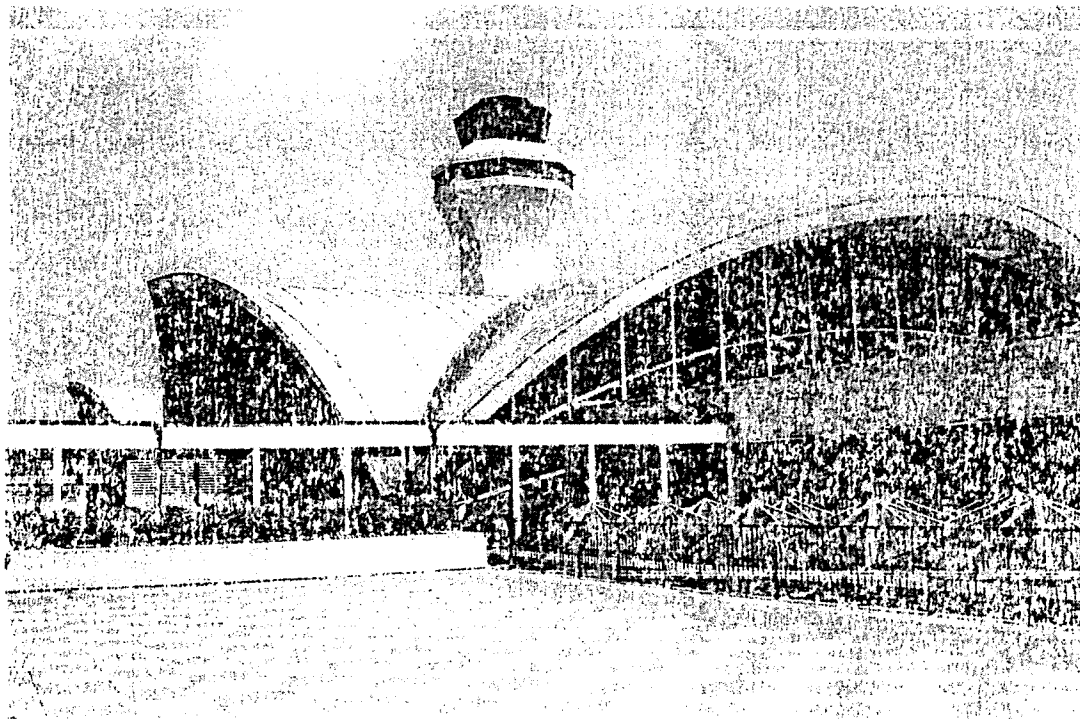


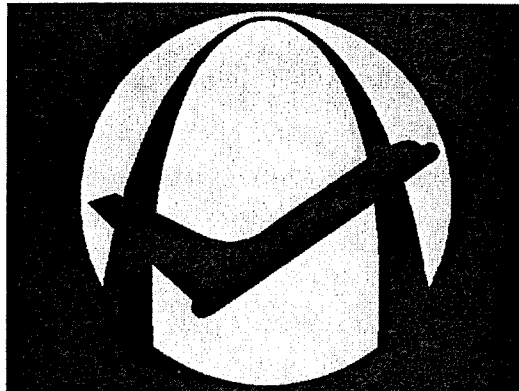
AIRLINE COMPETITION PLAN UPDATE



LAMBERT - ST. LOUIS
INTERNATIONAL AIRPORT

AIRLINE COMPETITION PLAN UPDATE

Submitted for the
Lambert-St. Louis International Airport



On behalf of
City of St. Louis

March 1, 2002

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INTRODUCTION

This annual update to the Airline Competition Plan, as required by the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century ("AIR-21"), will: 1) address significant changes in the Lambert-St. Louis International Airport's Airline Competition Plan submitted August 2, 2000; 2) report on the status of initiatives promised in that plan; and, 3) respond to FAA's Office of Airport Planning and Programming comments by letter dated October 13, 2000.

SIGNIFICANT CHANGES TO THE LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT'S AIRLINE COMPETITION PLAN DATED AUGUST 2, 2000

The format of this section follows the sequence and heading/section numbers of the August 2, 2000, Airline Competition Plan. Only the sections where significant changes occurred will be identified and addressed. All sections that are not noted are the result of no significant change to that section's content and disposition.

INTRODUCTION (Page 1)

(Note: The following paragraph is intended as an additional paragraph to the original Introduction of the Airport Competition Plan of August 2, 2000.)

Trans World Airlines, Inc. ("TWA"), STL's major hub carrier, filed for Chapter 11 bankruptcy on January 10, 2001. American Airlines, Inc. ("AA") subsequently acquired TWA in Delaware bankruptcy court and purchased most of TWA's assets. Effective April 10, 2001, AA formed a wholly owned subsidiary airline, TWA Airlines, LLC ("TWALLC"), to operate as a transitional airline at least through the expiration of the Airport Use Agreement on December 31, 2005. TWA's Airport Use Agreement (AUA) and other contracts and agreements with the City were assumed by TWALLC. Therefore, all reference to TWA's agreements and obligations in the Airline Competition Plan of August 2, 2000, are hereby replaced by TWALLC.

Section I.D. (Page 4) Gate utilization (departures/gates) per week and month

Prior to the events of September 11, 2001, there were no significant changes to gate utilization (departures/gates) per week and month. Since that time gate utilization has been changing on a frequent basis. The Airport has monitored gate utilization throughout this period of rapid change. Attached as Exhibit "A" is our Average Daily Gate Utilization report for February 2002 based on the regularly scheduled daily flight information supplied to us by the airlines.

Section I. I. (Page 5)

Number of carriers in the past year that have requested access or sought to expand, how were they accommodated, and the length of time between any requests and access

Two requests for additional gate and holdroom space were made early in the 2001 calendar year, which were restated in December 2001. The requests were made by incumbent carriers in anticipation of American Airlines eventually vacating their current premises on "A" Concourse and consolidating their operations on "C" and "D" Concourses. At such time as American Airlines provides City with notice to return premises, City will utilize its Gate Assignment Policy to determine redistribution of premises (see Section IV.A. below)

III. PATTERNS OF AIR SERVICE (IDENTIFY AND DESCRIBE) (pages 7-8)

The events of September 11, 2001 and the integration of routes of TWALLC by AA, resulted in changes to flight schedules, markets served (including small communities), markets served by low-fare carriers, and number of markets served by one carrier. However, based on currently observed activity levels of the airlines, we believe there has been no significant reductions in air service to all markets, including small communities.

STATUS OF INITIATIVES PROMISED IN THE AIRLINE COMPETITION PLAN DATED AUGUST 2, 2000

Section IV. A. (Page 8)

Gate assignment policy and method of informing existing carriers and new entrants of this policy

(Note: The City stated it would develop a Gate Assignment Policy in the August 2, 2000 plan, and to ultimately publish on its web site all relevant information that a carrier may wish to know about serving STL.)

