,825.36			
4120-00 · GROUND TRANSP. PERMIT REVENUE				
4120-01 · Ground Transportation Permit	19,800.00	13,150.00	6,650.00	150.6%
4120-02 · GTSP - Trip Fee	3,740.00	2,950.00	790.00	126.8%
Total 4120-00 · GROUND TRANSP. PERMIT REVENUE	23,540.00	16,100.00	7,440.00	146.2%
4400-00 · TSA/SECURITY				
4400-02 · Terminal Lease	33,637.50	33,650.00	-12.50	100.0%
4400-03 · Security Prox. Cards	33,550.00	31,920.00	1,630.00	105.1%
Total 4400-00 · TSA/SECURITY	67,187.50	65,570.00	1,617.50	102.5%
4500-00 · IDAHO STATE GRANT PROGRAM REV.				
4500-18 · SUN-18 SKW E-175 Certification	0.00	25,000.00	-25,000.00	0.0%
Total 4500-00 · IDAHO STATE GRANT PROGRAM REV.	0.00	25,000.00	-25,000.00	0.0%

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
October 2017 through July 2018

	Oct '17 - Jul 18	Budget	\$ Over Budget	% of Budget
4510-00 · DOT/Small Community Air Service				
4510-01 · Small Community Air Service	295,305.90	250,000.00	45,305.90	118.1%
4510-02 · Small Community Air Serv. 2016	0.00	0.00	0.00	0.0%
Total 4510-00 · DOT/Small Community Air Service	295,305.90	250,000.00	45,305.90	118.1%
4520-00 · INTEREST REVENUE				
4520-01 · Interest Revenue - General	30,445.13	8,395.00	22,050.13	362.7%
4520-07 · Interest Revenue - '14 PFC	13.30	308.00	-294.70	4.3%
Total 4520-00 · INTEREST REVENUE	30,458.43	8,703.00	21,755.43	350.0%
4742-00 · AIP 42 - Project Air Carr. Apr				
4742-01 · AIP '42 Air Carr. Apron	0.00	0.00	0.00	0.0%
Total 4742-00 · AIP 42 - Project Air Carr. Apr	0.00	0.00	0.00	0.0%
4743-00 · AIP 43 - Air Carrier /Pkg. Lot				
4743-01 · AIP 43 - Air Carrier/Pkg. Lot	1,377,704.45	2,490,803.00	-1,113,098.55	55.3%
Total 4743-00 · AIP 43 - Air Carrier /Pkg. Lot	1,377,704.45	2,490,803.00	-1,113,098.55	55.3%
4744-00 · AIP '44 RPZ Acquisition EA				
4744-01 · AIP '44 - RPZ Acquisition - EA	22,893.53	73,828.13	-50,934.60	31.0%
Total 4744-00 · AIP '44 RPZ Acquisition EA	22,893.53	73,828.13	-50,934.60	31.0%
Total Income	4,896,958.70	6,045,439.13	-1,148,480.43	81.0%
Gross Profit	4,896,958.70	6,045,439.13	-1,148,480.43	81.0%
Expense				
EXPENDITURES				
"A" EXPENSES				
5000-01 · Salaries - Airport Manager	122,848.35	117,000.00	5,848.35	105.0%
5000-02 · Salaries - Assist. Airpt. Manag	0.00	95,830.00	-95,830.00	0.0%
5010-00 · Salaries -Contracts/Finance Adm	88,071.58	83,916.00	4,155.58	105.0%
5010-01 · Salaries - Office Assist.	178,262.02	165,376.00	12,886.02	107.8%
5020-00 · Salaries - ARFF/OPS Manager	85,369.85	81,240.00	4,129.85	105.1%
5030-00 · Salaries - ARFF/OPS Specialist	341,387.95	334,227.50	7,160.45	102.1%
5040-00 · Salaries-ASC/Sp.Prjct./Ex. Assi	67,580.73	62,500.00	5,080.73	108.1%
5050-00 · Salaries-Seasonal-Snow Removal	24,412.00	38,000.00	-13,588.00	64.2%
5050-01 · Salaries - Seasonal - Arpt Host	3,626.00	3,500.00	126.00	103.6%
5050-02 · Salaries - Merit Increase	0.00	47,000.00	-47,000.00	0.0%
5060-01 · Overtime - General	0.00	1,000.00	-1,000.00	0.0%
5060-02 · Overtime - Snow Removal	15,596.55	20,000.00	-4,403.45	78.0%
5060-04 · OT - Security	0.00	5,000.00	-5,000.00	0.0%
5100-00 · Retirement	104,439.38	124,410.00	-19,970.62	83.9%
5110-00 · Social Security/Medicare	67,659.10	81,980.00	-14,320.90	82.5%
5120-00 · Life Insurance	1,503.02	1,666.00	-162.98	90.2%

10:52 AM

09/18/18

Accrual Basis

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
 October 2017 through July 2018

	Oct '17 - Jul 18	Budget	\$ Over Budget	% of Budget
5130-00 · Medical Insurance	161,673.96	183,750.00	-22,076.04	88.0%
5160-00 · Workman's Compensation	13,466.00	16,000.00	-2,534.00	84.2%
5170-00 · Unemployment Claims	518.54			
Total "A" EXPENSES	1,276,415.03	1,462,395.50	-185,980.47	87.3%
"B" EXPENDITURES				
"B" EXPENSES - ADMINISTRATIVE				
6000-00 · TRAVEL EXPENSE				
6000-01 · Travel	5,592.71	14,160.00	-8,567.29	39.5%
Total 6000-00 · TRAVEL EXPENSE	5,592.71	14,160.00	-8,567.29	39.5%
6010-00 · SUPPLIES/EQUIPMENT EXPENSE				
6010-01 · Supplies - Office	6,970.63	9,200.00	-2,229.37	75.8%
6010-03 · Supplies - Computer	4,203.14	3,000.00	1,203.14	140.1%
Total 6010-00 · SUPPLIES/EQUIPMENT EXPENSE	11,173.77	12,200.00	-1,026.23	91.6%
6020-00 · INSURANCE				
6020-01 · Insurance - Liability	14,200.00	12,454.00	1,746.00	114.0%
6020-02 · Insurance - Public Officials	24,850.00	5,780.00	19,070.00	429.9%
6020-03 · Insurance-Bldg/Unlic.Veh./Prop	11,150.00	39,600.00	-28,450.00	28.2%
6020-04 · Insurance - Licensed Vehicles	0.00	6,675.00	-6,675.00	0.0%
Total 6020-00 · INSURANCE	50,200.00	64,509.00	-14,309.00	77.8%
6030-00 · UTILITIES				
6030-01 · Utilities - Gas/Terminal	16,344.97	9,110.00	7,234.97	179.4%
6030-02 · Utilities - Gas/AOB & Cold Stor	7,451.10	6,490.00	961.10	114.8%
6030-03 · Utilities - Elect./Runway&PAPI	6,077.66	6,625.00	-547.34	91.7%
6030-04 · Utilities - Elec./AOB & Cold St	7,140.64	9,055.00	-1,914.36	78.9%
6030-05 · Utilities - Electric/Terminal	35,589.96	35,830.00	-240.04	99.3%
6030-06 · Utilities - Telephone	13,107.34	13,100.00	7.34	100.1%
6030-07 · Utilities - Water	2,637.34	3,425.00	-787.66	77.0%
6030-08 · Utilities - Garbage Removal	7,430.32	8,160.00	-729.68	91.1%
6030-09 · Utilities - Sewer	3,364.86	2,635.00	729.86	127.7%
6030-11 · Utilities - Electric/Tower	5,060.87	5,160.00	-99.13	98.1%
6030-12 · Utilities - Elec./Brdfrd.Hghl	346.97	535.00	-188.03	64.9%
6030-13 · Utilities - Elec. Exit Booth	129.39			
6030-15 · Utilities - Elec/AWOS	3,240.10	2,625.00	615.10	123.4%
6030-16 · Utilities - Elec. Wind Cone	99.11	120.00	-20.89	82.6%
6030-17 · Utilities - Elec./Gas- Hangar	3,670.59	3,180.00	490.59	115.4%
6030-18 · Utilities - Lubricant Wst. Dspl	302.64			
Total 6030-00 · UTILITIES	111,993.86	106,050.00	5,943.86	105.6%

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
October 2017 through July 2018

	Oct '17 - Jul 18	Budget	\$ Over Budget	% of Budget
6040-00 · SERVICE PROVIDER				
6040-01 · Service Provider - General	0.00	0.00	0.00	0.0%
6040-02 · Service Provider - Term. Serv.	3,820.00	5,625.00	-1,805.00	67.9%
6040-03 · Service Provider - AOB Services	40,814.44	26,820.00	13,994.44	152.2%
6040-04 · Service Provider - Operations	14,069.36	12,850.00	1,219.36	109.5%
Total 6040-00 · SERVICE PROVIDER	58,703.80	45,295.00	13,408.80	129.6%
6050-00 · PROFESSIONAL SERVICES				
6050-01 · Professional Services - Legal	41,430.10	41,650.00	-219.90	99.5%
6050-02 · Professional Serv. - Audit/Fina	65,953.49	64,000.00	1,953.49	103.1%
6050-03 · Professional Services - Engineer	21,448.75	6,650.00	14,798.75	322.5%
6050-05 · Professional Services - Gen.	14,953.47	7,500.00	7,453.47	199.4%
6050-08 · Professional Services - Securit	0.00	0.00	0.00	0.0%
6050-10 · Prof. Svcs.-IT/Comp. Support	10,219.48	8,330.00	1,889.48	122.7%
6050-12 · Prof. Serv.- Planning Air Serv.	0.00	12,500.00	-12,500.00	0.0%
6050-13 · Prof. Serv.-Website Des.& Maint	1,052.66	5,000.00	-3,947.34	21.1%
6050-15 · Prof. Serv.-Comm.Coord/Pub.Outr	11,643.97	16,650.00	-5,006.03	69.9%
6050-17 · Prof. Serv. - Airspace Consult.	28,059.22	50,000.00	-21,940.78	56.1%
Total 6050-00 · PROFESSIONAL SERVICES	194,761.14	212,280.00	-17,518.86	91.7%
6060-00 · MAINTENANCE-OFFICE EQUIPMENT				
6060-04 · Maintenance - Copier	1,728.83	2,100.00	-371.17	82.3%
6060-05 · Maintenance - Phone	1,215.00	1,250.00	-35.00	97.2%
Total 6060-00 · MAINTENANCE-OFFICE EQUIPMENT	2,943.83	3,350.00	-406.17	87.9%
6070-00 · RENT/LEASE OFFICE EQUIPMENT				
6070-02 · Rent/Lease - Postage Meter	897.30	1,050.00	-152.70	85.5%
Total 6070-00 · RENT/LEASE OFFICE EQUIPMENT	897.30	1,050.00	-152.70	85.5%
6080-00 · DUES/MEMBERSHIPS/PUBLICATIONS E				
6080-01 · Dues/Memberships	5,255.74	10,500.00	-5,244.26	50.1%
6080-04 · Publications	15,392.68	16,650.00	-1,257.32	92.4%
6080-06 · Marketing - SCASDP	0.00	0.00	0.00	0.0%
Total 6080-00 · DUES/MEMBERSHIPS/PUBLICATIONS E	20,648.42	27,150.00	-6,501.58	76.1%
6090-00 · POSTAGE				
6090-01 · Postage/Courier Service	523.67	1,645.00	-1,121.33	31.8%
Total 6090-00 · POSTAGE	523.67	1,645.00	-1,121.33	31.8%

10:52 AM

09/18/18

Accrual Basis

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
 October 2017 through July 2018

	Oct '17 - Jul 18	Budget	\$ Over Budget	% of Budget
6100-00 · EDUCATION/TRAINING				
6100-01 · Education/Training - Admin.	0.00	12,500.00	-12,500.00	0.0%
6100-02 · Education/Training - OPS	6,405.24	7,500.00	-1,094.76	85.4%
6100-03 · Education/Training - ARFF	12,312.52	9,000.00	3,312.52	136.8%
6100-04 · Ed/Train. - ARFF Trienn. Drill	0.00	0.00	0.00	0.0%
6100-05 · Education - Noise Abatement	120.00	2,500.00	-2,380.00	4.8%
6100-06 · Education - Security	0.00	5,000.00	-5,000.00	0.0%
6100-07 · Education - Public Outrea/Comm.	9,483.30	10,000.00	-516.70	94.8%
6100-08 · Education/Training - HFD Coop.	799.50	5,000.00	-4,200.50	16.0%
6100-09 · Education - SAAC	6,576.04			
Total 6100-00 · EDUCATION/TRAINING	35,696.60	51,500.00	-15,803.40	69.3%
6110-00 · CONTRACTS				
6110-01 · Contracts - General	0.00	1,000.00	-1,000.00	0.0%
6110-02 · Contracts - FMAA	35,000.00	35,000.00	0.00	100.0%
6110-03 · Contracts - FBO/Fee Collection	49,000.00	49,000.00	0.00	100.0%
6110-08 · Contracts - Eccles Tree Lights	10,000.00			
6110-16 · Contracts - Prkg Mngt Fee/Ops	63,865.46			
Total 6110-00 · CONTRACTS	157,865.46	85,000.00	72,865.46	185.7%
6120-00 · PERMITS				
6120-01 · Permits - General	0.00	0.00	0.00	0.0%
6120-02 · Permits - COH Impact Fee	0.00	0.00	0.00	0.0%
Total 6120-00 · PERMITS	0.00	0.00	0.00	0.0%
6130-00 · MISCELLANEOUS EXPENSES				
6130-01 · Misc. - General	9,970.35	10,580.00	-609.65	94.2%
6130-02 · Misc. - Incident/Accident	157.20			
6140-00 · Bank Fees	4,550.45	1,025.00	3,525.45	443.9%
6150-01 · Interest Exp. - Prkg. Lot Equip	2,364.85			
Total 6130-00 · MISCELLANEOUS EXPENSES	17,042.85	11,605.00	5,437.85	146.9%
6400-00 · DOT/SCASGP				
6400-01 · DOT/SCASGP	299,465.27			
6400-02 · DOT/SCASGP - FMAA	9,808.10			
Total 6400-00 · DOT/SCASGP	309,273.37			
Total "B" EXPENSES - ADMINISTRATIVE	977,316.78	635,794.00	341,522.78	153.7%

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
 October 2017 through July 2018

	Oct '17 - Jul 18	Budget	\$ Over Budget	% of Budget
"B" EXPENSES - OPERATIONAL				
6500-00 · SUPPLIES/EQUIPMENT-OPERATIONS				
6500-01 · Supplies/Equipment - General	4,831.00	5,830.00	-999.00	82.9%
6500-02 · Supplies/Equipment - Tools	6,792.35	8,330.00	-1,537.65	81.5%
6500-03 · Supplies/Equipment - Clothing	3,426.92	7,500.00	-4,073.08	45.7%
6500-04 · Supplies/Equipment - Janitorial	15,093.10	16,700.00	-1,606.90	90.4%
Total 6500-00 · SUPPLIES/EQUIPMENT-OPERATIONS	30,143.37	38,360.00	-8,216.63	78.6%
6505-00 · EQUIP/VEHICLE - LEASE/RENTAL				
6505-01 · Eq./Vehi Lease/Rental - General	59,750.00	55,000.00	4,750.00	108.6%
Total 6505-00 · EQUIP/VEHICLE - LEASE/RENTAL	59,750.00	55,000.00	4,750.00	108.6%
6510-00 · FUEL/LUBRICANTS				
6510-01 · General	0.00	1,650.00	-1,650.00	0.0%
6510-02 · Fuel	20,787.62	43,000.00	-22,212.38	48.3%
6510-03 · Lubricants	45.99	3,750.00	-3,704.01	1.2%
Total 6510-00 · FUEL/LUBRICANTS	20,833.61	48,400.00	-27,566.39	43.0%
6520-00 · VEHICLES/MAINTENANCE				
6520-01 · R/M Equipment - General	997.34	15,790.00	-14,792.66	6.3%
6520-06 · R/M Equip. - '85 Ford Dump	674.33	250.00	424.33	269.7%
6520-08 · R/M Equip. - '96 Tiger Tractor	1,350.85	2,250.00	-899.15	60.0%
6520-09 · R/M Equip. - '96 Oshkosh Swp.	489.16	9,450.00	-8,960.84	5.2%
6520-13 · R/M Equip. - Crafcro Crack Flr.	0.00	0.00	0.00	0.0%
6520-17 · R/M Equip. - '01 Case 921 Ldr.	584.84	1,675.00	-1,090.16	34.9%
6520-18 · R/M Equip. - '97 Chevy Blazer	0.00	300.00	-300.00	0.0%
6520-19 · R/M Equip. - '02 Ford F-150 PU	509.78	450.00	59.78	113.3%
6520-20 · R/M Equip. - '02 Kodiak Blower	8,908.82	525.00	8,383.82	1,696.9%
6520-24 · R/M Equip. - '01 Ford F-250	0.00	0.00	0.00	0.0%
6520-25 · R/M Equip. - '04 Batts De-Ice	53.52	750.00	-696.48	7.1%
6520-28 · R/M Equip. - '06 Case 621 Loader	0.00	1,850.00	-1,850.00	0.0%
6520-29 · R/M Equip. - '10 Waus Broom/Plow	12,854.01	11,250.00	1,604.01	114.3%
6520-30 · R/M Equip. - '05 Ford F-350	2,869.66	1,250.00	1,619.66	229.6%
6520-31 · R/M Equip. - '10 Oshkosh Blower	2,610.26	2,500.00	110.26	104.4%
6520-32 · R/M Equip. - '09 Mini Truck	4.77	100.00	-95.23	4.8%
6520-34 · R/M Equip. - '12 Case 921F Load	347.69	3,330.00	-2,982.31	10.4%
6520-35 · R/M Equip. - '14 Ford Explorer	80.77	500.00	-419.23	16.2%
6520-37 · R/M Equip. - '15 Tool Cat	1,986.12	900.00	1,086.12	220.7%
6520-38 · R/M Equip. - '15 Wausau Broom	9,646.09	5,250.00	4,396.09	183.7%
6520-40 · R/M Equip. - '17 Ford-350 Super	1,441.16	300.00	1,141.16	480.4%
6520-41 · R/M Equip. - '17 Kodiak Blower	23.87			
Total 6520-00 · VEHICLES/MAINTENANCE	45,433.04	58,670.00	-13,236.96	77.4%

10:52 AM

09/18/18

Accrual Basis

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
 October 2017 through July 2018

	Oct '17 - Jul 18	Budget	\$ Over Budget	% of Budget
6530-00 · ARFF MAINTENANCE				
6530-01 · ARFF Maint. Gen/Supplies	10,059.04	12,000.00	-1,940.96	83.8%
6530-03 · ARFF Maint. - '87 Oshkosh	400.88	1,500.00	-1,099.12	26.7%
6530-04 · ARFF Maint. - Radios	3,249.94	1,000.00	2,249.94	325.0%
6530-05 · ARFF MAint. - '03 E-One	1,298.63	1,500.00	-201.37	86.6%
6530-07 · ARFF Maint. - Supp/HFD Support	0.00	0.00	0.00	0.0%
Total 6530-00 · ARFF MAINTENANCE	15,008.49	16,000.00	-991.51	93.8%
6540-00 · REPAIRS/MAINTENANCE - BUILDING				
6540-01 · R/M Bldg. - General	99.50	2,500.00	-2,400.50	4.0%
6540-02 · R/M Bldg. - Terminal	61,945.71	92,550.00	-30,604.29	66.9%
6540-03 · R/M Bldg. - Terminal Concession	2,709.74	1,875.00	834.74	144.5%
6540-04 · R/M Bldg. - Cold Storage	295.49	2,000.00	-1,704.51	14.8%
6540-05 · R/M Bldg. - AOB/SHOP	13,240.33	14,915.00	-1,674.67	88.8%
6540-06 · R/M Bldg. - Hangars	14,829.61	2,500.00	12,329.61	593.2%
6540-07 · R/M Bldg. - Tower	4,280.66	2,000.00	2,280.66	214.0%
6540-08 · R/M Bldg. - Parking Booth	1,831.87	1,260.00	571.87	145.4%
Total 6540-00 · REPAIRS/MAINTENANCE - BUILDING	99,232.91	119,600.00	-20,367.09	83.0%
6550-00 · REPAIRS/MAINTENANCE - AIRSIDE				
6550-01 · R/M - General	1,020.04	5,000.00	-3,979.96	20.4%
6550-02 · R/M - Airfield/Runway	39,810.40	99,000.00	-59,189.60	40.2%
6550-04 · R/M - Lights	9,706.53	10,000.00	-293.47	97.1%
Total 6550-00 · REPAIRS/MAINTENANCE - AIRSIDE	50,536.97	114,000.00	-63,463.03	44.3%
6551-00 · REPAIRS/MAINTENANCE - LANDSIDE				
6551-01 · RM - General	0.00	2,500.00	-2,500.00	0.0%
6551-02 · R/M - Parking Lot	2,896.03	6,650.00	-3,753.97	43.5%
6551-03 · R/M - Landscaping	10,019.56	13,000.00	-2,980.44	77.1%
Total 6551-00 · REPAIRS/MAINTENANCE - LANDSIDE	12,915.59	22,150.00	-9,234.41	58.3%
6560-00 · SECURITY EXPENSE				
6560-01 · Security - General	4,697.35	10,000.00	-5,302.65	47.0%
6560-02 · Security - Law Enf. Offi. (LEO)	2,720.00	10,000.00	-7,280.00	27.2%
6560-03 · Security - Subscription Licen.	40,950.00	58,440.00	-17,490.00	70.1%
6560-04 · Security - Perim./Access/CCTV	7,344.73	17,600.00	-10,255.27	41.7%
6560-05 · Security - Professional Serv.	2,475.00	22,500.00	-20,025.00	11.0%
6560-06 · Security - Prof. Services/IT	2,545.57	12,000.00	-9,454.43	21.2%
Total 6560-00 · SECURITY EXPENSE	60,732.65	130,540.00	-69,807.35	46.5%

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
 October 2017 through July 2018

	Oct '17 - Jul 18	Budget	\$ Over Budget	% of Budget
6570-00 · REPAIRS/MAINT.-AERONAUTICAL EQU				
6570-01 · R/M Aeronautical Equip - NDB/DME	9,761.80	10,000.00	-238.20	97.6%
6570-02 · R/M Aeronautical Equip. - Tower	10,587.06	8,000.00	2,587.06	132.3%
6570-04 · R/M Aeron. Equip. - AWOS/ATIS	8,236.80	10,000.00	-1,763.20	82.4%
Total 6570-00 · REPAIRS/MAINT.-AERONAUTICAL EQU	28,585.66	28,000.00	585.66	102.1%
Total "B" EXPENSES - OPERATIONAL	423,172.29	630,720.00	-207,547.71	67.1%
Total "B" EXPENDITURES	1,400,489.07	1,266,514.00	133,975.07	110.6%
"C" EXPENSES				
7001-00 · CAPITAL EXPENDITURES				
7001-0* · CONTINGENCY	0.00	20,000.00	-20,000.00	0.0%
7001-02 · Buildings and Improvements	13,212.51	15,000.00	-1,787.49	88.1%
7001-04 · Office Equipment	13,061.67	27,000.00	-13,938.33	48.4%
7001-05 · Maintenance Equipment /Vehicle	17,783.00	24,250.00	-6,467.00	73.3%
7001-06 · Assessments/Plans/Studies	43,352.75	110,000.00	-66,647.25	39.4%
7001-09 · Security Equipment	0.00	45,500.00	-45,500.00	0.0%
Total 7001-00 · CAPITAL EXPENDITURES	87,409.93	241,750.00	-154,340.07	36.2%
7110-00 · DOT/SCADGP				
7110-01 · DOT/SCASGP	0.00	250,000.00	-250,000.00	0.0%
7110-02 · DOT/SCASGP - FMAA	0.00	20,830.00	-20,830.00	0.0%
Total 7110-00 · DOT/SCADGP	0.00	270,830.00	-270,830.00	0.0%
7500-00 · IDAHO STATE GRANT PROGRAM				
7500-18 · '18 ITD Grant (SUN-17 ITD/FMA)	0.00	50,000.00	-50,000.00	0.0%
Total 7500-00 · IDAHO STATE GRANT PROGRAM	0.00	50,000.00	-50,000.00	0.0%
7542-00 · AIP '42 EXPENSE - AC Apron Dsgn				
7542-01 · AIP '42 - Eligible	0.00	0.00	0.00	0.0%
7542-02 · AIP '42 Non-Eligible	0.00	0.00	0.00	0.0%
Total 7542-00 · AIP '42 EXPENSE - AC Apron Dsgn	0.00	0.00	0.00	0.0%
7543-00 · AIP '43 EXPENSE - Air Carr. Apr				
7543-01 · AIP '43 - AC Apron - Eligible	1,230,734.22	2,190,607.00	-959,872.78	56.2%
7543-02 · AIP '43 - Parking - Non-Eligibl	188,377.27	654,400.00	-466,022.73	28.8%
7543-03 · AIP '43 - SRE Equipment	296,227.50	325,000.00	-28,772.50	91.1%
7543-04 · AIP '43 - RPZ Acq/Tree Removal	28,862.73	141,250.00	-112,387.27	20.4%
7543-05 · AIP '43 - Retainer - Eligible	-81,567.14			
7543-06 · AIP '43 - Non-Elig. Retainer	-13,388.96			
Total 7543-00 · AIP '43 EXPENSE - Air Carr. Apr	1,649,245.62	3,311,257.00	-1,662,011.38	49.8%

