

October 15, 2014

Rhode Island Commerce Corporation

ADDENDUM NO. 002

Request for Proposals From Banks to Provide A Fixed Rate Direct Loan To
Benefit the Rhode Island Airport Corporation

Prospective Proposers and all concerned are hereby notified of the following changes in the Request for Proposals document for a Fixed Rate Direct Loan to Benefit the Rhode Island Airport Corporation. These changes shall be incorporated in and shall become an integral part of the contract documents.

The following questions were submitted prior to the deadline as specified in the Request For Proposals. Responses are being provided based on the interpretation of the intent of the questions.

1. **Question:** Are there any interim 2014 RIAC financial statements or RIAC actual versus budget information available pending the completion of the 2014 CAFR?

Response: The Fiscal Year 2014 Audited Financial Statements are now available and posted on RIAC's website, <http://www.pvdairport.com/documents/financials/riairportcorp-fs-audit-6-30-2014.pdf>.

2. **Question:** Is there any recent consultant or RIAC management analysis of the airline market to give a context to reduced enplanement trends at T.F. Green Airport? How has RIAC management revised capital and operating budgets or managed costs to address the implications of these trends?

Response:

- Please refer to RIAC's Fiscal Year 2014 Audited Financials for information on RIAC's enplanements trends. RIAC's Fiscal Year 2014 enplanements were within 1% of the prior Fiscal Year.
- RIAC has demonstrated an ability to manage its operating expenses in line with its revenue streams. Please refer to the audited financial statements.
- RIAC's capital budgets are developed with the following guiding principles:
 - Minimize future debt issuances
 - Limit increases to airline rates and charges

3. **Question:** Notwithstanding the admonishments in the RFP, would RICC consider a proposal response including some bank provisions supplementing the RIAC Master Trust Indenture, such as a default interest rating, downgrade pricing and maintenance of minimum credit ratings?

Response: RICC and RIAC will consider certain bank provisions that, if agreed to, would be incorporated into the Supplemental Indenture. However, please note that any proposed provision will be taken into consideration in the evaluation of the proposal received. Also, RICC and RIAC reserve the right to accept, reject, or negotiate any proposed provision in the evaluation of proposals received.

4. **Question:** Can RIAC management outline future anticipated debt requirements for the CIP? Other than historical information provided in the Series 2008 A-C Bonds OS, does RIAC management have any DSCR projections that can be shared?

Response: RIAC is planning to issue Airport Revenue Bonds this coming winter (early in Calendar Year 2015) to provide approximately \$30 million of funding for Runway 5/23 extension project. Passenger Facility Charges (PFCs) are expected to repay 100% of the debt service on these bonds, however they will be further secured by Airport Revenues. RIAC will have a report prepared by an independent feasibility consultant that will contain debt service coverage projections including this bond issue. However, it will not be ready prior to the end of this solicitation period. RIAC will be required to meet the Additional Bonds Test pursuant to the terms of the Master Indenture.

See the table below for RIAC's DSCR calculations for Fiscal Years 2013, 2014 and 2015 Budget:

	2013 ACTUAL	2014 ACTUAL	2015 BUDGET
Net Revenues	\$ 27,168,329	\$ 27,021,183	\$ 27,993,849
Other Funds Available to Pay Debt Service:			
Pledged Passenger Facility Charges	4,168,193	3,693,672	3,127,537
Coverage Accounts	4,702,852	4,703,326	4,588,932
Transfer from General Purpose for Airline Credit	2,651,578	2,824,373	3,786,344
Total	\$ 11,522,623	\$ 11,221,371	\$ 11,502,813
Amounts Available to Pay Debt Service	\$ 38,690,952	\$ 38,242,554	\$ 39,496,662
Debt Service	\$ 22,521,263	\$ 21,207,620	\$ 20,712,000
Debt Service Coverage Ratio	1.72	1.80	1.91

5. **Question:** What is RIAC management's current view on the status or negotiations for the renewal or extension of the Signatory Airline Agreements expiring June 30, 2015? Does management anticipate that the renewed/extended Agreements will include any existing or new commitment by Signatory Airline(s) to maintain assist RIAC in maintaining debt service coverage?

Response: RIAC is currently in discussions with the Signatory Airlines regarding a five (5) year extension to the current agreement. Based on these discussions, RIAC anticipates executing this five (5) year extension and does not anticipate any material changes to the terms of the existing agreement. Please note that the current agreement contains extraordinary coverage protection. This provides a backstop by the airlines to ensure that the rate covenant is met.

6. **Question:** Please provide draft FY14 audit.

Response: The 2014 Audited Financial Statements are now available and posted on RIAC's website, <http://www.pvdairport.com/documents/financials/riairportcorp-fs-audit-6-30-2014.pdf>.

7. **Question:** Please provide FY15 operating and capital budgets.

Response: The following link is to RIAC's FY 2015 operating and capital budget. <http://www.pvdairport.com/documents/financials/riairportcorpfy15budget.pdf>.

8. **Question:** Please provide the five-year capital plan, including detailed breakout by project, source of funds (grants, additional financing, using unrestricted and/or restricted liquidity), and five-year proforma calculations of the impact on the 1.25x rate covenant. In addition, please provide information regarding the CAPEX projects that are expected to generate additional revenue, including budgets, timing and details as to how they'll be accretive. Are there any capacity issues (i.e. adequate land and infrastructure to expand)?

