

ORDINANCE #68945
Board Bill No. 88

An Ordinance recommended and approved by the Board of Estimate and Apportionment authorizing and directing the Director of Airports and the Comptroller of the City of St. Louis (the "City") to enter into and execute on behalf of the City the Lambert–St. Louis International Airport® Cargo City Lease Agreement AL-453 with a term ending June 30, 2016 (the "Lease Agreement"), between the City and Southwest Airlines Co. (the "Lessee"), a State of Texas corporation, granting to the Lessee, subject to and in accordance with the terms, covenants, and conditions of the Lease Agreement, certain rights and privileges in connection with the occupancy and use of the Premises, which is defined and more fully described in Section 201 of the Lease Agreement that was approved by the Airport Commission and is attached hereto as **ATTACHMENT "1"** and made a part hereof; containing a severability clause; and containing an emergency clause.

BE IT ORDAINED BY THE CITY OF ST. LOUIS AS FOLLOWS:

SECTION ONE. The Director of Airports and the Comptroller for the City of St. Louis (the "City") are hereby authorized and directed to enter into and execute on behalf of the City the Lambert–St. Louis International Airport® Cargo City Lease Agreement AL-453 with a term ending June 30, 2016 (the "Lease Agreement"), between the City and Southwest Airlines Co. (the "Lessee"), a State of Texas corporation, granting to the Lessee, subject to and in accordance with the terms, covenants, and conditions of the Lease Agreement, certain rights and privileges in connection with the occupancy and use of the Premises, which is defined and more fully described in Section 201 of the Lease Agreement that was approved by the Airport Commission and is to read in words and figures substantially as set out in **ATTACHMENT "1"**, which is attached hereto and made a part hereof.

SECTION TWO. The sections, conditions, or provisions of this Ordinance or portions thereof shall be severable. If any section, condition, or provision of this Ordinance or portion thereof is held invalid by a court of competent jurisdiction, such holding shall not invalidate the remaining sections, conditions, or provisions of this Ordinance.

SECTION THREE. This being an ordinance for the preservation of public peace, health, or safety, it is hereby declared an emergency measure as defined in Article IV, Section 20, of the City’s Charter and shall become effective immediately upon its approval by the Mayor of the City.

ATTACHMENT "1"

CITY OF ST. LOUIS
LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT®



CARGO CITY LEASE AGREEMENT

SOUTHWEST AIRLINES CO.
NO. AL-453

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AIRPORT NUMBER AL-453

LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT®
CARGO CITY LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into as of the ____ day of _____, 2011, by and between the City of St. Louis, a municipal corporation of the State of Missouri, as Lessor, and Southwest Airlines Co., a corporation organized and existing under the laws of the State of Texas.

RECITALS

The City owns and operates the Lambert-St. Louis International Airport®, located in the County of St. Louis, State of Missouri.

Lessee desires to lease space within and adjacent to the Cargo City Buildings.

The City is willing to lease space within and adjacent to such buildings to Lessee.

The parties, therefore, agree as follows:

ARTICLE I
MEANINGS AND CONSTRUCTION

Section 101. Meanings and Construction. Except as otherwise clearly indicated by the context, the words and phrases defined in this Section shall have the following meanings when used elsewhere in this Agreement.

“**Agreement**” means this Lease Agreement.

“**Air Transportation Business**” means the carriage by aircraft of persons or property as a common carrier for compensation or hire, or the carriage of mail by aircraft in commerce, as defined in the Federal Aviation Act of 1958, as amended.

“**Aircraft Operations Area**” or “**AOA**” means those areas of the Airport used for the landing, taking-off, movement, and parking of aircraft, as the same now exist or as the same hereafter may be added to, modified, changed, or developed.

“**Airport**” means the Lambert-St. Louis International Airport®, together with any additions, improvements, or enlargements made from time to time.

“**Airport Director**” means the Airport Director of the City or the person performing the functions of that office, as authorized by

the City's Mayor, or that person authorized by the Airport Director to act for or on behalf of the Airport Director with respect to any particular matter under this Agreement.

"Cargo City Buildings" means those certain cargo buildings at the Airport, including associated parking lots and sidewalks, and all improvements thereto, with the following addresses: 9801, 9805, 9809, 9813, 9817, 9825, 9833, and 9841 Air Cargo Road, St. Louis, MO, 63145.

"City" or **"Lessor"** means The City of St. Louis, Missouri.

"Environmental Laws" means all applicable federal, state, and local statutes, ordinances, regulations, rules, laws, permits, permit conditions, and orders relating to the generation, emission, discharge, release, use, storage, transportation, or disposal of pollutants, contaminants, Hazardous Materials, wastes, hazardous substances, or chemicals or the preservation or regulation of the environment or natural resources including, without limitation, the Clean Air Act, 42 U.S.C. §7401 et seq.; the Clean Water Act, 33 U.S.C. §1251 et seq., and the Water Quality Act of 1987; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §136 et seq.; the Marine Protection, Research, and Sanctuaries Act, 33 U.S.C. §1401 et seq.; the Noise Control Act, 42 U.S.C. §4901 et seq.; the Occupational Safety and Health Act, 29 U.S.C. §651 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., as amended by the Hazardous and Solid Waste, Amendments of 1984; the Safe Drinking Water Act, 42 U.S.C. §300f et seq.; the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §9601 et seq., as amended by the Superfund Amendments and Reauthorization Act, the Emergency Planning and Community Right-to-Know Act, and the Radon Gas and Indoor Air Quality Research Act; the Hazardous Material Transportation Act, 49 U.S.C. §5101 et seq.; the Endangered Species Act, 16 U.S.C. §1531 et seq.; the National Environmental Policy Act, 42 U.S.C. §4321 et seq.; the Toxic Substance Control Act, 15 U.S.C. §2601 et seq.; the Atomic Energy Act, 42 U.S.C. §2011 et seq.; and the Nuclear Waste Policy Act of 1982, U.S.C. §10101 et seq., as such statutes and laws may be amended from time to time, all regulations, rules, executive orders, policies and instructions pertaining to and lawfully promulgated pursuant to such statute or law as they now exist or may be amended from time to time.

"Environmental Permits" means any and all permits, licenses, approvals, authorizations, consents, or registrations required by applicable Environmental Laws, whether federal, state or local, and any duly filed environmental covenant or land use restrictions applicable to the Airport or the Leased Premises.

"Event of Default" means an Event of Default as defined in Section 901.

"Federal Aviation Administration" or **"FAA"** means the Federal Aviation Administration created under the Federal Aviation Act of 1958, as amended, or any successor agency thereto.

"Hazardous Materials" means friable asbestos or asbestos-containing materials, polychlorinated biphenyls (PCBs), petroleum, or crude oil or any fraction thereof, natural gas, source material, special nuclear material, and byproduct materials regulated under Environmental Laws, pesticides regulated under Environmental Laws, and any hazardous waste, toxic, or dangerous substance or related material, including any material defined or treated as a hazardous substance, hazardous waste, toxic substance, or contaminant (or comparable term) under any of the Environmental Laws.

"Lessee" means Southwest Airlines Co.

"Notice" means a communication between the parties to this Agreement performed in accordance with the requirements of Subsection 1113(B).

"Premises" means the area or areas described in Section 201, and shown on Exhibit "A," that has or have been designated by the City for the exclusive occupancy and use by Lessee for the uses herein specifically provided.

"Remediation Costs" means any reasonable losses, expenses, or costs incurred by the City in connection with environmental remediation: (i) required by the appropriate governmental agency responsible for enforcing Environmental Laws or Environmental Permits, and/or (ii) attributable to Hazardous Materials left on City property in excess of applicable remediation standards derived by the U.S. Environmental Protection Agency, the U.S. Occupational Safety and Health Administration, the Missouri Department of Natural Resources or other governmental health agency as appropriate for commercial property, safe for occupational exposure or Airport use or which are in violation of Environmental Laws or Environmental Permits, and caused by, or arising out of, Lessee's operations at the Airport or the Lessee's use or lease of the City's property. Remediation Costs include investigation and evaluation costs, costs to implement institutional controls or restrictive covenants, sampling and analysis costs, reporting costs, planning and

design costs, consultant and contractor costs, labor costs, equipment costs, construction costs, access costs, disposal costs, transportation costs, reasonable administrative costs, reasonable attorneys' fees and other legal fees and litigation expenses, permit fees and costs, monitoring costs, oversight and inspection costs, claims, demands, causes of action, suits, judgments, damages, compensation, debts, costs, expenses, losses, penalties, fines, stipulated penalties, punitive damages, and other similar liabilities caused by and/or arising out of or incidental to the Lessee's handling, use, storage, release, disposal, generation, emission, or discharge of Hazardous Materials at the Airport including the Premises.

"Rents" means for any Fiscal Year, the rents payable by Lessee pursuant to Article V.

"Rules and Regulations" means those lawful, reasonable, and not unjustly discriminatory rules and regulations, including ordinances and operating directives, promulgated by the Airport Director, the Airport Commission, or the City from time to time for the orderly operation of the Airport.

"Transportation Security Administration" or **"TSA"** means the Transportation Security Administration created under the Aviation and Transportation Security Act of 2001, as amended, or any successor agency thereto.

Section 102. Interpretation. References in the text of this Agreement to articles, sections, paragraphs, or exhibits pertain to articles, sections, paragraphs, or exhibits of this Agreement, unless otherwise specified.

The terms "hereby," "herein," "hereof," "hereto," "hereunder," and any similar terms used in this Agreement refer to this Agreement.

Words importing persons shall include firms, associations, partnerships, trusts, corporations, and other legal entities, including public bodies, as well as natural persons.

Any headings preceding the text of the articles and sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction, or effect.

Words importing the singular shall include the plural and vice versa. Words of any gender shall be deemed to include correlative words of the other gender.

The term "including" shall be construed to mean "including without limitation," unless otherwise expressly indicated.

All references to number of days shall mean calendar days.

Words used in the present tense include the future.

ARTICLE II PREMISES

Section 201. Premises. The City hereby leases Lessee, and Lessee takes from the City, a portion of the Premises located at 9813 and 9805 Air Cargo Road, Lambert-St. Louis International Airport, St. Louis, Missouri, 63145, also known as Cargo Building #4A, consisting of 8,160 sq. ft. and 9,105 square feet of adjoining unenclosed space and Cargo Building #5A, consisting of 6,650 square feet, and 5,878 square feet of adjoining unenclosed space all as shown on Exhibit "A", attached hereto and made a part hereof.

The Premises are leased to Lessee subject to the reservations set forth in Section 202 hereof.

Lessee accepts and receives the Premises **"AS IS"**, with no warranties or representations of any kind, expressed or implied, either oral or written, made by the City or any of its agents or representatives with respect to the physical, environmental or structural conditions of the Premises or any portion thereof or otherwise including but not limited to, soil conditions of the land and structural conditions of the buildings or facilities or the presence or absence of any Hazardous Materials, or of any underground or above ground storage tanks or repositories and related equipment, water, sewage or utilities serving the Premises or any other matter or thing affecting or relating to the Premises, except as expressly set forth in this Agreement. The City without limitation expressly disclaims any expressed or implied warranty with respect to the condition of the Premises, its compliance with any zoning or other laws, statutes, rules, ordinances or regulations applicable to the Premises including but not limited to the Americans with Disabilities Act, the uses permitted on the Premises, or any other matter or thing relating to the Premises or any portion thereof.