10:52 AM

09/18/18

Accrual Basis

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
 October 2017 through July 2018

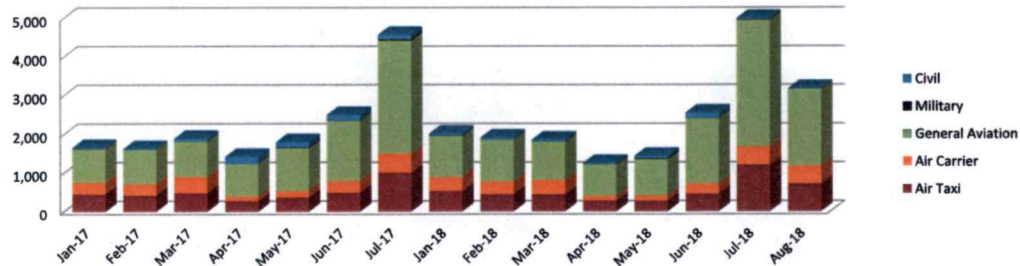
	Oct '17 - Jul 18	Budget	\$ Over Budget	% of Budget
7544-00 · AIP '44 EXPENSE RPZ EA				
7544-01 · AIP '44 - Eligible	24,419.80	78,750.00	-54,330.20	31.0%
Total 7544-00 · AIP '44 EXPENSE RPZ EA	24,419.80	78,750.00	-54,330.20	31.0%
9001-00 · PFC 14-09-C-00-SUN				
9001-03 · PFC '14 Master Plan	3,337.10	3,500.00	-162.90	95.3%
Total 9001-00 · PFC 14-09-C-00-SUN	3,337.10	3,500.00	-162.90	95.3%
Total "C" EXPENSES	1,764,412.45	3,956,087.00	-2,191,674.55	44.6%
Total EXPENDITURES	4,441,316.55	6,684,996.50	-2,243,679.95	66.4%
Total Expense	4,441,316.55	6,684,996.50	-2,243,679.95	66.4%
Net Ordinary Income	455,642.15	-639,557.37	1,095,199.52	-71.2%
Net Income	455,642.15	-639,557.37	1,095,199.52	-71.2%

**Friedman Memorial Airport
August 2018**

ATCT Traffic Operations Record

Month	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
January	3,622	3,893	3,912	2,600	3,028	2,787	4,547	2,520	2,070	2,379	2,408	2,098	2,454	2,128	2,249	1,842	1,665	2,019
February	4,027	4,498	3,073	3,122	3,789	3,597	3,548	2,857	2,244	2,647	2,117	2,205	2,612	1,417	2,268	2,533	1,629	1,914
March	4,952	5,126	3,086	4,097	3,618	2,918	4,677	3,097	2,145	2,709	1,813	1,921	2,753	1,924	2,023	1,917	1,895	1,860
April	2,494	3,649	2,213	2,840	2,462	2,047	2,581	2,113	1,724	1,735	1,604	1,513	1,509	1,210	1,337	1,380	1,426	1,257
May	3,905	4,184	2,654	3,282	2,729	2,134	1,579	2,293	2,280	1,891	1,533	1,693	1,852	555	668	1,501	1,802	1,442
June	4,787	5,039	4,737	4,438	3,674	3,656	5,181	3,334	2,503	3,019	2,898	2,761	3,203	2,164	2,387	2,475	2,502	2,552
July	6,359	8,796	6,117	5,910	5,424	5,931	7,398	4,704	4,551	5,005	5,004	4,810	5,345	4,345	4,159	4,562	4,573	5,033
August	6,479	6,917	5,513	5,707	5,722	6,087	8,196	4,570	4,488	4,705	4,326	3,823	4,644	3,114	2,932	3,719	3,873	3,175
September	3,871	4,636	4,162	4,124	4,609	3,760	4,311	2,696	3,376	3,128	3,359	2,396	2,403	2,237	2,292	2,379	2,036	0
October	3,879	3,656	3,426	2,936	3,570	3,339	3,103	2,134	2,145	2,012	1,886	1,658	1,874	1,760	1,789	1,377	1,939	0
November	3,082	2,698	2,599	2,749	2,260	2,912	2,892	1,670	1,901	1,309	1,114	1,325	1,475	908	1,229	1,314	1,135	0
December	3,401	2,805	3,247	3,227	2,722	3,834	2,699	1,848	2,272	1,811	2,493	2,066	2,016	1,545	1,482	1,717	2,217	0
Totals	50,858	55,897	44,739	45,032	43,607	43,002	50,712	33,836	31,699	32,350	30,555	28,269	32,140	23,307	24,815	26,716	26,692	19,252

**Operations
2017-2018
(Cumulative)**



**ATCT Operations Change
(2018 vs. 2017)**

	2018	2017	% Change
Air Taxi	727	856	-15%
Air Carrier	456	476	-4%
General Aviation	1,980	2,429	-18%
Military	2	62	-97%
Civil	10	50	-80%
Total	3,175	3,873	-18.02%
YTD Total	19,252	19,365	-0.58%

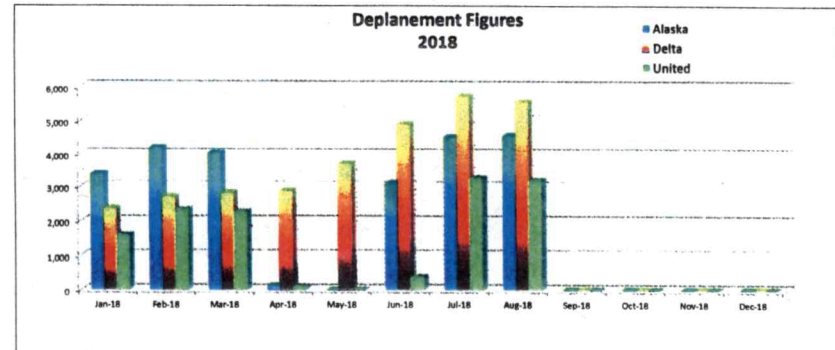
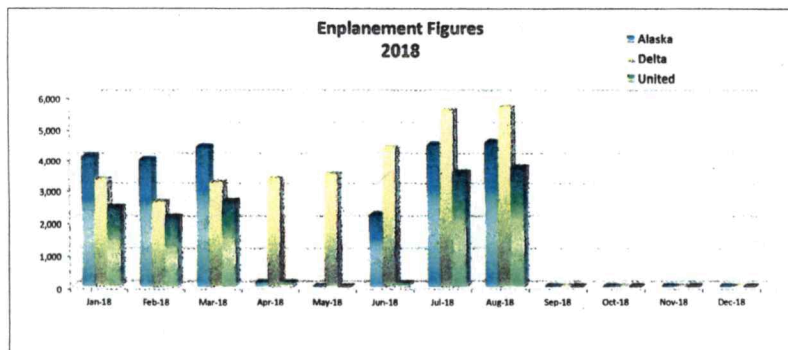
**Friedman Memorial Airport
August 2018**

2018 Enplanements																	
Date	Alaska Airlines					Delta Airlines					United Airlines					Total Enp.	Prior Year Total Enp.
	Revenue	Non-Revenue	Total	Prior Year Month	Total % Change	Revenue	Non-Revenue	Total	Prior Year Month	Total % Change	Revenue	Non-Revenue	Total	Prior Year Month	Total % Change		
Jan-18	3,985	66	4,051	3,536	15%	3,251	30	3,281	2,685	22%	2,383	47	2,430	1,519	60%	9,762	7,740
Feb-18	3,856	93	3,949	3,340	18%	2,542	60	2,602	2,556	2%	2,081	48	2,129	1,645	29%	8,680	7,541
Mar-18	4,293	86	4,379	3,867	13%	3,146	47	3,193	4,944	-35%	2,551	72	2,623	2,120	24%	10,195	10,931
Apr-18	124	3	127	0	100%	3,245	60	3,305	3,339	-1%	134	0	134	0	100%	3,566	3,339
May-18	0	0	0	0	0%	3,377	81	3,458	3,235	7%	0	0	0	0	0%	3,458	3,235
Jun-18	2,162	50	2,212	2,105	5%	4,269	86	4,355	3,880	12%	107	0	107	473	-77%	6,674	6,458
Jul-18	4,390	67	4,457	4,215	6%	5,459	78	5,537	5,379	3%	3,464	57	3,521	3,064	15%	13,515	12,658
Aug-18	4,450	92	4,542	4,186	9%	5,543	87	5,630	5,654	0%	3,637	67	3,704	3,402	9%	13,876	13,242
Totals	23,260	457	23,717	21,249	12%	30,832	529	31,361	31,672	-1%	14,357	291	14,648	12,223	20%	69,726	65,144

Legend for Chart:

2018 Deplanements																	
Date	Alaska Airlines					Delta Airlines					United Airlines					Total Dep.	Prior Year Total Dep.
	Revenue	Non-Revenue	Total	Prior Year Month	Total % Change	Revenue	Non-Revenue	Total	Prior Year Month	Total % Change	Revenue	Non-Revenue	Total	Prior Year Month	Total % Change		
Jan-18	3,310	67	3,377	2,902	16%	2,327	45	2,372	2,053	16%	1,536	47	1,583	1,276	24%	7,332	6,231
Feb-18	4,094	94	4,188	3,771	11%	2,662	46	2,708	2,344	16%	2,305	27	2,332	1,759	33%	9,228	7,874
Mar-18	3,942	91	4,033	3,800	6%	2,760	62	2,822	4,386	-36%	2,214	53	2,267	1,982	14%	9,122	10,168
Apr-18	116	1	117	0	100%	2,805	67	2,872	2,866	0%	76	3	79	0	100%	3,068	2,866
May-18	0	0	0	0	0%	3,616	86	3,702	3,432	8%	0	0	0	0	0%	3,702	3,432
Jun-18	3,054	58	3,112	2,755	13%	4,840	50	4,890	4,496	9%	366	6	372	833	-55%	8,374	8,084
Jul-18	4,448	73	4,521	4,379	3%	5,629	79	5,708	5,637	1%	3,230	25	3,255	2,921	11%	13,484	12,937
Aug-18	4,449	108	4,557	4,359	5%	5,478	74	5,552	5,380	3%	3,138	61	3,199	2,963	8%	13,308	12,702
Totals	23,413	492	23,905	21,966	9%	30,117	509	30,626	30,594	0%	12,865	222	13,087	11,734	12%	67,618	64,294

Legend for Chart:



**Friedman Memorial Airport
August 2018**

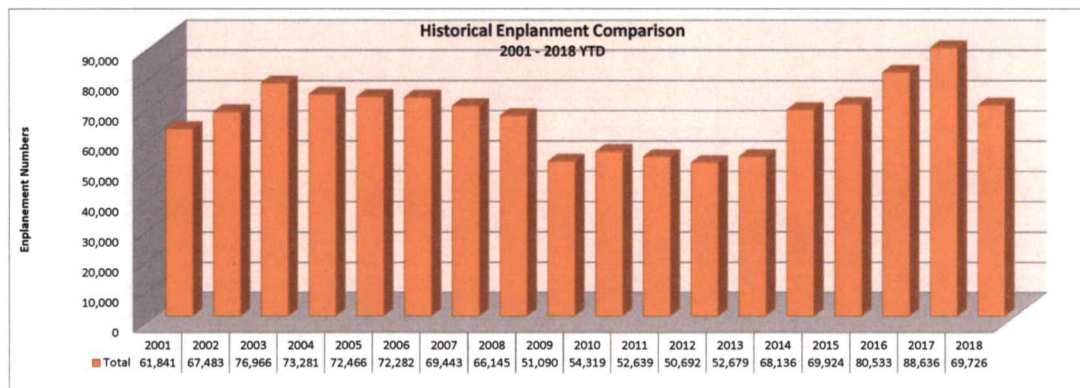
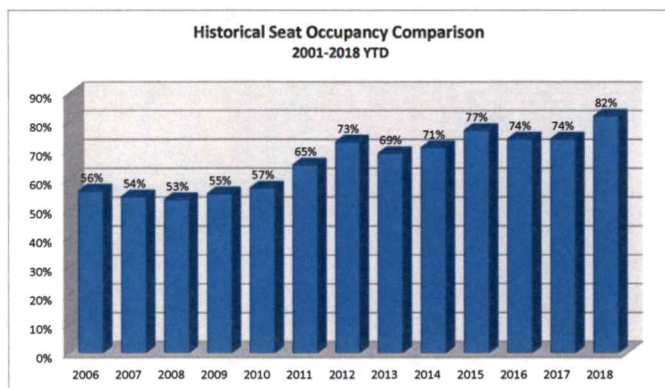
2018 Seat Occupancy																		
Date	Alaska Airlines				Delta Airlines				United Airlines				Seat Occupancy Totals			Seat Occupancy Totals Prior Year Comparison		
	Departure Flights	Seats Available*	Seats Occupied	Percent Occupied	Departure Flights	Seats Available	Seats Occupied	Percent Occupied	Departure Flights	Seats Available	Seats Occupied	Percent Occupied	Total Seats Available	Total Seats Occupied	Total Percent Occupied	Prior Year % Change Total Seats Available	Prior Year % Change Total Seats Occupied	Prior Year % Change Total % Occupied
Jan-18	72	5,472	4,051	74%	56	3,696	3,281	89%	48	3,168	2,430	77%	12,336	9,762	79%	19%	26%	5%
Feb-18	67	5,092	3,949	78%	47	3,102	2,602	84%	46	3,036	2,129	70%	11,230	8,680	77%	8%	15%	4%
Mar-18	76	5,776	4,379	76%	52	3,432	3,193	93%	48	3,168	2,623	83%	12,376	10,195	82%	-15%	-7%	7%
Apr-18	2	152	127	84%	56	3,696	3,305	89%	2	132	134	102%	3,980	3,566	90%	1%	7%	6%
May-18	0	0	0	0%	62	4,092	3,458	85%	0	0	0	0%	4,092	3,458	85%	0%	7%	6%
Jun-18	50	3,400	2,212	65%	77	5,082	4,355	86%	6	396	107	27%	8,878	6,674	75%	-12%	3%	11%
Jul-18	78	5,304	4,457	84%	90	6,300	5,537	88%	62	4,712	3,521	75%	16,316	13,515	83%	-6%	7%	10%
Aug-18	79	5,372	4,542	85%	90	6,210	5,630	91%	62	4,340	3,704	85%	15,922	13,876	87%	-5%	5%	8%
Totals	424	30,568	23,717	78%	530	35,610	31,361	88%	274	18,952	14,648	77%	85,130	69,726	82%	20%	48%	16%
Note:	Total of 68 Seats Available on aircraft for summer months Total of 76 Seats Available on aircraft for winter months				Total of 66 Seats Available on aircraft from Jan. - June Total of 70 Seats starting in July				Total of 76 Seats Available on aircraft									

Note: Total of 68 Seats Available on aircraft for summer months
Total of 76 Seats Available on aircraft for winter months

Total of 66 Seats Available on aircraft from Jan. - June
Total of 70 Seats starting in July

Total of 76 Seats Available on aircraft

*Seats are capped at 68 during some periods in the summer due to weight and balance requirements and other times of the year seats may be capped due to environmental conditions



**AIRLINE OPERATING
AGREEMENT AND TERMINAL BUILDING LEASE**

for

Friedman Memorial Airport

By and between

Friedman Memorial Airport Authority
Hailey, Idaho

AND

TABLE OF CONTENTS

Airline Operating Agreement and Terminal Building Lease	1
Article 1. Definitions	3
1.01 Affiliated Airline	3
1.02 Agreement	3
1.03 Air Transportation Business	3
1.04 Air Transportation Company	4
1.05 Airfield	4
1.06 Airline	4
1.07 Airline Airport Affairs Committee (AAAC)	4
1.08 Airline Premises	4
1.09 Airport	4
1.10 Airport Manager	4
1.11 Amortization	4
1.12 Annual Rates and Charges Schedule	5
1.13 AUTHORITY	5
1.14 Authority Parties	5
1.15 Capital Expenditure	5
1.16 CFR	5
1.17 Common Use Areas	5
1.18 Common Use Formula	5
1.19 Cost Centers	6
1.19.1 Direct Cost Centers	6
1.19.2 Indirect Cost Centers:	6
1.20 Deplaned Passenger	7
1.21 Designated Aircraft Parking Positions	7
1.22 Designated Gates	7
1.23 Enplaned Passenger	7
1.24 Environmental Laws	7
1.25 Exclusive Use Premises	7
1.26 FAA	7
1.27 Fiscal Year	8
1.28 Gate(s)	8
1.29 Ground Handling Services	8
1.30 Hazardous Material	8
1.31 Landing Fee	8
1.32 Maximum Gross Landed Weight	8
1.33 Non-Signatory Airline	9
1.34 Operation and Maintenance Expenses	9
1.35 Passenger Facility Charge (PFC)	9

1.36	Public Space	9
1.37	Rates	9
1.38	Revenue Landing.....	9
1.39	Revenues	10
1.40	Rules and Regulations	10
1.41	Scheduled Air Carrier.....	10
1.42	Signatory Airline	10
1.43	Shared Exclusive Use Formula	10
1.44	Shared Exclusive Use Premises	10
1.45	Substantial Completion	10
1.46	Term	10
1.47	Terminal Building or Terminal	11
1.48	Terminal Aircraft Apron	11
1.49	Terminal Rental Rate.....	11
1.50	TSA	11
Article 2.	Term.....	12
2.01	Term.	12
2.02	Holding Over.....	12
2.03	Early Termination by Authority.	12
Article 3.	Rights and Privileges of Airline.....	13
3.01	AIRLINE Rights and Privileges.....	13
3.02	Exclusions and Reservations.....	16
3.03	Passenger Loading Ramp	18
Article 4.	Premises	19
4.01	Terminal Building Space.....	19
4.02	Gates and Aircraft Parking Positions.	19
4.03	Employee Parking Facilities.....	20
4.04	Construction and Airport Expansion and Inconvenience.	21
4.05	Warranties/Guarantees.	21
4.06	Surrender of Airline's Premises.	21
Article 5.	Rentals, Fees, and Charges	23
5.01	General.	23
5.02	Landing Fees.	23
5.03	Terminal Rentals.	23
5.04	Other Fees and Charges.....	24
5.05	Information to be Supplied by AIRLINE.....	25
5.06	Payments.	26
5.07	Security for Performance.....	27

5.08	No Further Charges.....	29
Article 6.	Changes in Rates for Rentals, Fees, and Charges	30
6.01	Annual Rate Changes.....	30
6.02	Other Rate Changes.....	31
6.03	Incorporation of Exhibit E.....	31
6.04	Settlement.....	31
6.05	AUTHORITY Covenants.....	31
Article 7.	Operation and Maintenance of airport	33
7.01	General.....	33
7.02	Terminal Building.....	33
7.03	AUTHORITY's Right to Inspect and Make Repairs.....	34
7.04	Alterations and Improvements.....	35
7.05	Debts, Liens, Mortgages.....	35
Article 8.	Damage or Destruction of Airline's Premises	36
8.01	Minor Damage.....	36
8.02	Substantial Damage.....	36
8.03	Destruction.....	36
8.04	Damage Caused By AIRLINE.....	37
8.05	AUTHORITY's Responsibilities.....	38
Article 9.	Insurance and Indemnification.....	39
9.01	Indemnification.....	39
9.02	Insurance.....	40
Article 10.	Transfer of Airline's Premises by Assignment or Subletting.....	45
10.01	General.....	45
10.02	AUTHORITY Approval of Assignments.....	45
10.03	AUTHORITY Approval of Subleases.....	45
10.04	Reasons for Disapproval Not Comprehensive.....	46
10.05	Method of Obtaining Approval.....	46
10.06	Administrative Charge.....	46
10.07	AIRLINE to Remain Liable.....	46
10.08	AUTHORITY Determination of Type of Agreement.....	47
Article 11.	Relinquishment of Airline's Premises	48
11.01	Notice of Intent to Relinquish Airline's Premises.....	48
11.02	Non-Waiver of Responsibility.....	48
11.03	Reduction of Rent, Fees, and charges.....	48

Article 12.	Cancellation by AUTHORITY	49
12.01	Events of Default.....	49
12.02	Continuing Responsibilities of AIRLINE.	50
12.03	AUTHORITY's Remedies.....	51
12.04	Remedies Under Federal Bankruptcy Laws.	52
Article 13.	Cancellation by Airline.....	53
13.01	Events of Default.....	53
13.02	AIRLINE's Remedy.	53
Article 14.	Government Inclusion.....	54
14.01	Government Agreements.....	54
14.02	Federal Government's Emergency Clause.....	54
14.03	Nondiscrimination.	54
14.04	Security.....	55
Article 15.	Environmental.....	57
15.01	General Conditions.....	57
15.02	Hazardous Materials.....	58
15.03	Prior Contamination.	59
15.04	Off-Site Contamination.	59
15.05	Stormwater.	59
Article 16.	General Provisions.....	61
16.01	Nonwaiver.	61
16.02	Passenger Facility Charge.	61
16.03	Rights Non-Exclusive.....	61
16.04	Quiet Enjoyment.	61
16.05	Performance.	62
16.06	Aviation Rights.	62
16.07	Rules and Regulations and Operational Directives.	62
16.08	Inspection.	63
16.09	No Individual Liability.....	63
16.10	Relationship of Parties.....	63
16.11	Capacity to Execute.....	63
16.12	Savings.	63
16.13	Successors and Assigns Bound.	64
16.14	Incorporation of Exhibits.....	64
16.15	Titles.....	64
16.16	Severability.....	64
16.17	Amendments.....	64
16.18	Other Agreements.	64

16.19	Approvals.	65
16.20	Notice.	65
16.21	Agent for Service.	65
16.22	Governing Law and Legal Forum.	66
16.23	Force Majeure.	66
16.24	Most Favored Nation.	66
16.25	Entire Agreement.	66

LIST OF EXHIBITS

Exhibit A: Airport Boundaries

Exhibit B: Airline Premises

Exhibit C: Summary of Terminal Areas

Exhibit D: Responsibilities of AUTHORITY and AIRLINE for Operation and Maintenance of the
Terminal Changes in Rates for Rentals and Fees and Charges

Exhibit E: Changes in Rates for Rentals, Fees and Charges

Exhibit F: Affiliated Airline Identification and Requirements

Exhibit G: Statistical Report

**AIRLINE OPERATING
AGREEMENT AND TERMINAL BUILDING LEASE**

THIS AIRLINE OPERATING AGREEMENT AND TERMINAL BUILDING LEASE, made this _____ day of _____, 2018, by and between the Friedman Memorial Airport Authority, an administrative entity formed by Blaine County, Idaho and the City of Hailey, Idaho and governed pursuant to Section 67-2328 of Idaho Code with offices at 1616 Airport Circle, Hailey, Idaho, hereinafter referred to as "AUTHORITY", and _____, a corporation incorporated under the laws of the State of _____, with its principal office at _____, and authorized to business in the State of Idaho, as hereinafter defined and referred to as "AIRLINE".