Response:

The following information is a summary of RIAC's five-year capital plan. As you will see, RIAC's capital budget has been developed with the following guiding principles:

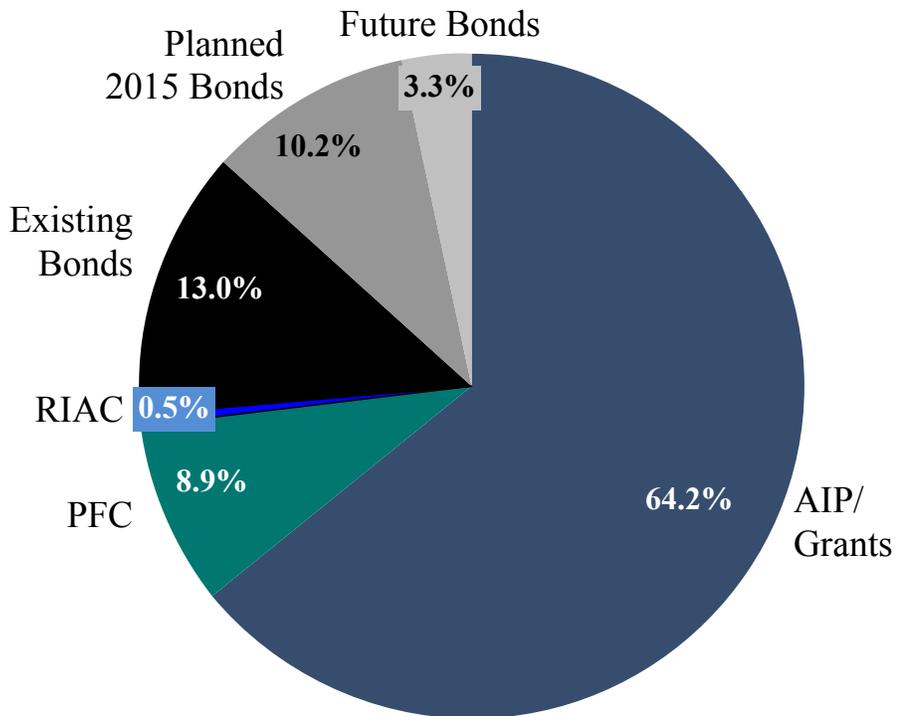
- Minimize future debt issuances
- Limit increases to airline rates and charges

RIAC is pleased that it developed a Capital Improvement Program that accomplishes significant improvements while maintaining the above principles. The \$33 million Deicer Management System Project is already funded, the \$40 million Runway 16/34 project will be completed without the need to issue bonds (funded with grants and Passenger Facility Charges (PFCs)). There is a new money bond issue this is planned to be issued this winter (Calendar Year 2015). The primary purpose of this new money bond will be to fund RIAC's matching share of the Runway 5/23 extension project. The funding requirement is anticipated to be approximately \$30 million. The funding source for the debt service related to this project is anticipated to be PFCs, however it will also be secured by Airport Revenues. Other capital projects are prioritized based on need, available funding sources (i.e. grant funds) and demand driven.

FY 2016 to FY 2020 Capital Improvement Program

Airport	Amount (\$m)
T.F. Green	
Priority Airfield Projects	\$209.9
Other projects	<u>41.5</u>
Subtotal T.F. Green	\$251.4
GA Airports	
Block Island	\$ 4.0
North Central	2.1
Newport	6.7
Quonset	16.6
Westerly	<u>2.3</u>
Subtotal GA Airports	\$ 31.7
Total RIAC	\$283.1

Plan of Finance



Please note that the above summary of RIAC's five year Capital Improvement Program is being provided in response to the question. Information is subject to change. As noted in answers to other questions any future debt issue will need to pass the Additional Bonds Test and new money issues will be supported by an independent feasibility analysis. Also, note that the planned 2015 debt is secured by Airport Revenues, but will have a pledge and is expected to be paid from Passenger Facility Charges.

9. **Question:** Please provide a detailed breakout of the current and non-current restricted cash and investments, which totaled \$85,138,328 at fiscal year end 2013, including the amounts and classifications of debt service reserve funds and what amounts, if any, are designated for capital projects and/or can be used for operations.

Response: See the below detailed breakout of RIAC's cash and investment balances at fiscal year-end 2014 and 2013. There are debt service reserve funds in place for each bond series that are restricted for the payment of debt service.

*Rhode Island Airport Corporation
Cash and Investment Balances (in \$000's)*

Type	Account	6/30/2014	6/30/2013
Unrestricted	Capital	\$ 1,685	\$ 2,021
	Capital Reserve	2,100	2,100
	O&M Reserve	4,439	4,468
	General Purpose & other unrestricted	26,499	28,258
	Coverage Accounts	4,703	4,703
	Revenue	3,918	5,618
Unrestricted Total		\$ 43,344	\$ 47,168
Restricted	Bond Funds (including amounts held at trustee and required reserves)	\$ 36,249	\$ 37,066
	Customer Facility Charges and InterLink Operating Accounts	17,526	17,495
	O&M Reserve	4,453	4,424
	Repair & Rehabilitation Reserve	500	500
	Passenger Facility Charges	7,575	12,059
	Intermodal Funds (including amounts held at trustee and required reserves)	12,558	12,732
	Other	837	862
	Restricted Total		\$ 79,698
Grand Total		\$ 123,042	\$ 132,306

Note// Both Unrestricted and Restricted O&M Reserve amounts are available for operations.

10. **Question:** What is the strategy to stem the decline in enplanements? How much is attributable to competition from rail service and Logan and Bradley airports? Does RIAC anticipate any route changes? Has RIAC done sensitivity analysis to determine what level of enplanements are necessary to 1) meet the 1.25x rate covenant and 2) operate on a break-even basis and if so, can it be provided?

Response:

- RIAC has an active air service development program aimed at attracting new service opportunities from existing and new airlines. To aid in this program RIAC has implemented an air service incentive program that provides waivers of certain rents and fees and marketing incentives based on the type of service.
- Enplanement trends are due to many factors including the status of the economy, airline flight schedules and seat capacity. RIAC does not have

specific information in response to this question related to the competition from rail service, Logan, and Bradley.

- The Signatory Airline Agreements contain an extraordinary rate coverage clause that ensures RIAC will meet its rate covenant. Also, please note that RIAC will have a report prepared by an independent feasibility consultant for the upcoming “new money” bond that it anticipates issuing in Calendar Year 2015. This report will contain debt service coverage projections including that bond issue. However, it will not be ready prior to the end of this solicitation period. RIAC will be required to meet the Additional Bonds Test pursuant to the terms of the Master Indenture.

11. **Question:** Please confirm that all of the Signatory Lease Agreements with Delta, FedEx, JetBlue, Southwest, United Airlines, UPS, and US Air expire on 06/30/15. When do the non-signatory Agreements terminate? What was the length of each Agreement? What is the status of the negotiations / renewals for Signatory and Non-signatory Agreements - when would they get extended and for how long? What are the expected changes to the existing agreements? Please provide a copy of the current and upcoming (post 6/30/15) Signatory Lease Agreements.