Section 202. Reservations. The grant of lease hereunder is subject to the following reservations and conditions:

- A. The City reserves the right (but shall not be obligated pursuant to this Agreement) to develop, maintain, and keep in repair the Airport, including the Aircraft Operating Area and all publicly-owned facilities.
- B. Lessee shall not exercise the rights granted by this Agreement to Lessee in such a way as to interfere with or adversely affect the use, operation, maintenance, expansion or development of the Airport, or with the operations of other tenants or users of the Airport.
- C. The City reserves the right to, from time to time, temporarily or permanently close or restrict specific roadways, taxiways, taxi lanes, runways, apron areas, doorways, and any other area at the Airport. The City also reserves the right at any time or times to relocate, reconstruct, change, alter, or modify any such means of access provided for pursuant to this Agreement or otherwise, either temporarily or permanently; provided that a reasonably convenient and adequate means of access, ingress, and egress shall exist or be provided in lieu thereof. The City shall reasonably notify Lessee of any such action affecting Lessee.
- D. The City reserves for the use and benefit of the public, a free and unrestricted right of flight for the passage of aircraft in the airspace above the surface of the Premises, together with the right to cause or allow in said airspace such noise, vibration, fumes, dust, fuel particles, illuminations, interference with television, radio or any other type of transmission and other effects as may be caused in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using said airspace or landing at, taking off from, or operating on or about the Airport.
- E. The City reserves the right to grant utility and maintenance rights-of-way to itself and others over, under, through, across or on the Premises provided that such use will not substantially or materially interfere with Lessee's use of the Premises, and provided further that such reservation or grant of rights shall not directly result in additional cost or expense to Lessee.

Section 203. Access. Subject to all of the terms, covenants, warranties and conditions of this Agreement, Lessee has the right of free access, ingress to and egress from the Premises, for Lessee's employees, contractors, subcontractors, agents, and invitees.

Lessee shall be granted the use, for its employees, contractors, subcontractors, agents, and invitees, a share of the adjoining parking area. Lessee will be allotted a share of parking spaces equivalent to Lessee's share of total leased space in the Cargo City Buildings.

Section 204. Security. Lessee hereby acknowledges that Transportation Security Administration regulations require the City to adopt and put into use facilities and procedures designed to prevent and deter persons and vehicles from unauthorized access to the Aircraft Operating Area. Lessee understands that the City has met said requirements by developing an Airport Security Program ("**ASP**") for the Airport, and Lessee warrants, covenants and agrees to be fully bound by, and immediately responsive to, the requirements of the ASP, as it may be amended from time to time. Lessee further warrants, covenants and agrees, throughout the term of this Agreement, at its own cost, to prepare facilities and procedures, satisfactory to the City, designed to prevent and deter persons and vehicles from unauthorized access to the AOA from and through any Premises controlled or used by Lessee in accordance with the provisions of the applicable Transportation Security Administration regulations and the ASP.

Lessee's security procedures and facilities on the Premises shall meet the requirements of the applicable Transportation Security Administration regulations and the ASP, including the following:

- A. fencing and locked gates, taking whatever action necessary to avoid obstruction of outside access to the unoccupied space;
- B. Airport-approved badging, badge display, escort and challenge procedures applicable to persons authorized to enter the AOA;
- C. an electronic entry control system or a manned guard system where gates or doorways cannot reasonably be controlled by locks; and
- D. other facilities and procedures as may be required to establish positive control for preventing the entrance of unauthorized persons and vehicles onto the AOA.

Section 205. Premises Adjustments. If Premises are increased, reduced or changed by mutual written consent of the City and Lessee, revised exhibits may be substituted for those herein without the necessity to amend this Agreement, which substitution may be made

by Notice to Lessee from the City.

ARTICLE III
AGREEMENT TERM

Section 301. Term. The term of this Agreement shall commence on July 1, 2011 and shall end on June 30, 2016, unless sooner terminated in accordance with other provisions of this Agreement.

Section 302. Holding Over. If Lessee holds over after the expiration or early termination of this Agreement, the resulting tenancy shall be for an indefinite period of time on a month-to-month basis, during which tenancy the parties to this Agreement shall continue to adhere to all covenants, conditions and provisions of this Agreement. Notwithstanding the foregoing, Lessee shall pay the prevailing Rent then in effect during any holdover period. Acceptance by the City of payment of Rents or other fees or charges after expiration or early termination of this Agreement shall be deemed to be payment on account, and shall not operate to waive or modify any provision of this Section.

ARTICLE IV
USE OF PREMISES

Section 401. Use. The City hereby grants to Lessee, subject to all the terms, covenants, warranties and conditions of this Agreement, the exclusive use of the Premises for any and all purposes reasonably necessary or convenient in connection with the conduct by Lessee of its Air Transportation Business, excepting the loading or unloading of passengers, but including without limitation receiving, delivering, dispatching, processing, handling, and storing air cargo, mail, and other property being transported in air commerce; the loading, unloading, and short term parking of automobiles and trucks; ground service equipment maintenance and repair; and for no other purpose, unless expressly authorized by the City. If maintenance is required in the future that may involve the release of Hazardous Materials, such Hazardous Materials shall be disposed of in accordance with the Environmental Laws and any required Environmental Permits. Lessee will install whatever modifications required in order to comply with the aforementioned laws and permits, and/or establish procedures to comply with the aforementioned laws and permits, which will further be subject to the City's approval.

Section 402. Repairs and Maintenance.

- A. The City shall maintain and keep in good repair the structures associated with the Cargo City Buildings, as well as all associated common areas, including building roof and exterior structure, obstruction lights, roadways, sidewalks, automobile parking areas, tug drives, common utility lines and systems, exterior lighting, and perimeter fencing. The City shall clean and provide for snow and ice removal from the common roadways, sidewalks, automobile parking areas, and tug drives.
- B. Lessee shall, throughout the term of this Agreement, at its own cost and without any expense to the City, maintain and keep in good repair, excepting only acts of God, fire, and other casualties, and reasonable wear and tear (taking into account repair and maintenance required to be done by Lessee), the interior and exterior, non-structural portions of the Premises, including all tenant improvements, HVAC systems, utility systems including, without limitation fire suppression lines or systems (up to the common distribution points for each utility system), painting, doors and windows, and any other structures erected within the Premises. Lessee shall, at its sole cost and expense, take such measures as may be necessary to keep the Premises secure; the City shall have no obligation or responsibility to keep the Premises secure.
- C. Lessee warrants, covenants and agrees, without cost or expense to the City during the term hereof, to perform the following:
1. Housekeeping of Premises. Remove from the Premises all trash and refuse, and dispose of it in a manner approved by the City.
 2. Maintenance Standards. Maintenance and repairs shall be in quality and class equal to or better than the original work to preserve the Premises in good order and condition, based on a standard of care reflecting prudent property management. Lessee shall repair all damage to the Premises caused by Lessee or its employees, contractors, subcontractors, agents, and invitees; this requirement includes immediate replacement of broken windows, doors and locks with like materials.
 3. Care of Unenclosed Space. Keep all papers and debris picked up, and provide for snow and ice removal to

allow, at a minimum, emergency or fire protection access.

4. Drainage Facilities. Comply with the Airport's Storm water Detention Design Criteria and Guidelines dated December 1986, as revised from time to time, as well as any and all applicable federal, state, and municipal regulations. Lessee shall establish a system of periodic inspection, cleaning and maintenance to keep watercourses, catch basins and other drainage structures on the Premises functioning at full design capacity. Inspection, cleaning and maintenance intervals shall be established by the Airport Director with reports to be submitted within 30 days of completion of each inspection, cleaning and maintenance. Lessee shall pile removed snow in locations that will permit the water generated by the melting of such snow piles to flow into the drainage system of the Cargo City Buildings.

Section 403. Utilities. Lessee shall provide for and pay for all utilities used on the Premises.

Section 404. Interference to Air Navigation. Lessee warrants, represents and agrees that no obstruction to air navigation, as such are defined from time to time by application of the criteria of FAR Part 77 or subsequent and additional regulations of the Federal Aviation Administration ("FAA"), will be constructed or permitted to remain on the Premises. Lessee warrants, represents and agrees that, upon notification by the City, it will immediately remove any obstructions at its expense. Lessee warrants, represents and agrees not to increase the height of any structure or objects or permit the growth of plantings of any kind or nature whatsoever that may interfere with the line of sight of the control tower and its operations. Lessee further warrants, represents and agrees not to install any structures, objects, machinery or equipment that would interfere with the operation of navigation aides or that would interfere with the safe and efficient operations of the Airport.

Section 405. Observance and Compliance with Laws.

- A. Lessee, its officers, directors, employees, agents, and its contractors and suppliers, while such contractors and suppliers are providing services to Lessee, shall comply with:
 1. all applicable federal, state and local laws and ordinances, including directives of the FAA applicable to the Lessee's operation at the Airport;
 2. the Rules and Regulations governing the Airport; and
 3. the provisions of the Airport certification manual, as it may be amended from time to time.

Lessee shall make reasonable efforts to cause its guests and invitees to comply as well.

- B. Upon Lessee's request, the City shall promptly provide a copy of the Rules and Regulations and the Airport certification manual. The City shall also provide copies of amendments or additions to the Rules and Regulations to Lessee's station manager or his designee in the regular course of business. The City acknowledges that compliance with such amendments or additions will not be expected until Lessee is notified of such amendments or additions as provided in this Subsection.
- C. Notwithstanding anything to the contrary, references herein to a statute or law shall be deemed to be a reference to (i) such statute or law as it may be amended from time to time, (ii) all ordinances, regulations, rules, executive orders, policies and instructions pertaining and lawfully promulgated pursuant to such statute or law as they now exist or may be amended from time to time.

Section 406. Compliance with Environmental Laws. Lessee warrants and covenants that in conducting any activities or business at the Airport, including any activities directly related or incidental to its use and occupancy of the Premises, Lessee shall comply with any and all applicable Environmental Laws including any plans, monitoring, recordkeeping or programs prepared in conformance with Environmental Laws. Lessee further covenants and warrants as follows:

- A. Environmental Permits.
 1. Lessee shall obtain and maintain any and all Environmental Permits required by applicable Environmental Laws to conduct the activities in which Lessee engages on the Premises.
 2. Lessee shall comply with any requirement imposed by an Environmental Permit obtained by the City that is or

are applicable to Lessee or Lessee's activities on the Premises, including any plans, monitoring, recordkeeping or programs prepared in conformance with such Environmental Permits or Environmental Laws; provided, however that the City shall adequately notify Lessee of such Environmental Permit and Environmental Laws and any associated requirements, including all applicable deadlines for compliance.