Please see Exhibit "B" for the STL Gate Assignment Policy. Approval of this policy by the STL Airport Commission is pending. This information will be posted on our web site once all required approvals are obtained.

STL is currently developing its web site information as described in the August 2, 2000, Competition Plan. Completion is projected for September 2002.

**FAA's OFFICE OF AIRPORT PLANNING AND PROGRAMMING LETTER
DATED OCTOBER 13, 2000**

The FAA Office of Airport Planning and Programming, by letter dated October 13, 2000, made certain requests for additional information and clarification relative to the Airline Competition Plan of August 2, 2000. The following is in response to those requests.

FAA Review of the 2000 Amendment to the AUA.

Please find attached as Exhibit "C" the above referenced AUA 2000 Amendment (the "Amendment"). The Amendment clarifies and consolidates rates and charges provisions of the AUAs, changes rate adjustments from a calendar year fiscal year to a July-June fiscal year, changes the method of recovery of capital improvement costs from depreciation plus interest charges to amortization charges, and changes landing and passenger statistical report due dates.

We recommend, that at a minimum, the City implement a program to monitor gate use on a gate specific basis for all PFC funded gates and for any other that may be used by airlines that also use one or more PFC funded gates.

The new East Terminal ("ET") is the only terminal at the Airport where PFC funds were used. SWA, operating from the 12 ET preferential use gates, is the only airline at the Airport using PFC funded gates. The current AUA between the City and SWA does not require that SWA report gate utilization on a gate specific basis. However, the City will make every effort to obtain the cooperation of SWA to provide reports on a gate specific basis.

The ET is also the location for ticket counters and bag make-up facilities for the City Agent; that space is used to provide services in support of the common use City Gates (which are not located in the new ET).

The City has recently incorporated a requirement for a monthly Gate Utilization Report in our preferential use language to be implemented upon the expiration of AUAs and each short term Preferential Use Gate Space Permit currently in place.

The City should explain the conditions and terms under which the City can make PFC funded, preferentially leased gates in the East Terminal available to new entrants.

Please see attached the preferential use language (Exhibit "D") from the SWA AUA describing the terms and conditions under which preferential use clause may be invoked. If requested by a new entrant air carrier, the City is prepared to invoke preferential use provisions.

Describe in more detail any guidelines, standards or requirements and procedures applicable to carriers desiring to obtain subtenant status as well as signatory status.

STL advises air carriers to contact the City Agent that operates the City-controlled common use City Gates as well as send an RFP to incumbent air carriers requesting a sublease arrangement. If any air carrier identifies a problem in obtaining Facilities through a sublease, we would work within the powers granted STL in AUAs with preferential use provisions. However, it should be noted, STL has not received any complaints or notices from any air carrier stating that they have not been able to reach reasonable accommodation as a subtenant either through another incumbent air carrier or through the City Agent.

When contacted by air carriers seeking signatory status, STL responds by sending a copy of a qualification letter (Exhibit "E"). The qualification letter requests certain types of information relative to the airline and its operation.

Signatory status is available to subtenants.

Specifically discuss whether City permits and/or assures subtenants the right to use an independent provider of ground handling services, and whether it offers any protection against bundled ground handling services to subtenants.

If the air carrier subtenant is signatory, it is granted the right to self-handle in the AUA (Exhibit "F"). Non-signatory subtenant air carriers are neither explicitly granted nor restricted from self-handling nor the use of third-party ground handlers.

Incumbents with exclusive use gates may negotiate the use of their ground handling services as part of their negotiations with potential subtenants for the use of their gates, regardless whether the subtenant is signatory or non-signatory. As a result, there are a variety of ground handling arrangements in effect for subtenants at the Airport. Some signatory subtenants provide their own ground handling services; examples are Trans States Airlines, Inc. and Chautauqua Airlines, Inc., both d/b/a American Connection, operating as subtenants of TWALLC.

Incumbents with preferential use gates may be instructed by the City to allow subtenants to seek alternative ground handling services.

As a practical matter, STL has found that most non-signatory subtenant carriers are wholly owned subsidiaries of an incumbent parent air carrier or have a specific contract for carriage (e.g. Northwest Airlines and Northwest Airlink) or have some type of air carrier alliance agreement with an incumbent carrier (e.g. United Airlines and Air Canada), and the parties have mutually negotiated an arrangement for the incumbent air carrier to perform ground handling services, prior to the subtenants initiation of service.

While the Competition Plan states that the City will not approve excessive sublease markups, the plan does not indicate that the STL AUAs have firm caps on sublease markups. Please clarify this issue in your first update and provide any examples of sublease markups disapproved as excessive.

STL has no contractual caps on subleases (except if preferential use is invoked). Although not contractually stated, it has been standard practice only to approve subleases with no more than a 10% to 15% mark-up on rates charged the lessor. STL has not received any subleases for approval that include mark-ups in excess of 10% to 15%. Additionally, STL has not received any complaints or notices from air carrier sublessees indicating that they have been subject to excessive sublease mark-ups. Under the AUAs that have preferential use language (AUA-2), that provision, if invoked, specifically requires that lessors charge no rental mark-up other than a reasonable administrative fee and additional operational costs (see Exhibit "D").

The current STL AUAs expire on December 31, 2005. As we develop new AUA language, STL will address sublease mark-ups.

The plan does not describe procedures available to protest a fee or unreasonable bundling. We encourage you to consider development and publication of specific protest procedures.

Currently the Airport does not have specific protest procedures in place. Within the next twelve months the Airport will develop protest procedures. These will be published once they are developed and receive all required City approvals.

The City notes that it has a process to review carrier requests and requirements for gate space, and that it will formalize its policies on gate assignments within the next twelve months. The City will also publish on its internet site all relevant information that a carrier needs to know to serve STL. Please include a discussion of these policies in your first plan update.

Please see Exhibit "B" for STL's Gate Assignment Policy. STL plans to have web site information posted by September 2002.

Please include in your Competition Plan updates a discussion of the status of the City's deliberations concerning the inclusion or modification of MII terms in new AUAs.

All STL AUAs will expire on December 31, 2005. The City has initiated dialogue internally and with consultants to begin developing a new AUA. Although MII provisions will be evaluated, it is premature to determine the exact nature of the modifications. However, it is STL's intent to provide itself with maximum control over capital expenditures and to meet all federal mandates relative to MII provisions.