WITNESSETH

WHEREAS, AUTHORITY operates Friedman Memorial Airport, located in the City of Hailey, Idaho, hereinafter referred to as "Airport"; and

WHEREAS, AUTHORITY has the right to lease and license the use of the property and facilities on the Airport and has full power and authority to enter into this Agreement in respect thereof; and

WHEREAS, AIRLINE is engaged in the business of air transportation of persons, property, cargo, small packages, and mail, and is certificated by the Federal Aviation Administration to provide such services through the Airport; and

WHEREAS, AIRLINE desires to lease certain premises, use certain facilities, and acquire certain rights and privileges from AUTHORITY in connection with its use of the Airport, and AUTHORITY is willing to lease and grant the same to AIRLINE upon the terms and conditions hereinafter stated; and

WHEREAS, AUTHORITY and AIRLINE each certify that their entity has the power and authority to enter into this Agreement;

WHEREAS, AIRLINE and AUTHORITY agree to enter into this Agreement, specifying the rights and obligations of the parties with respect to the operation of the Airport by AUTHORITY and the lease, use and occupancy or use of certain premises of the Airport, including the new and expanded passenger terminal facilities, by AIRLINE;

NOW THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, AUTHORITY and AIRLINE do hereby mutually undertake, promise and agree, each for itself and its successors and assigns as follows:

Article 1. DEFINITIONS

1.01 Affiliated Airline shall mean any Air Transportation Company that: (1) is a parent or subsidiary of AIRLINE, a subsidiary of the parent of AIRLINE or otherwise under common control with AIRLINE; (2) shares an International Air Transport Association (IATA) code with AIRLINE at the Airport; or (3) otherwise operates under essentially the same trade name as AIRLINE or its parent or subsidiary at the Airport or uses essentially the same livery as AIRLINE or its parent or subsidiary at the Airport; provided, however, that no "major" airline, as such term is defined by the FAA, shall be classified as an Affiliated Airline of another "major" airline unless either clause (1) or (3) above defines the relationship between such airlines at the Airport. A Signatory Airline must designate in writing to the AUTHORITY any Air Transportation Company that will be an Affiliated Airline of that Signatory Airline at the Airport. A Signatory Airline must also designate in writing to the AUTHORITY to terminate such Affiliated Airline status of an Air Transportation Company. Affiliated Airlines shall have the rights afforded Airline without payment of any additional charges or premiums, provided AIRLINE (a) remains a Signatory Airline to this Agreement; (b) agrees to be billed for Affiliated Airline's activity at the Airport when such Affiliated Airline is acting on behalf of AIRLINE; and (c) agrees and shall be obligated to serve as a financial guarantor for all rentals, fees, and charges incurred by any Affiliated Airline of AIRLINE while operating on behalf of AIRLINE at the Airport. AIRLINE shall be responsible for any and all unpaid rentals, fees, and charges of any such Affiliated Airline when such Affiliated Airline operates at the Airport as an Affiliated Airline of AIRLINE; provided however, Airline shall only be responsible for such payments as relate to any terminated Affiliated Airline's operations before such termination as an Affiliated Airline of AIRLINE took effect. Termination as an Affiliated Airline of AIRLINE will not occur until Airline notifies the AUTHORITY in writing and such termination will be effective as of the date of such notification.

1.02 Agreement shall mean this Airline Operating Agreement and Terminal Building Lease between AUTHORITY and AIRLINE, as the same may be amended, modified or altered from time-to-time pursuant to the terms hereof.

1.03 Air Transportation Business shall mean that business operated by AIRLINE at the Airport for the commercial transportation by air of persons, property, mail, parcels and/or cargo and all reasonably associated activities.

1.04 Air Transportation Company shall mean a legal entity engaged in the business of scheduled or non-scheduled commercial transportation by air of persons, property, mail, parcels and/or cargo. The term "Air Transportation Companies" shall be construed accordingly.

1.05 Airfield shall mean those portions of the Airport provided for the landing, taking off and taxiing of aircraft, including without limitation, approach and turning zones, aviation or other easements, runways, taxiways, runway and taxiway lights, and other appurtenances in connection therewith.

1.06 AIRLINE shall mean the Air Transportation Company executing this Agreement.

1.07 Airline Airport Affairs Committee (AAAC) shall mean collectively the authorized representatives of each Signatory Airline that shall meet from time-to-time with representatives of AUTHORITY to receive information and provide input from/to the Signatory Airlines with regard to selected operation and development matters of the Airport and, when requested by the chairman of the AAAC, to review and comment on annual rates and charges.

1.08 Airline Premises shall mean those areas in the Terminal leased to AIRLINE as Exclusive Use Premises, Common Use Premises, or Shared Exclusive Use Premises, as defined herein, and shown in Exhibit B, attached hereto.

1.09 Airport shall mean the Friedman Memorial Airport in Hailey, Idaho owned and operated by the AUTHORITY, including all real property easements or any other interest therein as well as all improvements and appurtenances thereto, structures, buildings, fixtures, and all tangible personal property or interest in any of the foregoing, now or hereafter owned leased or operated by AUTHORITY.

1.10 Airport Manager shall mean the AUTHORITY's Airport Manager or such other person designated by AUTHORITY to exercise functions with respect to the rights and obligations of AUTHORITY under this Agreement.

1.11 Amortization shall mean the amount to recover a Capital Expenditure which is not debt financed, and shall be calculated based on the expected useful life of the Capital Expenditure with a rate of return, equivalent to the AUTHORITY's cost of capital as of the date of Substantial Completion of such Capital Expenditure. Amortization will commence on the first day of the

Fiscal Year immediately following date of Substantial Completion of any such Capital Expenditure.

1.12 Annual Rates and Charges Schedule shall mean the notification sent by the AUTHORITY to AIRLINE prior to start of Airport's Fiscal Year that includes a list of all rates and fees for the upcoming Fiscal Year in conformance with Exhibit E of this Agreement.

1.13 AUTHORITY shall mean the Friedman Memorial Airport Authority who is responsible for the management and operation of the Airport pursuant to a Joint Powers Agreement between Blaine County and the City of Hailey, Idaho as provided under Idaho Code 67-2328.

1.14 Authority Parties shall mean the Authority, Blaine County, the City of Hailey, Idaho and their respective Board of Directors, Commissioners, Council persons, Officers, agents, employees, and contractors.

1.15 Capital Expenditure shall mean an expenditure, made to acquire, purchase or construct a single capital item or project for the purpose(s) of improving, maintaining or developing the Airport.

1.16 CFR shall mean The Code of Federal Regulations.

1.17 Common Use Areas shall mean those areas of the Terminal Building, such as the Gates and baggage claim areas, which may be assigned to two or more Air Transportation Companies, as shown on Exhibit B and listed on Exhibit C, attached hereto, the cost of which is prorated among the users based on the Common Use Formula.

1.18 Common Use Formula shall mean that formula which prorates 10 percent (10%) of the cost of a service or space equally among all Scheduled Air Carriers using Common Use Premises and ninety percent (90%) based on the ratio of each Scheduled Air Carrier's Enplaned Passengers using the service or space at the Airport during the month, to the total of all Enplaned Passengers using the service or space at the Airport during the month. Notwithstanding the foregoing, AUTHORITY shall, adjust the computation to reflect enplanements of an additional Scheduled Air Carrier at the Airport or after the deletion of a Scheduled Air Carrier at the Airport. AIRLINE and its Affiliated Airlines shall be considered the same Scheduled Air Carrier for purposes of this Common Use Formula.

1.19 Cost Centers shall mean those areas or functional activities of the Airport used for the purposes of accounting for Revenues, Operating and Maintenance (O&M) Expenses, Amortization, and Capital Expenditures, and used for calculating and adjusting certain rentals, fees, and charges described herein, as they now exist or may hereafter be modified, changed, or developed, as more particularly described below:

1.19.1 Direct Cost Centers

1.19.1.1 Airfield Cost Center includes those portions of the Airport provided for the landing, taking off, and taxiing of aircraft, including the Airport Air Traffic Control Tower.

1.19.1.2 Ground Transportation Cost Center includes Terminal Building access roadways, all roads and other areas and facilities associated with long-term, short-term, rental car, and employee parking.

1.19.1.3 General Aviation Cost Center includes areas provided specifically for the storage and operation of general aviation (GA) aircraft.

1.19.1.4 Other Cost Center includes miscellaneous revenues and expenses, including those associated with cargo, Transportation Security Administration, and interest earnings.

1.19.1.5 Terminal Cost Center includes the Terminal Building, associated curbside entrances, and landscaping surrounding the Terminal Building.

1.19.2 Indirect Cost Centers:

1.19.2.1 Administration Cost Center includes the administrative functions of the Authority.

1.19.2.2 Aircraft Rescue and Fire Fighting (ARFF) Cost Center includes all rescue and firefighting functions at the Airport.

1.19.2.3 Maintenance Cost Center includes maintenance and operations functions at the Airport.

1.19.2.4 Operations and Safety Cost Center includes all functions associated with the Authority's compliance with federal, state, and local safety laws, regulations, and ordinances.

- 1.19.2.5 Security Cost Center includes all police and law enforcement functions at the Airport.
- 1.20 Deplaned Passenger shall mean any passenger disembarking an aircraft at the Terminal.
- 1.21 Designated Aircraft Parking Positions shall mean that portion of the non-exclusive Terminal Aircraft Apron at the Airport that has been designated by the Airport Manager for primary use by AIRLINE.
- 1.22 Designated Gates shall mean Gates within the common-use holdroom of the Terminal Building that have been designated by the Airport Manager for primary use by each Signatory Airline as identified in Exhibit B.
- 1.23 Enplaned Passenger shall mean any passenger boarding an aircraft at the Terminal except for non-revenue passengers, including any such passenger that previously disembarked from another aircraft of the same or a different Air Transportation Company or from the same aircraft, previously operating under a different flight number.
- 1.24 Environmental Laws shall mean all applicable local, state, and federal laws, statutes, ordinances, rules, regulations, and orders concerning or relating to public health and safety, worker/occupational health and safety, and pollution or protection of the environment, including, but not limited to: the Clean Water Act, 33 U.S.C. Section 1251, et seq.; the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), as amended, 42 U.S.C. §§9601, et. seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S. U.S.C. §§1801, et seq.; the Federal Water Pollution Control Act (CWA), as amended, 33 U.S.C §§1251 et seq.; The Resource Conservation and Recovery Act (RCRA), as amended, 42 U.S.C. §§6901, et seq.; and the Toxic Substances Control Act (TSCA), as amended, 15 U.S.C. §§32601,et seq.
- 1.25 Exclusive Use Premises shall mean those portions of the Terminal assigned and leased to AIRLINE, as shown in Exhibits B and C, attached hereto, to which AIRLINE shall have exclusive use.
- 1.26 FAA shall mean the Federal Aviation Administration, or its authorized successor(s).

1.27 Fiscal Year shall mean the annual accounting period of AUTHORITY for its general accounting purposes which, at the time of entering into this Agreement, is the period of twelve consecutive months, ending with the last day of September of any year.

1.28 Gate(s) shall mean those specific areas within the common-use holdroom in the Terminal Building where passengers enplane and deplane aircraft. The term "common use Gate(s)" shall be construed accordingly.

1.29 Ground Handling Services shall mean services provided to an aircraft that prepares the aircraft for flight, such as the guiding and parking of aircraft, catering, loading and unloading of baggage, fuel arrangements, passengers, etc. and also activities such as ticketing and check-in.

1.30 Hazardous Material shall mean: (i) any oil petroleum products, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which pose a hazard to the Airport premises or to the safety and/or health of persons on or about the Airport and /or cause Airline Premises to be in violation of any Environmental Laws; (ii) asbestos in any form, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing regulated levels of polychlorinated biphenyls, or radon gas; (iii) any chemical, material or substance defined as or included in the definition of "hazardous substances", "hazardous waste", "hazardous material", "extremely hazardous waste", "restricted hazardous waste", "toxic substance" or similar words under any Environmental Laws; and/or (iv) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by Environmental Laws, and which may or could pose a hazard to the health and safety of occupants of the Airport, and/or to any person entering upon the Airport or adjacent property.

1.31 Landing Fee shall mean a fee per thousand pounds of the Maximum Gross Landed Weight of each type of AIRLINE's aircraft, which applicable fee shall be multiplied by the total of all Maximum Gross Landed Weight for all Revenue Landings of each type of aircraft landed at the Airport by AIRLINE. The calculation of the annual Landing Fee is set forth in Exhibit E.

1.32 Maximum Gross Landed Weight shall mean the maximum gross certificated landing weight in one thousand-pound units for which each aircraft operated at the Airport by AIRLINE as certificated by the FAA or its successor.

1.33 Non-Signatory Airline shall mean any Air Transportation Company providing service at the Airport that has not signed this Agreement or an agreement substantially similar to this Agreement and is operating under the terms of a separate agreement that has terms that are not more favorable than those offered to Signatory Airline or otherwise set forth in this Agreement. Non-Signatory Airlines shall pay Non-Signatory rates, fees and charges presented in Exhibit E, which will include a 25 percent premium over the rates, fees and charges charged to Signatory Airlines.

1.34 Operation and Maintenance Expenses shall mean expenses, paid or accrued, for the operation, maintenance, and ordinary current repairs of said Airport and shall include, without limiting the generality of the foregoing, insurance premiums, administrative expenses of the AUTHORITY relating solely to the Airport, including engineering, architectural, legal, airport consultants, accounting fees and expenses and such other reasonable current expenses as shall be in accordance with sound accounting practice. O&M Expenses shall not include any allowance for depreciation, amortization, or renewals or replacements or obsolescence of capital assets of the Airport, or any operation and maintenance expenses of Special Purpose Facilities buildings where the lessees thereof are obligated to pay such operation and maintenance expenses.

1.35 Passenger Facility Charge (PFC) shall mean the fees authorized by 49 USC 40117 and regulated by 14 CFR Part 158 as such statute and regulations currently exist or as they may be amended during the Term of this Agreement.

1.36 Public Space shall mean all utility rooms, duct ways, janitorial rooms and closets, stairways, hallways, entrance-ways, public or common use lobbies and areas, public toilet areas and other areas used for the operation, maintenance or security of the Terminal, even if used solely by AUTHORITY.

1.37 Rates shall mean the Landing Fee Rate and the Terminal Rental Rate.

1.38 Revenue Landing shall mean any aircraft landing by AIRLINE at the Airport for which AIRLINE receives revenue, including training flights and diversions by AIRLINE, but excluding any flight, that after having taken off from the Airport and without making a landing at any other airport, returns to land at the Airport because of meteorological conditions, mechanical or operating causes, or any other reason of emergency or precaution.

1.39 Revenues shall mean income accrued by AUTHORITY in accordance with generally accepted accounting practices, including investment earnings, from or in connection with the ownership or operation of the Airport or any part thereof, or the leasing or use thereof, but do not include PFCs.

1.40 Rules and Regulations shall mean reasonable and nondiscriminatory rules and regulations as may be established by the AUTHORITY, and as may be amended from time-to-time, provided that they shall not materially increase AIRLINE's obligations or decrease AIRLINE's rights hereunder.

1.41 Scheduled Air Carrier shall mean any Air Transportation Company performing or desiring to perform, pursuant to published schedules, seasonal or non-seasonal commercial air transportation services over specified routes to and from the Airport and holding the necessary authority from the appropriate federal or state agencies to provide such transportation.

1.42 Signatory Airline shall mean an Air Transportation Company that has executed an agreement with the AUTHORITY substantially similar to this Agreement, and that leases ticket counter and office space in the Terminal Building deemed sufficient by the Airport Manager in his or her reasonable discretion to support its operation.

1.43 Shared Exclusive Use Formula shall mean a formula which prorates the cost of Shared Exclusive Use Premises among those Air Transportation Companies using the space so that each user pays fifty (50) percent of the space.

1.44 Shared Exclusive Use Premises shall mean those areas of the Terminal Building, such as airline ticket counters and offices, which may be assigned to two Air Transportation Companies, as shown on Exhibits B and C, attached hereto, the cost of which is prorated among the users based on the Shared Exclusive Use Formula.

1.45 Substantial Completion shall mean the date on which AUTHORITY's architects and/or engineers certify any premises, or project, at the Airport to be substantially complete as to permit use and occupancy by AIRLINE.

1.46 Term shall mean the period of time during which AIRLINE's activities at the Airport shall be governed by this Agreement. Said Term shall begin on the Effective Date, and, except as otherwise set forth herein, terminate on the date set forth in Article 2.

1.47 Terminal Building or Terminal shall mean the passenger terminal building at the Airport.

1.48 Terminal Aircraft Apron shall mean those areas of the Airport that are designated for the parking of commercial passenger aircraft and support vehicles, and the loading and unloading of passenger aircraft.

1.49 Terminal Rental Rate shall mean fees and charges imposed by AUTHORITY on a per square foot basis for the use of the Airline Premises. The calculation of the annual Terminal Rental Rate is set forth in Exhibit E.

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

Words and phrases used in this Agreement but not defined herein shall have their usual and customary meaning.

Article 2. TERM

2.01 Term.

The Term of this Agreement shall be for five (5) years beginning on January 1, 2019 (hereinafter the "Effective Date"), and ending December 31, 2024 (hereafter the "Term"), and the rentals, fees, and charges established in this Agreement shall apply to said Term regardless of the executed date of this Agreement.

2.02 Holding Over.

Holding over by AIRLINE after the expiration of the Agreement without the consent of AUTHORITY shall not operate to extend or renew this Agreement. Any such holding over shall be construed as a tenancy from month-to-month and AIRLINE will pay Non-Signatory Airline rentals, rates and charges until a new agreement is executed; provided, however, that if AIRLINE and AUTHORITY are negotiating a substitute agreement for this Agreement in good faith, AIRLINE shall continue to pay the then-applicable rental rates, fees and charges for Signatory Airlines.

2.03 Early Termination by Authority.

In the event that AUTHORITY determines, at its sole discretion, that the Airport will no longer be operated as a public airport, AUTHORITY shall promptly notify Lessee, in writing, of such determination and this Lease shall terminate on the date which is one (1) year from the date of delivery by AUTHORITY of such notice. In no event shall Lessee be entitled to the payment of damages of any type or kind as a result of such early termination of this Lease by Lessor.

Article 3. RIGHTS AND PRIVILEGES OF AIRLINE

3.01 AIRLINE Rights and Privileges.

In addition to all rights granted elsewhere in this Agreement, AIRLINE shall have the right to use, in common with others so authorized by AUTHORITY, areas, other than areas leased exclusively or on a shared basis to others, facilities, equipment, and improvements at the Airport for the operation of AIRLINE's Air Transportation Business and all activities reasonably necessary to such operations, including but not limited to:

A. The landing, taking off, flying over, taxiing, towing, and conditioning of AIRLINE's aircraft and, in areas designated by AUTHORITY, the extended parking, servicing, deicing, loading or unloading, storage, or maintenance of AIRLINE's aircraft and support equipment subject to this Section 3.01, the availability of space, and such reasonable charges and regulations as AUTHORITY may establish; provided, however, AIRLINE shall not permit the use of the Airfield by any aircraft operated or controlled by AIRLINE which exceeds the design strength or capability of the Airfield as described in the then-current FAA-approved Airport Layout Plan (ALP) or other engineering evaluations performed subsequent to the then-current ALP, including the then-current Airport Certification Manual and FAA Form 5010-1, Airport Master Record.

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

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

D. The purchase at the Airport of fuels, lubricants, and any other supplies and services, from any person or company, subject to AUTHORITY's right to require that each provider of services

and/or supplies to AIRLINE secures a permit from AUTHORITY to conduct such activity at the Airport, pays required fees (provided that no fees shall be charged or assessed for Ground Handling Services), and abides by all reasonable rules and regulations established by AUTHORITY. No discriminatory limitations or restrictions shall be imposed by AUTHORITY that interfere with such purchases; provided, however, nothing herein shall be construed to permit AIRLINE to store aviation fuels at the Airport. The granting of the right to store aviation fuels shall be subject to the execution of a separate agreement between AIRLINE and AUTHORITY.

E. The servicing by AIRLINE or its suppliers of aircraft and other equipment being utilized at the Airport by AIRLINE on the Terminal Aircraft Apron or such other locations as may be designated by the Airport Manager.

F. The loading and unloading of persons, property, cargo, parcels and mail by motor vehicles or other means of conveyance reasonably approved by AUTHORITY on the Terminal Aircraft Apron or such other locations as may be designated by the Airport Manager; provided AIRLINE shall not use the Terminal Aircraft Apron immediately adjacent to the passenger Terminal to load or unload all-cargo aircraft unless otherwise authorized in writing by AUTHORITY.

G. The provision, either alone or in conjunction with other Air Transportation Companies or through a nominee, of skycap service for the convenience of the public, at no cost to AUTHORITY.

H. The installation and maintenance, at AIRLINE's sole cost and expense, of identifying signs in AIRLINE's Exclusive Use Premises and Shared Exclusive Use Premises. Installation shall be subject to the prior written approval of the Airport Manager, which approval shall not be unreasonably withheld, conditioned, or delayed. The general type and design of such signs shall be in compliance with AUTHORITY's rules and regulations regarding tenant signage. All identifying signage previously approved by the Airport Manager and installed as of the Effective Date is deemed to be approved. Signage will not be permitted in areas other than AIRLINE's Exclusive Use Premises and Shared Exclusive Use Premises.

I. The installation, maintenance, and operation, at no cost to AUTHORITY, of such radio communication, company telephone system, computer, meteorological and aerial navigation equipment, and facilities on AIRLINE's Exclusive Use Premises and Shared Exclusive Use Premises as may be necessary or convenient for the operation of its Air Transportation Business; provided, however, that except for equipment and facilities already in place, such installations shall be subject to the prior

written approval of the Airport Manager, which shall not be unreasonably withheld, conditioned, or delayed. Prior to any written approval, AIRLINE shall provide the Airport Manager with all reasonably necessary supporting documentation related to such installations. Installation, maintenance, and operation, of such radio communication, company telephone system, computer, meteorological and aerial navigation equipment, and facilities will not be permitted in areas other than AIRLINE's Exclusive Use Premises and Shared Exclusive Use Premises.

J. Such rights of way as may reasonably be required by AIRLINE for communications, computer equipment, teletype, telephone, interphone, conveyor systems and power, and other transmission lines in AIRLINE's Exclusive Use Premises and Shared Exclusive Use Premises, subject to the availability of space and/or ground areas as determined by the Airport Manager. AIRLINE shall provide AUTHORITY with an engineer's or architect's drawing depicting the routing of such cabling for approval by AUTHORITY prior to engaging in any such work. AUTHORITY reserves the right to require the execution of a separate agreement between AUTHORITY and AIRLINE for the lease and use of such space and/or ground area outside Terminal areas or to provide such service directly to AIRLINE.

K. The installation of personal property, including furniture, furnishings, computers, supplies, machinery, equipment, computers, and supplies in AIRLINE's Exclusive Use Premises and Shared Exclusive Use Premises as AIRLINE may deem necessary, useful or prudent for the operation of its Air Transportation Business. Title to such personal property shall remain with AIRLINE, subject to the provisions of this Agreement. Installation of personal property, including furniture, furnishings, computers, supplies, machinery, equipment, computers, and supplies will not be permitted in areas other than AIRLINE's Exclusive Use Premises and Shared Exclusive Use Premises, provided that AIRLINE shall be permitted to install such furniture, furnishings, computers, supplies, machinery, equipment, computers, and supplies in the Common Use Areas as are reasonably necessary to support its operations in such areas.

L. The construction of modifications, finishes, and improvements in AIRLINE's Exclusive Use Premises and Shared Exclusive Use Premises as AIRLINE may deem necessary or prudent for the operation of its Air Transportation Business.

M. AIRLINE shall have the right to ingress to and egress from the Airport and Airline Premises for AIRLINE's officers, employees, agents, and invitees, including passengers, suppliers of materials, furnishers of services, aircraft, equipment, vehicles, machinery and other property. Such right shall be subject to 49 CFR Part 1542, applicable laws, and the AUTHORITY's right in accordance with

its applicable law to establish reasonable and nondiscriminatory Rules and Regulations governing (i) the general public, including AIRLINE's passengers, and, (ii) access to non-public areas at the Airport by AIRLINE's employees, suppliers of materials, and furnishers of services; provided, however, any such Rules and Regulations of AUTHORITY shall not unreasonably interfere with the operation of AIRLINE's Air Transportation Business and shall be applied in a non-discriminatory manner. AUTHORITY may at any time temporarily or permanently close, re-route, or consent to or request the closing or re-routing of any roadway or access 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 AUTHORITY 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 so long as a means of ingress and egress reasonably equivalent is concurrently made available to AIRLINE.