3. The City and Lessee shall cooperate to ensure compliance with the terms and conditions of any Environmental Permit, Environmental Law, and any associated requirements to insure safety and to minimize cost of compliance.
- B. Duty to Notify City. In the event of any release or threatened release of Hazardous Materials caused by Lessee, its employees, agents, contractors, suppliers, guests, or invitees, and which is required by applicable Environmental Laws or Environmental Permits, Rules and Regulations, or any plans or program prepared in response to Environmental Laws or Environmental Permits to be reported by Lessee, whether as a result of negligent conduct or otherwise, on, or under the Premises, or in the event any written claim, demand, complaint or action is made or taken against Lessee that pertains to Lessee's failure or alleged failure to comply with any Environmental Laws or Environmental Permits on or under the Premises or which pertains to the release of Hazardous Materials by Lessee at the Airport, Lessee shall notify the City as soon as reasonably practical of all known facts pertinent to such release, threatened release, claim, demand, complaint, action, or notice, and shall provide the City with copies of any and all such claims, demands, complaints, notices, or actions so made. If Lessee is required, by any Environmental Laws, Environmental Permits, or governmental agency, to file any written notice or report of a release or threatened release of Hazardous Materials on or under the Premises, Lessee shall simultaneously provide a copy of such notice or report to the City.
- C. Environmental Remediation. Lessee shall promptly and with all due diligence undertake all necessary steps to remedy and remove at its costs any Hazardous Material, or environmental condition or damage to the extent caused by, or resulting from, the activities, conduct or presence of Lessee or its agents, employees, contractors, independent contractors, invitees, licensees, lessees, or suppliers on or under the Premises, whether resulting from negligent conduct or otherwise ("**Remediation Work**"). Such Remediation Work shall be consistent with remediation standards established by or derived from the appropriate government agency responsible for enforcing Environmental Laws or Environmental Permits. Except in the event of an emergency, such Remediation Work shall be performed after Lessee submits to the City a written plan for completing such Remediation Work and receives the prior approval of the City through Notice; provided, however, that the City's approval shall not be unreasonably withheld or delayed. The City expressly reserves the right to review and approve any proposed: remedial investigations, remedial work plans, interim and final remedies, institutional controls or other associated documents prior to submittal to the relevant governmental agencies responsible for enforcing Environmental Laws or Environmental Permits. Specific cleanup levels for any Remediation Work by Lessee shall be designed to meet and satisfy the requirements of all applicable Environmental Laws and Environmental Permits, as determined by the governmental agency responsible for enforcing Environmental Laws or Environmental Permits. Neither an ongoing remediation, including any testing or monitoring, nor the use of institutional controls, shall either unreasonably or materially impair or interfere with the City's use and enjoyment of the Premises or its property, or that of current and future tenants or users. The City shall have the right to conduct a reasonable review and inspect all such Remediation Work at any time using consultants and representatives of its choice.
- D. Access for Environmental Inspection. Upon reasonable notification to Lessee, the City shall have reasonable access to the Premises to inspect the same in order to confirm that Lessee is using the Premises in accordance with all applicable Environmental Laws and Environmental Permits and the requirements of this Section 406. Lessee shall cooperate fully with any such inspections provided that such inspections shall not unreasonably interfere with Lessee's operations. If the City's inspection results in any type of written report, the City shall provide Lessee a reasonable opportunity to timely review and comment on a draft of the report. Lessee shall provide to City for its review and comment copies of: any and all notices of alleged non-compliance issued by governmental agencies responsible for enforcing Environmental Laws or Environmental Permits; non-privileged draft official submittals (proposed final drafts) prepared by, or on behalf of, Lessee responding to such alleged non-compliance; and any and all consent orders or administrative determinations, whether preliminary or final, issued by such governmental agencies. The City agrees to maintain the confidentiality of the documents produced in accordance with this Subsection to the extent consistent with the City's legal obligations.
- E. Corrective Action by City. If Lessee fails to comply with any applicable Environmental Laws or Environmental Permits governing its activities on the Premises, or if Lessee fails to conduct necessary Remediation Work in a timely manner as required under this Agreement, the City, as required by applicable Environmental Laws and Environmental Permits, in addition to the rights and remedies described elsewhere herein and any other rights and remedies otherwise available to

the City, may enter the Premises and take all reasonable and necessary actions to conduct Remediation Work to remove Hazardous Materials or other contaminants and insure such compliance with such Environmental Laws and Environmental Permits. All Remediation Costs incurred by the City shall be paid or reimbursed by Lessee. Remediation Work, if necessary, shall be performed in accordance with the provisions of Subsection 406(C), but only after first having provided Notice to Lessee of such failure to comply, and 30 days within which Lessee may demonstrate why no such alleged failure is present, or to timely remedy such alleged failure that may be present. If Lessee's compliance reasonably requires more than 30 days to complete, the City may enter the Premises and take such reasonable and necessary measures to achieve compliance only upon Lessee's failing to timely begin curing such noncompliance within such 30 day period and to continue diligently working to achieve compliance thereafter.

- F. Review of Environmental Documents. At the reasonable request of the City, Lessee shall make available for inspection and copying, at reasonable times, any and all non-privileged documents and materials Lessee has prepared pursuant to any applicable Environmental Laws or Environmental Permits, or submitted to any governmental agency, which documents and materials relate to environmental issues, Environmental Laws or Environmental Permits and which pertain to the Premises, and which would be discoverable in litigation.
- G. Cumulative Remedies. All remedies of the City as provided herein with regard to environmental pollution, contamination, damage, or any actual or threatened violations of any Environmental Laws or Environmental Permits are deemed to be cumulative in nature. The City's right to indemnification as provided under this Agreement shall survive the expiration or early termination of this Agreement.
- H. Pollution Control. In addition to all other requirements of this Agreement, Lessee, at its cost, shall manage all its operations at the Airport in compliance with all applicable Environmental Laws, Environmental Permits, and with the best management practices outlined and delineated in the Airport's Storm Water Pollution Prevention Plan and Storm Water Management Plan, which shall be provided to Lessee at Lessee's request.
- I. Environmental Covenants. Lessee will not object to and, if requested by the City, will subordinate any rights it has under this Agreement to an environmental covenant or environmental land use restriction which (i) restricts the use of groundwater underlying the Premises or the Airport; (ii) limits the use of the Premises to nonresidential uses; and/or (iii) reasonably restricts access to soil underlying the Premises or the Airport.

Section 407. Individuals with Disabilities. Lessee shall be responsible for compliance with the Federal Americans with Disabilities Act, plus any other federal, state or local laws or regulations and City Ordinances pertaining to the disabled individual having access to the Premises or Lessee's services.

Section 408. Nondiscrimination.

- A. Lessee for itself, its personal representatives, successors in interest, and assigns, agrees that no person on the grounds of race, creed, color, national origin, sex, age, or disability shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in (i) the use of the Premises; or (ii) the construction of any improvements on, over, or under the Premises, and the furnishing of services thereon.
- B. Lessee shall comply with all applicable nondiscriminatory requirements that may be imposed pursuant to the Federal Aviation Act of 1958, as amended; the Civil Rights Act of 1964, as amended; 49 C.F.R. Parts 21, 23, and 26, as said regulations may be amended; and state and local laws.

Section 409. Prevailing Wage. Lessee shall include in all service contracts pertaining to the Premises language specifying the minimum prevailing wages to be paid and fringe benefits to be provided by the service contractor to employees of said service contractor in accordance with the provisions of the Revised Code of The City of St. Louis, Chapter 6.20.

Section 410. City Right to Enter, Inspect, and Require Corrective Action.

- A. The City shall have the right at reasonable times to enter upon Premises for any of the purposes listed below:
1. to inspect the Premises for any purpose necessary for or incidental to or connected with the City's obligations hereunder, or in the exercise of the City's capacity as Airport owner;

2. to identify those actions required of the Lessee or the City, pursuant to this Agreement;
 3. for fire protection, safety, or security purposes;
 4. to make structural additions and alterations to the Airport;
 5. as provided in Section 411;
 6. upon the expiration or early termination of this Agreement;
 7. to make emergency repairs; and
 8. upon the expiration or early termination of this Agreement.
- B. The City shall provide reasonable notification and such right of entry shall not unreasonably interfere with Lessee's use or occupancy of its Premises, except if an emergency and/or the situation endangers the health or safety of persons or the safety of operations on the Premises. The right of inspection reserved to the City shall impose no obligation on the City to make inspections to ascertain the condition of the Premises and shall impart no liability upon the City for failure to make such inspections. The failure of the City to inspect or monitor or notify Lessee of a default or of a hazardous or unsafe condition with respect to Lessee operations hereunder shall not release Lessee from its liability to perform its obligations hereunder or impose any liability on the City, and in any other event where the City determines that it is necessary or desirable to do so to preserve the Airport or the City's property or any portion thereof or to correct any conditions likely to cause injury or damage to persons or property.
- C. Unless otherwise provided herein, Lessee shall perform all corrective work required of it that is identified in such inspection(s) within 30 days of receipt of a notification from the City. If correction cannot reasonably be completed within such 30 day period, this period may be extended at the sole discretion of the City. Matters affecting public health, safety, and welfare, including trash and debris problems, shall be corrected promptly after the City notifies the Lessee's manager or the manager's designee either orally or in writing via hand-delivery. All emergency repair costs incurred by the City for which the Lessee is responsible for under the terms of this Agreement shall be paid or reimbursed by Lessee within thirty (30) calendar days of the City's written request.

Section 411. Failure to Maintain by Lessee. If City determines that Lessee has failed to properly clean, remove trash and refuse, maintain, or repair the Premises as required in Section 402, the City shall provide to Lessee a list of deficiencies, reflecting the amount of time to be reasonably allowed for Lessee to correct same. If Lessee fails to correct such deficiencies within the time allowed and has not timely registered a reasonable objection as to its obligation to do so, the City, following 5 days further notification by the City to Lessee, may enter upon the Premises and correct the listed deficiencies. The City shall add the cost of such work, plus actual administrative costs, to the Rents due hereunder on the first day of the month following the date of such work, and such cost shall be and constitute a part of the Rents. Subsequent to receipt of the further notification of intent to perform repairs, maintenance, or cleaning from the City, Lessee shall not undertake performance of such repairs, maintenance, or cleaning without specific prior authorization from the City.

Section 412. City Obligations. Except as specifically provided for herein, the City shall not be under any duty or obligation to Lessee to repair, maintain, or clean the Premises or any portion thereof, or any facilities or equipment constructed thereon. The City shall not be responsible or liable to Lessee for any claims for compensation for any losses, damages, or injury, including lost profits, sustained by Lessee resulting from failure of the Airport structures or utility systems, or caused by the natural physical conditions on the Airport, whether on the surface or underground, including stability, moving, shifting, settlement of ground, or displacement of materials by fire, water, windstorm, tornado, act of God, state of war, terrorism, civilian commotion or riot, or any other cause or peril beyond the control of the City, except to the extent covered by the City's insurance or as may be caused by the City's negligence, willful misconduct, or bad faith.

Section 413. Third-Party Supplier or Operator Obligations. The City reserves the right to require third-party suppliers or operators providing any commercial goods or services on behalf of another Tenant, to secure a permit from the City, to comply with all applicable Rules and Regulations, and to pay any applicable fees to the City to conduct such activity at the Airport.

ARTICLE V
RENT AND FEES

Section 501. General. Lessee, for and in consideration of the rights and privileges granted herein, agrees to promptly and timely pay the Rents set forth in this Agreement, without demand during the term of this Agreement.

Section 502. Rent Payment. Lessee shall pay in advance to City the following monthly rental rates:

Cargo Buildings #4A and #5A Space:

14,810 square feet x \$8.25 per sq. ft. = \$122,182.50 annual ÷ 12 = \$10,181.88/month.