Response: Correct, all of the Signatory Lease Agreements with Delta, FedEx, JetBlue, Southwest, United Airlines, UPS, and US Air expire on 06/30/15. As stated above, RIAC is currently in discussions with the Signatory Airlines regarding a five (5) year extension to the current agreement. Based on these discussions, RIAC anticipates executing this five (5) year extension and does not anticipate any material changes to the terms of the existing agreement. Non-Signatory agreements operate on a Month-to-Month basis. A copy of the template Signatory Agreement (without exhibits) is provided as Attachment A.

12. **Question:** What is the strategy to manage the concentration risk with Southwest Airlines? If an airline such as Southwest did choose to leave TF Green, what is the notification period, process, penalties, etc? Please address the previous question in the following two scenarios: In the middle of a use and lease agreement and at the expiry of the use and lease agreement. What percentage of operating and non-operating costs would the remaining airlines be obligated to pick up as part of the use and lease agreements? The intent is to better understand the sustainability of Southwest’s 1) relationship with and 2) number of enplanements at TF Green and what would happen operationally and financially if Southwest, as TF Green’s primary carrier, were to cease operating at TF Green.

Response: RIAC’s strong Origin and Destination Market and the strength of its catchment area mitigates the concentration risk of any single carrier. Please refer to Attachment A for a copy of template Signatory Airline Agreement (without exhibits) for information that relates to the scenarios.

13. **Question:** Have there been any Amendments to the 1993 MTI?

Response: No. However please note that there are Supplemental Indentures related to each bond issue.

14. **Question:** The flow of funds states that portions of the PFC revenue is available to service the debt of a portion of the Series 1994A, 2004A, 2005C, and 2013C bonds. Please provide details regarding the amounts of each of the bond series able to be serviced by PFC revenue and specifically what portion of PFC revenue is eligible to support debt service for the four bond series referenced prior. How are the amounts determined and is the balance of the PFC revenue that is not eligible to service the four bond series dedicated to the proposed \$50MM financing?

Response: Fiscal Year 2014 PFC revenues were approximately \$7.4 million. Debt service on outstanding bonds paid by PFCs is not scheduled to exceed \$4.2 million. See Attachment B containing requested information. This loan will be used to refund the Series 2004A Bonds and PFCs are anticipated to pay 48% of the debt service on this refunding loan. Based on the savings from the refunding, the future debt service requirements will be lower than the amounts on the attached schedule.

15. **Question:** Page two of the RFP, under “Proposed Principal Repayment Schedule”: Is the total of \$43,395,000 reflective of the amount of Series 2004A Bonds outstanding, minus the debt service reserve fund? If the loan amount is \$50 million, what would the additional moneys be used for and what would be the proposed amortization schedule? Does RIAC submit to the different carriers a Service Level Agreement? If so, can we get a copy of the agreement(s)?

Response: That is correct, the \$43,395,000 is reflective of the amount required to refund the 2004A Bonds (including financing costs) minus the amount refunded from the debt service reserve fund. The amount would increase if a debt service reserve fund is required for the loan. The purpose of this loan is strictly to refund the 2004A Bonds. A copy of the template Signatory Agreements (without exhibits) with air carriers is included as Attachment A.

16. **Question:** Of the “Landing fees and Airfield Revenues” reported on the audited Statement of Revenues, what percentage represents Signatory and Non-signatory cost center residual rate revenue for landing fees and apron rental rates? Similarly, of the “Rental, Concession fees, and other” what percentage represents commercial compensatory revenue?

Response: For Fiscal Year 2014, landing fees and apron rentals are approximately 66% and 6% of “Landing fees and airfield revenues”, respectively. Airline rent is approximately 47% of “Rental, concession fees and other”.

17. **Question:** What percentage of employees are unionized, when do the contracts come due, and what is the relationship with the union(s)?

Response: Approximately 75% of the employees are unionized. The current contract is effective from July 1, 2013 to June 30, 2016. RIAC has a good relationship with its union.

18. **Question:** Please provide the rate covenant calculations for the past three fiscal years. Does RIAC annually report the actual coverage ratio under the rate covenant, such as a Compliance Certificate? Specifically, we’d like to better

understand the amounts, and the guidelines regarding, the fund transfers and grants that bolster debt service coverage.

Response: See below table containing the rate covenant calculations per the terms of the Master Indenture for Fiscal Year 2013, Fiscal Year 2014 and Fiscal Year 2015 (budget). Additional information is included in Note 5 of RIAC's 2014 Audited Financials.

	2013 ACTUAL	2014 ACTUAL	2015 BUDGET
Net Revenues	\$ 27,168,329	\$ 27,021,183	\$ 27,993,849
Other Funds Available to Pay Debt Service:			
Pledged Passenger Facility Charges	4,168,193	3,693,672	3,127,537
Coverage Accounts	4,702,852	4,703,326	4,588,932
Transfer from General Purpose for Airline Credit	2,651,578	2,824,373	3,786,344
Total	\$ 11,522,623	\$ 11,221,371	\$ 11,502,813
Amounts Available to Pay Debt Service	\$ 38,690,952	\$ 38,242,554	\$ 39,496,662
Debt Service	\$ 22,521,263	\$ 21,207,620	\$ 20,712,000
Debt Service Coverage Ratio	1.72	1.80	1.91

19. **Question:** The FY13 audit mentions that operating expenses increased primarily due to fuel costs. What percentage of total operating expenses is fuel, does RIAC hedge the exposure to rising fuel costs, and are the costs passed through to the airlines that have Signatory and Non-signatory Agreements?

Response: In FY13, fuel costs which only includes fuel for RIAC's vehicles and equipment, were 0.7% of operating costs. The notation in the 2013 audit is to explain the increase in the "Other Operating Expense" category which increased by \$48K. RIAC does not hedge the exposure to rising fuel costs. Airlines are responsible for their own fuel.

20. **Question:** Please confirm that the proposed facility will be tax-exempt.

Response: The proposed facility will be tax-exempt, but subject to the Alternative Minimum Tax.