N. Nothing in this paragraph shall prohibit AIRLINE from (i) providing food and beverages, at AIRLINE's sole cost and expense during irregular operations. AIRLINE shall not install vending machines of any type in its Airline Premises without obtaining written approval of the Airport Manager, however, all vending machines previously approved by the Airport Manager and installed as of the Effective Date are hereby deemed to be approved.

O. Such other uses as are typical for an Air Transportation Company at an Airport.

P. The rights and privileges granted to AIRLINE pursuant to this Article 3 may be exercised on behalf of AIRLINE by other Signatory Airlines or contractors authorized by AUTHORITY to provide such services at the Airport, subject to the prior written approval of AUTHORITY and further subject to all laws, rules, regulations, rates, and charges as may be applicable to the activities undertaken, a copy of which is posted on the AUTHORITY'S website.

AIRLINE may exercise on behalf of any other Air Transportation Company having an operating agreement or permit with AUTHORITY any of the rights granted AIRLINE herein, so long as AIRLINE is concurrently exercising those same rights in the operation of AIRLINE's own Air Transportation Business at the Airport, subject to other provisions of this Agreement with respect to AUTHORITY Rules and Regulations for the Airport and provided AIRLINE notifies AUTHORITY of such arrangement.

3.02 Exclusions and Reservations.

Nothing in this Article 3 shall be construed as authorizing AIRLINE to conduct any business

separate and apart from the conduct of its Air Transportation Business.

AIRLINE shall not knowingly interfere or authorize interference with the use, operation, or maintenance of the Airport, including but not limited to, the effectiveness or accessibility of the drainage, sewerage, water, communications, fire protection, utility, electrical, or other systems installed or located from time-to-time at the Airport; and AIRLINE shall not engage in any activity prohibited by AUTHORITY's noise abatement procedures as implemented, amended, or supplemented from time-to-time.

As soon as reasonably possible after release from proper authorities, AIRLINE shall remove any of its disabled aircraft from the Airfield or the Terminal Aircraft Apron, shall place any such disabled aircraft only in such storage areas as may be reasonably designated by the Airport Manager, or at AIRLINE's discretion, to an off-Airport location, and shall store such disabled aircraft at the Airport only upon such terms and conditions as may be reasonably established by the Airport Manager. In the event AIRLINE shall fail to remove any of its disabled aircraft as expeditiously as possible, AUTHORITY may, but shall not be obligated to, cause the removal of such disabled aircraft. AIRLINE shall pay to AUTHORITY, within forty-five (45) days after the receipt of invoice, the costs incurred for such removal plus fifteen percent (15%).

AIRLINE shall not do or authorize to be done anything, either by act or failure to act, that shall cause the cancellation or violation of the provisions, or any part thereof, of any policy of insurance carried by the AUTHORITY for the Airport, or that shall cause a hazardous condition so as to increase the risks normally attendant upon operations permitted by this Agreement. If AIRLINE shall do or authorize to be done any act not permitted under this Agreement, or fail to do any act required under this Agreement, regardless of whether such act shall constitute a breach of this Agreement, which act or failure, in and of itself, causes an increase in AUTHORITY's insurance premiums, AIRLINE shall immediately remedy such actions and/or pay the increase in premiums, upon written notice from AUTHORITY to do so.

AIRLINE shall not maintain or operate in the Terminal or elsewhere at the Airport a cafeteria, restaurant, bar, or cocktail lounge for the purpose of selling food and beverages to the public or to AIRLINE's employees and passengers, except as may be permitted under Section 3.01N, above.

AUTHORITY may, at its sole option, install or cause to be installed advertising and revenue generating devices, including vending machines, in Common Use Premises provided, however, that such installations shall not unreasonably interfere with AIRLINE's operations authorized hereunder or

substantially diminish the square footage contained in Airline Premises.

Any and all rights and privileges not specifically granted to AIRLINE for its use of and operations at the Airport pursuant to this Agreement are hereby reserved for and to AUTHORITY.

3.03 Passenger Loading Ramp

A. AIRLINE shall be responsible for providing boarding assistance to individuals with disabilities as required by 14 CFR Part 382 and 49 CFR Part 27; provided however, AIRLINE shall have the right, on a non-exclusive, non-preferential basis with other authorized users thereof, to provide such assistance by utilizing the AUTHORITY-owned passenger loading ramp in conjunction with its Air Transportation Business at the Airport. AIRLINE, not the AUTHORITY, shall be responsible for providing the personnel necessary to operate the apparatus. AIRLINE's personnel shall operate the apparatus in conformance with all written operating instructions and recommendations promulgated by the manufacturer of the apparatus.

B. AUTHORITY shall be responsible for the storage, maintenance, and repair of the apparatus; provided however: (a) AUTHORITY may include the costs associated with such storage, maintenance and repair in the Airfield Cost Center; and (b) AIRLINE shall be obligated to reimburse AUTHORITY for the cost of all repairs necessitated by AIRLINE's negligent operation of the apparatus, or operation of the apparatus by AIRLINE contrary to manufacturer's written instructions and recommendations provided to AIRLINE.

C. AIRLINE shall hold AUTHORITY and its employees and officers harmless from, and indemnify against, any claims for personal injury, property damage, or consequential losses, subject to policy terms, conditions, limitations and exclusions, that might be brought by AIRLINE, and of AIRLINE's officers, directors, agents, representatives, or employees, or by any third party whomsoever, stemming from the AIRLINE's use or operation of the apparatus; provided, however, that AIRLINE shall not be obligated to hold AUTHORITY, its employees, and officers harmless from, or to indemnify against, any claim based upon the AUTHORITY's, its employee's or officers or another Air Transportation Company's negligence negligent maintenance or repair of the apparatus.

Article 4. PREMISES

4.01 Terminal Building Space.

For the Term of this Agreement, AIRLINE shall lease or use the areas in the Terminal Building as shown in Exhibits B and C.

In the event that changes to Exhibits B or C are made to reflect changes in the leased premises of others, or to reflect other space changes in Public Space and Common-Use Areas, then in such event said revised exhibits may be substituted herein without the necessity for amendment of this Agreement. In the event of any changes to Exhibits B or C, AUTHORITY will provide thirty (30) days' advanced written notice to AIRLINE before the changes take effect. If the changes modify the current Fiscal Year Rates, AIRLINE will be permitted to comment on the changes prior to them being adopted. Revised Exhibits B and/or C will need to be dated and signed by an authorized representative of the AUTHORITY and the AIRLINE. Notwithstanding anything contained herein to the contrary, nothing contained herein shall give the AUTHORITY the right to amend or otherwise revise the Airline Premises or the AIRLINE's rights to use the Airline Premises or other premises at the Airport without AIRLINE's prior written consent.

4.02 Gates and Aircraft Parking Positions.

Designated Gates. Gates within the Common Use Areas shall be designated by the Airport Manager for use by the Signatory Airlines from time to time in accordance with reasonable and non-discriminatory AUTHORITY policy. Designated Gates for each Signatory Airline are identified in Exhibit B. The Airport Manager shall use his/her good faith and best efforts to honor Signatory Airline Designated Gate locations; however, reserves the right to reassign Designated Parking Positions as necessary, due to irregular operations, capacity issues, or other disruptions to scheduled use of said Designated Gates.

AIRLINE will have the sole right to the use of Designated Gates for scheduled and unscheduled flights. Use of a Designated Gate shall include use of any existing podium and/or associated Gate facilities. AIRLINE may install additional Gate facilities at its own cost, subject to the approval of the Airport Manager which shall not be unreasonably withheld, conditioned or delayed. Seating in the Gate area shall be available to all users of the Terminal Building regardless of AIRLINE association.

Unassigned Gates. To the extent there are gates not designated for use in the Common Use Area, such Gates are available for use by Signatory and Non-Signatory Airlines. Use of undesignated Gates shall be coordinated in advance with the Airport Manager. Approval for such use shall not be unreasonably withheld, conditioned or delayed. Use of undesignated Gates shall be subject to the fees and charges specified in Article 5.

Temporary Reassignment of Gates. The Airport Manager may re-designate Gate use on a temporary non-discriminatory basis to accommodate emergency or extraordinary situations. Such temporary reassignment shall be coordinated with AIRLINE as far in advance as practicable, and shall be accomplished in a manner that has the least possible impact on AIRLINE's operation.

Permanent Re-designation of Gates. The Airport Manager reserves the reasonable right to permanently change Designated Gates. Prior to making a decision regarding an involuntary Gate re-designation, the Airport Manager shall consult with the affected AIRLINE or AIRLINES as applicable. The decision of the Airport Manager will be final and binding on all parties. In the event of an involuntary Gate re-designation, the AUTHORITY or instigating Air Transportation Company, shall be responsible for all costs associated with the relocation of the affected AIRLINE or Signatory Airlines to include but not be limited to cost for relocating and reinstallation of podium, backwall, signage, telecommunication and technology, and associated operations area and the unamortized cost of any improvements installed by AIRLINE at the original Gate.

Termination of gate designations. Subject to interruption in service resulting from events stipulated in Section 16.23, in the event that AIRLINE discontinues use of a Gate or Gates for scheduled airline service for more than 30 consecutive days, the AUTHORITY, after considering the seasonality of some air service at the Airport, reserves the right to terminate such designation(s) and re-designate the Designated Gate(s) at its discretion in a nondiscriminatory manner.

Aircraft Parking. AIRLINE shall be entitled to park aircraft at its Designated Gates without prior coordination with the Airport Manager. AIRLINE shall be entitled to park aircraft at undesignated Gates, if any, on a first come/first served basis, subject to the advance coordination requirements outlined in this Section 4.02. Aircraft parking at all other locations on the Airport shall be approved by the Airport Manager on a nondiscriminatory case-by-case basis.

4.03 Employee Parking Facilities.

AIRLINE shall, subject to reasonable and non-discriminatory charges as defined in Section

5.04(H), have the right to use the automobile parking facilities for its employees. Such facilities are located in an area designated by the Airport Manager, however, such area(s) shall not be used for the long-term storage of vehicles or trailers. Long-term shall mean periods greater than two (2) weeks.

4.04 Construction and Airport Expansion and Inconvenience.

AUTHORITY shall have the right, at such times as may be reasonable under the circumstances, to close, relocate, reconstruct, change, alter, or modify Airline's Premises and/or the means of access to Airline's Premises pursuant to this Agreement or otherwise, either temporarily or permanently for purposes of maintaining or constructing improvements, modifications, or expansions to the Terminal Building, including construction of Capital Improvements; provided, however, that AUTHORITY shall provide: (1) reasonable notice of the construction activities to AIRLINE and (2) adequate means of ingress and egress for Airline's Premises or, in lieu thereof, alternate premises of comparable size and finish to the extent possible with adequate means of ingress and egress, and reimbursements as provided in Section 4.02.

4.05 Warranties/Guarantees.

AUTHORITY makes no warranty, guarantee, or averment of any nature whatsoever of the physical condition of the Airline Premises, and it is agreed that the AUTHORITY shall not be responsible for any loss, damage or cost which may be incurred by AIRLINE by reason of any such physical condition except to the extent AUTHORITY breaches the terms of this Agreement.

4.06 Surrender of Airline's Premises.

Surrender of Airline's Premises. AIRLINE covenants and agrees that on expiration of the Term of this Agreement, or earlier termination as hereinafter provided, it will peaceably surrender possession of Airline's Premises leased hereunder in substantially the condition in which they existed at the commencement of this lease, normal wear and tear and damage by casualty and condemnation excepted.

Removal of Trade Fixtures, Equipment and Personal Property. AIRLINE shall have the right, on expiration or early termination of this Agreement and within thirty (30) consecutive calendar days thereafter, to remove or dispose of all trade fixtures and equipment and other personal property placed or installed by it at its expense, in, on, or about the Airport. AIRLINE shall not be entitled to remove permanent or non-trade fixtures without the advance written consent of AUTHORITY which consent shall not be unreasonably withheld, conditioned or delayed.

Removal Damages. In the event AIRLINE removes its trade fixtures and equipment and other personal property described in this Section 4.06, and/or is allowed to remove its non-trade fixtures and removes such fixtures, AIRLINE shall repair any damage caused by such removal, reasonable wear and tear excepted. Removal and repair shall be at AIRLINE's expense.

Ownership of Trade Fixtures, Equipment and Personal Property Not Removed. In the event AIRLINE fails to remove its property within thirty (30) consecutive calendar days of the effective date of termination of this Agreement, or such other period of time agreed to in writing by the parties, AUTHORITY shall have the option of (1) removing and disposing of AIRLINE property at AIRLINE's expense; or (2) taking title to AIRLINE property.

Article 5. RENTALS, FEES, AND CHARGES

5.01 General.

AIRLINE shall pay AUTHORITY rentals for use of Airline Premises, and fees and charges for the other rights, licenses, and privileges granted hereunder during the Term of this Agreement as and to the extent set forth herein. The rentals, fees, and charges payable by all Signatory Airlines for the Airfield and, with respect to the Terminal, the rentals, fees, and charges payable by Signatory Airlines leasing space in the Terminal, shall be as set forth in Exhibit E.

5.02 Landing Fees.

AIRLINE shall pay monthly to AUTHORITY fees for Revenue Landings for the preceding month. AIRLINE's Landing Fees shall be determined as the product of the Landing Fee rate for the period, as presented in Exhibit E, attached hereto, and AIRLINE's total Maximum Certificated Gross Landing Weight for the month. AIRLINE's Maximum Certificated Gross Landing Weight for the month shall be determined as the sum of the products obtained by multiplying the Maximum Certificated Gross Landing Weight of each type of AIRLINE's aircraft by the number of Revenue Landings of each said aircraft during such month.

5.03 Terminal Rentals.

For the Term of this Agreement, AIRLINE's Terminal rentals shall be determined as the sum of AIRLINE's rentals for Common Use Premises, Exclusive Use Premises, and Shared Exclusive Use Premises. AIRLINE's rental payment for Exclusive Use Premises shall be determined as the sum of the products obtained by multiplying the rental rate for the period, as presented in Exhibit E, by the amount of the corresponding type of space leased by AIRLINE as Exclusive Use Premises as set forth in Exhibits B and C.

AIRLINE's rental payment for Common Use Area Premises shall be paid on a prorated basis among the Air Transportation Companies using the Common Use Formula. AUTHORITY shall invoice each Air Transportation Company based on the Monthly Activity Reports as provided in Section 5.05.

Total Terminal rentals for Shared Exclusive Use Premises shall be calculated annually as the product of the Terminal rental rates for the period calculated in accordance with Exhibit E, and the

amount of each category of Shared Exclusive Use Premises. AIRLINE's share of the total Terminal rentals due each month for Shared Exclusive Use Premises shall be determined in accordance with the Shared Exclusive Use Formula.

For inclusion in the Common Use Formula and Shared Exclusive Use Formula, AIRLINE shall include in its monthly report of Enplaned Passengers and Deplaned Passengers the total number of Enplaned Passengers and Deplaned Passengers handled or otherwise accommodated by AIRLINE for its Affiliated Airlines and other Air Transportation Companies handled by AIRLINE and not having an agreement with AUTHORITY that provides for the direct payment to AUTHORITY of appropriate charges for the use of Common Use and Shared Exclusive Use Premises.

5.04 Other Fees and Charges.

AUTHORITY expressly reserves the right to assess and collect the following:

- A. Reasonable and non-discriminatory fees for services subject to the requirements of Section 3.01 provided by AIRLINE to Air Transportation Companies that are not Signatory Airlines or to AIRLINE by Air Transportation Companies that are not Signatory Airlines subject to requirements of Section 3.01 of this Agreement, if such services or concessions are otherwise provided by a concessionaire or licensee of AUTHORITY.
- B. To the extent not otherwise included herein, pro rata shares of any charges for the provision of any services or facilities which AUTHORITY is required or mandated to provide by any governmental entity (other than AUTHORITY acting within its proprietary capacity) having jurisdiction over the Airport.
- C. A fuel flowage fee for fuel delivered to AIRLINE's aircraft. Prior to charging the AIRLINE a fuel flowage fee, the Airport Manager shall consult with AIRLINE.
- D. Additional charges for extraordinary usage of electricity or other utilities, facilities, or services provided at the Airport that are greater than the basic utilities, facilities, or services provided that are included in the normal rental rates and landing fees.
- E. AUTHORITY shall have the right to assess and collect Passenger Facility Charges

in accordance with applicable laws and regulations. Proceeds of Passenger Facility Charges shall be used for projects which have been approved through the procedures established by the FAA.

- F. AUTHORITY reserves the right to charge AIRLINE or its employees a reasonable and non-discriminatory fee for the employee parking area(s) provided at the Airport and for issuance of Airport identification badges required by 49 CFR Part 1542 of Federal Aviation Regulations.

AIRLINE shall pay all applicable sales, use, intangible and ad valorem taxes of any kind, assessed against Airline Premises, the real property and any improvements thereon or leasehold estate created herein, or which result from AIRLINE's occupancy or use of Airline Premises whether levied against AIRLINE or AUTHORITY. AIRLINE shall also pay any other taxes or assessments against Airline Premises or leasehold estate created herein. AUTHORITY agrees to immediately forward to AIRLINE any notices of such taxes and assessments due upon receipt of same.

5.05 Information to be Supplied by AIRLINE.

Not later than ten (10) days after the end of each month, AIRLINE shall file with AUTHORITY separate written reports on forms provided by AUTHORITY and included as samples in Exhibit G, attached hereto, for activity conducted by AIRLINE during said month, and for activity handled by AIRLINE for each Air Transportation Company not having an agreement with AUTHORITY providing for its own submission of activity data to AUTHORITY. Such activity reporting shall include, but not be limited to (1) AIRLINE's total number of aircraft arrivals for the month by type of aircraft, the Maximum Certificated Gross Landing Weight of each aircraft and the total landed weight for the month; (2) total number of Enplaned Passengers and Deplaned Passengers, including connecting passengers; (3) the amount of enplaned and deplaned cargo (mail, freight, and express – in pounds) for such month; and (4) the amount of de-ice fluid (in gallons) for such month.

AUTHORITY shall have the right to rely on said activity reports in determining rentals and charges due hereunder. AIRLINE shall have full responsibility for the accuracy of said reports. Payment deficiencies due to incomplete or inaccurate activity reports shall be subject to charges as set forth in Section 5.06.

AIRLINE shall at all times maintain and keep records reflecting the activity statistics of AIRLINE's activities at the Airport to be reported pursuant to this Article 5. Such records shall be

retained by AIRLINE for a period of three (3) years subsequent to the activities reported therein, or such other retention period as set forth in 14 CFR Part 249, and upon prior written notice to AIRLINE shall be made available at Hailey, Idaho for audit and/or examination by AUTHORITY or its duly authorized representative during all normal business hours. AIRLINE shall produce such books and records at Hailey, Idaho within thirty (30) calendar days of AUTHORITY's written notice to do so or pay all reasonable expenses, including but not limited to transportation, food, and lodging, necessary for an auditor selected by AUTHORITY to audit said books and records.

The cost of audit, with the exception of the aforementioned expenses, shall be borne by AUTHORITY; provided, however, the total out-of-pocket cost of said audit shall be borne by AIRLINE if either or both of the following conditions exist:

- (1) The audit reveals an underpayment of more than ten percent (10%) in aggregate of rentals, fees, and charges due on an annual basis hereunder, as determined by said audit;
- (2) AIRLINE has failed to maintain true and complete records in accordance with this Section 5.05.

Whenever AIRLINE adds or deletes service or adjust the times of flight arrivals or departures, AIRLINE shall promptly provide AUTHORITY with a new Gate operations schedule no later than the twenty-fifth (25) day of the month on a monthly basis.

5.06 Payments.

Payments of one-twelfth (1/12) of the total annual rentals for AIRLINE's Exclusive Use Premises shall be due in advance, without demand or invoice, on the first day of each month. Said rentals and charges shall be deemed delinquent if payment is not received by the tenth (10) day of the month.

Payment of AIRLINE's Landing Fees shall be due twenty-five (25) days from AIRLINE's receipt of AUTHORITY's invoice.

Payment of AIRLINE's Common Use Premises shall be due twenty-five (25) days from the AIRLINE's receipt of AUTHORITY's invoice.

Payment for Shared Exclusive Use Premises shall be due twenty-five (25) days from AIRLINE's receipt of AUTHORITY's invoice.

Payment for all other fees and charges due hereunder, shall be due twenty-five (25) days from AIRLINE's receipt of AUTHORITY's invoice.

AUTHORITY shall provide notice of any and all payment delinquencies, including payments of any deficiencies which may be due as a result of AUTHORITY's estimates of activity pursuant to this Section , or due to an audit performed pursuant to this Section ; provided, however, AUTHORITY shall have the right to charge interest at a rate of one and one-half percent (1.5%) monthly against any and all delinquent payment(s) from the due date until the date payments are received by AUTHORITY. This provision shall not preclude AUTHORITY from canceling this Agreement for default in the payment of rentals, fees, or charges, if the default is not cured by AIRLINE within 30 days of the payment due date, or from exercising any other rights contained herein or provided by law, subject to notice and opportunity to cure as provided hereunder.

In the event AIRLINE fails to submit its monthly activity reports as required in this Section, AUTHORITY may assess to AIRLINE a penalty fee of Two Hundred Fifty Dollars (\$250.00).

In the event AIRLINE's obligations with respect to Airline Premises or rights, licenses, or privileges granted hereunder shall commence or terminate on any date other than the first or last day of the month, AIRLINE's rentals, fees, and charges shall be prorated on the basis of the number of days such premises, facilities, rights, licenses, services, or privileges were enjoyed during that month.

All payments due and payable hereunder shall be paid in lawful money of the United States of America, without set off, by check made payable to AUTHORITY and delivered to:

Via U.S. Mail or Express Mail

Airport Manager
Friedman Memorial Airport
1616 Airport Circle
Hailey, Idaho 83333

5.07 Security for Performance.

Unless AIRLINE or an Affiliated Airline has provided regularly scheduled flights to and from the Airport during the eighteen (18) months prior to the effective date of this Agreement without the

occurrence of any act or omission that would have been an event enumerated in Section 12.01 of this Agreement, if this Agreement had been in effect during that period, and any such act or omission remains uncured, AIRLINE shall provide AUTHORITY on the Effective Date of this Agreement with a contract bond, irrevocable letter of credit or other similar security acceptable to AUTHORITY ("Contract Security") in an amount equal to the estimate of three (3) months' rentals, fees, and charges payable by AIRLINE (excluding PFCs) pursuant to this Article 5, to guarantee the faithful performance by AIRLINE of its obligations under this Agreement and the payment of all rentals, fees, and charges due hereunder. Scheduled Air Carriers that provide seasonal service must have provided regular service pursuant to its seasonal flight schedule over the previous twenty-four (24) months. AIRLINE shall be obligated to maintain such Contract Security in effect until the expiration of twelve (12) consecutive months during which period AIRLINE commits no event enumerated in Section 12.01 of this Agreement. Such Contract Security shall be in a form and with a company reasonably acceptable to AUTHORITY and licensed to do business in the State of Idaho. In the event that any such Contract Security shall be for a period less than the full period required by this Section or if Contract Security shall be canceled, AIRLINE shall provide a renewal or replacement Contract Security for the remaining required period at least sixty (60) days prior to the date of such expiration or cancellation.

In the event AUTHORITY is required to draw down or collect against AIRLINE's Contract Security for any reason, AIRLINE shall, within ten (10) business days after AUTHORITY's written demand, take such action as may be necessary to replenish the existing Contract Security to its original amount (three months' estimated rentals, fees, and charges) or to provide additional or supplemental Contract Security from another source so that the aggregate of all Contract Security is equal to three months' estimated rentals, fees, and charges payable by AIRLINE pursuant to this Article 5.