Adjoining Unenclosed Space and Adjacent Structures:

14,983 square feet x \$0.33 per sq. ft. = \$4,944.39/annual ÷ 12 = \$412.03/month.

Total monthly rental = \$10,593.91 per month. All payments shall be paid on or before the first day of each month of the term of this Agreement.

During the term of this Agreement, each of the cargo buildings and associated unclosed spaces located in Cargo City may be professionally appraised. If so, the appraised rental rate values of each building will be averaged, the monthly rental rate revised according to the newly appraised average sq. ft. rate. The City will notify Lessee in writing of the new rental rate.

Section 503. Interest Charges and Late Charges on Overdue Payment. If Lessee fails to make payment of any sums due hereunder by the due dates set forth herein, Lessee shall pay to the City, in addition to all other remedies available to the City and all other payments to be made by Lessee to the City, an interest charge equal to 1.5% for each month of the overdue amount, and costs and attorney's fees reasonably incurred by the City in attempting to obtain payment, if any. Payments received later than 30 days from their respective due date shall be assessed an additional one-time late charge of 5% of the amount due, in addition to applicable interest charges.

Section 504. Form of Payment. Lessee shall pay all sums due hereunder in lawful money of the United States of America, without notice or demand, without deduction or setoff, by wire transfer or check made payable to the "Treasurer, City of St. Louis," which check shall be delivered postage or other charges prepaid to:

By U.S. Mail: Airport Assistant Director of Finance
Lambert-St. Louis International Airport
P.O. Box 10036, Lambert Station
St. Louis, Missouri 63145

By Express Mail: Airport Assistant Director of Finance
Lambert-St. Louis International Airport
10701 Lambert International Boulevard
St. Louis, Missouri 63145

By Wire Transfer: Routing Number: 081000210-1001018702
Bank Name: USBank (Checking)
Account Name: Airport Revenue Fund
(include a description of the transfer (e.g. "Southwest Airlines Cargo City Lease Agreement No. AL-453"))

or as hereafter the City may designate by Notice to Lessee.

Section 505. Security Deposit.

A. Amount and Form of Security Deposit. Upon execution of this Agreement, Lessee shall provide the City with an irrevocable letter of credit, or other security or instrument acceptable to the City ("Security Deposit") in an amount equal to 3 (three) months of estimated Rents. The Security Deposit shall guarantee the faithful performance by Lessee of all of its obligations hereunder and the payment of all Rents due to the City. The Security Deposit shall be in such form and with such company licensed to do business in the State of Missouri as shall be acceptable to the City, within its reasonable

discretion. The Security Deposit is not the sole or exclusive remedy of the City and shall not be construed, in and of itself, as adequate assurance of Lessee's future performance.

- B. Term of Security Deposit. Lessee shall maintain the Security Deposit until the termination of this Agreement. Such Security Deposit shall remain in full force and effect throughout the term of this Agreement and shall extend at least ninety (90) days following the expiration or early termination of this Agreement. Lessee shall provide at least 60 days prior Notice of the date on which any Security Deposit expires or is subject to cancellation.
- C. City's Right to Use Security Deposit; Replenishment. If Lessee commits or is under an Event of Default pursuant to Section 901, the City shall have the right to use the amounts of such Security Deposit to pay Lessee's Rents or any other amounts owed to the City by Lessee then due and payable, or to apply the proceeds to any cost or expense or material damages incurred by the City as a result of Lessee's default, or Event of Default under Section 901. If any such Security Deposit, or portion thereof, is used as stated in this Subsection, Lessee shall replenish or provide a renewal or replacement Security Deposit up to the full amount set forth in Subsection 505(A) within 10 days of being notified to do so by the City. The City's rights under this Section shall be in addition to all other rights and remedies provided to the City hereunder.
- D. Waiver of Security Deposit Requirement. Notwithstanding the provisions of Subsections 505(A)-(C), the City will waive the Security Deposit obligation if it determines that Lessee qualifies for relief from such obligation. To qualify for such relief, Lessee must:
- 1) not be under an Event of Default pursuant to, and not have received Notice in accordance with, Section 901;
 - 2) have made timely payments of all applicable Rents during the previous 12 month period under this Agreement or, if applicable, the prior Cargo City Lease Agreement with the City.

If, after having waived the Security Deposit obligation in accordance with this Subsection, the City determines that Lessee has not continued to satisfy the requirements for relief, or if Lessee commits or is under an Event of Default pursuant to Section 901, Lessee shall immediately provide a Security Deposit in accordance with the provisions of Subsection 505(A).

Section 506. Covenant Not To Grant More Favorable Rents.

- A. The City shall not charge any lesser Rent being paid by Lessee to other certificated airlines for premises within the Cargo City Buildings under an agreement having comparable leased premises, facilities, rights, and privileges and imposing similar obligations to those of Lessee hereunder, unless the City also makes a substantially similar agreement available to Lessee.
- B. The provisions of Subsection 506(A) shall not be construed to apply to any air service incentive program, or similar programs, that the City may choose to offer, as allowed by applicable federal law, regulation, or policy.

ARTICLE VI
TENANT IMPROVEMENTS

Section 601. Alterations and Improvements by Lessee. Lessee may construct and install, at Lessee's sole expense, such improvements in its Premises as Lessee deems to be necessary for its operations. The plans and specifications, location, and construction schedule for such improvements, including any substantial alteration or addition thereto, along with a signed Tenant Construction or Alteration Application ("TCA"), must be submitted to and approved by the City prior to the commencement of any and all such construction, alteration, refurbishment, demolition, excavation, renovation, reconstruction, or installation. Lessee shall comply with the requirements of all applicable laws, Environmental Permits, Environmental Laws, and building codes and the City's Rules and Regulations governing tenant construction, alterations, and improvements. No reduction or abatement of Rents or other fees or charges shall be allowed for any interference with Lessee's operations by such construction. All such alterations and improvements by Lessee shall be subject to the following:

- A. No excavation or demolition at, construction, alteration, or modifications of, or refurbishments to, the Premises shall commence until after Lessee has received the City's written approval of its TCA including detailed project plans, specifications, drawings, and schedules. Notwithstanding the prior sentence, and without limiting any other requirement imposed by this Agreement, in case of an emergency affecting the health or safety of the public, Lessee may take immediate and reasonable action to protect the public without first submitting a TCA; provided, however, that: (i) promptly

following such emergency, Lessee shall notify the City of the circumstances surrounding the emergency and the actions taken by Lessee; and (ii) as immediately thereafter as reasonably possible Lessee shall submit a TCA detailing the actions taken and yet to be taken by Lessee related to such emergency. Lessee also understands and agrees that certain work elements described in its TCA may require separate or additional approval from the City before proceeding with the specific work element. As such, Lessee understands and agrees that ongoing coordination with the City at all times is crucial. Lessee shall provide the City with at least ten (10) working days written notice prior to commencement of any work at the Premises involving the excavation of soils or demolition so that the City may have a representative present at the work site during such demolition or excavation.

- B. The City shall have the right to refuse approval of such plans and specifications if the external appearance of such alteration or improvement of facilities in publicly-viewed areas does not meet the City's requirements for substantial uniformity of appearance of facilities on the Airport, or, if the type or time of construction of such alteration or improvement, or the location thereof does not meet the City's requirements for safe use of the Airport and appurtenances by other authorized persons. The City may, at its own cost, inspect any such alterations or improvements.
- C. All improvements made to the Premises and permanent additions or alterations thereto made by Lessee, except those financed by the City, shall be and remain the property of Lessee until expiration or the early termination of the term of this Agreement. Upon expiration or early termination of this Agreement, said additions and alterations shall become the property of the City; provided, however, that any trade fixtures, signs, equipment, and other movable personal property of Lessee shall remain the property of Lessee, subject to the terms of Article X.
- D. Lessee shall promptly pay all lawful claims made against the City and discharge all liens filed or which exist against the Premises, or Lessee's trade fixtures or trade equipment arising out of or in connection with the failure to make payment for work done or materials provided by Lessee, its contractors, subcontractors, or materialmen. Lessee shall have the right to contest the amount or validity of any such claim or lien without being in default hereunder; provided, however, that while contesting the amount and validity of any such claims or liens Lessee shall provide the City, at the City's request, with a performance bond in an amount equal to the amount of the claim or lien. Lessee shall give timely Notice to the City of all such claims and liens.
- E. Lessee shall use, and shall cause each of its officers, directors, employees, agents, contractors, and suppliers to use, the highest degree of care when entering upon any property owned by the City in connection with the work. Lessee shall comply, and shall cause each of its officers, directors, employees, agents, contractors, and suppliers to comply, with any and all instructions and requirements for the use of City-owned property.
- F. In any contract relating to the construction or installation of improvements in the Premises, Lessee shall require each of its contractors and suppliers to:
1. carry policies of Builders Risk Insurance in accordance with Section 701(B)(5); and
 2. furnish performance and payment bonds in the full amount of any contract in a form acceptable to the City. Payment bonds shall comply with the coverage requirements and conditions of Section 107.170 of the Missouri Revised Statutes, as amended. Copies of the bonds shall be given to the City for approval before work begins. Any sum or sums derived from said performance and payment bonds shall be used for the completion of said construction and the payment of laborers and material suppliers, as the case may be.
- G. Lessee shall use only City-approved contractors or subcontractors for improvements affecting control and/or programming of Airport systems including, but not limited to, security access control, fire alarm and detection, HVAC control, closed circuit televisions (CTVs), elevators.
- H. Upon the completion of the improvements hereunder, Lessee shall submit to the City a copy of its acceptance letter certifying completion, a certified copy of any certificate or permit which may be required by any federal, state or local government or agency in connection with the completion or occupancy thereof by Lessee, and a certified set of "as built" drawings in CADD format.

Section 602. Nondisturbance of Airport Tenants and Operations. Any work by Lessee and its contractors shall be conducted in an orderly and proper manner, and shall not otherwise disturb, create a hazard, or interfere with other projects on, or the operations of, the Airport. Lessee shall promptly comply, and shall cause its contractors to comply, with any reasonable request from the City to

correct its conduct or that of its contractors. If Lessee or its contractors fails to comply with the provisions of this Section, the City shall have the right to stop any or all work being performed, until such compliance is achieved, without terminating this Agreement.

ARTICLE VII
INSURANCE, DAMAGE, AND INDEMNIFICATION

Section 701. Insurance.