AVERAGE DAILY GATE USAGE FEBRUARY 2002

AIRLINE/GATES	Number of Gates per Airline	Airline Departures Per Day	Total Departures Per Day Per Airline's Gate(s)	Average Daily Departures Per Gate
Air Canada (Handled by United)	---	2	---	---
American * A10, A12, A14	3	0	0	0
American (and TWA Airlines LLC) C1-C38, D2-D36	47	279	279	6.0
American Connection (Chautauqua Airlines, d/b/a) (TWA Gate) B2, B4, B6	3	51	51	17.0
American Connection (Corporate Airlines, d/b/a) (Handled by Trans States)	---	31	---	---
American Connection (Trans States Airlines, d/b/a) (TWA Gates) B7-B16	6	87	118	19.7
City Gates** E29, E31, E33	3	7	7	2.3
Comair d/b/a Delta Connection (Handled by Delta)	---	7	---	---
Continental/America West*** A9, A16	2	6	15	7.5
Continental Express (Handled by Continental)	---	9	---	---
Delta A2, A4, A6	3	6	13	4.3
Northwest A3, A5	2	12	16	8.0
Northwest Airlink (Mesaba Aviation, d/b/a) (Handled by Northwest)	---	4	---	---
Southwest E2-E24	12	72	72	6.0
United A18, A19, A21	3	9	11	3.7
US Airways A8, A15, A17	3	8	13	4.3
US Airways Express (Chautauqua Airlines, d/b/a)(Handled by US Airways)	---	2	---	---
US Airways Express (Mesa Airlines, d/b/a) (Handled by US Airways)	---	1	---	---
US Airways Express (Trans States Airlines, d/b/a)(Handled by US Airways)	---	2	---	---
TOTAL 87 gates	87	595	595	6.8
TOTAL excluding commuter gates**** 78 gates	78	426	426	5.5

*During November 2002, American Airlines (AA) transferred all of its flights to Concourses "C" and "D" (previously gates leased by TWA). AA is currently planning internally on reutilizing these gates. However, one of the three gates, A14, is under a Preferential Use Space Permit, scheduled to expire April 6, 2002. At that time, gate A14 will return to STL for reassignment.

**City Gates include Skyway Airlines and regular charter flights.

*** Continental and America West each lease 1 gate, however with their synergy agreement they utilize the same facilities.

****This calculation excludes the three American Connection operators and the 9 gates (B2-B16) from which they operate.

LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT GATE ASSIGNMENT POLICY

I. INTRODUCTION:

The purpose of the Gate Assignment Policy ("GAP") is twofold: 1. to establish procedures and qualification criteria for leasing gates, holdroom, ticket counters and bag make-up space ("Facilities") at Lambert-St. Louis International Airport ("Airport") in the event that Facilities are returned to the Airport or otherwise become available; and, 2. to establish procedures for new entrant or incumbent Air Carriers seeking subtenant accommodations in the event that no Facilities are available for direct lease.

II. PROCEDURES FOR NEW ENTRANT OR INCUMBENT AIR CARRIERS SEEKING AVAILABLE FACILITIES:

The following procedures will be implemented upon Facilities becoming available at the Airport:

- A. Airport advertises that certain Facilities will be available under a Space Permit or Airport Use Agreement (signatory) with preferential use provisions.
- B. Interested Air Carriers(s) will submit letter of intent, by a date certain established by the Airport, to acquire Facilities. The letter of intent shall comply with information requested by the Airport that responds to the established criteria for assignment of Facilities. Air Carriers that currently do not operate at the Airport will be required to enter into an Airport Use Agreement (signatory) or an Airline Operating Agreement (non-signatory) with the Airport.
- C. The Airport will evaluate requests based on compliance with the established criteria. The Director of Airports will select Air Carriers(s) based on compliance with the established criteria which best reflect the interests of the Airport and the St. Louis region as a whole.

SELECTION CRITERIA:

The following criteria will be considered in the selection of Air Carrier(s) to enter into agreements to operate from the available Facilities:

- A. **PREFERENTIAL USE:** The Airport will only consider leasing Facilities under a Space Permit or Airport Use Agreement (signatory) with preferential use provisions. Air Carriers will be required to supply

monthly reports of daily gate utilization by gate so that the Airport can identify gates that can accommodate new entrant Air Carriers

- B. COMMITMENT AND UTILIZATION: Air Carrier must demonstrate a strong commitment to serve the St. Louis region's traveling public and make maximum utilization of Facilities. Air Carrier must submit proposed schedule and destinations, aircraft type, and frequency of flights (turns per gate). For incumbents this will include the above data for existing gates as well as additional gates.
- C. COMPETITION: Airport has submitted a Competition Plan to the Department of Transportation ("DOT"). In order to comply with the requirements and commitments contained therein, the Air Carrier must demonstrate that the acquisition of additional Facilities will enhance the Airport's competitive position.
- D. NEED: If Air Carrier is an incumbent with inadequate Facilities, it must demonstrate that acquiring the Facilities is essential to supporting its operations. Incumbent Air Carriers must also comply and submit information in accordance with paragraphs A., B., and C. above.

III. PROCEDURES FOR NEW ENTRANT OR INCUMBENT AIR CARRIERS SEEKING SUBTENANT STATUS IF NO FACILITIES ARE AVAILABLE FOR DIRECT LEASE:

The following procedures will be implemented in the event that a new entrant or incumbent Air Carrier seeks subtenant status if no Facilities are available for direct lease:

- A. Air Carrier notifies the Airport that it wishes to arrange a sublease to enter the St. Louis market or expand existing operations and no Facilities are available for direct lease.
- B. Airport advises air carrier to contact City Agent operating common use City Gates for accommodation or prepare an RFP to incumbent Air Carriers for accommodation. Advise such Air Carriers to contact the Airport should reasonable subtenant accommodations not be reached within ninety (90) days after RFP is sent or contact made with City Agent.
- C. If contacted by Air Carrier after the ninety (90) day period and such Air Carrier states that reasonable subtenant accommodations could not be reached with an incumbent Air Carrier or City Agent, Airport will advise all incumbents with preferential use language in their Air Carrier Agreements to provide Airport with their current schedule of operations by gate. Airport will decide which incumbent Air Carrier with preferential use language can best accommodate Air Carrier seeking subtenant status.

- D. After identifying such incumbent Air Carrier that can best accommodate Air Carrier seeking subtenant status, Airport will contact same and advise that preferential use clause is being invoked and to provide access in accordance with the preferential use provisions.

FIRST AMENDATORY AGREEMENT REGARDING RATES AND CHARGES PROCEDURES LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT

This First Amendatory Agreement, made and entered into this _____ day of _____, _____, by and between the City of St. Louis, a municipal corporation of the State of Missouri (the "City") and America West Airlines, Inc., a corporation organized and existing under and by virtue of the laws of the State of Delaware (the "Airline").