In addition to the foregoing, upon the occurrence of any AIRLINE act or omission that is an event enumerated in Section 12.01, or upon AIRLINE's election to assume this Agreement under Federal Bankruptcy Rules and Regulations and Federal Judgeship Act of 1984 or any successor statute, as such may be amended, supplemented, or replaced, AUTHORITY, by written notice to AIRLINE given at any time within ninety (90) days of the date such event becomes known to AUTHORITY, may impose or reimpose the requirements of this Section on AIRLINE. In such event, AIRLINE shall provide AUTHORITY with the required Contract Security within ten (10) days from its receipt of such written notice and shall thereafter maintain such Contract Security in effect until the expiration of a period of twelve (12) consecutive months during which AIRLINE commits no additional event enumerated in Section 12.01 or the termination of bankruptcy proceedings, whichever is later.

If AIRLINE shall fail to obtain and/or keep in force such Contract Security required hereunder

beyond any notice and cure period, such failure shall be grounds for immediate cancellation of this Agreement pursuant to Section 12.01. AUTHORITY'S rights under this Section 5.07 shall be in addition to all other rights and remedies provided to AUTHORITY under this Agreement.

AIRLINE and AUTHORITY agree that this Agreement constitutes an 'executory contract' for the purposes of Section 365 of the United States Bankruptcy Code (Title 11 USC) subject to assumption or rejection, and subject to the terms and conditions of assumption or rejection, as provided in said Section 365. Furthermore, AIRLINE and AUTHORITY agree that any Contract Security provided by AIRLINE are not 'property of the estate' for purposes of Section 541 of the United States Bankruptcy Code (Title 11 USC), it being understood that any Contract Security is property of the third party providing it (subject to AUTHORITY's ability to draw against the Contract Security) and that all PFCs collected by AIRLINE with respect to Enplaned Passengers at the Airport, are property of AUTHORITY.

5.08 No Further Charges.

Except as provided in this Agreement, or as may be permitted by any governmental entity (other than AUTHORITY, acting within its proprietary capacity) having jurisdiction over the Airport, no further rentals, fees, or charges shall be charged against or collected from AIRLINE, its passengers, its shippers and receivers of freight, its suppliers of material, its contractors or furnisher of services, by AUTHORITY, acting in its capacity as Airport proprietor, for the premises, facilities, rights, licenses, and privileges granted to AIRLINE herein.

Article 6. CHANGES IN RATES FOR RENTALS, FEES, AND CHARGES

6.01 Annual Rate Changes.

No later than sixty (60) days prior to the end of each Fiscal Year, AUTHORITY shall, in writing, notify AIRLINE of the proposed Annual Rates and Charges Schedule for the ensuing Fiscal Year. Said rates shall be determined and presented to AIRLINE in conformance with the methods and format set forth in Exhibit E, attached hereto.

The Signatory Airlines through the AAAC shall have the right to review and comment upon the proposed operating and capital budget and proposed Annual Rates and Charges Schedule. No later than thirty (30) days after the receipt of the proposed schedule of rates for rentals, fees, and charges, and at the request of one or more of the Signatory Airlines, AUTHORITY agrees to meet with the AAAC at a mutually convenient time for the purpose of discussing such rentals, fees, and charges. In advance of said meeting, AUTHORITY shall make available to the AAAC any reasonably requested additional information relating to the determination of the proposed rates. AUTHORITY agrees to fully consider the comments and recommendations of the Signatory Airlines prior to finalizing its schedule of rates for rentals, fees, and charges for the ensuing Fiscal Year.

Following said meeting and upon approval by the AUTHORITY Board of Directors, but prior to the end of the then current Fiscal Year, AUTHORITY shall notify AIRLINE in writing of the Rates for rentals, fees, and charges to be established for the ensuing Fiscal Year, which notifications shall include AIRLINE's monthly fixed costs.

If calculation of the new rates for rentals, fees, and charges is not completed by AUTHORITY or not given on or prior to the end of the then current Fiscal Year, the rates for rentals, fees, and charges then in effect shall continue to be paid by AIRLINE until such calculations are concluded and such notice is given. Upon the completion of such calculations and the giving of such notice, AUTHORITY shall determine the difference(s), if any, between the actual rentals, fees, and charges paid by AIRLINE to date for the then current Fiscal Year and the rates for rentals, fees, and charges that would have been paid by AIRLINE if said rates had been in effect beginning on the first day of the Fiscal Year. Said differences shall be applied to the particular rentals, fees, or charges for which a difference(s) in rates resulted in an overpayment or underpayment, and shall be remitted by AIRLINE or credited or refunded by AUTHORITY in the month immediately following the calculation of the new Fiscal Year rates and the giving of written notice to AIRLINE by AUTHORITY. AUTHORITY shall use its best efforts to finalize its budget on a timely basis.

6.02 Other Rate Changes.

Rates for rentals, fees, and charges may be changed if unaudited monthly AUTHORITY financial data indicates that total rentals, fees, and charges payable pursuant to the then current rate schedules are reasonably estimated and anticipated by AUTHORITY to increase or decrease by more than ten percent (10%) from the total rentals, fees, and charges that would be payable based upon the use of the monthly financial data then available for said Fiscal Year.

6.03 Incorporation of Exhibit E.

Adjustments to rates for rentals, fees, and charges but not the methodology of calculating them shall apply without the necessity of formal amendment of this Agreement. Upon each adjustment pursuant to this Article 6, a revised Exhibit E, showing the calculation of adjusted rates for rentals, fees, and charges, shall be prepared by AUTHORITY and transmitted to AIRLINE. Said exhibit shall then be deemed part of this Agreement without formal amendment thereto.

6.04 Settlement.

Within one hundred eighty (180) days following the close of each Fiscal Year, or as soon as audited financial data for said Fiscal Year is available, rates for Landing Fees and Terminal Rentals for the preceding Fiscal Year shall be recalculated using audited financial data and the methods set forth in this Agreement. Upon the determination of any difference(s) between the actual Landing Fees and Terminal Rentals paid by Signatory Airlines (including Affiliated Airlines) during the preceding Fiscal Year and the Landing Fees and Terminal Rentals that would have been paid by Signatory Airlines (including Affiliated Airlines) using said recalculated rates, AUTHORITY shall, in the event of overpayment, promptly refund to AIRLINE the amount of such overpayment reduced by any accounts receivable greater than 60 days due AUTHORITY within 30 days, and in the event of underpayment, invoice AIRLINE for the amount of such underpayment. Said invoiced amount shall be due within thirty (30) days of invoice mailing date.

6.05 AUTHORITY Covenants.

AUTHORITY covenants that for purposes of assigning and allocating costs, it shall utilize generally accepted accounting practices utilized for airports operating as an enterprise fund, and include only those charges properly attributable to the Airport.

AUTHORITY shall operate the Airport in a manner so as to produce revenue from concessionaires, tenants, and other users of the Airport of a nature and amount which would be produced by a reasonably prudent operator of an Airport of substantially similar size, use, and activity, with due regard for the interests of the public, tenants and other users, subject to existing leases.

AUTHORITY, to the extent authorized by the laws governing AUTHORITY along with all applicable tax laws, will use its best efforts to use tax-exempt sources for financing the Airport and modifications and alterations thereto.

All rates and charges shall be at reasonable and non-discriminatory rates based on AUTHORITY's cost, as defined in this Agreement, of the facility or service provided to and used by AIRLINE.

Indirect and general administrative costs shall be allocated in a reasonable, transparent cost allocation formula calculated consistently for all Cost Centers.

Article 7. OPERATION AND MAINTENANCE OF AIRPORT

7.01 General.

AUTHORITY agrees that it will, with reasonable diligence, prudently develop, improve, and at all times maintain and operate with adequate, efficient and qualified personnel and keep the Airport in good repair including, without limitation, the Terminal Building, Terminal Apron, and Airfield and all appurtenances, facilities, and services now or hereafter connected therewith as the same relate to AIRLINE's air transportation system; will keep the Airport and its aerial approaches free from obstruction and interference for the safe and proper use thereof by AIRLINE; and will develop, maintain, and operate the Airport in all respects in a manner at least equal to the standards or rating established by the FAA and any other governmental agency having jurisdiction thereof, except for conditions beyond the control of AUTHORITY. In addition to the obligations of AIRLINE and AUTHORITY set forth in this Article 7, responsibilities for maintenance, cleaning, and operation of the Airport shall be as set forth in Exhibit D, attached hereto and made a part hereof.

7.02 Terminal Building.

AUTHORITY shall operate and maintain and keep in good condition and repair the Terminal Building and all additions, improvements, facilities, and other equipment now or hereafter provided by AUTHORITY at or in connection with the Terminal Building except any improvements, facilities, and equipment constructed or installed by AIRLINE.

AUTHORITY shall at all times maintain the Public Space of the Terminal Building in a neat, orderly, sanitary, and presentable condition, and shall keep such area adequately supplied, equipped (including directional signs), furnished, and decorated.

AUTHORITY shall supply or cause to be supplied appropriate and adequate equipment and maintenance for air conditioning, electrical power, ventilation, heat, water, and sewerage facilities for Terminal Building public use areas, AIRLINE's Exclusive Use Premises, Common Use Premises, and Shared Exclusive Use Premises; adequate illumination in Common Use Premises; and janitorial service in Terminal Building Public Use areas and Common Use Premises.

AIRLINE shall at all times keep its Exclusive Use Premises and Shared Exclusive Use Premises neat, orderly, sanitary, and presentable. AIRLINE shall pay for all extraordinary electric power and

shall be responsible for re-lamping its Exclusive Use Premises and Shared Exclusive Use Premises. AIRLINE shall furnish its own janitorial service for such Exclusive Use Premises and Shared Exclusive Use Premises and shall cause to be removed at AIRLINE's own expense from such Exclusive Use Premises and Shared Exclusive Use Premises all waste, garbage, and rubbish, and agrees not to deposit the same on any part of the Airport, except where designated by AUTHORITY in connection with collection for removal. AIRLINE shall, at its own expense, transport all of its refuse from temporary storage to designated depositories at locations on the Airport as established by AUTHORITY. AIRLINE shall be responsible for paying its proportionate share of the costs (a) to keep such Shared Exclusive Use Premises neat, orderly, sanitary, and presentable, (b) of all extraordinary electric power it uses, (b) for re-lamping its Shared Exclusive Use Premises, (c) for the removal from the Shared Exclusive Use Premises of all waste, garbage, and rubbish at the Shared Exclusive Use Premises as a result of AIRLINE's operations. Nothing contained herein shall impose any obligation or liability on AIRLINE for acts or omissions of or costs and incurred by or as a result of the operations of another Air Transportation Company, including any such Air Transportation Company that shares AIRLINE's Shared Exclusive Use Premises with AIRLINE.

AIRLINE shall maintain the Terminal Aircraft Apron contiguous to its Designated Gates and such other apron areas used by AIRLINE from time-to-time in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from activities of its passengers, employees, agents, suppliers or contractors, and remove all oil and grease spillage, as is reasonably possible, that is attributable to AIRLINE's aircraft or equipment from its Designated Aircraft Parking Positions.

AIRLINE shall perform, at its sole expense, ordinary preventive maintenance and ordinary upkeep and repair of all facilities, personal property, trade fixtures, and equipment located in its Exclusive Use Premises and its proportionate share of the cost of ordinary preventive maintenance and ordinary upkeep and repair of all facilities, personal property, trade fixtures, and equipment located in its Shared Exclusive Use Premises, in both cases excluding structural and roof repairs and capital repairs and including, but not limited to, fixtures, interior doors and windows, baggage conveyors and belts, floor coverings, and ticket counters.

7.03 AUTHORITY's Right to Inspect and Make Repairs.

AUTHORITY, by its authorized officers, employees, agents, contractors, subcontractors, and other representatives, shall have the right (upon prior notice and at such times as may be reasonable under the circumstances and with as little interruption of AIRLINE's operations as is reasonably

practicable) to enter upon the AIRLINE's Exclusive and Shared Exclusive Use Premises, accompanied by an authorized AIRLINE representative, if practicable, for the following purposes:

AUTHORITY shall have the right, but not the obligation, to inspect such space to determine whether AIRLINE has substantially complied and is in substantial compliance with the terms and conditions of this Agreement. Such inspections shall not constitute an inspection for safety, fire protection or security purposes.

Upon thirty (30) consecutive calendar written days' notice, to perform such maintenance, cleaning, or repair as AUTHORITY reasonably deems necessary, if AIRLINE fails to perform its obligations under this Article 7. AUTHORITY shall be entitled to recover the reasonable cost of such maintenance, cleaning, or repair from AIRLINE, plus a fifteen percent (15%) administrative charge from AIRLINE on the next due date for rent owed by AIRLINE hereunder.

7.04 Alterations and Improvements.

AIRLINE shall make no alterations, additions, improvements to, or installations on Airline Premises under this Agreement without the prior written approval of Airport Manager; provided that such approval shall not be unreasonably withheld, conditioned or delayed. Plans and specifications for such work shall be filed with and subject to the approval of the Airport Manager and all work shall be done in accordance with local ordinances and state law. Subject to Sections 4.06, all alterations and improvements to Airline's Premises inclusive of outbound baggage system and ticket counter shall become part of the realty and title shall vest with AUTHORITY upon completion of the installation or construction of such alterations and/or improvements. Removal of trade fixtures shall be allowed only pursuant to Sections 4.06.

Payment for Alterations and Improvements. AIRLINE shall be solely responsible for payment for all Leasehold Improvements made by AIRLINE unless otherwise agreed by the parties.

7.05 Debts, Liens, Mortgages.

AIRLINE shall pay promptly when due, all bills, debts and obligations incurred by AIRLINE in connection with its operations or activities on the Airport, and shall not permit the same to become delinquent. AIRLINE shall not permit any mechanics' or materialmen's or any other lien to be attached to or be foreclosed upon the Airline Premises or improvements thereto. AIRLINE shall suffer no lien, mortgage, judgment or execution to be filed and remain undischarged against Airline's Premises or

improvements thereon.

Article 8. DAMAGE OR DESTRUCTION OF AIRLINE'S PREMISES

8.01 Minor Damage.

If any part of Airline Premises, or adjacent facilities directly and substantially affecting the use of Airline Premises, shall be partially damaged by fire or other casualty, but said circumstances do not render Airline Premises untenable as reasonably determined by AUTHORITY, the same shall be repaired to usable condition with due diligence by AUTHORITY as hereinafter provided. No abatement of rentals shall accrue to AIRLINE so long as Airline Premises remain tenantable.

8.02 Substantial Damage.

If any part of Airline Premises, or adjacent facilities directly and substantially affecting the use of Airline Premises, shall be so extensively damaged by fire or other casualty as to render any portion of said Airline Premises untenable but capable of being repaired within a reasonable period of time, as reasonably determined by AUTHORITY, the same shall be repaired to usable condition with due diligence by AUTHORITY as hereinafter provided. If such repairs have not been completed by AUTHORITY within one hundred eighty (180) days of such damage, AIRLINE shall have the option to terminate its agreement related to those facilities so damaged. In such case, the rentals payable hereunder with respect to AIRLINE's affected Airline Premises shall be paid up to the time of such damage and shall thereafter be abated equitably in proportion as the part of the area rendered untenable bears to total Airline Premises until such time as such affected Airline Premises shall be restored adequately for AIRLINE's use. AUTHORITY shall use its best efforts to provide AIRLINE with alternate facilities acceptable to AIRLINE to continue its operation while repairs are being completed, at a rental rate not to exceed that provided for in this Agreement for comparable space; provided that Airline's rental fees shall in no event increase as a result of increased square footage unless Airline requests additional space.

8.03 Destruction.

If any part of Airline Premises, or adjacent facilities directly and substantially affecting the use of Airline Premises, shall be damaged by fire or other casualty, and is so extensively damaged as to render any portion of said Airline Premises not economically feasible to repair, as reasonably

determined by AUTHORITY, AUTHORITY shall notify AIRLINE within a period of sixty (60) days after the date of such damage of its decision whether to reconstruct or replace said space; provided, however, AUTHORITY shall be under no obligation to replace or reconstruct such premises. The rentals payable hereunder with respect to affected Airline Premises shall be paid up to the time of such damage and thereafter shall abate in the same manner as set forth in Article 12.02 until such time as replacement or reconstructed space becomes available for use by AIRLINE.

In the event AUTHORITY elects to reconstruct or replace affected Airline Premises, AUTHORITY and AIRLINE will coordinate and agree on a reasonable schedule for reconstruction or replacement. AUTHORITY shall use its best efforts to provide AIRLINE with alternate facilities reasonably acceptable to AIRLINE to continue its operation while reconstruction or replacement is being completed at a rental rate not to exceed that provided for in this Agreement for comparable space.

In the event AUTHORITY elects to not reconstruct or replace affected Airline Premises, the agreement for the affected premises shall be terminated, and AUTHORITY shall meet and consult with AIRLINE on ways and means to permanently provide AIRLINE with adequate replacement space for affected Airline Premises. In such event, AUTHORITY agrees to amend this Agreement to reflect related additions and deletions to Airline Premises. If AIRLINE and AUTHORITY are unable to reach an agreement on providing adequate replacement space to AIRLINE, and the remaining tenantable portion of Airline Premises is not sufficient to permit AIRLINE to maintain its current operations at the Airport, AIRLINE may terminate this entire Agreement upon at least sixty (60) days advance written notice given after receipt by AIRLINE of notice of termination of the Agreement as to the damaged facilities.

8.04 Damage Caused By AIRLINE.

In the event that due to the negligence or willful act or omission of AIRLINE, its employees, its agents, or licensees, Airline Premises shall be damaged or destroyed by fire, other casualty or otherwise, there shall be no abatement of rent during the repair or replacement of said Airline Premises. To the extent that insurance does not apply, coverage is denied, or the costs of repairs shall exceed the amount of any insurance proceeds paid to AUTHORITY by reason of such damage or destruction, AIRLINE shall pay for the cost to repair or rebuild the AIRLINE premises less the amount of the insurance proceeds paid to AUTHORITY.

8.05 AUTHORITY's Responsibilities.

AUTHORITY shall maintain adequate, reasonable and customary levels of insurance with no less restrictive coverage than that provided by standard extended coverage endorsements on the "all risk" form, for the full replacement costs thereof as determined from time-to-time by the AUTHORITY's insurance consultant; provided, however, that AUTHORITY's obligations to repair, reconstruct, or replace affected premises under the provisions of this Article shall in any event be limited to restoring affected Airline Premises to substantially the same condition that existed at the date of damage or destruction, including any subsequent improvements made by AUTHORITY, and shall further be limited to the extent of insurance proceeds and other funds available to AUTHORITY for such repair, reconstruction, or replacement; provided further that AUTHORITY shall in no way be responsible for the restoration or replacement of any equipment, furnishings, property, real improvements, signs, or other items installed and/or owned by AIRLINE in accordance with this Agreement, unless such damage is caused by negligence or willful act or omission of AUTHORITY, its officials, agents, contractors or employees acting within the course or scope of their employment.

Article 9. INSURANCE AND INDEMNIFICATION

9.01 Indemnification.

Except where, and to the extent, it is caused by the negligence or willful misconduct of Authority Parties, AIRLINE agrees to protect, defend, reimburse, indemnify and hold Authority Parties (other than AUTHORITY's contractors) free and harmless at all times from and against any and all claims, liability, expenses, losses, costs, fines and damages (including actually incurred reasonable attorney's fees and costs, as well as fees and costs of consultants and experts reasonably and actually incurred in connection with the indemnified incident) and causes of action of every kind and character, whether or not meritorious, against or from Authority Parties by reason of any damage to property, or bodily injury (including death) incurred or sustained by any party hereto, any agent or employee of any party hereto, and any third or other party whomsoever, or any governmental agency, arising out of or incident to or in connection with AIRLINE's or any Affiliated Airline's negligent performance of any obligation under this Agreement, AIRLINE's or any Affiliated Airline's, or any of their officers, employees, agents, licensees, or contractors use or occupancy of the Airline Premises, AIRLINE's or any Affiliated Airline's compliance with 49 CFR Part 1542 requirements, AIRLINE's or any Affiliated Airline's negligent acts, omissions or operations hereunder or the performance, non-performance or purported performance of AIRLINE or any breach of the terms of this Agreement by AIRLINE. AIRLINE shall indemnify, save, hold harmless, reimburse and defend Authority Parties (excluding AUTHORITY's contractors), individually or collectively, from and against any and all actions, all reasonable expenses, and any fines which in any way arise from or are based upon the violation of any federal, state, or municipal laws, statutes, ordinances, or regulations, by AIRLINE, its Affiliated Airlines, or any of their officers, directors, agents, employees, licensees, successors and assigns, or those under its control, except to the extent caused by the negligence or willful misconduct of an Authority Party. Provided, however, that upon the filing by anyone of a claim with the Authority Parties (excluding AUTHORITY's contractors) for damages arising out of incidents for which AIRLINE herein agrees to indemnify and hold the Authority Parties (excluding AUTHORITY's contractors) harmless, the Authority Parties (excluding AUTHORITY's contractors) shall promptly notify AIRLINE of such claim and, in the event that AIRLINE does not settle or compromise such claim, then AIRLINE shall undertake the legal defense, with legal counsel reasonably approved by the Authority Parties (excluding AUTHORITY's contractors), of such claim both on behalf of AIRLINE and on behalf of the Authority Parties (excluding AUTHORITY's contractors). It is specifically agreed, however, that the AUTHORITY, at its option and at its own expense, may participate in the legal defense of such claim. Any final judgment rendered against the Authority Parties (excluding AUTHORITY's contractors) for

any cause for which Authority Parties (excluding AUTHORITY's contractors) provided the required notice and for which AIRLINE is liable hereunder shall be conclusive against AIRLINE as to liability and amount upon the expiration of the time for appeal there from. AIRLINE recognizes the broad nature of this indemnification and hold harmless clause, and voluntarily makes this covenant and expressly acknowledges the receipt of Ten Dollars (\$10.00) and such other good and valuable consideration provided by AUTHORITY in support of this indemnification in accordance with laws of the State of Idaho. To the extent permitted by law, AUTHORITY shall indemnify, save, hold harmless, and defend AIRLINE, its officials, agents, officers, directors, and employees, its successors and assigns, individually or collectively, from and against any claim action, loss, damage, injury, liability, and the cost and expense of whatsoever kind or nature (including, but not limited to reasonable attorneys' fees, disbursements, court costs, and expert fees) based upon injury to persons, including death, or damage to property arising out of or resulting from AUTHORITY's failure to perform its obligations under this Agreement or any Authority Party's negligence or willful misconduct, except to the extent that such injury, death or damage is caused by the negligence or willful misconduct of AIRLINE, its officers, employees, officials, directors, or agents. This clause shall survive the termination of this Agreement as to claims arising during the Term thereof. Compliance with the insurance requirements of this Article 9 shall not relieve AIRLINE of its liability or obligation to indemnify AUTHORITY as set forth in this Article 9.

Notwithstanding the foregoing or any other provision in this Agreement, the liability of the AUTHORITY, as set forth in this Article or otherwise set forth in this Agreement, is intended to be consistent with limitations of Idaho law. No obligation imposed by this Agreement shall be deemed to alter or to extend the liability of the AUTHORITY beyond such limits, nor shall any such obligation be deemed or construed as a waiver of any defense of sovereign immunity to which the AUTHORITY may be entitled.

9.02 Insurance.

During the Term of this Agreement, AIRLINE shall provide, maintain and pay for, the types of insurance described herein. All insurance shall be issued by responsible insurance companies eligible to do business in the State of Idaho.

The insurance coverage and limits required shall be evidenced by providing AUTHORITY with properly executed certificates of insurance. These certificates shall be signed by the authorized representative of the insurance company shown on the certificate.

If at any time AUTHORITY requests a written statement as to any impairments to the aggregate limit, AIRLINE shall promptly authorize and have delivered such statement to AUTHORITY. AIRLINE authorizes AUTHORITY and its insurance consultant to confirm with AIRLINE's insurance agents, and brokers all information furnished AUTHORITY, as to its compliance with its insurance requirements.

All required liability insurance coverages of AIRLINE shall be primary and non-contributory to any insurance or self-insurance program of AUTHORITY.

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

No operations shall commence at the Airport unless and until the required insurance is in effect and the required certificates (s) of insurance has been approved by AUTHORITY.

The insurance coverages and limits required of AIRLINE and its Affiliated Airlines under this Agreement are designed to meet the minimum requirements of AUTHORITY. They are not designed as a recommended insurance program for AIRLINE. AIRLINE is responsible for insuring its real and personal property located at the Airport. AIRLINE, alone, shall be responsible for the sufficiency of its own insurance program and its Affiliated Airlines' programs. Should AIRLINE have any question concerning its exposures to loss under this Agreement, or the possible insurance coverages needed therefore, it should seek professional advice.