- A. General. Lessee at all times during the term hereof, shall cause St. Charles County, Missouri, St. Clair County, Illinois, St. Louis County, Missouri, the City, their officers, agents and employees and Lessee to be insured on an occurrence basis against the risk of all claims and demands by third persons for bodily injury (including wrongful death) and property damage arising or alleged to arise out of the activities or omissions of Lessee, its officers, agents, and employees pursuant to this Agreement both on the Premises and the Airport.
- B. Risks and Minimum Limits of Coverage. Lessee shall procure and maintain the following policies of insurance:
1. Commercial General Liability Insurance in an amount not less than \$3 million. Such coverage shall be single limit liability with no annual aggregate.
 2. Automobile Liability Insurance in an amount not less than \$10 million primary (no excess), combined single limit per occurrence (for automobiles used by Lessee in the course of its performance hereunder, including Lessee's non-owned and hired autos).
 3. Workers' Compensation and Employer's Liability Insurance in accordance with Missouri laws and regulations. With respect to Workers' Compensation Insurance, if Lessee elects to be self-insured, Lessee shall comply with the applicable requirements of law. Lessee shall require that all its subcontractors or licensees similarly provide such coverage (or qualify as a self-insured) for their respective employees. City, its officers, employees, or agents shall not be liable or responsible for any claims or actions occasioned by Lessee's failure to comply with the provisions of this Subparagraph and the indemnification provisions hereof shall apply to this Section. It is expressly agreed that the employees of Lessee are not employees of the City for any purpose, and that employees of the City are not employees of Lessee.
 4. Contents Insurance. Lessee shall be solely responsible for obtaining insurance policies that provide coverage for losses of Lessee owned property. The City shall not be required to provide such insurance coverage or be responsible for payment of Lessee's cost for such insurance.
 5. Builders Risk Insurance. During any period of construction, alteration, refurbishment, demolition, excavation, installation, renovation, or reconstruction for which Lessee contracts, Lessee shall carry, or shall require its contractor or contractors to carry, a policy of Builders Risk Insurance in an amount sufficient to insure the value of the work. The City shall be named Loss Payee on Builders Risk coverage to the extent of the City's interest therein (except to the extent coverage relates to Lessee's equipment and personal property). Lessee may elect to self-insure for individual projects with a total cost of \$50,000 or less. In addition, Lessee or its contractor(s) shall carry not less than \$3 million of commercial general liability (single limit liability with no annual aggregate) and not less than \$3 million of automobile liability insurance coverage (including owned, non-owned and hired vehicles) during the period of construction, alteration, refurbishment, demolition, excavation, installation, renovation, or reconstruction. The policy limits set forth in this subsection shall be per occurrence/aggregate.
 6. Other Property Coverage. Lessee shall provide an "All Risk" insurance policy providing protection from direct loss arising out of any fortuitous cause other than those perils or causes specifically excluded by norm and which covers Lessee's improvements to the Premises, windows and doors, trade fixtures, and equipment. The City shall be named Loss Payee on such coverage to the extent of the City's interest therein (except to the extent coverage relates to Lessee's equipment and personal property).
- C. Issuers of Policies. The issuer of each policy required herein shall be a financially sound insurance company authorized to do business in the State of Missouri. Acceptable insurers include insurance companies with an "A.M. Best Company" rating of at least an "A-," or other insurers or insurance syndicates of similar recognized responsibility.

1. Form of Policies. The insurance may be in one or more policies of insurance.
 2. Non-waiver. Nothing the City does or fails to do shall relieve Lessee from its duties to provide the required coverage hereunder, and the City's actions or inactions shall not be construed as waiving the City's rights hereunder.
 3. Insured Parties. Each policy by endorsement, except those for Workers' Compensation, Employer's Liability, shall name the City, its officers, agents, and employees as "additional insured" on the certificate of insurance, including all renewal certificates, to the extent of Lessee's indemnification obligations hereunder. Upon City's request, Lessee shall provide City with an endorsement consistent with the requirements of this Subsection. Inclusion as an "additional insured" is not intended to, and shall not, make the City a partner or joint venturer with Lessee in its operations.
 4. Deductibles. Lessee shall assume and bear any claims or losses to the extent of any deductible amounts and waives any claim it may ever have for the same against the City, its officers, agents, or employees; provided, however, that nothing herein stated shall diminish Lessee's rights or increase Lessee's obligations in respect to its undertakings or hold harmless defense and indemnification set forth in Section 704 hereof.
 5. Cancellation. Each policy shall expressly state that it may not be cancelled, materially modified unless 30 days advance Notice is given in writing to the City by the insurance company, or authorized representative of Lessee.
 6. Subrogation. Each policy shall contain an endorsement by which the issuer waives any claim or right in the nature of subrogation to recover against the City, its officers, agents, or employees.
 7. Certification of Primary Insurance. Each policy hereunder except Workers' Compensation shall be primary insurance to any other insurance available to the Additional Insured and Loss Payee with respect to claims arising hereunder.
 8. Liability for Premium. Lessee shall be solely responsible for payment of all insurance premiums required pursuant to this Agreement, and the City shall not be obligated to pay any premiums; provided, however, that if Lessee fails to obtain the insurance as required herein or make premium payments, the City may, without further notification, effect such insurance or make such payments on Lessee's behalf and, after Notice to Lessee, the City may recover the cost of those payments with the installment of Rents next due, plus 15% administrative charge, from Lessee.
 9. Proof of Insurance. Within 30 days of the effective date of this Agreement and at any time during the term hereof, Lessee shall furnish the City with certificates of insurance. Lessee shall use its best efforts to submit to the City a certificate showing that such insurance coverage has been renewed at least 5 days prior to the expiration of any such policy. If such coverage is canceled or materially modified, Lessee shall, within 15 days after the date of such notice from the insurer of such cancellation or material modification, file with the City a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies. Upon reasonable notification by the City to Lessee, the City shall have the right to examine Lessee's insurance policies at the Lessee's offices at the Airport.
- D. Maintenance of Coverage. Notwithstanding the proof of insurance requirements set forth above, it is the intention of the parties hereto that Lessee, continuously and without interruption, maintain in force the required insurance coverages set forth above.
- E. City Right to Review and Adjust Coverage Limits. The City reserves the right at reasonable intervals during the term of this Agreement to cause the insurance requirements of this Article to be reviewed, at its sole cost, by an independent insurance consultant experienced in insurance for public airports, taking into consideration changes in statutory law, court decisions, or the claims history of the airline industry as well as that of Lessee, and, based on the written recommendations of such consultant, after providing adequate notice to and in consultation with Lessee, to reasonably adjust the insurance coverages and limits required herein but not more often than every 24 months.

Section 702. Lessee Actions Affecting Insurance. Lessee shall not knowingly do or permit to be done anything, either by act or failure to act, that may cause the cancellation or violation of the provisions, or any part thereof, of any policy of insurance for the

Airport, or that may cause a hazardous condition so as to increase the risks normally attendant upon operations permitted by this Agreement. If such Lessee's act, or failure to act, causes cancellation of any policy, then Lessee shall immediately, upon notification by the City, do whatever is necessary to cause reinstatement of said insurance. Furthermore, if Lessee does or permits to be done any act or fails to do any act which causes an increase in the City's insurance premiums, Lessee shall immediately remedy such actions and/or pay the increase in premiums, upon Notice from the City to do so; but in any event, Lessee will hold the City harmless for any expenses and/or damage resulting from any such action.

Section 703. Damage to Premises.

- A. Minor Damage. If any part of the Premises, or adjacent facilities directly and substantially affecting the use of the Premises, is partially damaged by fire or other casualty, but said circumstances do not render the Premises untenable as determined by the City, the same shall be repaired to usable condition with due diligence by the City as provided in this Section.
- B. Substantial Damage. If any part of the Premises, or adjacent facilities directly and substantially affecting the use of the Premises, is so extensively damaged by fire, or other casualty, as to render any portion of said Premises untenable but capable of being repaired, as determined by the City, the same shall be repaired to usable condition with due diligence by the City as provided in this Section. In such case, the rents payable hereunder with respect to affected Premises shall be paid up to the time of such damage and shall thereafter be abated ratably in the proportion that the untenable area bears to the total Premises of the same category or type of space. Such abatement in rent will continue until the affected Premises are restored adequately for Lessee's use. The City shall use its best efforts to provide alternate facilities to continue Lessee's operation while repair, reconstruction, or replacement is being completed, at a rental rate not to exceed that provided herein for comparable space, provided that Lessee's rental costs shall not increase as a result of any such alternate facilities unless Lessee requests additional space and/or space replacement of a classification at higher rental rates concurrent with such reassignment to alternate facilities.
- C. Total Damage.
1. If any part of the Premises, or adjacent facilities directly and substantially affecting the use of the Premises, is damaged by fire or other casualty, and is so extensively damaged as to render any portion of said Premises incapable of being repaired, as determined by the City, the City shall notify Lessee as soon as practicable under the circumstances after the date of such damage of its decision whether to reconstruct or replace said space. However, the City shall be under no obligation to replace or reconstruct such premises. The Rents payable hereunder with respect to affected Premises shall be paid up to the time of such damage and thereafter shall cease until such time as replacement or reconstructed space shall be available for use by Lessee.
 2. If the City elects to reconstruct or replace affected Premises, the City shall use its best efforts to provide alternate facilities to continue Lessee's operation while repair, reconstruction, or replacement is being completed, at a rental rate not to exceed that provided herein for comparable space. However, if such damaged space shall not have been replaced or reconstructed, or the City is not diligently pursuing such replacement or reconstruction, within 6 months after the date of such damage or destruction, Lessee shall have the right, upon giving the City 30 days advance Notice, to delete the affected Premises from this Agreement, but this Agreement shall remain in effect with respect to the remainder of said Premises, unless such damaged or destroyed premises prevent Lessee from operating in its Premises under this Agreement.
 3. If the City elects not to reconstruct or replace affected Premises, the City shall meet and consult with Lessee on ways to permanently provide Lessee with adequate replacement space for affected Premises. Lessee shall have the right, upon giving the City 30 days advance Notice, to delete the affected Premises from this Agreement, but this Agreement shall remain in full force and effect with respect to the remainder of said Premises, unless the loss of such premises prevents Lessee from using its Premises under this Agreement.
- D. Scope of Restoration of Premises.
1. The City's obligations to repair, reconstruct, or replace affected Premises under the provisions of this Section shall in any event be limited to using due diligence and best efforts to restore affected Premises to substantially the same condition that existed prior to any such damage and shall further be limited by the provisions of Subsections 703(A)-(C). If the City elects to repair, reconstruct, or replace affected premises as provided in this

Section, then Lessee shall proceed with due diligence and at its sole cost and expense to repair, reconstruct, or replace its signs, fixtures, furnishings, equipment, and other items provided or installed by Lessee in or about the Premises in a manner and in a condition at least equal to that which existed prior to said damage or destruction.

2. In lieu of the City's repair, reconstruction, or replacement of the affected premises, as provided in this Section, if Lessee requests to perform said function with respect to damage under Subsections 703(A) and (B), the City may, in its sole discretion, allow Lessee to do so. Any such work by Lessee must be done in accordance with the requirements of Section 601. The City shall reimburse Lessee for the cost of such work performed by Lessee as agreed to in writing by Lessee and the City. Lessee shall be considered to be doing such work on its own behalf and not as an agent or contractor of the City.

- E. Damage From Lessee Negligence. Notwithstanding the provisions of this Section, if damage to or destruction of the Premises is due to the negligent or willful acts of Lessee, its agents, servants, or employees, or those under its control, there shall be no abatement of rent during the restoration or replacement of said Premises. In addition, Lessee shall have no option to delete the affected Premises from this Agreement. To the extent that the costs of repairs pursuant to this Section shall exceed the amount of any insurance proceeds payable to the City by reason of such damage or destruction, Lessee shall pay the amount of such additional costs to the City.

Section 704. Indemnification.