21. **Question:** What is the source of repayment for the proposed refunding? Is it operating cash flow, restricted cash or other?

Response: The loan will be secured by Airport Revenues and Passenger Facility Charges. Approximately 52% of debt service will be paid from Airport Revenues and 48% from Passenger Facility Charges.

22. **Question:** Are there any year-to-date or preliminary internal financial statements for RIAC for the fiscal year ending 6/30/14? Is there a forecast for FY15 and beyond?

Response: The Fiscal Year 2014 Audited Financial Statements are now available and posted on RIAC's website, <http://www.pvdairport.com/documents/financials/riairportcorp-fs-audit-6-30-2014.pdf>. RIAC's FY 2015 budget is available and posted on RIAC's website, <http://www.pvdairport.com/documents/financials/riairportcorpfy15budget.pdf>.

23. **Question:** As a medium-hub primary commercial service airport, what percentage of capital expenditures/projects does the FAA provide funding for and on what terms (e.g., grants, loans)?

Response: RIAC typically receives between 75 and 90% federal funding from the FAA depending on the project and the airport. RIAC's anticipates approximately 61% funding from FAA grants for the Runway 5/23 extension project.

24. **Question:** If the FAA or federal government isn't the primary source of funding for capital improvements, what are the primary sources of funding for the Airport's major capital expenditure projects? What does the State of RI contribute?

Response: Other than federal grants and Passenger Facility Charges, the primary sources of funding are internally-generated cash or Revenue Bonds. The State of Rhode Island does not fund airport related projects.

25. **Question:** The RIAC website summarizes the Green Airport Improvement Program with a project cost of \$250 million running through 2017. Is this still accurate? How much has been completed to date and at what cost? How has this been funded? How will the balance of the Program be funded?

Response: See summary of RIAC's CIP above (Question 8). RIAC is planning to issue Airport Revenue Bonds this winter (Calendar Year 2015) to provide approximately \$30 million of funding for Runway 5/23 extension project. Passenger Facility Charges (PFCs) are expected to repay 100% of the debt service related to this project, however they will be further secured by Airport Revenues.

26. **Question:** To the extent the Program is not funded with Federal and State grants, what are the anticipated sources of repayment of any new debt to complete the expansion and improvements?

Response: See summary of RIAC's CIP above (Question 8). RIAC is planning to issue Airport Revenue Bonds this winter (Calendar Year 2015) to provide approximately \$30 million of funding for Runway 5/23 extension project. Passenger Facility Charges (PFCs) are expected to repay 100% of the debt service related to this project, however they will be further secured by Airport Revenues.

27. **Question:** What are the Capital Contributions and Grants and their respective sources? Are these for specific projects, restricted or unrestricted? What amount is cash vs. non-cash (i.e., property, equipment or other)?

Response: Capital Contributions and Grants typically contain grant income from federal sources. Grants and contributions are typically designated for specific projects. Capital Contributions over the years could contain contributed property

and also in certain years was net of Capital Contributions that RIAC completed for other entities.

28. **Question:** What's the difference in net Capital Contributions on the Income Statement (\$6,427,035) vs. Statement of Cash Flows (\$10,547,715) found in the 2012 audit?

Response: The Statements of Revenues, Expenses, and Changes in Net Position (Income Statement) in 2013 include capital contributions and related accruals. The Statements of Cash Flows are reported based on actual cash paid/received.

29. **Question:** What is the difference in interest expense as shown in the income statement (\$12,667,605) vs statement of cash flows (\$16,365,654)?

Response: The Statements of Revenues, Expenses, and Changes in Net Position (Income Statement) in 2013 include interest expense and the related accruals for airport debt. The interest related to the InterLink is separately reported in the "InterLink, net" line item. See Note 9 to the financials for more information on the InterLink Interest Expense. The Statements of Cash Flows line item is based on actual interest paid related to airport and InterLink debt.

30. **Question:** Is Interlink the financial responsibility of the RIAC? Is this project complete? If not, please provide additional scope of work and financing sources.

Response: The Interlink project was completed in 2010. The financing for the Interlink is secured by Facility Revenues, which includes Customer Facility Charges and Rental Car Facility Rent. RIAC's Airport Revenues are not pledged to the financing of the facility. This facility is governed by a separate Master Indenture.

31. **Question:** Is RIAC required to fund Interlink operating losses (\$3 million in 2013)? What is the Interlink loss in 2014, how was it funded and when is it expected to break even? Please supply additional financial performance information on the Interlink project and the terms of the related debt.

Response: As mentioned above, the InterLink Facility is secured by a separate funding source, Facility Revenues. Airport Revenues and PFCs are not pledged to this facility. Please refer to Note 13 of the Fiscal Year 2013 Audited Financials for a breakdown of Facility Net Income. The \$3 million loss referenced is after depreciation and interest expense.

32. **Question:** Is RIAC liable for the Interlink debt in the event Interlink does not generate positive cash flow to meet interest expense and repay principal?

Response: Airport Revenues and PFCs are not pledged to the debt related to the InterLink Facility. Further the agreements with the Rental Car Companies address this situation to meet interest expense and repay principal.

33. **Question:** Please provide detail on restricted cash. What is the intended/permitted use of restricted cash? What is the current amount of unrestricted cash?

Response: See below table in response to this question:

*Rhode Island Airport Corporation
Cash and Investment Balances (in \$000's)*

Type	Account	6/30/2014
Unrestricted	Capital	\$ 1,685
	Capital Reserve	2,100
	O&M Reserve	4,439
	General Purpose & other unrestricted	26,499
	Coverage Accounts	4,703
	Revenue	3,918
Unrestricted Total		\$ 43,344
Restricted	Bond Funds (including amounts held at trustee and required reserves)	\$ 36,249
	Customer Facility Charges and InterLink Operating Accounts	17,526
	O&M Reserve	4,453
	Repair & Rehabilitation Reserve	500
	Passenger Facility Charges	7,575
	Intermodal Funds (including amounts held at trustee and required reserves)	12,558
	Other	837
Restricted Total		\$ 79,698
Grand Total		\$ 123,042

Note// Both Unrestricted and Restricted O&M Reserve amounts are available for operations.