WITNESSETH:

WHEREAS, City and Airline have previously entered into several agreements (collectively, the "Agreements") to lease and use areas of Lambert-St. Louis International Airport (the "Airport") consisting of:

Airline's Airport Use Agreement (Lease AL-3) dated January 2, 1997; and

WHEREAS, the Agreements set forth certain definitions and procedures for calculating and periodically adjusting airline rates and charges at the Airport; and

WHEREAS, by this First Amendatory Agreement, City and Airline desire to amend but not terminate the Agreements with respect to the definition of certain terms and the procedures to be used in calculating airline rates and charges at the Airport;

NOW THEREFORE, for and in consideration of the mutual covenants and considerations hereinafter contained, it is agreed by and between City and Airline as follows:

SECTION 1 – GENERAL

The purpose and intent of this First Amendatory Agreement is to supplant and replace those provisions of the Agreements that address the procedures for the calculation of airline rates and charges at the Airport. The intent of the parties is (1) to clarify and consolidate in one place the rates and charges provisions of the Agreements, (2) to change the rates and charges adjustment process from a Calendar Year to a Fiscal Year basis and (3) to change the method of recovery of the costs of Capital Improvements from "depreciation + interest" charges to "amortization" charges. It is further the intent of the parties that all other substantive aspects of the current rates and charges provisions remain unchanged unless in conflict with the provisions of this First Amendatory Agreement. In the event of such a conflict this First Amendatory Agreement's provisions shall control. Those provisions to be supplanted and replaced include but are not limited to: Article III of the Airport Use Agreement.

SECTION 2 – DEFINITIONS

The following words and phrases, wherever used in this First Amendatory Agreement, shall, for the purpose of this First Amendatory Agreement, have the following meanings:

A. **"Airport Cost Centers"** means the direct cost areas to be used in accounting for Airport costs for the purposes of calculating compensatory rates and charges hereunder, as depicted in Exhibit "A", Airport Layout and Airfield Cost Center Plan, and Exhibit "B", Terminal Area Cost Center Plan which are attached hereto and incorporated herein, as such areas now exist or may hereafter be modified or expanded and as more particularly described below:

1. **"Main Terminal"** means the main terminal portion of the terminal complex, together with the upper level terminal roadway which forms the roof of the middle level facilities (baggage claim and administrative office areas).

2. **"Terminal Expansion"** means the extended portion of the terminal complex, currently used as an airline club, constructed as part of the 1996 "Terminal Expansion and B/C Connector" project.
3. **"Concourses A/B/C"** means Concourse A, Concourse B, and Concourse C (exclusive of the Concourse C extension).
4. **"Concourse C Extension"** means the extended portion of concourse C constructed as part of the 1981 "East Concourse Extension" project.
5. **"Concourse D"** means Concourse D constructed as part of the 1983 "Concourse Addition and Improvements" project.
6. **"East Connector"** means the space in the connector concourse between the Main Terminal and Concourse D constructed as part of the 1975 "Concourse Improvements and Terminal Expansion" project.
7. **"East Terminal"** means the new East Terminal building.
8. **"International Area"** means the federal inspection services (FIS) area, Gates E29, E31, and E33 and associated office and operation space, which are operated for the City through an agency agreement.
9. **"Airfield"** means the runways, taxiways, and apron areas, navigational aids, hazard designation and warning devices, airfield security roads and fencing, blast fencing, lighting, clear zones and safety areas for landing, taking off and taxiing of aircraft, aviation easements, including land utilized in connection therewith or acquired for such future purpose, and facilities, the acquisition, construction or installation cost of which is wholly or partially paid by the City, as depicted in Exhibit "A".
10. **"Airline Services Building"** means that building apart from the Terminal Complex, used to service airline equipment.

B. **"Amortization"** means the level annual charge required to recover the Net Cost of a Capital Improvement over the Useful Life of such Capital Improvement at the City's Cost of Capital.

C. **"Capital Improvement"** means any improvement or capital asset acquired or constructed by City at the Airport which has a Net Cost in excess of \$10,000 and a Useful Life in excess of three years or a Net Cost in excess of \$25,000 with a useful life in excess of one year.

D. **"Cost of Capital"** means (a) for Capital Improvements financed with Airport System Revenue Bonds, the effective interest rate (the "true interest cost" or "TIC") on the Bonds used to finance the particular Capital Improvement and (b) for Capital Improvements financed with other Airport funds, the current Revenue Bond Index of 22-year+, "A" rated bonds published daily in the Wall Street Journal (or successor publication thereto), as of the date the Capital Improvement is placed in service. However, for the purpose of developing annual rates and charges, the rate index nearest to the date of the rate setting will be used.

E. **"Deferred Maintenance Charge"** means the amount to be charged to the airline rate base to fund and replenish City's reserve for deferred maintenance, which charge shall be limited to \$150,000 per year and allocated sixty percent (60%) to the Airfield, thirty percent (30%) to the terminal building (and further allocated to individual terminal cost centers based on Gross Space), and ten percent (10%) to other buildings and facilities. City's reserve for deferred maintenance shall not exceed \$750,000 in the aggregate.

F. **"Depreciation and Interest Charges"** means annual depreciation charges associated with Airport assets placed in service on or before June 30, 1997, as determined from the Airport's Fixed Asset Database, unless otherwise excluded pursuant to any prior amendatory Agreements.

G. **"Fiscal Year"** refers to City's fiscal year and means the twelve-month period commencing July 1 and extending through June 30 of the following calendar year, or such other fiscal year as City may establish by ordinance.

H. **"Fixed Asset Database"** means the database maintained by the Airport to record historical investments in Airport fixed assets, as documented in the report, *"Fixed Asset Database and Calculation of FY 1998-99 Depreciation and Interest Charges"* dated June 1, 1998, which report is incorporated herein by reference.

I. **"Gross Space"** means every square foot of space, measured from the inside of perimeter walls and from the centerline of interior partitions, including but not necessarily limited to leasable, public, concession, City administrative, mechanical and janitorial areas.

J. **"Interest on Assets Financed with Airport Funds"** means interest charges associated with Airport assets placed in service on or before June 30, 1997, and financed with Airport funds (other than bond proceeds), as documented in the Fixed Asset Database. Such interest charges will be calculated based on the mid-life value (50%) of the City's investment in depreciable assets, unless otherwise excluded pursuant to the First Amendatory Agreement.

K. **"Interest on Assets Financed with Bonds"** means interest charges associated with Airport assets placed in service on or before June 30, 1997, and financed with bond proceeds (other than airport funds), as documented in the report, *"Analysis of the Impact of Bond Refinancings on Airline Rates and Charges"* dated March 17, 1995, as supplemented by letter dated April 4, 1995, which report and letter are incorporated herein by reference.