- A. Lessee shall defend, indemnify, and hold harmless St. Charles County, Missouri, St. Clair County, Illinois, St. Louis County, Missouri, the City, their respective officers, agents and employees (the "Indemnified Parties") from and against any and all loss, liability, penalties, damages of whatever nature, causes of action, suits, claims, demands, judgments, injunctive relief, awards, settlements, costs, and expenses, including payments of claims of liability resulting from any injury or death of any person or damage to or destruction of any property including all reasonable costs for investigation and defense thereof (including but not limited to attorneys' fees, court costs and expert fees) of any nature, arising out of and in connection with this Agreement, or Lessee's use of its Premises or other areas or facilities at the Airport by Lessee, its agents, employees, contractors, or subcontractors, including, but not limited to:

1. the acts or omissions of Lessee, its agents, employees, contractors, or suppliers;
2. Lessee's use or occupancy of the Airport and the Premises; and
3. any violation by Lessee in the conduct of Lessee's Premises or other areas or facilities at the Airport of any provision, warranty, covenant, or condition of this Agreement.

Lessee shall, at its own cost and expense, defend all such claims, demands and suits, whether frivolous or not.

- B. Lessee shall defend, indemnify, pay, and hold harmless the Indemnified Parties from and against all applicable taxes and assessments for which the City may become liable and which by law may be levied or assessed on the Premises, or which arise out of the operations of Lessee or by reason of Lessee's occupancy of its Premises except for any taxes or assessments based on the gross or net income or gross or net receipts of the City that are not allocable to Lessee-related receipts. However, Lessee may, at its own risk, cost, and expense, and at no cost to the City, contest, by appropriate judicial or administrative proceedings, the applicability or the legal or constitutional validity of any such tax or assessment, and the City will, to the extent permitted by law, execute such documents as are necessary to permit Lessee to contest or appeal the same. Lessee shall be responsible for obtaining bills for all of said taxes and assessments directly from the taxing authority and shall promptly deliver to the City, upon request by the City, copies of receipts of payment. If the City receives any tax billings falling within the scope of this paragraph, it will forward said billings to Lessee. Lessee shall, at its own cost and expense, defend all such claims, demands and suits, whether frivolous or not.
- C. Lessee shall defend, indemnify, and hold harmless the Indemnified Parties from and against any claim, suit, demand, action, liability, loss, damage, judgment, or fine, and all costs and expenses of whatever kind or nature associated therewith in any way arising from or based in whole or substantial part upon claim or allegation of a violation of any federal, state, or local laws, statutes, resolutions, regulations, ordinance, or court order affecting the Airport, by Lessee, its agents, employees, contractors, or suppliers, in conjunction with Lessee's use and/or occupancy of the Premises or its operations at the Airport. Lessee will, at its own cost and expense, defend all such claims, demands and suits, whether frivolous or

- not. Lessee shall include the substance of this Subsection (C) in every sublease, contract or other agreement which Lessee may enter into related to its activities on the Premises, and any such sublease, contract or other agreement shall specifically provide that the City is a third-party beneficiary of this and related provisions. This provision does not constitute a waiver of any other condition of this Agreement prohibiting or limiting assignments, subletting or subcontracting.
- D. Lessee shall defend, indemnify, and hold harmless the Indemnified Parties from and against any claim, suit, demand, action, liability, loss, damage, judgment, or fine, and all costs and expenses of whatever kind or nature arising from or based in whole or part upon the presence in, or the release into, the environment, including the Premises or the Airport of any Hazardous Materials to the extent caused by, or resulting from, the acts or omissions of Lessee or its agents, employees, contractors, invitees, licensees, or suppliers at the Airport whether resulting from negligent conduct or otherwise.
- E. If a prohibited incursion into the air operations area occurs, or if the Aircraft Operations Area or sterile area security is breached, by or due to the negligence or willful act or omission of any of Lessee's employees, agents, contractors, or suppliers, and such incursion or breach results in a civil penalty action against the City, Lessee shall assume the defense of any such action and be responsible for any civil penalty or settlement amount required to be paid by the City as a result of such incursion or breach. The City shall notify Lessee of any allegation, investigation, or proposed or actual civil penalty sought for such incursion or breach. Civil penalties and settlement and associated expenses reimbursable under this paragraph include but are not limited to those paid or incurred as a result of violation of FAA or TSA regulations or security directives.
- F. Lessee's obligation to defend and indemnify past officers, employees, and agents of the City shall apply to such persons only for claims, suits, demands, actions, liability, loss, damages, judgments, or fines arising from events, occurrences, and circumstances during which said officers, employees, and agents held their office or position with the City.
- G. The City shall promptly notify Lessee of each claim, action, proceeding, or suit in respect of which indemnity may be sought by the City against Lessee hereunder, setting forth the particulars of such claim, action, proceeding or suit; shall furnish Lessee with a copy of all judicial filings and legal process and any correspondence received by the City related thereto; and shall tender the defense of same to Lessee.
- H. The duty to defend, indemnify, hold harmless, and reimburse shall apply to any claim, demands, or suits made against the City for which Lessee is responsible pursuant to this Section. Provided, however, that upon the filing by anyone of a claim with the City for damages arising out of incidents for which Lessee herein agrees to indemnify and hold the City harmless, the City shall promptly notify Lessee of such claim and, if Lessee does not settle or compromise such claim, then Lessee shall undertake the legal defense of such claim both on behalf of Lessee and on behalf of the City, at Lessee's expense; provided, however, that Lessee shall immediately notify City if a conflict between the interests of Lessee and City arises during the course of such representation. Lessee shall use counsel reasonably acceptable to the City Counselor of the City or his or her designee, after consultation with the Airport Director, in carrying out its obligations hereunder. The provisions of this section shall survive the expiration or early termination of this Agreement. It is specifically agreed, however, that the City, at its option and at its own expense, may participate in the legal defense of any claim defended by Lessee in accordance with this Section. Any final judgment rendered against the City for any cause for which Lessee is liable hereunder shall be conclusive against Lessee as to amount upon the expiration of the time for appeal therefrom. Nothing in this Article shall be deemed a change or modification in any manner whatsoever of the method or conditions of preserving, asserting, or enforcing any claim of legal liability against the City. This Section shall not be construed as a waiver of the City's sovereign or other immunity.
- I. The City, at its own expense except as otherwise provided herein, shall be invited to attend and participate in all meetings (including those related to settlement) and to appear and participate in all judicial proceedings and to the extent of its interests, approve, in writing, the terms of any settlement related to any claim, action, proceeding or suit set forth in this Section.
- J. Notwithstanding the provisions of this Section, Lessee shall have no obligation to defend, indemnify, or hold harmless the City for any consequential damages or for any amounts to be paid in connection with losses, liabilities, penalties, damages of whatever nature, causes of action, suits, claims, demands, injunctive relief, judgments, awards and settlements because, and to the extent, of the negligence or willful misconduct of the City, but only if the City is conclusively determined to be more than 10% liable due to contributory negligence.

- K. This Section shall survive the expiration or early termination of this Agreement. Lessee understands and agrees that any insurance protection furnished by Lessee pursuant to Section 701 shall in no way limit Lessee's responsibility to indemnify and hold harmless the City under the provisions of this Agreement.

Section 705. City Not Liable. Unless otherwise expressly provided for in this Agreement, the City shall not in any event be liable to Lessee for:

- A. any acts or omissions of Lessee, its officers, directors, employees, agents, contractors, or suppliers, or for any conditions resulting from the operations or activities of Lessee's directors, officers, employees, agents, contractors, or suppliers;
- B. Lessee's failure to perform any of the obligations hereunder or for any delay in the performance thereof;
- C. any environmental condition in existence at the Airport, or any part thereof, which condition may interfere with Lessee's business or other operations or activities, or which might otherwise cause damages to Lessee through loss of business, destruction of property, or injury to Lessee, its officers, directors, employees, agents, contractors, suppliers, invitees, customers, or licensees except to the extent such conditions are caused by the City, its employees or agents; or
- D. bodily injury or any loss or damage to real or personal property or business income occasioned by flood, fire, smoke, earthquake, lightning, windstorm, hail, explosion, riot, strike, civil commotion, vandalism, malicious mischief, or acts of war or terrorism, or for any injury, loss or damage not caused by the negligence, willful misconduct, or bad faith of the City.

ARTICLE VIII MERGERS, ASSIGNMENT, AND SUBLETTING

Section 801. Mergers and Consolidations. If Lessee consolidates with or merges into another company or permits one or more other companies to consolidate with or merge into it, or transfers or conveys all or substantially all of its property, assets and licenses to another company, the business entity resulting from or surviving such merger (if other than Lessee) or consolidation or the company to which such transfer or conveyance is made shall (i) expressly assume in writing and agree to perform all of Lessee's obligations hereunder, (ii) be qualified to do business in the State of Missouri, and (iii) if such business entity is not organized and existing under the laws of the United States of America or any state or territory thereof or the District of Columbia, furnish to the City an irrevocable consent to service of process in, and to the jurisdiction of, the courts of the State of Missouri with respect to any action or suit, in law or at equity, brought by the City to enforce this Agreement. If Lessee is the surviving business entity in such a merger, the express assumption referred to in this Section shall not be required.

Section 802. Lessee Assignments. Lessee shall not assign, transfer, convey, sell, mortgage, pledge, or encumber (hereinafter collectively referred to as "Assignment") this Agreement other than in connection with a transaction referenced in Section 801 or sublet its Premises without the advance approval of the City, which is to be given by Notice to Lessee. No Assignment of this Agreement or sublet of the Premises shall be effective without advance approval of the City. If Lessee fails to obtain advance approval from the City of any such Assignment or sublet, the City, in addition to the rights and remedies set forth in Article XIII and by law, shall have the right, in its sole discretion, to hold Lessee responsible for continued performance of its obligations throughout the Term, or to immediately terminate this Agreement, and the assignee or sublessee shall acquire no interest herein or any rights to use the Premises.

Section 803. City Approval of Assignments. No Assignment of this Agreement other than in connection with a transaction referenced in Section 801 shall be effective without advance approval of the City, which may approve, condition or deny such Assignment in its sole discretion pursuant to Ordinance 63687.

Section 804. City Approval of Subleases. No sublease of Lessee's Premises shall be effective without approval by the City, which approval is to be given to Lessee by Notice, and shall take into consideration the best interest of the traveling public and the operations of the Airport. All subleases shall be subordinate to this Agreement. Without in any manner limiting the City's general right to approve, disapprove, or condition subleases, it shall not be unreasonable for the City to disapprove or condition a sublease of Lessee's Premises on any or all of the following circumstances, among others:

- A. The proposed sublease imposes excessive or otherwise unfair terms and conditions on the sublessee.
- B. A lessee which is not leasing space directly from the City, proposes to sublease, in whole or in part, the Premises, and the

City determines that there is space in the Cargo City Buildings available for lease directly from the City by the proposed sublessee.

- C. The proposed sublease does not contain a provision which permits it to be terminated upon Notice from the City to the parties thereto of the availability of City-controlled space.
- D. The proposed sublease does not recognize explicitly that it is subordinate to this Agreement.

Section 805. Method of Obtaining Approval of Subleases. When requesting approval of a sublease under Sections 802 and 804, Lessee 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 information required by the City, including the following:

- A. the Premises to be sublet;
- B. the terms;
- C. if a sublease, the rents and fees to be charged; and
- D. any other material term and condition of the sublease.