AIRLINE and AUTHORITY understand and agree that the minimum limits of the insurance herein required may from time-to-time become inadequate, and AIRLINE agrees that it will increase such minimum limits as reasonably required by AUTHORITY upon receipt of written notice. AIRLINE shall furnish AUTHORITY, within sixty (60) days of the effective date thereof, a certificate of insurance evidencing such insurance is in force for itself and its Affiliated Airlines.

AIRLINE's insurance companies or its authorized representative shall give AUTHORITY thirty (30) days prior written notice by regular mail of any cancellation, intent not to renew in any policy's coverage, except in the application of the Aggregate Limits Provisions. In the event of a reduction to the Aggregate Limit, it is agreed that immediate steps will be taken to have it reinstated. Said notices shall be sent to the addresses indicated in Article 16 of this Agreement.

Certificates of Insurance must be provided to AUTHORITY as soon as practical but no later than 30 days after coverage is effective but in every instance proof of insurance must be provided prior to commencement of operations by AIRLINE and its Affiliated Airlines and prior to expiration of current coverages. Authority Parties (excluding AUTHORITY's contractors) shall be named as additional insureds on the required Liability policies (except Workers Compensation and Employer's Liability) and such policies shall be on a primary and non-contributory basis.

Should at any time AIRLINE not, in the opinion of AUTHORITY's insurance consultant, provide or maintain the insurance coverages required in this Agreement, AUTHORITY may terminate or suspend this Agreement if such issue is not remedied within 5 business days after written notice to AIRLINE.

The amounts and types of insurance shall conform to the following minimum requirements.

(1) Workers Compensation and Employer's Liability Insurance shall be maintained in force by AIRLINE during the Term of this Agreement for all employees engaged in the operations under this Agreement. AIRLINE shall elect to obtain workers' compensation coverage pursuant to Idaho Worker's Compensation Law, Idaho Code 72-101 et.sq. Further, AIRLINE shall maintain said coverage throughout the term of this contract and shall comply with all provisions of the Idaho Worker's Compensation Law to ensure that the AIRLINE maintains said coverage. Any termination of workers' compensation insurance coverage by AIRLINE or any cancellation or non-renewal of workers' compensation insurance coverage for the AIRLINE shall be a material breach of this contract. The policy must be endorsed to include a waiver of subrogation in favor of the AUTHORITY. The minimum limits of Workers' Compensation/Employer's Liability insurance (inclusive of any amount provided by an umbrella or excess policy) are:

Worker's Compensation

Idaho Statutory Requirement

Employer's Liability

\$1,000,000 Limit Each Accident
\$1,000,000 Limit Disease Aggregate
\$1,000,000 Limit Disease Each Employee

(2) Aviation Liability Insurance shall be maintained by AIRLINE for the Term. Coverage shall include, but not be limited to, Premises and Operations, Personal Injury, Contractual for this Agreement, Independent Contractors, Broad Form Property

Damage, Products and Completed Operations Coverage and shall not exclude the (XCU) Explosion, Collapse and Underground Property Damage Liability Coverage. Coverage shall be applicable to the operation of all mobile and ground equipment at the Airport. The Completed Operations Coverage shall be maintained for a period of not less than two (2) years following final operations of AIRLINE under this Agreement. Except in the case of Business Automobile Liability the limits of coverage shall not be less than:

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

Bodily & Personal Injury	\$250,000,000 Combined Single Limit & Property Damage Liability Each Occurrence & Aggregate
	\$25,000,000 Aggregate sublimit for personal injury to non-passengers

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

Bodily & Personal Injury	\$25,000,000 Combined Single Limit & Property Damage Liability Each Occurrence & Aggregate
--------------------------	--

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

Bodily & Personal Injury	\$100,000,000 Combined Single Limit & Property Damage Liability Each Occurrence & Aggregate
	\$25,000,000 Aggregate sublimit for personal injury to non-passengers

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

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

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

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

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

Primary Liability Limits for the underlying Airport General Liability Coverage:

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

(6) Terrorism/War coverage with a \$25,000,000 limit.

**Article 10. TRANSFER OF AIRLINE'S PREMISES BY ASSIGNMENT OR
SUBLETTING**

10.01 General.

AIRLINE, except to assign or sublet to or allow use by Affiliated Airline (or except as otherwise provided in Section 10.02), shall not assign, transfer, convey, sell, mortgage, pledge or encumber (hereinafter collectively referred to as "assignment") or sublet the Airline Premises without the advance written approval of AUTHORITY, which approval shall not be unreasonably withheld, conditioned or delayed. If AIRLINE fails to obtain advance written approval of any such assignment or sublease, AUTHORITY, in addition to the rights and remedies set forth in Article 12, shall have the right to refuse to recognize such agreement, and the assignee or sublessee shall acquire no interest in this Agreement or any rights to use Airline's Premises.

10.02 AUTHORITY Approval of Assignments.

Notwithstanding the foregoing, this Section shall not be interpreted to preclude the assignment, in whole or in part, of this Agreement and AIRLINE's rights and obligations hereunder to a parent, subsidiary, merged company or any purchaser of all or substantially all of AIRLINE's assets if such parent, subsidiary, merged company or any purchaser of all or substantially all of AIRLINE's assets continues, after such assignment, to conduct an air transportation business at the Airport and assumes all rights and obligations consistent with the provisions of this Agreement. Written notice of such assumption shall be provided by the parent, subsidiary, merged company or any purchaser of all or substantially all of AIRLINE's assets thirty (30) consecutive calendar days after the effective date of such assignment.

10.03 AUTHORITY Approval of Subleases.

It shall not be unreasonable for AUTHORITY to disapprove or condition a sublease of the Airline Premises under any or all of the following circumstances, among others:

If the sublessee is an Air Transportation Company other than an Affiliated Airline who is not, and is not willing to become, a Signatory Airline.

If a Signatory Airline is, in the determination of AUTHORITY, in need of Airline's Premises proposed to be subleased (where AUTHORITY's consent is otherwise required); provided, however, that such Signatory Airline is willing to take such Airline's Premises on substantially the same terms and conditions as proposed in the sublease and is willing to (i) provide AIRLINE with a reasonable security deposit not to exceed one month's rentals, fees, and charges and (ii) otherwise enter into a sublease agreement with Airline in form and substance reasonably acceptable to Airline.

10.04 Reasons for Disapproval Not Comprehensive.

The circumstances under which AUTHORITY may determine to disapprove or condition assignments and subleases set forth in this Article 10 are not intended to be a comprehensive list of all those which AUTHORITY may impose.

10.05 Method of Obtaining Approval.

AIRLINE, when requesting an approval of an assignment or sublease required under Section 10.01, shall include with its request a copy of the proposed agreement, if prepared, or a detailed summary of the material terms and conditions to be contained in such agreement. Any proposed agreement or detailed summary thereof shall provide the following information: (1) the Airline Premises to be assigned or sublet; (2) the terms; (3) if a sublease, the rentals and fees to be charged; and (4) all material terms and conditions of the assignment or sublease AUTHORITY may reasonably require. If approved, AIRLINE shall submit a fully executed copy of such agreement to AUTHORITY within thirty (30) consecutive calendar days prior to the commencement of the assignment or sublease.

10.06 Administrative Charge.

In the event AIRLINE is authorized by AUTHORITY to sublease any portion of the Airline Premises, AIRLINE may charge such sublessee, in addition to a reasonable charge for any services and AIRLINE-owned property provided by AIRLINE or actual costs other than rental costs incurred by AIRLINE, reasonable rentals not to exceed one hundred fifteen percent (115%) of AIRLINE's rental for such portion of the Airline Premises.

10.07 AIRLINE to Remain Liable.

Without affecting any agreement between the AIRLINE and any sublessee or assignee of the Airline Premises, as between AIRLINE and the AUTHORITY, AIRLINE shall remain fully and

primarily liable during the Term of this Agreement for the payment of all of the rental due and payable to AUTHORITY for the Airline's Premises that are subject to a sublease under this Article 10, and fully responsible for the performance of all the other obligations hereunder, unless otherwise agreed to by AUTHORITY.

10.08 AUTHORITY Determination of Type of Agreement.

AUTHORITY shall have the right to examine the terms of any agreement or arrangement submitted to it for approval pursuant to this Article 10 and determine whether such agreement or arrangement is most appropriately characterized as an assignment or sublease, regardless of AIRLINE's characterization of such agreement or arrangement.

Article 11. RELINQUISHMENT OF AIRLINE'S PREMISES

11.01 Notice of Intent to Relinquish Airline's Premises.

In the event AIRLINE desires to relinquish any of the Airline Premises, AIRLINE shall provide written notice to AUTHORITY thirty (30) consecutive calendar days in advance of such relinquishment and shall identify in such notice all areas it wishes to relinquish. AUTHORITY shall make its best efforts to lease such areas to another airline, to the extent the proposed relinquished Airline's Premises are suitable for another airline, and subject to the limitations of Article 10.

11.02 Non-Waiver of Responsibility.

AIRLINE shall continue to be solely responsible pursuant to this Agreement for the payment of all rentals, fees, and charges related to the Airline Premises until another airline commences payment for the relinquished part of the Airline Premises as provided in Section 11.03.

11.03 Reduction of Rent, Fees, and charges.

AIRLINE's rentals, fees, and charges related to that portion of the Airline Premises taken by another airline, pursuant to such airline's agreement with AUTHORITY, shall be reduced in the amount of the rentals, fees, and charges payable by such other airline. This reduction shall begin only when the new airline that contracts with AUTHORITY for its use of the relinquished part of Airline's Premises begins payment for such relinquished part of Airline's Premises.

Article 12. CANCELLATION BY AUTHORITY

12.01 Events of Default

The events described below shall be deemed events of default by AIRLINE hereunder:

A. Upon the occurrence of any one of the following events of default and after giving nondiscriminatory consideration to seasonal air service at the Airport, AUTHORITY may give thirty (30) days written notice as provided in Section 12.03:

(1) The conduct of any business or performance of any acts at the Airport not specifically authorized herein or by other agreements between AUTHORITY and AIRLINE, and said business or acts do not cease within thirty (30) days of receipt of AUTHORITY's written notice to cease said business or acts.

(2) The failure to cure a default in the performance of any of the material terms, covenants, and conditions required herein (except Contract Security requirements, insurance requirements, and payment of rentals, fees, and charges, all as provided for in Section 12.01(B) within thirty (30) days of receipt of written notice by AUTHORITY to do so); or if by reason of the nature of such default, the same cannot be remedied within thirty (30) days following receipt by AIRLINE of written demand from AUTHORITY to do so, AIRLINE fails to commence the remedying of such default within said thirty (30) days following such written notice, or having so commenced, shall fail thereafter to continue with diligence the curing thereof.

(3) The failure by AIRLINE to remit PFCs in accordance with Article 16.02.

B. Upon the occurrence of any one of the following events of default, AUTHORITY may immediately issue written notice of default.

(1) The failure by AIRLINE to pay any part of the rentals, fees, and charges due hereunder and the continued failure to pay said amounts in full within thirty (30) days of AUTHORITY's written notice of payments past due. Provided, however, if a dispute arises between AUTHORITY and AIRLINE with respect to any obligation or alleged obligation of AIRLINE to make payments to AUTHORITY, payments under protest by

AIRLINE of the amount due shall not waive any of AIRLINE's rights to contest the validity or amount of such payment. In the event any court or other body having jurisdiction determines all or any part of the protested payment shall not be due, then AUTHORITY shall promptly reimburse AIRLINE any amount determined as not due plus interest on such amount at the lesser of one and one-half percent (1-1/2%) per month or the maximum permitted by law.

(2) The failure by AIRLINE to provide, within five (5) days of written notice, and to keep in force at all times Contract Security in accordance with Section 5.07.

(3) The failure by AIRLINE to provide, within five (5) days of written notice, and to keep in force at all times, insurance coverage in accordance with Article 9.

(4) The appointment of a trustee, custodian, or receiver of all or a substantial portion of AIRLINE's assets.

(5) The divestiture of AIRLINE's estate herein by operation of law, by dissolution, or by liquidation, (not including a merger or sale of assets).

(6) The insolvency of AIRLINE; or if AIRLINE shall take the benefit of any present or future insolvency statute, shall make a general assignment for the benefit of creditors, or shall seek a reorganization or the readjustment of its indebtedness under any law or statute of the United States or of any state thereof including the filing by AIRLINE of a voluntary petition of bankruptcy or the institution of proceedings against AIRLINE for the adjudication of AIRLINE as a bankrupt pursuant thereto.

(7) The abandonment by AIRLINE of the Airline Premises, or its conduct of business at the Airport; and, in this connection, suspension of operations for a period of sixty (60) days will be considered abandonment. Such cancellation shall not apply to Scheduled Air Carriers providing seasonal service at the Airport unless such abandonment occurs during months that the Scheduled Air Carrier provides scheduled air service.

12.02 Continuing Responsibilities of AIRLINE.

Notwithstanding the occurrence of any event of default, AIRLINE shall remain liable to

AUTHORITY for all rentals, fees, and charges payable hereunder and for all preceding uncured breaches of any covenant of this Agreement. Furthermore, unless AUTHORITY elects to cancel this Agreement, AIRLINE shall remain liable for and promptly pay all rentals, fees, and charges accruing hereunder until termination of this Agreement as set forth in Article 5 as a result of an event of default by AIRLINE or until this Agreement is canceled by AIRLINE pursuant to Article 13.

12.03 AUTHORITY's Remedies.

Upon the occurrence of any event enumerated in Sections 12.01A, or 12.01B, including applicable notice and cure periods, the following remedies shall be available to AUTHORITY:

AUTHORITY may exercise any remedy provided by law or in equity, including but not limited to the remedies hereinafter specified.

AUTHORITY may cancel this Agreement, effective upon the date specified in the notice of cancellation. For events enumerated in Section 12.01A, such date shall be not less than thirty (30) days from said notice. Upon such date, AIRLINE shall be deemed to have no further rights hereunder and AUTHORITY shall have the right to take immediate possession of AIRLINE's Airline Premises.

AUTHORITY may reenter the Airline Premises and may remove all AIRLINE persons and property from same upon the date of reentry specified in AUTHORITY's written notice of reentry to AIRLINE. For events enumerated in Section 12.01A, reentry shall be not less than thirty (30) days from the date of notice of reentry. Upon any removal of AIRLINE property by AUTHORITY hereunder, AIRLINE property may be stored at a public warehouse or elsewhere at AIRLINE's sole cost and expense.

AUTHORITY may relet Airline Premises and any improvements thereon or any part thereof at such rentals, fees, and charges and upon such other terms and conditions as AUTHORITY, in its reasonable discretion, may deem advisable, with the right to make alterations, repairs of improvements on said Airline Premises. In reletting the Airline Premises, AUTHORITY shall be obligated to make a good faith effort to obtain terms comparable to those contained herein and otherwise seek to mitigate any damages it may suffer as a result of AIRLINE's event of default.

In the event that AUTHORITY relets Airline Premises, rentals, fees, and charges received by AUTHORITY from such reletting shall be applied: (i) to the payment of any indebtedness other than rentals, fees, and charges due hereunder from AIRLINE to AUTHORITY; (ii) to the payment of any

cost of such reletting; and (iii) to the payment of rentals, fees, and charges due and unpaid hereunder. The residue, if any, shall be held by AUTHORITY and applied in payment of future rentals, fees, and charges as the same may become due and payable hereunder. If that portion of such rentals, fees, and charges received from such reletting and applied to the payment of rentals, fees, and charges hereunder is less than the rentals, fees, and charges as would have been payable during applicable periods by AIRLINE hereunder, then AIRLINE shall pay such deficiency to AUTHORITY. AIRLINE shall also pay to AUTHORITY, as soon as ascertained, any reasonable costs and expenses incurred by AUTHORITY in such reletting not covered by the rentals, fees, and charges received from such reletting.

No reentry of the Airline Premises by AUTHORITY shall be construed as an election on AUTHORITY'S part to cancel this Agreement unless a written notice of cancellation is given to AIRLINE.

AIRLINE shall pay to AUTHORITY all other costs, incurred by AUTHORITY in the exercise of any remedy in this Article 12, including, but not limited to, reasonable attorney fees, disbursements, court costs, and expert fees.

12.04 Remedies Under Federal Bankruptcy Laws.

Notwithstanding the foregoing, upon the filing by or against AIRLINE of any proceeding under Federal bankruptcy laws, if AIRLINE has defaulted in the performance of any provision of this Agreement within the six (6) months preceding such filing, AUTHORITY shall have the right to cancel this Agreement, in addition to other remedies provided under provisions of the Federal Bankruptcy Rules and Regulations and Federal Judgeship Act of 1984, as such may be subsequently amended, supplemented, or replaced. Such cancellation shall be by written notice to AIRLINE within sixty (60) days from the date of AIRLINE's initial filing in bankruptcy court.

Article 13. CANCELLATION BY AIRLINE

13.01 Events of Default.

The events described below shall be deemed events of default by AUTHORITY hereunder:

AUTHORITY fails to keep, perform, or observe any material term, covenant, or condition herein contained, to be kept, performed, or observed by AUTHORITY and such failure continues for thirty (30) days after receipt of written notice from AIRLINE; or, if by its nature such default cannot be cured within such thirty (30) day period, AUTHORITY shall not commence to cure or remove such default within said thirty (30) days and to cure or remove the same as promptly as reasonably practicable; provided, however, AUTHORITY's performance under this Section.

Airport is closed to flights in general or to the flights of AIRLINE, for reasons other than those circumstances within AIRLINE's control, and Airport fails to be reopened to such flights within sixty (60) consecutive days from such closure.

The United States Government or any authorized agency of the same (by executive order or otherwise) assumes the operation, control, or use of the Airport in such a manner as to substantially restrict AIRLINE from conducting its operations, if such restriction be continued for a period of sixty (60) consecutive days or more.

13.02 AIRLINE's Remedy.

So long as AIRLINE is not in default as set forth in Section 12.01 of this Agreement, including but not limited to payments due to AUTHORITY hereunder, AIRLINE may cancel this Agreement upon the occurrence of an event of default, as set forth in Section 13.01. In such event, AIRLINE shall serve thirty (30) day advance written notice of cancellation to AUTHORITY. All rentals, fees, and charges payable by AIRLINE shall cease as of the date of such cancellation and AIRLINE shall surrender the Airline Premises in accordance with Section 4.06 hereof.

Article 14. GOVERNMENT INCLUSION

14.01 Government Agreements.

This Agreement shall be subordinate to the provisions of any existing or future agreements between AUTHORITY and the United States Government or the State of Idaho, relative to the operation or maintenance of the Airport, the execution of which has been or will be required as a condition precedent to the granting of Federal or other governmental funds for the development of the Airport, to the extent that the provisions of any such existing or future agreements are generally required by the United States or other governmental AUTHORITY of other civil airports receiving such funds. AUTHORITY agrees to provide AIRLINE written advance notice of any provisions that would adversely modify the material terms of this Agreement.

Nothing contained in this Agreement is intended, nor shall be construed, as a waiver by either party of any right to assert any claim or defense, or raise any issue in any context or forum including, but not limited to, a court or administrative forum, regarding the preemption by federal law, including but not limited to the Airline Deregulation Act (49 U.S.C. §41713), any state or local law or ordinance, or the Airport Rules and Regulations described in Article 16.07.

14.02 Federal Government's Emergency Clause.

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

14.03 Nondiscrimination.

AIRLINE for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby agree as a covenant running with the land that (i) 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 Airline Premises, (ii) in the construction of any improvements on, over, or under Airline Premises 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 be otherwise subjected to discrimination, and (iii) AIRLINE shall use the Airline Premises

in compliance with all other applicable requirements imposed by or pursuant to 14 CFR Part 152 and Title VI of the Civil Rights Act of 1964 and 49 CFR Part 21, Subtitle A, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Title and Regulations may be amended.

In conducting or engaging in any aeronautical activity for furnishing services to the public at the Airport, AIRLINE shall furnish said services on a reasonable and not unjustly discriminatory basis to all users thereof, and shall charge reasonable, and not unjustly discriminatory prices for each unit or service as required pursuant to 14 CFR Part 152. AIRLINE may make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

AIRLINE acknowledges that the provisions of 49 CFR Part 23, Disadvantaged Business Enterprises (DBE), as said regulations may be amended, and such other similar regulations may be enacted, may be applicable to the activities of AIRLINE under the terms of this Agreement, unless exempted by said regulations, and AIRLINE hereby agrees to comply with the regulatory agencies, in reference thereto. These requirements may include, but not be limited to, compliance with DBE participation goals, the keeping of certain records of good faith compliance efforts, which would be subject to review by the various agencies, the submission of various reports and, if so directed, the contracting of specified percentages of goods and services contracts to DBEs. In the event of breach of any of the above nondiscrimination covenants pursuant to 49 CFR Part 21 of the Regulations of the Office of the Secretary of Transportation, as amended, if applicable, AUTHORITY will have the right to terminate the Agreement and to re-enter as if said Agreement had never been made or issued. Said termination provision will not be effective until the procedures of 49 CFR Part 21 are followed and completed, including exercise or expiration of appeal rights.

14.04 Security.

AIRLINE shall not bring or operate any vehicle or motorized equipment into or within any air operations area, unless having first complied with all insurance provisions and requirements specified in this Agreement, as well as the Airport Driver Training Program and the Airport's Security Program. When operating within any air operations area, AIRLINE shall cause its vehicles and equipment to move directly to and from the entrance gate or Airline Premises and the aircraft, and shall not enter or move about in any other non-movement area. AIRLINE, its officers, employees, agents, and those under its control, shall comply with security measures required of AIRLINE or AUTHORITY by the FAA, TSA, U. S. Department of Transportation, or contained in any Airport master security plan approved by the FAA or TSA to include an Airport Tenant Security Program as outlined in 49 CFR Part

1542 respective to AIRLINE's non-public Exclusive Premises and Shared Exclusive Use Premises. If AIRLINE, its officers, employees, agents, or those under its control shall fail or refuse to comply with said measures and such non-compliance results in a monetary penalty being assessed against AUTHORITY, then AIRLINE shall be responsible and shall reimburse AUTHORITY in the full amount of any such monetary penalty or other damages, including attorney fees and other costs to defend AUTHORITY against such claims.

Article 15. ENVIRONMENTAL

15.01 General Conditions.

Notwithstanding any other provisions in this Agreement, and in addition to any and all other requirements of this Agreement or any other covenants, representations or warranties of AIRLINE, AIRLINE hereby agrees to the following, in connection with AIRLINE's operations at the Airport:

- (1) AIRLINE shall comply with all applicable Environmental Laws.
- (2) To the extent required by applicable Environmental Law, AIRLINE agrees to notify AUTHORITY and promptly begin to mitigate any damages occurring as a result of non-compliance with any applicable Environmental Law by AIRLINE, its employees, licensees, or contractors. To the extent required by applicable Environmental Law, AIRLINE agrees to promptly and at its own expense initiate investigation, and remediation (but AIRLINE shall not commence active remediation, except to the extent time is of the essence or emergency conditions otherwise exist requiring immediate remediation measures, without advanced review and written approval by applicable regulatory agency and AUTHORITY of any remediation plan) of any such potential or actual non-compliance with any applicable Environmental Law which AIRLINE shall continue until remediation has been completed to the extent required under, and in accordance with, applicable Environmental Law and no further action is necessary.
- (3) Only where, and to the extent, it is caused by the negligence or willful misconduct of the officers, employees, agents, licensees or contractors the agents, employees, contractors, officers, or officials of the AIRLINE, AIRLINE agrees to hold harmless and indemnify Authority Parties for: (1) any violation by AIRLINE, its officers, employees, agents, licensees or contractors applicable Environmental Law; and (2) any non-compliance by AIRLINE with any permits issued to AIRLINE pursuant to applicable Environmental Law. Such hold harmless and indemnity will include: (1) enforcement actions against Authority Parties to assess, abate, remediate, undertake corrective measures, or monitor environmental conditions damages arising solely by reason of AIRLINE's violation or non-compliance (including actually incurred reasonable attorney's fees and costs as well as reasonable fees and costs of consultants, experts, contractors, and laboratories reasonably incurred in connection with the

indemnified incident to the extent required to reach compliance with applicable Environmental Laws); and (2) any reasonable monetary penalties, costs, expenses, or damages, including natural resource damages, imposed against Authority Parties to the extent caused by reason of AIRLINE's violation or non-compliance. Claims for environmental matters shall be covered exclusively under this Article 15 and shall not be subject to any other indemnities provided in this Agreement, including without limitation the general indemnity herein.