L. **"Maintenance and Operating Expenses"** means all reasonable and necessary current expenses of City, paid or accrued, in operating, maintaining, repairing, and administering the Airport as depicted on Exhibit D; including, without necessarily limiting thereto, salaries and wages, fringe benefits, materials and supplies used for current operations, equipment purchases (items costing \$10,000 or less per item), contractual services, utilities, professional services, police protection services, fire protection services, administrative expenses, insurance premiums, charges of any paying agents and any other depository bank pertaining to the Airport, the payment to the City of 5% of the gross receipts of the Airport as required by Section 504(B) of the Airport's master revenue bond trust indenture, as well as charges by the City for administrative expenses of other City departments whose services are directly related or reasonably allocable to the administration of the Airport; provided, however, Maintenance and Operating Expenses shall not include any allowance for depreciation, payments in lieu of taxes, Capital Improvements, or any charges for the accumulation of reserves for capital replacements. Maintenance and Operating Expenses shall be fairly allocated among Airport Cost Centers in accordance with generally accepted cost accounting practices.

M. **"Majority-in-Interest"** means, unless otherwise indicated in this First Amendatory Agreement, those scheduled airlines (but in no event less than fifty percent (50%) of the number of scheduled airlines who have executed agreements similar to or substantially the same as the 1965 Airport Use Agreement, as amended), who have on the date in question, more than fifty percent (50%) of the aggregate revenue aircraft weight landed at the Airport during the immediately preceding Fiscal Year.

N. **"Net Cost"** means, with respect to a Capital Improvement, the total cost of the Capital Improvement (including actual construction costs; architectural and engineering fees, program management fees, testing and inspection fees, construction management fees, permit fees, and other direct or allocable fees; interest during construction; and allocable out-of-pocket financing costs) less any federal or state grants-in-aid or passenger facility charge resources used in financing the Capital Improvement.

O. **"Off-Line Aircraft"** means, any aircraft operated by an entity other than Airline.

P. **"Useful Life"** means the estimated period of time that a Capital Improvement is to be recovered through the Amortization process. Useful Lives will be assigned to Capital Improvements based on generally accepted airport accounting practices, as shown on the attached Exhibit C.

SECTION 3 – RENTALS AND FEES

Section 3.01. General

Airline agrees to pay City for the use of the premises, facilities, rights, licenses, services and privileges granted hereunder the following rentals, fees and charges, designated in the following paragraphs of this Section 3. In the event that the commencement or termination of the term with respect to any of the particular premises, facilities, rights, licenses, services or privileges as herein provided falls on any date other than the first or last day of a calendar month, the applicable rentals, fees and charges shall be paid for said month pro rata according to the number of days in that month during which said particular premises, facilities, rights, licenses, services or privileges were enjoyed.

Section 3.02. Terminal Building Rentals

A. Airline shall pay City, for its exclusive and/or preferential use space in the Main Terminal, Terminal Expansion, Concourses A/B/C, Concourse C Extension, Concourse D, East Connector, and International Area, monthly rentals computed based on the annual compensatory rental rates calculated each Fiscal Year in accordance with Section 4.02 hereof.

B. Airline shall pay City, for its share of non-exclusive use space (baggage claim, baggage makeup and security checkpoint areas) in the Main Terminal, monthly rentals computed based on the annual compensatory rental rates calculated each Fiscal Year in accordance with Section 4.02 hereof.

C. Airline shall pay City, for its exclusive and/or preferential use space in the East Terminal, monthly rentals computed based on the annual compensatory rental rates calculated each Fiscal Year in accordance with Section 4.03 hereof.

D. Airline shall pay City, for its share of shared use space (baggage claim, inbound baggage and security checkpoint areas) in the East Terminal, monthly rentals computed based on the annual compensatory rental rates calculated each Fiscal Year in accordance with Section 4.03 hereof.

Section 3.03. Landing Fees

Airline shall pay City for its use of the Airfield, monthly landing fees based on the landing fee rate calculated each Fiscal Year in accordance with Section 4.04 hereof.

Section 3.04 Other Rentals

Airline Services Building. Airline shall pay City, for its exclusive and/or preferential use space in the Airline Services Building, monthly rentals computed based on the annual compensatory rental rates calculated each Fiscal Year in accordance with Section 4.05 hereof.

Section 3.05. Other Fees and Charges

A. **Utilities.** Airline shall pay all water, sewage, electricity, gas and other utility charges which may be reasonably assessed by City for Airline's use of its leased premises and Airline-installed equipment.

B. **Other Services.** Airline shall pay all charges which may be reasonably assessed by City for other services that may be provided by City to Airline from time to time.

Section 3.06. Payment Provisions

A. **Terminal Building Rentals.** Rentals for exclusive and/or preferential use Main Terminal and concourse space and exclusive and/or preferential use space in the East Terminal shall be due and payable on the first day of each month based on invoices provided by City. Rentals for non-exclusive use space in the Main Terminal and shared use space in the East Terminal shall be due and payable within twenty (20) days of the date of an invoice from the City.

B. **Landing Fees.** Landing fees for each month shall be due and payable within 15 days of receipt of City's invoice, which invoice shall be based on the landed weights reported in Airline's statistical report for the applicable month as required in Section 5 hereof.

C. **Other Fees.** All other rentals, fees, and charges required hereunder shall be due and payable within twenty (20) days of the date of the invoice therefor.

D. **Right of City to Verify Airline's Payment.** The acceptance of any payment made by Airline shall not preclude City from verifying the accuracy of Airline's report and computations or from recovering any additional payment actually due from Airline, or preclude Airline from later demonstrating that Airline's report was inaccurate and that a lesser amount was properly owed and from recovering any such overpayment.

E. **Form of Payment.** Payments shall be made to the order of "Treasurer, City of St. Louis" and shall be mailed to the Airport Assistant Director of Finance, P.O. Box 10036, Lambert Station, St. Louis, Missouri, 63145 or such other place as may be designated by the Director from time to time. City and Airline may cooperate in the development of a procedure for the electronic transfer of funds as the preferred method of payment.

SECTION 4 – RECALCULATION OF AIRLINE RATES AND CHARGES

Section 4.01. General

A. Effective July 1, 1998 (for the Fiscal Year ending June 30, 1999), and for each Fiscal Year thereafter, airline rates and charges will be recalculated based on the principles and procedures set forth in this Section; provided, however, that, for the period July 1 to December 31, 1998, rates shall be assessed at the previously established rates for Calendar Year 1998, and the rates calculated for the Fiscal Year ending June 30, 1999 shall be placed into effect on January 1, 1999. The methodology for the calculation of airline rentals and fees described in this Section is illustrated in the report entitled "*Calculation of Airline Rates and Charges—Fiscal Year 1998-99, Lambert-St. Louis International Airport*," dated December 4, 1998, which report is incorporated herein by reference.