34. **Question:** What is the flexibility, in the current and post-06/30/15 Signatory (and Non-signatory) Lease Agreements, to adjust rates and charges during the fiscal year, in the middle of an existing agreement?

Response: Rates and Charges are set at the beginning of each fiscal year and then reconciled at the end of the fiscal year based on audited financials. Again, please note that the Signatory Airline Agreements contain an Extraordinary Coverage Protection.

35. **Question:** Can the corporation execute a swap for the fixed rate?

Response: The Corporation does not plan to execute a swap for this transaction.

36. **Question:** Is there any cash management or deposit business available?

Response: Cash management and deposit business is not a part of this RFP.

37. **Question:** Looks like \$43.4MM is need or is \$50MM the need. Can you clarify?

Response: The \$43,395,000 is reflective of the amount required to refund the 2004A Bonds (including financing costs) minus the amount refunded from the debt service reserve fund. The amount would increase if a debt service reserve fund is required for the loan. The purpose of this loan is strictly to refund the 2004A Bonds.

38. **Question:** Is the Bond considered tax exempt but not bank qualified?

Response: That is correct. However, it would be subject to the Alternative Minimum Tax

39. **Question:** When would anticipated closing date be?

Response: Currently anticipated closing would be in December 2014.

40. **Question:** Is Bond subject to PFMB fee of 1/40th of 1%?

Response: It is not anticipated that these refunding bonds would be subject to the referenced PFMB fee.

41. **Question:** Where do annual capital contributions come from?

Response: Capital Contributions and Grants typically contain grant income from federal sources. Grants and contributions are typically designated for specific projects. Capital Contributions over the years could contain contributed property and also in certain years was net of Capital Contributions that RIAC completed for other entities.

42. **Question:** Are there financial covenants on bond debt?

Response: The various financial covenants are provided in the Master Indenture of Trust.

43. **Question:** Would the proposed facility be cross defaulted with bonds?

Response: Yes.

Attachment A
Template Signatory Airline Agreement (without exhibits)

AIRLINE OPERATING AGREEMENT
AND
TERMINAL BUILDING LEASE

between

RHODE ISLAND AIRPORT CORPORATION

and

July 1, 2010

AIRLINE OPERATING AGREEMENT AND TERMINAL BUILDING LEASE
Rhode Island Airport Corporation

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EXHIBITS

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- B AIRPORT LAYOUT
- C APRON
- D TERMINAL – UPPER LEVEL
- E TERMINAL – LOWER LEVEL
- F TERMINAL SPACE INVENTORY
- G AIRLINE PREMISES
- H MAINTENANCE RESPONSIBILITIES
- I RATE CALCULATION EXAMPLE
- J SAMPLE ACTIVITY REPORT

AIRLINE OPERATING AGREEMENT AND TERMINAL BUILDING LEASE
Rhode Island Airport Corporation

THIS AGREEMENT (hereinafter "Agreement"), entered into and effective this 1st day of July, 2010, by and between the Rhode Island Airport Corporation (hereinafter "RIAC"), a subsidiary public corporation of the Rhode Island Economic Development Corporation, and _____, a corporation organized under the laws of the state of _____, and registered to do business in the state of Rhode Island (hereinafter "Airline")¹;

WITNESSETH:

WHEREAS, RIAC controls, operates, and manages an airport known as T.F. Green Airport, located in the city of Warwick, state of Rhode Island (herein after "Airport"); and

WHEREAS, Airline is engaged in the business of Air Transportation; and

WHEREAS, Airline has met RIAC's minimum qualifications for entering into this Agreement, which include (a) leasing under this Agreement or having a lease with RIAC or another RIAC-approved third party for at least two thousand five hundred (2,500) square feet of facilities at the Airport through at least June 30, 2015, (b) not having any undisputed past due debts under any lease or contract with RIAC when this Agreement is executed by RIAC, (c) not being currently in default under any lease or contract with RIAC when this Agreement is executed by RIAC, and (d) obtaining bankruptcy court approval to execute this Agreement by filing a motion in a form approved by RIAC if Airline is in bankruptcy before this Agreement is executed by RIAC; and

WHEREAS, Airline desires to lease certain Premises, use certain facilities, and acquire certain rights and privileges from RIAC in connection with Airline's use of the Terminal Building and the Airport; and

WHEREAS, RIAC has the power and authority to enter into this Agreement and is willing to lease the Premises and grant certain rights to Airline upon the terms and conditions hereinafter stated;

NOW, THEREFORE, for and in consideration of the Rentals and Fees and the mutual covenants, agreements, and conditions contained in this Agreement, RIAC does hereby grant certain rights and privileges, including the use of certain facilities, to Airline and Airline does hereby hire and take from RIAC certain facilities, rights, and privileges in connection with and on the Airport as follows:

¹ All capitalized terms used in this Agreement are defined in Article 1.

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Article 1
DEFINITIONS

1.01 Definitions. Unless the context shall clearly indicate some other meaning, the terms defined in this Section 1.01 shall, for all purposes of this Agreement, have the meanings defined herein. Such meanings shall be equally applicable to both the singular and plural forms of the terms. All words, terms, or phrases that are not specifically defined in this Agreement shall have the meanings set forth in the Bond Documents, unless otherwise indicated.

Active Loading shall mean the period of time that commences forty-five (45) minutes prior to the scheduled departure time and expires fifteen (15) minutes after the scheduled departure time of the aircraft.

Active Unloading shall mean the period of time that commences thirty (30) minutes prior to the scheduled arrival time of an aircraft and expires forty-five (45) minutes after the scheduled arrival time.

Affiliate shall mean any non-tenant Air Transportation Company that is either a (i) wholly-owned subsidiary of Airline or Airline's parent company or (ii) operates under essentially the same trade name as Airline at the Airport and uses essentially the same livery as Airline. Unless specifically stated otherwise, "Airline" as used in throughout this Agreement shall be deemed to include "Affiliate." Airline shall provide RIAC with a completed Exhibit A, attached hereto, for each Affiliate active as of the effective date of this Agreement.

Agreement shall mean this "Airline Operating Agreement and Terminal Building Lease" together with each and every exhibit attached hereto, and by this reference made an integral part of this agreement, all as amended, renewed, and extended from time-to-time.