If approved, Lessee shall submit a fully executed copy of such agreement to the City within 30 days after the commencement of the sublease.

Section 806. Charges to Sublessees. The City shall not approve any sublease that includes charges other than the following:

- A. a reasonable charge for any services, equipment, and property provided by Lessee;
- B. actual costs other than rental costs incurred by Lessee; and
- C. reasonable rents not to exceed 115% of Lessee's Rents and fees allocable to the subleased portion of the Premises.

Section 807. Airline to Remain Liable. Lessee shall remain fully and primarily liable throughout the Term for the payment of all of the Rents and fees due and payable to the City for the Premises that are subject to a sublease, and shall remain fully responsible for the performance of all the other obligations hereunder, unless otherwise agreed to by the City.

ARTICLE IX DEFAULT AND TERMINATION

Section 901. Events of Default. Each of the following constitutes an "Event of Default" under this Agreement:

- A. Lessee fails to punctually pay when due any Rents or any other sum required to be paid hereunder, and such failure continues for a period of 15 days after Notice of non-payment has been given to Lessee by the City.
- B. Lessee fails to keep, perform and observe any promise, covenant or other provision of this Agreement for a period of 30 days after Notice specifying such failure by the City; provided, however, that any such failure which can be cured, but which cannot with due diligence be cured within such 30 day period, shall not give rise to the City's right to terminate this Agreement if corrective action is instituted by Lessee within such 30 day period and diligently pursued until the failure is corrected.
- C. Any representation or warranty of a material fact made by Lessee herein or in any certificate or statement furnished to the City pursuant to or in connection herewith proves untrue in any material respect as of the date of issuance or making thereof, and such materiality is then continuing.
- D. Lessee discontinues its conduct of business at the Premises for a period of 30 consecutive days or, after exhausting or abandoning any further appeals, Lessee is prevented for a period of 30 consecutive days by action of any governmental agency other than the City from conducting its business at the Premises.

- E. Lessee fails to meet and maintain any of the Security Deposit requirements in accordance with Section 505.
- F. Lessee fails to maintain the minimum required insurance coverage as required by Section 701 for a period of 30 days after Notice specifying such failure by the City, provided that the City shall have the right to immediately suspend Lessee's right to operate at the Airport until Lessee has obtained the minimum required insurance coverage.
- G. Lessee fails to maintain true and accurate books, records, and accounts resulting in an underpayment of Rents to the City, and such underpayment continues for a period of six months.
- H. Lessee becomes insolvent (as such term is defined under Section 101 of the Federal Bankruptcy Code, 11 U.S.C. § 101 et seq. (the "Bankruptcy Code"), or any successor statute thereto); or fails to pay its debts generally as they mature; or takes the benefit of any present or future federal or state insolvency statute; or makes a general assignment for the benefit of creditors.
- I. Lessee files a voluntary petition in bankruptcy or a petition or answer seeking an arrangement of its indebtedness under the Bankruptcy Code or under any other law or statute of the United States or of any state thereof, or under any law or statute of another country; or consents to the appointment of a receiver, trustee, custodian, liquidator, or other similar official, of all or substantially all of its property; or an order for relief is entered by or against Lessee under any chapter of the Bankruptcy Code.
- J. Lessee is adjudged a debtor or bankrupt and/or an order is made approving a petition filed by any of Lessee's creditors or stockholders seeking Lessee's liquidation or reorganization under the Bankruptcy Code or under any other law or statute of the United States or any state thereof, and such order or decree is not stayed or vacated within 60 days of its issuance.
- K. A petition under any chapter of the Bankruptcy Code or an action under any federal or state insolvency law or statute, or an action under any insolvency law or statute of another country is filed against Lessee and is not dismissed or stayed within 60 days after the filing thereof.
- L. By or pursuant to, or under authority of any legislative act, resolution, or rule, or any order or decree of any court or governmental board, agency or officer, a receiver, trustee, custodian, liquidator, or other similar official takes possession or control of all or substantially all of the property of Lessee and such possession or control continues in effect for a period of 60 days.
- M. Lessee becomes a business entity in dissolution.
- N. The letting, license, or other interest of or rights of Lessee hereunder is transferred to, passed to, or devolved upon, by operation of law or otherwise, any other person, firm, corporation, or other entity, by, in connection with or as a result of any bankruptcy, insolvency, trusteeship, liquidation, or other proceedings or occurrence described in subparagraphs (H) through (M) of this Section.
- O. Lessee enters into an Assignment or sublease which is not approved by the City in accordance with the provisions of Article VIII, and, if a sublease, it is not terminated within 10 days after Notice from the City.

Section 902. Termination by the City.

- A. Whenever an Event of Default has occurred, the City may at its option, immediately and without further notification of such Event of Default:
 - 1. Terminate this Agreement and/or Lessee's rights granted hereby, but without discharging any of Lessee's obligations hereunder and, at the City's further option, exclude Lessee from its Premises. If Lessee uses, occupies, or fails to surrender or remove its property from its Premises, or any portion thereof, without the consent of the City after this Agreement has been terminated or expires, Lessee may be deemed a tenant at sufferance during the period of such use or failure and, in such event, Lessee shall pay Rents established by the City during such period. In such event, the City shall have, in addition to whatever other rights are available to the City, the right to all remedies provided under applicable laws, and reasonable costs, disbursements, and attorney fees including consequential damages incurred as a result of the holdover.

2. Without terminating this Agreement, exclude Lessee from its Premises and use its best efforts to lease such Premises to a replacement lessee. Lessee shall remain liable for all Rents and other payments due hereunder for the remainder of the term of this Agreement; provided, however, that any rents received from a replacement Lessee shall be credited against the amounts owed by Lessee.
- B. In the event of an Event of Default, the City may exercise any and all of the rights provided to it in this Section irrespective of any subsequent cure by Lessee, unless otherwise mutually agreed by Lessee and the City.
- C. In accordance with the provisions of 14 C.F.R. Part 158, App. A(B)(7), as it may be amended from time to time, if Lessee is an air carrier or foreign air carrier as defined by Federal law, and if any of Lessee's Premises is financed in whole or in part with PFC revenue, and if Lessee has an exclusive lease or use agreement for facilities at the Airport ("Exclusive Facilities"), and if any portion of such Exclusive Facilities is not fully utilized and is not made available for use by potentially competing companies, this Agreement may be terminated by the City.
- D. The remedies set forth in this Article shall be in addition to all other remedies which are or may be available to the City at law or in equity to enforce the performance and observance of any obligation, agreement or covenant of Lessee hereunder, including collection of amounts due.
- E. All rights and remedies given to the City herein and all rights and remedies granted to the City by law shall be cumulative and concurrent. No termination of this Agreement or the taking or recovering of the Premises shall deprive the City of any of the City's remedies or actions against Lessee for Rents or for damages or for the breach of any covenant herein contained, nor shall the bringing of any action for Rents or breach of covenant, the resort to any other remedy herein provided for the recovery of Rents or any delay in exercising such rights, be construed as a waiver of the right to obtain possession of the Premises.
- F. In no event shall this Agreement or any rights or privileges hereunder be an asset of Lessee under any bankruptcy, insolvency, or reorganization proceedings.

Section 903. Change of Term.

Notwithstanding the provisions of Section 301, automatically and immediately upon the occurrence of an Event of Default described in Subsections 901 (F) - (K), the term of this Agreement shall convert to month-to-month; provided, however, that the conversion of the term of this Agreement pursuant to this Section shall not discharge any of Lessee's obligations hereunder nor affect any of the City's remedies set forth herein.

Section 904. Termination by Lessee.

At any time that Lessee is neither in default nor has committed an Event of Default hereunder, Lessee may terminate this Agreement to the extent set forth below, at Lessee's option, prior to the scheduled expiration date set forth in Section 301, by giving the City 30 days' advance Notice upon or after the happening and during the continuance of any of the following events:

- A. Any action of the FAA or any federal, state, county, or municipal governmental agency refusing to permit Lessee to operate into, from, or through the Premises as Lessee has previously operated regularly thereon, and the remaining in force of such refusal for a period of at least 60 days;
- B. Any failure by the City to keep, perform and observe any material promise, covenant, or other provision of this Agreement for a period of 30 days after Notice specifying such failure and requesting that it be remedied is given to the City by Lessee; provided, however, that any such failure which can be cured, but which cannot with due diligence be cured within such 30 day period, shall not give rise to Lessee's right to terminate this Agreement if corrective action is instituted by the City within such 30 day period and diligently pursued until the failure is corrected; or
- C. Lessee is prevented from conducting its business at the Premises for a period in excess of 90 consecutive days for any reason other than causes directly controlled by Lessee.

ARTICLE X
SURRENDER OF PREMISES

Section 1001. Surrender of Premises.

- A. Surrender of Premises. On expiration of the term of this Agreement or earlier termination as hereinafter provided, or on reassignment or reallocation of the Premises as provided herein, Lessee shall:
1. peaceably surrender possession of the Premises and other space made available to Lessee hereunder in a clean, sanitary, and good condition, excepting only reasonable wear and tear (taking into account repair and maintenance required to be done by Lessee), acts of God, fire, and other casualties, and conditions that can be conclusively shown by Lessee existed prior to Lessee's occupancy or use of said Premises under this Agreement or any subsequent agreement with the City, and the City shall have the right to take possession of said Premises and other space made available to Lessee hereunder; and
 2. return the Premises to the City in a condition such that Hazardous Materials which were placed, stored, used, generated, treated, released, discharged, disposed, and/or spilled on, under, or about the Premises by Lessee, its officers, directors, employees, agents, contractors, or suppliers do not exceed allowable levels established under applicable Environmental Laws and Environmental Permits in accordance with Subsection 406(C). If the City is required under applicable Environmental Laws to undertake actions to bring the Premises into compliance with this provision, or any applicable Environmental Laws or Environmental Permits as a result of Lessee's failure to timely correct same in accordance with Subsection 406(C), Lessee shall reimburse the City for any Remediation Costs incurred by the City, as provided for in Subsection 406(E).

The City shall not be required to notify Lessee to quit possession at the expiration date of the term of this Agreement.

- B. Removal of Personal Property. Provided Lessee is not in default for non-payment of Rents or any other payment due hereunder, Lessee shall have the right, on expiration or early termination of this Agreement and within 30 days thereafter, to remove or dispose of all trade fixtures and equipment and other personal property installed or placed by Lessee, in, on, or about the Airport. Lessee shall not be entitled to remove non-trade fixtures without the advance consent of the City. If, following the expiration or early termination of this Agreement, the City has immediate need to accommodate a new tenant, the City may remove and store Lessee's trade fixtures, equipment and personal property, at Lessee's risk.
- C. Removal Damages. Lessee shall repair any damage caused by the removal of its trade fixtures, equipment, or personal property. Removal shall be at Lessee's expense. Notwithstanding the above, consideration shall be given to the intended long-term use of the premises and if the City determines that such premises would not be maintained for a period warranting the repairs indicated above, the City may alter or waive the repair requirement of this Subsection. If the Premises are yielded or delivered to the City in need of repair, reconditioning, or restoration to the condition that existed when Lessee first used the Premises pursuant to this Agreement or any preceding agreement (reasonable wear and tear taking into account repair and maintenance required to be done by Lessee excepted), after reasonable notification by the City to Lessee, the City shall repair or recondition said Premises and the cost thereof, plus actual administrative costs, shall be invoiced to Lessee and payable immediately. The City shall determine the condition of the Premises at the expiration or early termination of this Agreement.
- D. Ownership of Fixtures and Personal Property Not Removed. If, after 30 days following any of the actions or remedies authorized by Subsection 902(A) or the expiration of this Agreement, Lessee fails to remove its fixtures and other personal property from the Premises, such fixtures and personal property may be deemed abandoned. In addition to whatever other rights are available to the City, with prior notification of Lessee, the City may: (i) remove, sell, or store Lessee property at Lessee's expense, or (ii) take title to Lessee property in lieu of removal on behalf of Lessee. If the City takes title to such property or otherwise disposes of the property, the City shall be entitled to all proceeds of sale of such Lessee property as liquidated damages for the breach of this covenant to remove.