B. On or about March 1 of each year, City shall provide Airline with the Airport's draft operating budget for the ensuing fiscal year. Within thirty (30) days of providing Airline with the draft operating budget, City shall provide notice of a meeting, at which Airline shall have the opportunity to comment on the Airport's draft operating budget.

C. On or about April 1 of each year, Airline shall provide the Airport with its estimate of its total landed weight for the ensuing Fiscal Year.

D. On or about May 1 of each year, City shall provide Airline with the Airport's preliminary calculation of airline rates and charges for the ensuing Fiscal Year. For rate setting purposes, the calculations will be made on the basis of costs, expenses, and other factors estimated by City and estimates of total landed weight provided by the signatory airlines (or by City to the extent that certain signatory airlines fail to provide their estimates of landed weight).

E. On or about June 1 of each year, City shall provide notice of a meeting for the purpose of City presenting the Airport's preliminary calculation of airline rates and charges for the ensuing Fiscal Year. City shall give due consideration to the comments and suggestions made by Airline and the other airlines at that meeting. Based on consideration of those comments and suggestions, and upon the Airport's final operating budget approved by the City's Board of Aldermen, City shall prepare a final calculation of airline rates and charges for the ensuing Fiscal Year and provide a copy to Airline no later than the last working day of the month preceding the start of the Fiscal Year. The rates and charges contained in City's final calculation of airline rates and charges shall become effective as of July 1—the first day of the ensuing Fiscal Year.

Section 4.02. Terminal Rental Rates Other Than East Terminal

A. For each cost center of the terminal complex other than the East Terminal (i.e., the Main Terminal, Terminal Expansion, Concourses A/B/C, Concourse C Extension, Concourse D, the East Connector, and the International Area) the Total Costs of the cost center will be calculated by adding together the following amounts:

1. Direct and indirect Maintenance and Operating Expenses allocable to the particular cost center
2. Amortization of the net cost of budgeted equipment purchases which cost \$10,000 or more per item and which are allocable to the particular cost center
3. Depreciation and interest charges associated with assets in service as of June 30, 1997, which are assigned or allocated to the particular cost center
4. Amortization of the net cost of each Capital Improvement placed in service in, or allocated to, the particular cost center on or after July 1, 1997
5. Deferred Maintenance Charges allocable to the particular cost center

Costs and expenses allocable to the terminal building but not assignable to any particular terminal cost center shall be allocated among the terminal cost centers based on Gross Space.

B. The annual rental rate for each cost center other than the International Area will then be calculated by dividing the Total Costs allocable to the particular cost center by the Gross Space in the particular cost center. City shall establish rates for the use of the International Area by ordinance.

Section 4.03 Rental Rate for the East Terminal

The annual rental rate for the East Terminal will be calculated in accordance with the Second Amendatory Agreement to the Southwest Airlines Co. Airport Use Agreement dated September 15, 1998 a copy of which is attached as Exhibit "E".

Section 4.04. Landing Fee Rate

A. The Total Costs of the Airfield cost center will be calculated by adding together the following amounts:

1. Direct and indirect Maintenance and Operating Expenses allocable to the Airfield
2. Amortization of the net cost of budgeted equipment purchases which cost \$10,000 or more per item and which are allocable to the Airfield
3. Depreciation and interest charges associated with assets in service as of June 30, 1997, which are assigned or allocated to the Airfield

4. Amortization of the net cost of each Capital Improvement placed in service in, or allocated to, the Airfield on or after July 1, 1997
5. Interest on the City's investment in Airfield land
6. Deferred Maintenance Charges allocable to the Airfield
7. All costs allocable to the sanitary disposal facilities (tritulators)

B. The Net Costs of the Airfield Area will then be calculated by subtracting revenues from nonsignatory operator landing fees, fuel flowage fees, and field use fees. The signatory airline landing fee rate will then be calculated by dividing the Net Costs of the Airfield Area by the total aircraft landed weight of all signatory airlines.

C. The nonsignatory landing fee rate will be set at 125% of the signatory airline landing fee rate.

Section 4.05 Airline Services Building

The Total Costs of the Airline Services Building will be calculated by adding together the following amounts:

1. Direct and indirect Maintenance and Operating Expenses allocable to the Airline Services Building
2. Amortization of the net cost of budgeted equipment purchases which cost \$10,000 or more per item and which are allocable to the Airline Services Building
3. Depreciation and interest charges associated with assets in service as of June 30, 1997, which are assigned or allocated to the Airline Services Building
4. Amortization of the net cost of each Capital Improvement placed in service in, or allocated to, the Airline Services Building on or after July 1, 1997
5. Deferred Maintenance Charges allocable to the Airline Services Building

The annual rental rate for the Airline Services Building will then be calculated by dividing the Total Costs allocable to the Airline Services Building by the gross area of the Airline Services Building.

Section 4.06. Mid-Year Rate Adjustment

In the event that, at any time during a Fiscal Year, City estimates that the Total Costs of the Airfield Area or any of the terminal cost centers, or the aggregate Total Landed Weight of all airlines, will vary ten percent (10%) or more from the estimates used in setting the landing fee rate and terminal rental rates at the beginning of the Fiscal Year, such rates may be adjusted either up or down for the balance of such Fiscal Year, provided that such adjustment is deemed necessary by City. City shall provide Airline with notice of a meeting, for the purpose of presenting any such rate adjustment, along with a written explanation of the basis for such rate adjustment, thirty (30) days prior to putting such adjustment into effect. Unless extraordinary circumstances warrant additional adjustments, City will seek to limit such mid-year rate adjustments to no more than once each Fiscal Year.

Section 4.07. Year-End Adjustment to Actual and Settlement

A. On or about 180 days following the close of each Fiscal Year, City shall furnish Airline with an accounting of the costs and expenses actually incurred, revenues and other credits actually realized (reconciled to the audited financial statements of the Airport System), and actual enplaned passengers and landed weights during such Fiscal Year with respect to each of the components of the calculation of terminal rental rates, the landing fee rate, and other rental rates in this Section 4 and shall recalculate the rates, fees, and charges required for the Fiscal Year based on those actual costs and revenues. City shall then provide notice of a meeting, within 30 days after completion of audit, to discuss the calculation of the year-end settlement and shall give due consideration to the comments and suggestions made by the signatory airlines before finalizing the settlement calculations.

B. In the event that Airline's rentals, fees, and charges billed during the Fiscal Year were more than the amount of Airline's rentals, fees, and charges required (as recalculated based on actual costs and revenues), such excess amount shall be credited to Airline in equal monthly installments over the next consecutive six (6) month period following the settlement meeting.

C. In the event that Airline's rentals, fees, and charges billed during the Fiscal Year were less than the amount of Airline's rentals, fees, and charges required (as recalculated based on actual costs and revenues), such deficiency shall be paid by Airline in equal monthly installments over the next consecutive six (6) month period following the settlement meeting.