Air Transportation shall mean the transportation by air of persons, property, cargo, mail, or express mail to or from the Airport and all other activities directly related thereto.

Air Transportation Company shall mean any entity engaged in Air Transportation.

Aircraft shall mean a vehicle that is capable of traveling through the air, as defined in the Federal Aviation Act of 1958, as same may be amended or supplemented from

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time to time.

Airfield shall mean those areas and facilities at the Airport (i) within the airfield perimeter fence that provide for the landing, taking off, and taxiing of aircraft, including, but not limited to, runway approach zones, runways, taxiways, terminal apron areas, setbacks, infield areas, and navigational aids, and (ii) other appurtenances on the Airport related to the aeronautical use of the Airport, including but not limited to RIAC-owned or controlled easement areas designated as approach and transition zones, obstacle-free areas, clear zones, navigation areas, areas leased by fixed base, general aviation, or specialized aviation service operators or other easements, including any property purchased for direct aviation operations purposes including noise mitigation purposes, as they now exist or may be developed, extended or improved from time to time and as illustrated on Exhibit B.

Airfield Requirement is that requirement established in Section 7.05(A).

Airline shall mean _____, a corporation organized under the laws of the state of _____ and registered to do business in the state of Rhode Island and its directors, officers, agents, employees, contractors, successors, permitted assigns, permitted subleases, invitees (excluding passengers) or any other person acting through or on behalf of Airline.

Airline Net Revenue Sharing shall mean an amount determined by RIAC in accordance with Section 10.04.

Airport shall mean T.F. Green Airport, as shown on Exhibit B "Airport Layout," and as such Airport may subsequently be improved, enlarged, or otherwise modified or developed.

Amortization shall mean the principal and interest cost on Capital Improvement financed by RIAC from the General Purpose Fund. Amortization Charges shall be calculated using (i) the interest rate paid by RIAC on its most recent issuance of Bonds and (ii) the economic useful life of the Capital Improvement, as determined by RIAC in accordance with generally accepted accounting principles. Amortization shall begin in the Fiscal Year following when the Capital Improvement is ready for its intended use.

Annual Budget shall mean the Airport capital and operating budget approved by the RIAC Board of Directors.

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Annual Debt Service shall have the meaning set forth in the Bond Documents.

Applicable Law includes all state, federal and local statutes, ordinances, rules and regulations, orders, permits, licenses, authorizations, and other restrictions on activities and operations, including Rules and Regulations and directives issued by RIAC.

Apron shall mean that square footage of the Airfield measured from the abutting face of the Terminal to the Aircraft parking limit line, as further described in Exhibit C, as may be subject to change from time to time.

Apron Rental shall mean the annual rent payable by Airline under this Agreement for the use of the Apron.

Apron Rental Rate shall mean the rate, established in Section 7.06, for each square foot of the Apron payable by Airline under this Agreement.

Bond Documents shall mean the Master Indenture of Trust, dated October 1, 1993, as amended, as amended and supplemented.

Bonds shall have the meaning set forth in the Bond Documents.

Capital Improvement shall mean (i) the acquisition of land or easements; (ii) the planning, design, or construction of new facilities; and (iii) the performance of any extraordinary, nonrecurring major maintenance of existing facilities that may be acquired, purchased, or constructed by RIAC to improve, maintain, or develop the Airport.

Certified Maximum Landing Weight shall mean the FAA-approved maximum certificated landing weight for an aircraft as recited in Airline's flight manual governing that aircraft type. If an aircraft is registered in a foreign country and has not been certified by the FAA, the Certified Maximum Landing Weight of such an aircraft shall be the maximum landing weight approved by the counterpart to the FAA in that foreign country.

Common Use Gate shall mean any RIAC-controlled Gate in the Terminal not directly leased to an individual Signatory Passenger Airline on a Preferential Use basis, which RIAC reserves for the flexible and temporary use of any Air Transportation Company.

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Cost Centers shall mean the cost centers representing the areas and facilities operated by RIAC, and as such cost centers may be modified, changed, or developed by RIAC to be used in accounting for items including, but not limited to Revenues, Operation and Maintenance Expenses, Annual Debt Service, Coverage Requirement, and Amortization and for calculating and adjusting the Rental and Fee Rates. Cost Centers shall collectively include the: Airfield Cost Center, General Aviation Airports Cost Center, Intermodal Cost Center, Landside Cost Center, and Terminal Cost Center.

Coverage Account shall mean an account established within the flow of funds prescribed in Section 10.04(A) to be used by RIAC to meet the Rate Covenant.

Coverage Requirement shall mean for any and all series of Bonds, an amount required to maintain a balance in the Coverage Account of twenty-five percent (25%) of Annual Debt Service, net of contributions from PFC revenues and existing Coverage Account balances, and allocated to the Cost Centers on the basis of Annual Debt Service.

Enplaned Passengers shall mean any local boarding or intraline transfer passengers at the Airport.

Environmental Claims shall refer to, and include, without limitation, all claims, demands, suits, actions, judgments, complaints, citations, inquiries, or notices relating to the environmental condition of the Airport, or any alleged noncompliance with Environmental Laws; including but not limited to liability arising out of the use, handling, treatment, storage, disposal, discharge, or transportation of Hazardous Materials for: (i) removal, remediation, assessment, transportation, testing and disposal of Hazardous Materials as directed by any Government Authority, court order, or Environmental Law; (ii) bodily injury, or death; (iii) damage to or loss of use of property of any person; (iv) injury to natural resources; (v) fines, penalties, costs, fees, assessments, taxes, demands orders, directives or any other requirements imposed in any manner by any Governmental Authority under Environmental Laws; and (vi) costs and expenses of cleanup, remediation, assessment testing, investigation, transportation and disposal of a Hazardous Material spill, release, or discharge that is material or reportable under Environmental Law or the Storm Water Pollution Prevention Plan (SWPPP).