ARTICLE XI
MISCELLANEOUS PROVISIONS

Section 1101. Relationship of Parties. Nothing herein contained is intended or shall be construed to create or establish any relationship other than that of lessor and lessee, and nothing herein shall be construed to establish any partnership, joint venture or

association or to make Lessee the general representative or agent of the City for any purpose whatsoever.

Section 1102. Amendment. Except as otherwise expressly provided herein, this Agreement may not be changed, modified, discharged, or extended except by written amendment duly executed by the parties.

Section 1103. Subordination to Agreements with the United States.

- A. This Agreement shall be subordinated to the provisions of any existing or future agreement between the City and the United States Government or governmental authority, relating to the operation or maintenance of the Airport, the execution of which has been or will be required as a condition precedent to the granting of federal funds or the approval to impose or use PFCs for the improvement or development of the Airport. Lessee shall not cause the City to violate any assurances made by the City to the United States Government in connection with the granting of such federal funds or the approval of such PFCs.
- B. All provisions of this Agreement shall be subordinate to the rights of the United States of America to operate all of 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 operation of the Airport by the United States of America.

Section 1104. Subordination to Trust Indenture.

- A. This Agreement and all rights granted to Airline hereunder are expressly subordinated and subject to the lien and provisions of the pledges, covenants (including rate covenants), transfers, hypothecation, or assignments made by the City in the Trust Indenture and any bond ordinance (including related documents authorized or approved by such ordinance) enacted by the City regarding the issuance of bonds. The City expressly reserves the right to make such pledges and grant such liens and enter into covenants as it may deem necessary or desirable to secure and provide for the payment of bonds, including the creation of reserves therefor.
- B. Lessee understands that the City is and will be the issuer of bonds. With respect to outstanding bonds that may be issued in the future, the interest on which is intended to be excludable from gross income of the holders of such bonds for federal income tax purposes under federal law, Lessee shall not act, or fail to act (and will immediately cease and desist from any action, or failure to act) with respect to the use of the Premises, if the act or failure to act may cause the City to fail to be in compliance with the provisions of federal law with respect to those types of bonds, as it now exists or may be amended, supplemented, or replaced, or the regulations or rulings issued thereunder, nor will Lessee take, or persist in, any action or omission that may cause the interest on the tax-exempt bonds either (i) not to be excludable from the gross income of the holders thereof for federal income tax purposes; or (ii) to become subject to the alternative minimum tax for federal income tax purposes.

Section 1105. Certificate in Connection with Issuance of Bonds. In connection with any issuance of bonds by the City, upon not less than 30 days prior request by the City, Lessee shall deliver to the City a statement in writing certifying:

- A. that this Agreement is unmodified and in full force and effect (or if there have been modifications, a description of such modifications and that the Agreement as modified is in full force and effect);
- B. that to Lessee's knowledge the City is not in default under any provision of this Agreement, or, if in default, the nature thereof in detail; and
- C. such further matters as may be reasonably requested by the City, it being intended that any such statement may be relied upon by the parties involved in such issuance of Bonds.

Section 1106. No Third Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give or be construed to give to any person or entity other than the parties hereto and their assigns any legal or equitable rights hereunder.

Section 1107. Counterparts. This Agreement may be executed in one or more counterparts.

Section 1108. Exhibits. All certificates, documents, exhibits, attachments, riders, and addenda referred to herein, including the exhibits referred hereto, are hereby incorporated into this Agreement by reference and made a part hereof as though set forth in full

in this Agreement to the extent they are consistent with its conditions and terms.

Section 1109. Survival of Warranties. All warranties and covenants set forth in this Agreement shall survive the execution and performance of this Agreement.

Section 1110. Quiet Enjoyment. Upon payment of all amounts due hereunder and performance of the covenants and agreements on the part of Lessee to be performed hereunder, the City shall not act or fail to act, except as otherwise provided by this Agreement, in a manner that will prevent Lessee from peaceably having and, in accordance with the terms hereof, enjoying the Premises and all rights, licenses, services, and privileges of the Airport and its appurtenances and facilities granted herein.

Section 1111. No Personal Liability.

- A. The City shall not be liable for any acts or omissions of any Lessee or any condition resulting from the operations or activities of tenants or their representatives.
- B. No director, officer, employee, or agent of the City or Lessee shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or because of any breach hereof or because of its or their execution of this Agreement. Any administrative complaint brought against the City relating to any aspect of this Agreement shall be brought against the City and not against named individual respondents.

Section 1112. Governing Law and Forum Selection. This Agreement is made and entered into in the State of Missouri, and Missouri law shall govern and apply to this Agreement. Any cause of action, claim, suit, demand, or other case or controversy arising from or related to this Agreement shall be brought only in a federal or state court in the City of St. Louis, Missouri. Lessee and the City hereby admit and consent to the jurisdiction and venue of such courts. The provisions of this section shall survive the expiration or termination of this Agreement.

Section 1113. Communications and Notices.

- A. Except as otherwise expressly provided in this Agreement, all communications, including notifications, requests, authorizations, approvals, demands, and consents provided for hereunder shall be in writing.

If to the City, to: Airport Director
Lambert-St. Louis International Airport
10701 Lambert International Boulevard
St. Louis, Missouri 63145

If to Lessee, to: Manager, Properties
Southwest Airlines Co.
2702 Love Field Dr., HDQ-4PF
Dallas, TX 75235-1611

or to such other person or address as either the City or Lessee may hereafter designate by Notice to the other in accordance with Subsection 1113(B).

- B. All Notices required by this Agreement shall be mailed via certified mail return-receipt requested, via overnight mail with receipt, or personally delivered to the City and Lessee at the addresses set forth in Subsection 1113(A), with copy to:

If to the City: Office of the City Counselor
Airport Legal Department
10701 Lambert International Boulevard
St. Louis, Missouri 63145

If to Lessee: Manager, Properties
Southwest Airlines Co.
2702 Love Field Dr., HDQ-4PF
Dallas, TX 75235-1611

or to such other person or address as either the City or Lessee may hereafter designate by Notice.

Except as otherwise expressly provided hereunder, any such Notice shall be deemed to have been given or made: (i) if sent by certified mail, 5 days after being deposited in the mails, postage prepaid and properly addressed; (ii) if via overnight mail, the next business day; and (iii) if delivered by personal service, when delivered to the addressee.

Section 1114. Force Majeure.

- A. Neither party hereto shall be liable to the other for any failure, delay, or interruption in performing its obligations hereunder due to acts, events or conditions beyond its control, including acts of God, weather conditions, shortages of energy or materials, embargoes, riots, rebellions, sabotage, acts of a public enemy, war, terrorism, insurrection, strikes, boycotts, picketing, slow-downs, work stoppages or other labor actions affecting the rights or obligations of the City or Lessee hereunder, their respective contractors or subcontractors, except to the extent that such failure, delay or interruption directly or indirectly results from failure on the part of the City or Lessee to use reasonable care to prevent, or make reasonable efforts to cure, such failure, delay or interruption; provided, however, that, except as herein specifically provided, nothing in this Section is intended or shall be construed to abate, postpone or in any respect diminish Lessee's obligations to make any payments due to the City pursuant to this Agreement.
- B. The City shall be under no obligation to supply any service if and to the extent and during any period that the supplying of any such service or the use of any component necessary therefor shall be prohibited or rationed by any law, ordinance, rule, regulation, requirement, order or directive of any federal, state, county or municipal government having jurisdiction.

Section 1115. Invalid Provisions. If any covenant, condition, or provision in this Agreement is held to be invalid, illegal, or unenforceable by any court of competent jurisdiction, or conclusively determined to be inconsistent with federal law or FAA grant assurances, such covenant, condition, or provision shall be deemed amended to conform to applicable laws so as to be valid or enforceable or, if it cannot be so amended without materially altering the intention of the parties, it shall be stricken. If stricken, all other covenants, conditions and provisions of this Agreement shall remain in full force and effect provided that the striking of such covenants, conditions or provisions does not materially prejudice either the City or Lessee in its respective rights and obligations contained in the valid covenants, conditions, or provisions of this Agreement.

Section 1116. No Waiver. No provision of this Agreement shall be deemed to have been waived by either party unless such waiver is in writing, signed by the party making the waiver and addressed to the other party, nor shall any custom or practice that may evolve between the parties in the administration of the terms of this Agreement be construed to waive or lessen the right of either party to insist upon the performance of the other party in strict accordance with the terms of this Agreement.

Section 1117. City's Rights and Remedies are Cumulative. All rights and remedies of the City as provided herein and under law are cumulative in nature.

Section 1118. Construction of Agreement. 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 the City by reason of the preparation of this Agreement by the City.

Section 1119. Timing. 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.

Section 1120. Representatives. The City and Lessee shall each designate a representative who, except as otherwise provided hereunder, shall be authorized to act for the City and Lessee, respectively, with respect to any actions to be taken by either of them under the terms of this Agreement. Except as specifically set forth herein, for the purposes of actions to be taken by it or by the City, the City's representative shall be the Airport Director. Lessee's representative shall be designated in a Notice delivered to the City. Any party hereto may change its designated representative by Notice to the other party.

Section 1121. Approvals.

- A. Whenever in this Agreement any approval is required, such decision shall be promptly rendered and shall not be

Date

Secretary

Board of Estimate and Apportionment

SOUTHWEST AIRLINES CO.

BY: _____

Title: _____

Date: _____

EXECUTIVE SUMMARY

FOR AIRPORT COMMISSION MEETING

May 4, 2011

Agreement: Cargo City Lease Agreement with Southwest Airlines Co.

Activity: Lease of Cargo City Buildings to provide cargo handling services and ground services equipment maintenance.

Term: Commencing July 1, 2011, and terminating June 30, 2016 to coincide with the termination of the Airport Use and Lease Agreements.

Premises: Cargo City Building #4A, located at 9813 Air Cargo Road, consisting of 8,160 square feet of enclosed cargo building space and 9,105 square feet of adjoining unenclosed space, and Cargo City Building #5A, located at 9805 Air Cargo Road, consisting of 6,650 square feet of enclosed cargo building space and 5,878 square feet of adjoining unenclosed space.

Revenue: \$127,126.89 annually, \$10,593.91 per month.

Approval Required: Director of Airports, Airport Commission, City Board of Estimate and Apportionment, and City Board of Aldermen.

Recommendation: We recommend that the Airport Commission approve this Cargo City Lease Agreement with Southwest Airlines Co.

Approved: July 12, 2011