D. For final settlement purposes all calculations will be made on the basis of actual costs and expenses incurred and will be provided to Airline as soon as possible following the completion of the annual audit of the Airport's financial statements.

E. The settlement for the first half of the last calendar year rates and charges, January 1 – June 30, 1998 will be settled during the period, April 1 – December 31, 1999. This settlement period applies to this stub period only.

F. It is understood and agreed by the parties hereto that, while the rates billed for the period July 1-December 31, 1998, are the rates previously established for *calendar year* 1998, the settlement for the Fiscal Year ending June 30, 1999, shall be based on the methodology set forth in this First Amendatory Agreement applied to the full Fiscal Year 1999 (July 1, 1998 - June 30, 1999).

SECTION 5 – STATISTICAL REPORT

Airline shall furnish City, without demand therefore, on or before the 10th day of each month, a written report showing Airline's actual revenue producing arrivals and enplaned passengers at the Airport during the preceding calendar month, which report shall include the number, the type of aircraft and the maximum gross certificated landed weight of each aircraft type. The number of arrivals so operated at the Airport multiplied by the applicable maximum certificated landing weight for each type of aircraft shall determine the total landed weight for which monthly payment of landing fees shall be made. Airline shall also report the number and type of off-line aircraft serviced by it in order that City can make the appropriate billing.

SECTION 6 – CAPITAL IMPROVEMENTS

Section 6.01. Review of Proposed Capital Improvements

In conjunction with the submission of the draft operating budget in Section 4.01(B) hereof, City shall submit a list of proposed Capital Improvements for the ensuing Fiscal Year together with the estimated Net Costs of those Capital Improvements and shall request airline Majority-in-Interest approval of such proposed Capital Improvements. (This regular process will not preclude City from requesting Majority-in-Interest approval of other proposed Capital Improvements at other times during a Fiscal Year if circumstances warrant.) Airline review of proposed Capital Improvements in the terminal building cost centers shall be governed by Section 306 of the Airport Use Agreement. Airline review of proposed Capital Improvements in the Airfield Area shall be governed by Section 306 of the Airport Use Agreement, however where such provision states "calendar year" it shall be deemed to read "Fiscal Year".

Section 6.02. Increases in Costs of Proposed Capital Improvements

If, after the receipt of initial bid(s) or anytime thereafter, the Net Cost of a particular Capital Improvement exceeds the Majority-In-Interest approved cost of that particular Capital Improvement by greater than five percent (5.0%) or \$100,000, whichever is less, then the City shall convene a meeting with the Airlines, if the Airlines so desire, within thirty (30) days of receipt of initial bid(s) to determine whether to:

- i. request MII approval to fund the increase through rates and charges;
- ii. request MII approval to reduce the scope of the Capital Improvement in order to be within the original MII approval amount;
- iii. fund the increase in the Net Cost of the Capital Improvement from the Capital Improvement Fund, or other sources acceptable to the Airlines, at no additional cost to the Airlines; or
- iv. not proceed with the project

The City will immediately notify the Airlines, in writing, of any estimated increase in the Net Cost of a particular Capital Improvement, regardless of whether MII approval is required. The notice shall include an explanation for the estimated increase as well as identify the funding sources.

SECTION 7 – MISCELLANEOUS PROVISIONS

Section 7.01. Calendar Year to Fiscal Year

Whereever the Agreements refer to the term "calendar year" it shall be deemed to be "Fiscal Year" as defined hereunder.

Section 7.02. Effect on Agreements

All other terms, covenants and conditions of the Agreements not inconsistent with this First Amendatory Agreement are unchanged and are hereby ratified and approved and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto for themselves, their successors and assigns, have executed this Agreement the day and year first above written.

Pursuant to City of St. Louis Ordinance _____ approved _____, _____.

AMERICA WEST AIRLINES, INC.

Title: _____ Date

THE CITY OF ST. LOUIS, MISSOURI, OPERATING LAMBERT ST. LOUIS INTERNATIONAL AIRPORT:

The foregoing Agreement was approved by the Airport Commission at its meeting on _____, _____.

Commission Chairman _____ Date
And Director of Airports

The foregoing Agreement was approved by the Board of Estimate and Apportionment at its meeting on _____, _____.

Secretary _____ Date
Board of Estimate & Apportionment

APPROVED AS TO FORM

COUNTERSIGNED

City Counselor _____ Date
City of St. Louis

Comptroller _____ Date
City of St. Louis

ATTEST

Register _____ Date
City of St. Louis

Section 103. Preferential Use. Preferential Use means that Airline has the first right to the use of Preferential Use Premises for uses authorized by this Agreement, but that the Director of Airports may require Airline to share the use of Preferential Use Premises under the following conditions:

- A. To facilitate the entry of air carriers initiating service to the Airport (New Entrant Carrier) and to maximize the utilization of facilities at the Airport, Airline agrees, upon request by the City in the event the City is otherwise unable to accommodate a New Entrant Carrier with Airport facilities, to accommodate such New Entrant Carrier on a temporary basis by permitting such New Entrant Carrier to utilize Airline's passenger holdroom(s) and passenger loading bridge(s), at times when such facilities are not needed for Airline's scheduled or planned operations or those of other airlines whom Airline is already accommodating. Airline's obligations hereunder shall be subject to execution of a written agreement between Airline and such New Entrant Carrier setting forth mutually agreed to terms and conditions governing such use. In the event such accommodation agreement involves a rental rate based upon square footage, such rental rate shall not exceed the current rental rate per square foot applicable to the facilities involved under Airline's lease with the City, plus a recovery of all direct and overhead costs associated with the accommodation, including a reasonable allocation of capital improvement costs, and a reasonable administrative fee.

Airline further agrees to make all reasonable efforts to facilitate the temporary accommodation of such New Entrant Carrier with the use of ticket counter area, use of Airline's baggage facilities and the rendering of customary ground services, upon such carrier's request, if (1) Airline has adequate capabilities, facilities, and personnel therefor, after taking into account Airline's own requirements and contractual obligations, the compatibility of said carrier's proposed operations with those of Airline, and the need for labor harmony, and (2) said New Entrant Carrier enters into a written agreement with Airline therefor and agrees to pay Airline its established rates and charges for such services. Any accommodation of a New Entrant Carrier hereunder may be pursuant to a sublease, handling agreement, or a combination thereof, mutually agreed upon by the parties and subject to the prior written consent of the City, which consent shall not be unreasonably withheld.