Environmental Laws shall refer to all Applicable Law intended for the protection of the environment, general health, and safety, including laws that govern, control,

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restrict, or regulate the use, handling, treatment, storage, discharge, disposal, or transportation of Hazardous Materials. Environmental Laws, specifically include but are not limited to, the National Environmental Policy Act; the Comprehensive Environmental Response, Compensation and Liability Act; and as amended by the Superfund Amendments and Reauthorization Act of 1986; the Safe Drinking Water Act; the Oil Pollution Control Act of 1990; the Resource Conservation and Recovery Act; the Hazardous Materials Transportation Act; the Toxic Substances Control Act; the Clean Water Act; the Clean Air Act; the Superfund Authorization and Recovery Act; the Occupational Safety and Health Act; Emergency Planning and Right to Know Act; Solid Waste Disposal Act, Federal Insecticide and Environmental Pesticide Control Act, Groundwater Protection Act, and restrictions concerning asbestos and lead paint. Environmental Laws shall specifically include the Airport Rhode Island Pollutant Discharge Elimination System (RIPDES) Permit including the SWPPP, Spill Prevention, Control, and Countermeasures (SPCC) and the Deicing Management Program Plan (DMPP), as may be amended.

Exclusive Use shall mean a power, privilege or other right, authorized under this Agreement, excluding others from enjoying or exercising a like power, privilege or right.

FAA shall mean the Federal Aviation Administration of the Department of Transportation of the United States of America or its authorized successor.

Fiscal Year shall mean the twelve (12) month period beginning on July 1st of any calendar year and ending on June 30th of the following calendar year or such other period adopted by RIAC as its Fiscal Year.

Fixtures shall mean the equipment and fixtures, excluding aircraft loading bridges owned or operated by Airline, installed or used at the Airport in connection with Airline's operations at the Airport that cannot be removed from the Premises without substantial damage thereto.

Gate shall mean an aircraft loading position, including the associated passenger loading bridge and passenger holdroom, at the Airport.

General Purpose Fund shall mean an account established pursuant to the flow of funds established in the Bond Documents after satisfying all funds of higher priority. Capital Improvements funded from the General Purpose Fund will be amortized and included in the calculation of Terminal Rental Rates and Landing Fee Rates as set

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forth in Sections 7.04(A)(4), and 7.05(A)(4).

General Aviation Airports Cost Center shall mean that Cost Center representing those airports under the control of RIAC and not including T.F. Green Airport including Quonset, North Central, Newport, Block Island, and Westerly State Airports.

Government Authority shall mean the state, federal or local government including agencies with authority and jurisdiction.

Hazardous Materials shall refer to all substances whose use, handling, treatment, storage, disposal, discharge, or transportation is governed, controlled, restricted, or regulated by Environmental Laws, that have been defined, designated or listed by a Governmental Authority as being hazardous, toxic, radioactive, or that presents an actual or potential hazard to human health or the environment if improperly used, handled, treated, stored, disposed, transported, discharged, generated or released.

Improvements shall mean any modifications, additions, or improvements made to the Premises by Airline that cannot be removed from the Premises without substantial damage thereto.

Intermodal Center Cost Center shall mean that Cost Center representing the rail station, consolidated rental car facility, parking garage for rental car operations and rail commuters, pedestrian skywalk from the Terminal, and other facilities relating to the transfer of passengers between various modes of transportation or as they may be modified, changed, or developed, as illustrated on Exhibit B.

Joint Use Cost shall mean the Terminal Rental Rate multiplied by the square footage of the Joint Use Space for any given Fiscal Year.

Joint Use Formula shall mean the formula used to prorate the Joint Use Cost on the basis of twenty percent (20%) of the total monthly rental divided equally among all Signatory Passenger Airlines. The remaining eighty percent (80%) of the total monthly rental shall be apportioned among all Air Transportation Companies on the basis of the number of each Air Transportation Company's Enplaning Passengers at the Airport to the total number of Enplaning Passengers of all Air Transportation Companies at the Airport.

Joint Use Space shall mean space and facilities leased under this Agreement to

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Airline and to all other Air Transportation Companies operating at the Airport for their shared use, including, not limited to baggage claim space, TSA security checkpoints, TSA baggage screening, and baggage make-up, not otherwise included in a Signatory Airline's Preferential Use Premises as shown on Exhibits D, E, and F.

Landed Weight shall mean the product obtained by multiplying the Certified Maximum Landing Weight for each aircraft operated by an Air Transportation Company by the number of Landings such aircraft makes at the Airport expressed in one thousand (1,000) pound units.

Landing shall mean any landing at the Airport by an aircraft operated by any Air Transportation Company, but shall not include a landing by an aircraft operated by an Air Transportation Company that returns to the Airport because of weather, mechanical, operational, or other emergency or precautionary reasons without landing at another airport.

Landing Fee shall mean the fee payable by Airline under this Agreement for Landings at the Airport.

Landing Fee Rate shall mean that rate, established in Section 7.05, for each one thousand (1,000) pounds of Certified Maximum Landing Weight payable by Airline under this Agreement for Landings at the Airport.

Landside Cost Center shall mean that Cost Center representing those areas and facilities that provide for non-flight activities and access to the Terminal Building from outside the airport and is not utilized by aircraft, including passenger parking areas, access roads, curbsides, and commercial development areas as they may be modified, changed, or developed, as illustrated on Exhibit B.

Leasable Space shall mean those areas in the Terminal that are leased or available for lease, including ticket counter, holdroom, offices, operations, baggage make-up, baggage claim, RIAC office, and concessions space, as shown on Exhibits D, E, and F.

Net Airfield Requirement shall mean the amount established under Section 7.05(B).

Non-Signatory Airline shall mean any Air Transportation Company providing Air Transportation to and from the Airport that have not entered into agreements substantially similar to this Agreement with RIAC.

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Operation and Maintenance Expenses shall mean T.F. Green Operation and Maintenance Expenses and Outlying Airports Operation and Maintenance Expenses, as defined in the Bond Documents.

Passenger Facility Charge (PFC) shall mean the fee that may be assessed on each Enplaned Passenger under 14 CFR Part 158.

Personal Property shall mean Airline's removable trade fixtures, including but not limited to furniture, furnishings, draperies, decorations, signs, appliances, equipment, and any other similar items or supplies owned or operated by Airline including specialty airline equipment, and installed or used at the Airport in connection with Airline's operations at the Airport, that can be removed from the Premises without damage thereto.