(4) AIRLINE agrees to reasonably cooperate with any investigation, audit, or inquiry by AUTHORITY regarding any federal or state environmental regulatory enforcement action or investigation, which is against AUTHORITY but directly arises from AIRLINE's activities hereunder.

(5) AIRLINE will, within a reasonable time, notify AUTHORITY of any spill, leak, or permit exceedance by AIRLINE that is required to be reported to government authorities pursuant to applicable Environmental Law. AIRLINE will, within a reasonable time following receipt, provide AUTHORITY with a copy of any notice of violation, notice of non-compliance, or other enforcement-related document concerning AIRLINE's operation at the Airport.

(6) AIRLINE shall obtain AUTHORITY's written approval, which approval shall not be unreasonably withheld, conditioned, or delayed, prior to installing any above-ground or underground storage tanks on Airport premises (including deicing fluid storage tanks).

15.02 Hazardous Materials.

(1) (2) AIRLINE agrees to make available for review by AUTHORITY, within a reasonable period after AUTHORITY's request, copies of any hazardous waste-related permits, reports, transportation records, storage and disposal plans, safety data sheets and/or waste manifests prepared or issued in connection with AIRLINE's use of Airport.

(3) Prior to vacating the Airline Premises, AIRLINE will dispose of or otherwise remove all of AIRLINE's solid and hazardous wastes and containers on the Airline Premises in compliance with applicable Environmental Laws. Copies of any waste

manifests related to such disposal will be provided to AUTHORITY within a reasonable period after AUTHORITY's request.

15.03 Prior Contamination.

Nothing in this Article will be construed to make AIRLINE liable in any way for any contamination or release of Hazardous Materials, as defined in Section 1.31, affecting Airport that occurred prior to AIRLINE's entry upon or operations at Airport or that occurred as a result of the actions or inaction of anyone other than AIRLINE. AIRLINE shall use commercially reasonable efforts not to exacerbate, relocate, distribute, spread or otherwise move said contamination or release of Hazardous Materials.

15.04 Off-Site Contamination.

Nothing in this Article will be construed to make AIRLINE liable in any way for any contamination or release of Hazardous Materials, as defined in Section 1.31, affecting Airport that occurs by reason of the migration or flow to Airport or to Airline Premises from contamination that is not attributable to AIRLINE's activities at Airport or Airline Premises.

15.05 Stormwater.

Notwithstanding any other provisions or terms of this Agreement, AIRLINE acknowledges that certain properties within the Airport, or on AUTHORITY owned land, are subject to stormwater rules and regulations. AIRLINE agrees to observe and abide by such stormwater rules and regulations as may be applicable to AIRLINE and, if applicable hereby agrees to the following in connection with AIRLINE's operations on Airport:

- (1) AIRLINE acknowledges that any stormwater discharge permit issued to the AUTHORITY may name AIRLINE as a co-permittee. AUTHORITY and AIRLINE both acknowledge that close cooperation is necessary to ensure compliance with any stormwater discharge permit terms and conditions, as well as to ensure safety and to minimize cost of compliance. AIRLINE acknowledges further that it may be necessary to undertake such actions to minimize the exposure of stormwater to "significant materials" generated, stored, handled or otherwise used by AIRLINE, as such term may be defined by applicable stormwater rules and regulations, by implementing and maintaining "best management practices" (as that term may be defined in applicable

stormwater rules and regulations).

(2) AIRLINE will comply with any stormwater discharge permit requirements applicable to AIRLINE. To the extent a submittal of a Notice of Intent will be made by AIRLINE to the Idaho Department of Environmental Quality, a copy will be submitted to AUTHORITY. AIRLINE will comply with all applicable stormwater requirements including but not limited to: certification of non-stormwater discharges; AUTHORITY's Stormwater Pollution Prevention Plan or similar plans; implementation of best management practices; and maintenance and submittal of records required by AUTHORITY's Stormwater Pollution Prevention Plan. In complying with such requirements, AIRLINE will observe applicable deadlines set by the regulatory agency that has jurisdiction over the permit. AIRLINE agrees to undertake, as its sole expense, those applicable stormwater permit requirements for which it has received written notice from the regulatory agency and that apply to its operations at the Airport.

Article 16. GENERAL PROVISIONS

16.01 Nonwaiver.

No waiver of default by either party of any of the terms, covenants, or conditions of this Agreement to be performed, kept, and observed by the other party shall be construed to be or act as a waiver of any subsequent default of any of the terms, covenants, and conditions to be performed, kept, and observed by the other party and shall not be deemed a waiver of any right on the part of the other party to cancel this Agreement as provided herein.

16.02 Passenger Facility Charge.

AUTHORITY reserves the right to assess and collect PFCs subject to the terms and conditions set forth in the Aviation Safety and Capacity Expansion Act of 1990, Section 9110 (the "PFC Act") and implementing regulations as may be supplemented or amended from time-to-time. AIRLINE shall collect and pay all PFCs for which it is responsible under the provisions of 14 CFR Part 158. Failure by AIRLINE to remit PFCs within the time frame required by 14 CFR Part 158 shall be grounds for cancellation of this Agreement.

16.03 Rights Non-Exclusive.

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

16.04 Quiet Enjoyment.

AUTHORITY agrees that, so long as AIRLINE's payment of rentals, fees, and charges is timely and AIRLINE keeps all covenants and agreements contained herein, AIRLINE shall peaceably have and enjoy its Airline Premises and all rights, privileges, and licenses of the Airport, its appurtenances and facilities granted herein, subject to the terms and conditions herein contained. Consistent with the nature of AIRLINE's business, AIRLINE agrees that occupancy of its Airline Premises will be lawful and that it will not knowingly use or authorize the use of Airline Premises in any way that would violate the terms of this Agreement, create a nuisance, or unreasonably disturb other tenants or the general

public. AIRLINE shall be responsible for the activity of its officers, employees, agents, and others under its control with respect to this provision.

16.05 Performance.

The parties expressly agree that time is of the essence in this Agreement. Failure by a party to complete performance within the time specified, or within a reasonable time if no time is specified herein, shall relieve the other party, without liability, of any obligation to accept such performance.

16.06 Aviation Rights.

AUTHORITY reserves unto itself, its successors, and assigns for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Airport, including Airline Premises, for navigation or flight in the said airspace for landing on, taking off from, or operating at the Airport.

16.07 Rules and Regulations and Operational Directives.

AIRLINE, its officers, employees, agents, and others under its control shall observe and obey all applicable laws, regulations, and orders of the federal, state, AUTHORITY governments and AUTHORITY (acting in its governmental capacity) which may be applicable to AIRLINE'S operations at the Airport.

AUTHORITY, acting in its governmental capacity, may from time-to-time adopt, amend, or revise the Airport's Rules and Regulations governing the conduct of operations at the Airport, for reasons of safety, health, preservation of the property, or for the maintenance of the good and orderly appearance of the Airport. AIRLINE, its officers, employees, agents, and others under its control shall faithfully comply with and observe such reasonable and non-discriminatory Rules and Regulations and any amendments thereto, except as they may conflict with the terms and provisions of this Agreement, or the regulations of another governmental entity having appropriate jurisdiction. AUTHORITY shall notify AIRLINE, in writing, at least ninety (90) days in advance of any amendments or supplements to such Rules and Regulations that would materially alter the terms of this Agreement adversely.

AIRLINE shall obtain, maintain current, and comply with, any and all applicable permits, licenses, and other governmental authorizations, however designated, as may be required at any time throughout the entire Term of this Agreement by any federal, state, or local governmental entity or any

court of law having jurisdiction over AIRLINE or AIRLINE's operations and activities at the Airport.

16.08 Inspection.

Subject to the following sentence, AIRLINE shall allow AUTHORITY's authorized representatives access to Airline Premises for the purpose of examining and inspecting said premises; for purposes necessary, incidental to, or connected with the performance of its obligations under this Agreement; or, in the exercise of its governmental functions. Except in the case of an emergency, AUTHORITY shall conduct such inspections during reasonable business hours, after reasonable prior notice to AIRLINE and in the presence of AIRLINE's representative.

16.09 No Individual Liability.

No member, officer, agent, director, or employee of AUTHORITY or AIRLINE shall be charged personally or held contractually liable by or to the other party under the terms or provisions of this Agreement or because of any breach thereof or because of its or their execution or attempted execution.

16.10 Relationship of Parties.

Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship between the parties hereto. It is understood and agreed that neither the method of computation of rentals, fees, and charges, nor any other provisions contained herein, nor any acts of the parties hereto, creates a relationship other than the relationship of landlord and tenant.

16.11 Capacity to Execute.

AUTHORITY and AIRLINE each warrant as to itself that the person executing this Agreement on its behalf has authority to execute this Agreement on its behalf.

16.12 Savings.

The parties hereto acknowledge that they have thoroughly read this Agreement, including any exhibits or attachments hereto and have sought and received whatever competent advice and counsel was necessary for them to form a full and complete understanding of all rights and obligations herein. The parties further acknowledge that this Agreement is the result of extensive negotiations between the parties

and shall not be construed against AUTHORITY by reason of the preparation of this Agreement by AUTHORITY.

16.13 Successors and Assigns Bound.

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

16.14 Incorporation of Exhibits.

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

16.15 Titles.

Section titles are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope or extent of any provision of this Agreement.

16.16 Severability.

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

16.17 Amendments.

No amendment, modification or alteration of the terms of this Agreement shall be binding unless the same be in writing, dated subsequent to the date hereof, and duly executed by the parties hereto with the same formality as required for this Agreement.

16.18 Other Agreements.

Other than as set forth herein, nothing contained in this Agreement shall be deemed or construed to nullify, restrict, or modify in any manner the provisions of any other lease or contract between AUTHORITY and AIRLINE authorizing the use of the Airport, its facilities, and appurtenances.

16.19 Approvals.

Unless otherwise stated, whenever this Agreement calls for approval by AUTHORITY, such approval shall be evidenced by the written approval of the Airport Manager.

Any approval required by either party to this Agreement shall not be unreasonably withheld, conditioned or delayed.

16.20 Notice.

All notices, requests, consents, and approvals served or given under this Agreement shall be served or given in writing with proof of delivery or by electronic email transmission with confirmation of receipt. If intended for AUTHORITY, notices shall be delivered to:

Airport Manager
Friedman Memorial Airport
1616 Airport Circle
Hailey, Idaho 83333

Or to such other address as may be designated by AUTHORITY by written notice to AIRLINE.

Notices to AIRLINE shall be delivered to:

Or to such other address as may be designated by AIRLINE by written notice to AUTHORITY.

If notice, consent or approval is given in any other manner or at any other place, it shall also be given at the place and in the manner specified above.

16.21 Agent for Service.

It is expressly understood and agreed that if AIRLINE is not a resident of the State of Idaho, or is an association or partnership without a member or partner resident of said state, AIRLINE shall appoint an agent for the purpose of service of process in any court action between it and AUTHORITY arising out

of or based upon this Agreement. As of the date of this Agreement, the name and address of AIRLINE's agent for the purpose of service in the State of Idaho is _____. AIRLINE shall immediately, within ten (10) days of execution of this Agreement, notify AUTHORITY, in writing, of the name and address of said agent, if applicable. Such service shall be made as provided by the laws of the State of Idaho for service upon a non-resident engaging in business in the State. It is further expressly agreed, covenanted, and stipulated that, as an additional method of service of process, AIRLINE may be personally served out of the State of Idaho by the registered mailing of such service at the address set forth in Section 16.20.

16.22 Governing Law and Legal Forum.

This Agreement is to be read and construed in accordance with the laws of the State of Idaho. All litigation concerning this Agreement by either party shall be instituted in Hailey, Idaho. The provisions of this Section shall survive the termination of this Agreement.

16.23 Force Majeure.

Except as herein provided, neither AUTHORITY nor AIRLINE shall be deemed to be in default hereunder if either party is prevented from performing any of the obligations, other than the payment of rentals, fees, and charges hereunder, by reason of strikes, boycotts, labor disputes, embargoes, shortages of energy or materials, acts of God, acts of the public enemy, terrorism, weather conditions, riots, rebellion, or sabotage, or any other circumstances for which it is not responsible or which are not within its control.

16.24 Most Favored Nation.

AUTHORITY agrees not to enter into any Agreement with any other 14 CFR Part 121 Air Transportation Companies conducting similar operations at the Airport after the date of this Agreement which contains more favorable terms and conditions, landing fees, space rentals or other charges than those provided in this Agreement. Such "similar operations at the Airport" means regularly scheduled commercial service that shall be conducted at the Airport.

16.25 Entire Agreement.

It is understood and agreed that this instrument contains the entire agreement between the parties hereto. It is further understood and agreed by AIRLINE that AUTHORITY and AUTHORITY's agents have made no representations or promises with respect to this Agreement or the making or entry into this

Agreement, except as in this Agreement expressly set forth, and that no claim or liability or cause for termination shall be asserted by AIRLINE against AUTHORITY for, and AUTHORITY shall not be liable by reason of, the breach of any representations or promises not expressly stated in this Agreement. It is further understood and agreed by AUTHORITY that AIRLINE and AIRLINE's agents have made no representations or promises with respect to this Agreement or the making or entry into this Agreement, except as in this Agreement expressly set forth, and that no claim or liability or cause for termination shall be asserted by AUTHORITY against AIRLINE for, and AIRLINE shall not be liable by reason of, the breach of any representations or promises not expressly stated in this Agreement.

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

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

By: _____,
_____, Chairman

AIRLINE
Name: _____

By: _____

Title: _____

STATE OF IDAHO)
) ss.
County of Blaine)

On this ____ day of _____, 2018, before me, a Notary Public for the State of Idaho, personally appeared _____, known or identified to me to be the Chairman of the Friedman Memorial Airport Authority, and the person who executed the instrument on behalf of said Authority, and acknowledged to me that such Authority executed the same.

Notary Public for Idaho
Residing at: _____
My commission expires: _____

STATE OF _____)
) ss.
County of _____)

On this ____ day of _____, 2018, before me a Notary Public in and for said State, personally appeared _____, known or identified to me to be the _____ of _____, and the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

Notary Public for _____
Residing at: _____
My commission expires: _____

EXHIBIT A: AIRPORT BOUNDARIES

EXHIBIT A: AIRPORT BOUNDARIES



EXHIBIT B: AIRLINE PREMISES

EXHIBIT B: AIRLINE PREMISES

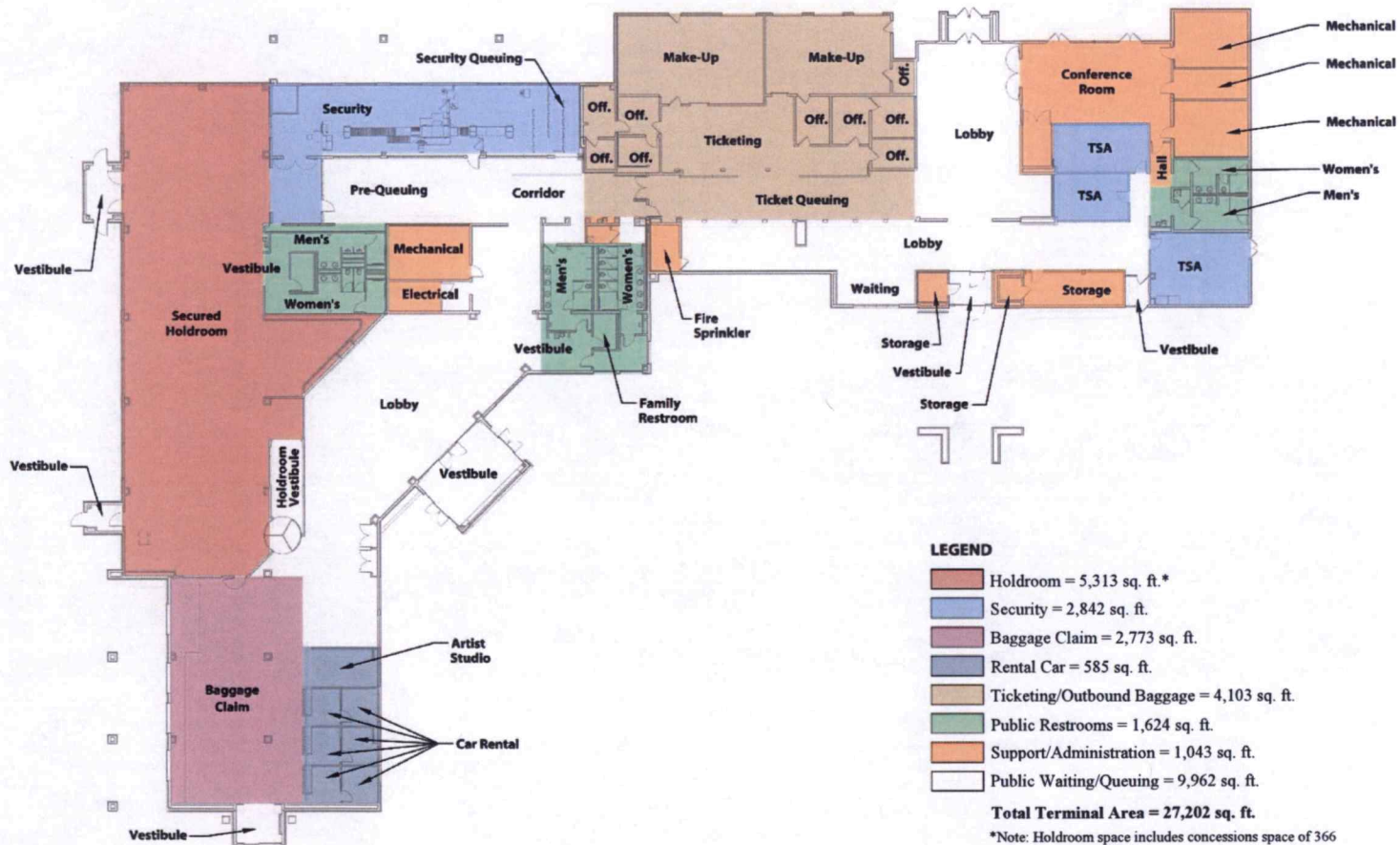


EXHIBIT C: SUMMARY OF TERMINAL AREAS

EXHIBIT C: SUMMARY OF TERMINAL AREAS (SQUARE FEET)

SPACE CATEGORY	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Airline Offices	905	905	905	905	905
Baggage Makeup	1,587	1,587	1,587	1,587	1,587
Ticketing (Counters and Queuing)	670	670	670	670	670
	3,162	3,162	3,162	3,162	3,162
Space by Airline					
Alaska (Exclusive Use)	1,466	1,466	1,466	1,466	1,466
Delta/United (Shared Exclusive Use)	1,696	1,696	1,696	1,696	1,696
	3,162	3,162	3,162	3,162	3,162
Common Use Space					
Secured Holdroom	4,947	4,947	4,947	4,947	4,947
Baggage Claim	2,773	2,773	2,773	2,773	2,773
	7,720	7,720	7,720	7,720	7,720
Total Airline Rentable Space	10,882	10,882	10,882	10,882	10,882

**EXHIBIT D: RESPONSIBILITIES OF AUTHORITY AND AIRLINE FOR OPERATION
AND MAINTENANCE OF THE TERMINAL**

EXHIBIT D

RESPONSIBILITIES OF AIRPORT & AIRLINES FOR OPERATION & MAINTENANCE OF TERMINAL

	Exclusive Use	Airline Premises		Aircraft Aprons
		Common Use	Shared Exclusive Use	
Air Conditioning	N	N	N	n/a
Heating	N	N	N	n/a
Lighting				
a. Bulb & Tube Replacement ¹	A	N	A	N
b. Maintenance ¹	N	N	N	N
Electrical Maintenance ²	N	N	N	N
Water				
a. Distribution	N	N	N	n/a
b. Fixtures	A	N	A	n/a
Sewage				
a. Distribution	N	N	N	n/a
b. Fixtures	A	N	A	n/a
Maintenance				
a. Other than Structure	A	N	A	N
b. Structure ³	N	N	N	N
c. Exterior ⁴	N	N	N	n/a
Custodial Service	A	N	A	n/a
Window Cleaning				
a. Exterior	n/a	N	n/a	n/a
b. Interior	A	N	A	n/a
Ramp - Concrete Repair	n/a	n/a	n/a	N
Snow Removal				
a. Larger ramp area ⁵	n/a	n/a	n/a	N
b. Gate areas & walkway to aircraft	n/a	n/a	n/a	A

A = AIRLINE / N = AIRPORT

¹AIRLINE shall be responsible for any light fixtures installed by AIRLINE.

²AIRLINE shall be responsible for any electrical fixtures or services installed by AIRLINE.

³AIRLINE shall be responsible for any structure constructed by AIRLINE.

⁴AIRLINE shall be responsible for any exterior maintenance required from actions of AIRLINE, its employees, or subcontractors.

⁵AIRLINE shall be responsible for coordinating removal of aircraft to allow for snow removal on airline ramp by AIRPORT; and, AIRLINE shall be responsible for snow removal around the Gate Areas/walkways/work areas, and shall be responsible for determining safety of passages for use by passengers/employees.

Note: All areas not part of AIRLINE'S Airline Premises shall be AIRPORT'S responsibility; provided, however, AIRPORT shall not be responsible for any systems or services installed by AIRLINE, or systems and services installed by AIRPORT, but modified or used by AIRLINE, unless otherwise agreed to by the parties hereto.

EXHIBIT E: CHANGES IN RATES FOR RENTALS, FEES, AND CHARGES

EXHIBIT E-1**Terminal Building Rental Rate Calculation**

Fiscal Year	Projected 2019
A Operating & Maintenance Expenses	\$ 1,101,849
B Amortization	\$ -
C Capital Expenditures	\$ -
D TOTAL REQUIREMENT	<u>\$ 1,101,849</u>
E Less: Authority Discretionary Revenue Credit	<u>\$ (238,055)</u>
F NET REQUIREMENT	<u>\$ 863,793</u>
G Usable Space	27,202
H TERMINAL RENTAL RATE	\$ 31.75
I Airline Exclusive Use	1,466
J Airline Exclusive Use	\$ 46,546

EXHIBIT E-2**Terminal Building Rental Rate Calculation - Common Use Formula**

Fiscal Year		Projected 2019
A	Operating & Maintenance Expenses	\$ 1,101,849
B	Amortization	\$ -
C	Capital Expenditures	\$ -
D	TOTAL REQUIREMENT	\$ 1,101,849
E	Less: Authority Discretionary Revenue Credit	\$ (238,055)
F	NET REQUIREMENT	\$ 863,793
G	Usable Space	27,202
H	TERMINAL RENTAL RATE	\$ 31.75
I	Baggage Claim Space	2,773
J	Holdroom/Gate Space	4,947
K	Total Common Use Space	7,720
L	Total Common Use Space Rent	\$ 245,147
M	10% Distribution	\$ 24,515
N	90% Distribution	\$ 220,632

EXHIBIT E-3**Terminal Building Rental Rate Calculation - Shared Exclusive Use Formula**

Fiscal Year		Projected 2019
A	Operating & Maintenance Expenses	\$ 1,101,849
B	Amortization	\$ -
C	Capital Expenditures	\$ -
D	TOTAL REQUIREMENT	\$ 1,101,849
E	Less: Authority Discretionary Revenue Credit	\$ (238,055)
F	NET REQUIREMENT	\$ 863,793
G	Usable Space	27,202
H	TERMINAL RENTAL RATE	\$ 31.75
I	Total Shared Exclusive Use Space	1,592
J	Total Shared Exclusive Use Space Rent	\$ 50,554
K	50% Share	\$ 25,277
L	50% Share	\$ 25,277

EXHIBIT E-4**Landing Fee Rate**

Fiscal Year		Projected 2019
A	Operating & Maintenance Expenses	\$ 1,206,356
B	Amortization	\$ -
C	Capital Expenditures	\$ -
D	TOTAL REQUIREMENT	\$ 1,206,356
E	Less: Authority Discretionary Revenue Credit	\$ (451,945)
F	NET REQUIREMENT	\$ 754,411
G	Total Airport Landed Weight (000-lbs)	431,092
H	Landing Fee Rate (per 1,000 lbs)	\$ 1.75
I	Total Airline Landed Weight (000-lbs)	118,984
J	AIRLINE REQUIREMENT	\$ 208,221
K	SIGNATORY LANDING FEE	\$ 1.75

EXHIBIT F: AFFILIATED AIRLINE IDENTIFICATION AND REQUIREMENTS

EXHIBIT F

AFFILIATE IDENTIFICATION AND REQUIREMENTS

AIRLINE”: _____

“AFFILIATE”: _____ d/b/a _____

AFFILIATE ADDRESS: _____

AFFILIATE POINT OF CONTACT: _____

Telephone: _____

Fax: _____

Email: _____

Date Start of Service: _____

Date of Termination: _____

AIRLINE and AFFILIATE acknowledge and agree that AFFILIATE will comply with all terms, conditions, covenants, and obligations as set forth in the Airport AIRLINE-AIRPORT USE AND LEASE AGREEMENT, dated October 1, 2018.