- B. In the event Airline advises a New Entrant Carrier that Airline is unable to accommodate the proposed operations of such carrier, or the parties are unable to reach final agreement as to the terms and conditions of an accommodation agreement, and the New Entrant Carrier is unable to find reasonable accommodations elsewhere at the Airport, the City, acting by and through its Director of Airports, shall determine whether Airline should accommodate any or all of such carrier's proposed operations, reasonably considering all pertinent factors, including Airline's present and planned use of such facilities and those of other airlines Airline is then accommodating, the compatibility of such carrier's proposed operations with Airline's operations and those of others already using such facilities, and the need for labor harmony. Should the Director of Airports determine that Airline has the capability to accommodate such New Entrant Carrier, he may direct Airline, in writing, to accommodate such carrier with respect to passenger holdrooms and passenger loading bridge(s) to the extent and during those periods he deems reasonable, and will provide to Airline and such New Entrant Carrier a

written statement specifying the terms and conditions, not otherwise resolved between Airline and such carrier, of such accommodation.

- C. Any sublease, accommodation, or handling agreement pursuant to these procedures shall be for a period to which the parties mutually agree; provided, however, that such an agreement or accommodation may be terminated, at any time, by either party, if other facilities are made available by the City to such New Entrant Carrier. In addition, any agreement or accommodation shall recognize that Airline has the preferential use right with respect to the premises and facilities and that, upon 45 days' advance written notice from Airline that Airline will require the use of said premises and facilities in a manner that conflicts with such New Entrant Carrier's use, said New Entrant Carrier will take whatever action is necessary to eliminate the conflict within the 45 day period, including the adjustment and cancellation of flights. Airline will make its best efforts to accommodate any schedules of said carrier that have to be adjusted, subject to the availability of time and space in Airline's leased premises and facilities.

<<Date>>

<<Airline Properties and Facilities Manager>>

<<Airline Name>>

<<Airline Address>>

Dear <<Airline Manager>>:

This letter is in response to your inquiry regarding Signatory status for <<Airline Name>>.

Enclosed is a list of the information required for the Airport to consider entering into an Airport Use Agreement (the Signatory Agreement) with an Airline. Please forward us each of the items listed, along with a written request to enter into an Airport Use Agreement with the Airport at least 60 days ahead of the requested effective date to allow us ample time for the review, Agreement preparation, and the Airport Commission approval process.

If you have any questions or would like to discuss the process further, please contact me at <<phone number>>.

Sincerely,

<<Airport Representative>>

<<Title>>

Enclosure

CC: <<Airport Properties Manager>>

<<Assistant Properties Manager>>

<<Local Airline Station Manager>>

AIRPORT USE AGREEMENT

- Current legal name
- Number of years in business under that name
- State of Incorporation
- Corporate address
- Notice address
- Names of Corporate Officers
- Copy of Air Carrier Certificate
- Copy of current Certificate of Corporate Good Standing
- Registration of Fictitious Name
- Name and address of insurance carrier
- Certificate of Insurance showing coverage and limits required in the Airport Use Agreement
- Most recent annual and quarterly financial reports filed with the SEC (Form 10-K and Form 10-Q)
- Two (2) most recent Audited Financial Statements
- Two (2) most recent Annual Shareholders Reports
- Airport Certification Manual – acknowledgement of receipt in writing
- Staffing level at Lambert-St. Louis International Airport
- Name of Station Manager for Lambert-St. Louis International Airport
- Flight schedule, current and planned
- Gate use plan
- Detailed 12 month enplanement forecast (broken down by calendar month)

Section 101. Use of Airport. The use by Airline, its employees, passengers, guests, patrons and invitees (in common with other duly authorized users) of the Airport and appurtenances thereto, the same being more particularly described on Exhibit B, attached hereto and made a part hereof, together with all facilities, improvements, equipment and services which have been or may hereafter be provided for common use at or in connection with the Airport. Said use, without limiting the generality thereof, shall include:

- A. The operation of transportation system by aircraft for the carriage of persons, property, cargo and mail (hereinafter referred to as "air transportation");
 - B. The repairing, maintaining, conditioning, servicing, testing, parking or storage of aircraft or other equipment of Airline, or of any other scheduled air transportation company, or, in emergencies, government owned aircraft; provided that such rights shall not be construed as authorizing the conduct of a separate business by Airline, but shall permit Airline to perform such functions as an incident to its conduct of air transportation;
 - C. The training on the Airport of personnel in the employ of or to be employed by Airline, or any other scheduled air transportation company, or, in emergencies, government personnel, provided that such rights shall not be construed as authorizing the conduct of a separate business by Airline, but shall permit Airline to perform such functions incident to its conduct of air transportation;
 - D. The sale, disposal or exchange of the Airlines' aircraft, engines, accessories, fuel, lubricants and other equipment or supplies inclusive, provided that such rights shall not be construed as authorizing the conduct of a separate business by the Airline, but shall permit the Airline to perform such functions incident to its conduct of air transportation;
 - E. The servicing by Airline or others of Airline's aircraft and other equipment, by truck or otherwise, with gasoline, oil, greases, lubricants and any other fuel or propellant or other supplies required by Airline;
 - F. The landing, taking-off, flying, taxiing, towing, parking, loading and unloading of Airline's aircraft or other equipment used in the operation of scheduled, courtesy, test, training, inspection, emergency, special, charter, and other flights, including, without limiting the generality hereof, the right to load and unload Airline's aircraft convenient to passenger terminal facilities;
 - G. The right to transport, load and unload persons, cargo, property and mail to, from and at the Airport by such loading and unloading devices, motor cars, buses, trucks or other means of conveyance as the Airline may choose or require in the operation of its air transportation systems;
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- H. The right to install, maintain and operate without cost to the City, by the Airline alone, or in conjunction with any other air transportation companies who are users of the Airport, or through a nominee, a message tube system and other communications systems between suitable locations in the aircraft loading areas and suitable locations in or about the Airline's maintenance areas and between any or all of said locations and the Airline's offices;
- I. The right to install, maintain and operate without cost to the City, by the Airline alone, or in conjunction with any other air transportation companies who are users of the Airport, or through a nominee, suitable aircraft air conditioning equipment;
- J. The right to install and operate, at the Airline's expense, identification signs representing its business, which signs shall be substantially uniform in size, type and location with those of other air transportation companies, who are users at the Airport, the number, general type, size, design and location of such signs to be subject to the approval of the City, such approval not to be unreasonably withheld;
- K. The right to install, maintain and operate, at the Airline's expense, by the Airline alone, or in conjunction with any other air transportation companies who are users of the Airport, or through a nominee, such radio communications, meteorological and aerial navigation equipment and facilities in or on premises used exclusively by the Airline at such locations as the City shall approve;
- L. The right to use, in conjunction with other authorized users, the Public Address System which is installed by the City in the Terminal Building;
- M. The conduct of any other operation or activity which is reasonably necessary to the conduct of air transportation.