AIRLINE

By: _____

AFFILIATE

By: _____

EXHIBIT G: STATISTICAL REPORT



STATISTICAL REPORT

TO: Friedman Memorial Airport Authority – Friedman Memorial Airport

FROM: _____

SUBJECT: Statistical Report for the Month of _____

ACTUAL LANDINGS _____

TYPE OF AIRCRAFT – LANDING WEIGHTS

_____	/	_____	lbs. X	_____	landings =	_____
_____	/	_____	lbs. X	_____	landings =	_____
_____	/	_____	lbs. X	_____	landings =	_____
_____	/	_____	lbs. X	_____	landings =	_____
_____	/	_____	lbs. X	_____	landings =	_____
_____	/	_____	lbs. X	_____	landings =	_____

DIVERSIONS

_____	/	_____	lbs. X	_____	landings =	_____
_____	/	_____	lbs. X	_____	landings =	_____
_____	/	_____	lbs. X	_____	landings =	_____
_____	/	_____	lbs. X	_____	landings =	_____

ENPLANEMENTS

DEPLANEMENTS

PASSENGERS = _____

DIVERTED _____

PASSENGERS = _____

MAIL = _____ lbs.

FREIGHT = _____ lbs.

EXPRESS = _____ lbs.

DE-ICE FLUID _____ gallons

_____ lbs.

_____ lbs.

_____ lbs.



Work Order 19-01

Friedman Memorial Airport (SUN)

Hailey, Idaho

Terminal Apron/Parking Lot Landscaping

This Work Order shall be attached to, made a part of, and incorporated by reference into a Master Professional Services Agreement between the Friedman Memorial Airport Authority and T-O Engineers, Inc., dated October 14, 2013.

SCOPE OF WORK

The Friedman Memorial Airport is completing a project to expand the terminal aircraft parking apron and to modify the airport's vehicle parking lot. This effort includes construction of various landscaping improvements, to include planting of shrubs, trees and grasses, along with installation of irrigation piping, sprinklers and controls. Due to funding requirements, construction of the landscaping elements of the project will be completed under a contract separate from the construction of the apron and parking lot improvements. The majority of the services described will be provided by a qualified landscape architecture subconsultant.

Tasks under this Work Order include services necessary to design and oversee the construction of these improvements. Services provided are primarily landscape architecture, with some coordination. Specific tasks are described below:

1. Update Plans: Incorporate final construction plans into conceptual landscaping plans prepared during preliminary design of the project.
2. Site Visit, Coordination and Meetings: Visit the site to investigate as-constructed conditions and the status of landscaping in the project area. Internal design team meetings and meetings/coordination with the Owner.
3. Construction Documents: Prepare detailed landscape and irrigation plans and specifications, along with a detailed bid schedule. Prepare documents necessary to obtain quotes from contractors.
4. Quote Process: Identify and contact qualified contractors and determine interest in quoting on the project. Distribute documents to contractors and answer questions during the quote preparation process. Receive and evaluate quotes received. Prepare a recommendation of award.
5. Award: Present quotes and recommendation of award to Friedman Memorial Airport Authority and prepare award and contract documents.
6. Construction: Answer questions and provide general coordination during construction. Visit the site weekly during construction to inspect progress. Complete a final acceptance walkthrough following construction completion.

7. Administration: Prepare a Work Order, including scope of work and fees. Prepare and submit invoices. Administer subconsultant agreement.
8. Reimbursable Expenses: Copies, prints, travel and other expenses associated with the design and bidding of the project.

FEES

Fees for services provided under this Work Order will be billed on a time and materials basis using Consultant's current Fee Schedule. Total fees under this Work Order shall not exceed **\$11,545**. A detailed explanation of this fee is provided as follows:

Task	Principal \$200	Proj. Mgr. \$160	EIT \$90	Admin. \$65	Sub-consultant	Total
1		1			\$650	\$810
2		2	2		\$425	\$765
3	1	2	4		\$3,200	\$4,000
4		2	2			\$500
5	2	2	2			\$900
6	1	4	2		\$2,500	\$3,520
7	1	2		2		\$650
8	\$200				\$200	\$400
Total	5	15	12	2	\$4,500	\$11,545

IN WITNESS WHEREOF, Client and Consultant have made and executed this WORK ORDER 19-01 to the AGREEMENT the day and year first above written.

FOR: FRIEDMAN MEMORIAL AIRPORT AUTHORITY

By: _____ Don Keirn _____

Title: _____ Chairman _____

Date: _____

FOR: T-O ENGINEERS, INC.

By: _____ David A. Mitchell, P.E. _____

Title: _____ Aviation Services Manager/Vice President _____

Date: _____

**AMENDMENT TO FRIEDMAN MEMORIAL
AIRPORT AUTHORITY REGULATION NO. 94-1**

A REGULATION OF THE FRIEDMAN MEMORIAL AIRPORT AUTHORITY GOVERNING AND REGULATING GROUND TRANSPORTATION AND BAGGAGE TRANSPORT SERVICES AT FRIEDMAN MEMORIAL AIRPORT, HAILEY, IDAHO; PROHIBITING THE COMMISSION OF CERTAIN ACTS; PROVIDING PENALTIES FOR THE VIOLATION OF THIS REGULATION; AND PROVIDING FOR THE EFFECTIVE DATE OF THIS REGULATION UPON PASSAGE, APPROVAL AND PUBLICATION.

WHEREAS, the Friedman Memorial Airport has limited parking areas designated for use by ground transportation service providers (GTSP) and that those parking areas must be effectively managed due to their size limitations and in order to treat all GTSP equitably; the Friedman Memorial Airport Authority (FMAA) determines and finds that orderly, safe and non-discriminatory use of the Airport parking areas and service to the public will be enhanced by the adoption of the provisions contained in this Regulation;

NOW THEREFORE, BE IT ORDAINED BY THE FRIEDMAN MEMORIAL AIRPORT AUTHORITY AS FOLLOWS:

DEFINITIONS.

"Ground Transportation Service Provider" or "GTSP" shall mean any person or entity engaged in the operation of one or more vehicles (including, but not limited to taxis, buses, vans and limousines) in the business of transporting passengers for hire along or upon surface roads wherein one or more passengers is either picked up from or delivered to Airport Property. Notwithstanding the foregoing, GTSP shall not be deemed to include a "Transportation Network Company" or "TNC" as defined in Idaho Code § 49-3703.

"Class 1 GTSP" shall mean a GTSP whose principal business is the transportation of passengers for hire on a commercial basis, either as a common carrier or under private contract, agreement, charter or undertaking. Examples of Class 1 GTSPs include taxis and limousine companies.

"Class 2 GTSP" shall mean a GTSP whose transportation of passengers to and from the Airport is incidental and subordinate to an existing principal business and private, not-for-hire, event shuttles. Examples of Class 2 GTSPs include hotel courtesy shuttles and shuttles operated by off Airport Rental Car operators licensed by the City of Hailey.

"Interstate Licensed GTSPs" shall mean a GTSP licensed and registered in a state other than Idaho. Examples of Interstate Licensed GTSPs include Shuttles or Tour Buses based out Utah or Wyoming.

"Non-GTSP Provider" shall have two categories (a) Private Event Shuttles or vans with prearranged drop offs or pick-ups; and (b) TNCs. A Non-GTSP Provider may not solicit passengers on Airport Property under

any circumstances and may not enter the terminal without authorization from Airport officials obtained prior to entry on Airport property.

SECTION 1. LAWS, ORDINANCES, ETC. All GTSPs shall comply with all existing federal, state, City of Hailey and FMAA regulations, ordinances and licensing requirements.

SECTION 2. PERMITS AND FEES.

A. Class 1 GTSPs:

- a. Must hold a current, valid Service Business License with the City of Hailey for Auto Transportation Service; prior to applying for a Friedman Memorial Airport Ground Transportation Service Provider Permit.
- b. Must hold a current, valid Class 1 Friedman Memorial Airport Ground Transportation Service Provider Permit ("Class 1 GTSP Permit"). Class 1 GTSP Permits shall be re-issued on an annual basis. The permit year shall be from January 1 through December 31. Processing of completed permit applications may take up to two weeks.
- c. Class 1 GTSPs must meet the reasonable needs of the traveling public. Any provider who suspends service for more than 60 days may be subject to revocation of operating privileges.
- d. Class 1 GTSPs are subject to fees as adopted and/or amended from time to time by the FMAA. Failure to pay fees shall result in the immediate revocation of the GTSP's permit. All annual licensing, processing, security and other applicable fees shall be paid at the time of permit issuance and shall not be pro-rated and are non-refundable.

B. Class 2 GTSPs:

- a. Must hold a current, valid Class 2 Friedman Memorial Airport Ground Transportation Service Provider Permit ("Class 2 GTSP Permit"). Class 2 GTSP Permits are issued under an abbreviated application process.
- b. Class 2 GTSPs are subject to fees as adopted and/or amended from time to time by the FMAA. Failure to pay fees shall result in the immediate revocation of the GTSP's permit. All annual licensing, processing, security and other applicable fees shall be paid at the time of permit issuance and shall not be pro-rated and are non-refundable.

C. Interstate Licensed GTSPs

- a. Must hold current valid licenses issued by the state in which the vehicle is registered.

D. Non-GPSP Category (a)

- a. Must pay special event fees as adopted in the Airport Rates and Charges Schedule.

SECTION 3. INSURANCE.

- A. Class 1 GTSPs** shall, at their own expense, procure and keep in force at all times during the term of the permit issued under this Regulation, insurance written by an insurer satisfactory to the Airport, insuring the GTSP, the City of Hailey, Blaine County and the FMAA against all costs, liability and expense on account of injury or death of a person or persons or damage to or destruction of property caused by or connected with the GTSP's operation of a ground transportation service at the Airport in an amount of not less than one million dollars (\$1,000,000) per occurrence. GTSP Policies must provide that all drivers utilizing the GTSP vehicles are covered under the Policy.

The comprehensive general public liability and property damage and vehicle insurance required under this section shall name the City of Hailey, Blaine County, FMAA, their agents and employees as parties insured and the Airport Manager shall be furnished with a certificate to the effect that such insurance shall not be changed or canceled without thirty days' prior written notice to the Airport Manager. The vehicle insurance policy shall list all vehicles by description (make, model, color, year), license plate and vehicle identification number.

- B. Class 2 and Interstate Licensed GTSPs** must maintain insurance as required by the state in which their vehicle is registered.
- C. Non-GTSP Providers** must maintain insurance as required by Idaho State Law.

SECTION 4. SECURITY THREAT ASSESSMENT/AIRPORT ACCESS.

- A. All GTSPs (both Class 1 and Class 2):** Every driver shall make application to the Airport Security Coordinator to complete an Airport Security Threat Assessment (STA) and complete an Airport Identification badging process. No driver shall be allowed to operate without a completed STA and badging process. Drivers are required to wear their Airport Identification badge on the exterior of their clothing and in an outward facing position at all times while at the Airport. If requested, driver shall display their badge for closer viewing. Airport Identification badge processing time could take up to two weeks.

GTSP's drivers shall enter and exit the Airport Terminal parking with the use of the Airport Identification badge issued to the driver. If requested, the GTSP shall stop and allow attendants at the parking booth to view GTSP driver's Airport Identification badge. Any driver utilizing a badge not issued to them specifically or providing their Airport Identification badge to anyone else for use shall be immediately suspended.

- B. Interstate Licensed GTSPs** shall make arrangements at least 24 hours in advance with Airport Management prior to loading or unloading passengers at Friedman Memorial Airport. Said providers shall enter and exit the Airport by the same means as the general public and shall be responsible for the payment of all parking fees.
- C. Non-GTSP Providers** shall enter and exit the Airport by the same means as the general public and shall be responsible for the payment of all parking fees. Non-GTSP providers may not enter the Airport terminal under any circumstances without prearranged approval from the Airport Manager.

SECTION 5. REGULATIONS APPLICABLE TO CLASS 1 GTSPs:

- A. DISPLAY OF AUTO TRANSPORTATION LICENSE.** All Class 1 GTSP's shall display their City of Hailey issued Auto Transportation service driver's license in the vehicle in a location that is visible from all areas of the vehicle.
- B. SCHEDULE OF FARES.** Class 1 GTSPs shall display their City of Hailey approved schedule of fares in a location that is visible from all areas of the vehicle and in print size large enough to be read from all areas of the vehicle. Fares and baggage fees shall be prepared and presented in a professionally printed manner and must be easily interpreted by passengers who are unfamiliar with the areas serviced. Any surcharges shall be calculated and reflected clearly in the base rates.
- C. SOLICITATION.** All customers have the right to choose the GTSP they hire. No preference to position in the staging area shall be assumed. No GTSP shall be allowed to solicit customers. Solicitation shall be deemed to include, but is not limited to, loud verbal communications to attract prospective clients or the display or waving of signs or signaling. Customers shall have the right to approach any GTSP and inquire as to rates and fares from any provider without unsolicited negotiation by another GTSP. No physical approach to the prospective customer or customer's luggage shall be made until the customer has hired the GTSP.

D. VEHICLES. All vehicles must be owned by and registered to the GTSP. Any vehicle in the GTSP's fleet that operates at the Airport shall require a vehicle operating permit. Each permit shall be assigned to the vehicle's license plate and vehicle identification number and are not transferable. All permits displayed on the vehicles must be current and any expired permits must be removed within ten days of expiration/termination.

All GTSP vehicles shall be clearly identified as such by prominent marking that clearly identifies the GTSP by their permitted name and phone number on both sides and back of the vehicle at eye level. All lettering required to be affixed to the exterior of the vehicle shall be at two inches (2") in height and shall be of a color that is in clear contrast to the dominant color of the color scheme.

Vehicles shall be in good operating order and free of mechanical defects; said vehicles shall be kept clean, neat, attractive inside and out and shall be smoke free. Vehicles shall be inspected and approved for safety by an automobile mechanic approved by the Airport. Proof of such inspection shall be submitted with annual GTSP application and by June 1st of the permit year. Minimum vehicle condition requirements are as follows:

E. Mechanical:

1. Tires - Tires must not have cuts, breaks, or show excessive uneven wear. Tire wear bars must not be showing. Tire tread depth shall not be less than two/thirty-seconds (2/32) of an inch of an original tire. The vehicle must have a spare tire, fully inflated, and in the same condition as required above. Tires must all be of the same type (either radial or bias).
2. Body Condition - The body must be in good condition, free of holes, dents or torn metal. Both a front and rear bumper must be firmly attached. No extensive unrepaired body damage shall be allowed. Vehicle shall be completely and properly painted. No rust shall be visible. All replacement parts shall match existing and be color matched to existing paint.
3. Lights - Headlights shall be intact and operable on both high and low beam. Tail lights, parking lights, brake lights, top light, and signal lights shall be intact and operable. An interior light capable of illuminating the interior shall be operable.
4. Wipers - Both windshield wipers shall be in good condition, and operable.

5. Brakes - Both the parking brake and all four-wheel brakes must be in good condition and operable. Brake shoes or pads must have a safe amount of wear left. Brake-pedal travel shall be no more than two and one half (2 1/2) inches.
6. Steering - There shall not be more than three inches of free play when turning the steering wheel from one side to the other.
7. Exhaust System - Mufflers shall not have any holes, and shall be firmly attached to the exhaust and tail pipes. Exhaust pipes shall be firmly attached to the engine, and free of leaks. Tail pipes shall extend beyond the passenger compartment, fully to the rear of the vehicle. All emission control devices shall be attached and in proper working order.
8. Windows - The windshield shall be free of cracks or chips that interfere with the driver's vision and shall not extend more than ¼ the window width. Door windows shall be free of cracks and operable as they were intended by the manufacturer.
9. Door Handles - All door handles and latches shall be operable from both the inside and outside of the vehicle.
10. Seat Belts - The vehicle shall be equipped with sufficient seat belts to provide safety to each passenger, and be in accordance with Idaho law.
11. Suspension - The suspension system shall be maintained so that there are no broken or weak springs, or weak or defective shock absorbers.

F. Appearance

1. Engine Compartment - The engine compartment shall be kept reasonably clean and free of uncontained combustible material.
2. Exterior - The exterior shall be kept clean and well maintained. No vehicle shall have unauthorized signs, markings or stickers affixed thereto.
3. Interior - The interior shall be kept clean and free of litter. The seats, headliner, upholstery and carpet shall be kept clean and free of dirt, stains, holes and tears. Replacement materials shall match the existing color scheme.
4. Vehicles shall be free of noxious, unhealthy or unpleasant odors, fumes, stench, and smells including, but not limited to, urine, feces, smoke, fuel and vomit.

SECTION 6. REGULATIONS APPLICABLE TO CLASS 1 and CLASS 2 GTSPs:

A. DRIVER/EMPLOYEE CONDUCT/CUSTOMER SERVICE. GTSP shall maintain a high standard of service to the public and project an acceptable level of professionalism and competency. The performance of such obligations shall be determined by the Airport Manager or his designated representative(s).

While in the staging area, all GTSP drivers shall remain within five feet of their vehicles until they have been approached and hired for service. Once hired, driver may accompany and assist a passenger with their luggage from the curb/sidewalk area. Drivers are not allowed in the Airport Terminal except as allowed in **Section 6.C and 7**, without express permission from the Airport Manager.

No GTSP shall sleep in his vehicle or permit any other person to sleep therein while vehicle is staged at the Airport. No driver shall smoke or use tobacco products or any other product that has the appearance of a cigarette, pipe or equivalent while in the staging areas.

B. DRIVER DRESS CODE/APPEARANCE. GTSPs are required to present a professional appearance.

Drivers shall be hygienically clean and well groomed. Hair, beards and mustaches shall be kept clean and neatly trimmed. Drivers shall wear uniforms that are style consistent, company identifying (print screen or embroidery only, no patches), weather appropriate, sized properly for their function and, at a minimum, shall include:

1. Collared shirt or blouse, either short or long sleeve
2. Dark colored casual dress, denim pants or casual dress knee-length shorts
3. Dark colored closed toe shoes (socks required) or sandals
4. Hats, jackets, insulated coats, vests or other similar type outerwear
5. Nametag

Uniforms shall be "like new", clean and wrinkle free. Uniforms that are torn, dirty, faded or frayed are not acceptable. Vests or similar outerwear shall not eliminate the requirement to provide company identifying winter appropriate attire. Any GTSP deviation to the above specified dress code must have prior approval of the Airport.

GTSP shall not employ drivers who use improper language or act in a loud, boisterous or otherwise improper manner. GTSP shall re-assign any employee whose conduct is disruptive or detrimental to the best interests of the Airport upon notification by the Airport Manager or his representative.

- C. RESERVATIONS.** Any Class 1 GTSP driver holding a with a bone fide reservation and any Class 2 GTSP may enter the passenger terminal and stand only in the area designated for GTSP reservations and shall display a sign with only the name of their company and the name of their reservation customer. GTSPs shall not wave their sign nor solicit their customer in any other manner. GTSPs shall not roam, stand or sit in any area of the Airport other the designated reservation area. GTSPs shall not interfere with any other GTSP's reservation. A GTSP with a reservation shall pick up only their named reservation while in the passenger terminal and shall not solicit any other fares. Once the reservation arrives, the GTSP may assist their reservation with luggage. Staging of vehicles shall be subject to Section 6.D, Staging.
- D. STAGING.** While awaiting arriving passengers at the air passenger terminal, all GTSP vehicles shall park in the stalls designated by signage as reserved for this function. All vehicles shall park in these stalls "head first", rather than "backing in". All vehicles shall be parked fully in the stall so as not to impede visibility of potential customers and other GTSPs. The stalls are designed so that drivers can pull straight out of the stalls to depart the Airport.

When a space in the designated ground transportation parking area is vacated, remaining GTSP drivers shall not back out of their present space to relocate to a new space. If a driver wants to reposition, he/she shall drive forward and follow the parking lot configuration, cycle around and re-enter the ground transportation parking area. If there are GTSPs in the south staging areas as described below, the driver must comply with the first come, first served entry requirements. In the event that all available GTSP parking stalls are occupied or if there are more than two vehicles from one GTSP, excess vehicles shall proceed to the extreme south portion of the parking lot and line up on the far southeast end of the parking lot until spaces become available in the appropriate parking area. Vehicles staged on the southeast portion of the parking lot shall proceed in a first come, first served basis.

GTSPs with reservations that intend to leave their vehicle unattended while they are meeting customers in the terminal reservations area shall park their vehicle in parking stalls that have been reserved for this function. Once the customer with a reservation has been loaded, GTSP shall immediately exit the staging areas.

GTSPs using buses shall make arrangements at least 24 hours in advance with Airport Management prior to loading or unloading passengers at Friedman Memorial Airport.

Staging operations at Atlantic Aviation shall be coordinated with and at the discretion of Atlantic Aviation.

- E. **UNLOADING PASSENGERS.** GTSP, except those using buses, may utilize curbside areas for the purpose of unloading passengers and/or luggage except in areas that are marked for fire, shuttle or non-loading areas. Once unloaded, the GTSP must exit this area immediately. Vehicles parked in this area shall not be left unattended. GTSPs are prohibited from accompanying passengers and/or their luggage beyond the unloading/curbside area. GTSPs shall not solicit fares while unloading.
- F. **LUGGAGE TRANSPORT.** GTSP shall either receive baggage in the staging area directly from air carrier personnel, on the far southeast portion of the parking lot adjacent to the waste receptacles along the fenced/shielded area. GTSP shall not block the waste receptacles. GTSP can only conduct baggage transport operations between flights. If GTSP enters the passenger terminal between flights, GTSP shall be subject to Section 7, Use of Services/Facilities requirements.

GTSP shall only handle luggage when under the direct supervision of air carrier personnel and shall not enter the airline counter areas.

SECTION 7. USE OF AIRPORT SERVICES/FACILITIES. GTSP's shall not be allowed to use the facilities and services within the passenger terminal during the time that commercial flights or air carrier contracted bussing companies are unloading baggage and not until all baggage has been cleared from the baggage claim area. While in the terminal, the GTSP shall not engage in solicitation of fares. As the GTSP is not available for hire during this time, GTSP shall not park their vehicle in the staging area and shall relocate their vehicle to the fenced area south of the terminal adjacent to the waste receptacle. Upon returning to the vehicle, the driver shall be subject to 6.D Staging requirements.

SECTION 8. VIOLATION. The Airport Manager shall have the authority, at his sole discretion, to temporarily suspend a GTSP's operating privileges for up to ten (10) days and/or to impose a penalty of up to \$50.00 per day for each day a violation continues if he determines that a GTSP has violated this Regulation in a manner which may subject the traveling public to danger or which may have a negative effect on Airport Operations. Any suspension or penalty imposed by the Airport Manager shall be subject to the right of appeal by

the GTSP to the FMAA board at its next regularly scheduled meeting. Continuing violations of this Regulation may result in the loss of prepaid permit fees and revocation or suspension of all operating privileges at Friedman Memorial Airport.

In addition, any violation of this Regulation may result in a conviction of a misdemeanor under City of Hailey Ordinances.

This Amended Regulation shall be in full force and effect from and after its passage, approval and publication.

PASSED AND ADOPTED BY THE FRIEDMAN MEMORIAL AIRPORT AUTHORITY this ____ day
of _____, 2018.

Don Keirn, Chairman