Preferential Use shall mean the priority scheduling rights given to Airline on its Premises during periods of Active Loading and Active Unloading.

Premises shall mean all Exclusive, Joint, and Preferential Use space leased to Airline in the Terminal and Apron.

President shall mean the President or such other person designated by the RIAC Board to exercise authority with respect to the rights and obligations of RIAC under this Agreement or the President's designated representative.

Public Areas shall mean those areas designated for the use of Airline in common with the general public.

Release shall mean any spill, leak, emission, escape, pumping, pouring, discharging, leaching, leaking, injection, depositing, dumping, pulverizing, causing to become airborne, percolating, placing, disposing, production, or migrating of Hazardous Materials into or on any property or the environment.

Rental and Fee Rates shall mean all rentals and fees payable under the terms of this Agreement.

Rental and Fee Payments shall mean payment of all rentals and fees established under the terms of this Agreement.

Requesting Air Transportation Company shall mean any Air Transportation

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Company, whether or not already an Airport tenant that requests to be accommodated on Airport under the procedures specified in Article 5.

Revenues shall have the meaning set forth in the Bond Documents.

RIAC shall mean the Rhode Island Airport Corporation, a quasi-public corporation, and its directors, officers, agents, employees, contractors, successors, permitted assigns, or any other person acting through or on behalf of RIAC.

RIAC Insured/Indemnitees shall mean RIAC, the Rhode Island Economic Development Corporation, and the state of Rhode Island together with their respective current and former officers, directors, employees, and agents.

Rules and Regulations shall mean those lawful rules, regulations, and operational directives of the Airport, as the same may be amended, modified, or supplemented from time to time, by RIAC for the orderly use of the Airport by both Airline and other tenants and users of the Airport to the extent that such rules and regulations are not inconsistent with the provisions and purposes of this Agreement.

Signatory Airline shall mean those Air Transportation Companies providing Air Transportation to and from the Airport that have entered into agreements substantially similar to this Agreement with RIAC covering the use and occupancy of the Airport.

Signatory Cargo Airline shall mean an Air Transportation Company that is a Signatory Airline primarily engaged in transporting property or cargo by air, but not passengers at the Airport.

Signatory Passenger Airline shall mean an Air Transportation Company that is a Signatory Airline primarily for the carriage of persons at the Airport.

State shall mean the state of Rhode Island.

Terminal shall mean the passenger terminal as illustrated on Exhibit B and as may be modified, changed, or enlarged.

Terminal Cost Center shall mean the Terminal and as such Terminal and related facilities may be modified, changed, enlarged, or developed as illustrated on Exhibit B.

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Terminal Rental shall mean the annual rent payable by Airline under this Agreement for the use of the Terminal.

Terminal Rental Rate shall mean the rate, established in Section 7.04, for each square foot of the Terminal Building payable by Airline under this Agreement.

Terminal Requirement shall mean that requirement established in Section 7.04(A).

T.F. Green Operation and Maintenance Reserve Requirement shall have the meaning set forth in the Bond Documents.

TSA shall mean the Transportation Security Agency of the Department of Homeland Security of the United States of America or its authorized successor.

- 1.02 General. Unless the context clearly indicates otherwise, in this Agreement (i) references to articles, sections, or exhibits are to the respective or corresponding articles, sections, and exhibits of or to this Agreement; (ii) the terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms refer to this Agreement as a whole and not to any particular article or section of this Agreement; and (iii) the term "including" and any similar terms shall mean "including, but not limited to" unless explicitly stated otherwise.

Article 2
TERM

- 2.01 Term. This Agreement shall be effective at 12:00 a.m. July 1, 2010 and shall terminate at 11:59 p.m. on June 30, 2015 subject to early termination as provided for in this Agreement.
- 2.02 Extension. The Term of this Agreement may be extended for one (5) five-year renewal period from July 1, 2015 through June 30, 2020 by the mutual written agreement of Airline and RIAC.
- 2.03 Holding Over. In the event that Airline, without request or objection by RIAC, shall continue to occupy its Premises and conduct its airline operations beyond the Term of this Agreement, such holding over shall not constitute a renewal of this Agreement, but shall be considered a month-to-month tenancy only, incorporating all terms and conditions of this Agreement, unless otherwise agreed to by both parties in writing. In such event, Airline shall be assessed those same rental and fee

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rates as are applied to Non-Signatory Airlines during such holding over period. No such holding over shall be deemed to operate as a renewal or extension of the Term. Such month-to-month tenancy may be terminated by RIAC or Airline by giving thirty (30) days prior written notice of said termination to the other party at any time.

Article 3
AIRLINE RIGHTS

3.01 Use of the Airport. Airline shall have the right to use the Airport, including all facilities, improvements, equipment, and services that are or may be provided for common use at or in connection with the Airport in common with other authorized users of the Airport subject to the Rules and Regulations.

3.02 Airline Rights. Airline shall have the following rights at the Airport.

(A) Air Transportation. The right to provide Air Transportation at the Airport and all activities reasonably incidental to such operations.

(B) Aircraft Operations. The right to land, take off, fly over, taxi, push, tow, fuel, load, unload, provision, repair, maintain, condition, service, park, and store aircraft or other equipment operated by Airline in designated areas at the Airport; provided, however, such rights shall be limited to those activities incidental to the providing of Air Transportation at the Airport by the Airline for its own use, and shall not include authority to conduct a business separate from Air Transportation by Airline at the Airport, without prior written approval by the President.

As soon as possible after obtaining all necessary approvals from all appropriate federal, State, and local agencies, Airline shall promptly remove any of its disabled aircraft from any part of the Airport and place such disabled aircraft in storage areas designated by RIAC. Airline shall store such disabled aircraft at the Airport only upon such terms and conditions established as may be established by RIAC.

In the event Airline fails, is unable for any reason or elects not to move any disabled Aircraft as required, RIAC, to the extent not prohibited by law, may, but shall not be obligated to, cause the removal of such Aircraft, after first informing Airline of RIAC's intent to remove such Aircraft. Airline agrees to reimburse RIAC for all of RIAC's actual costs of such removal, plus a fifteen (15%) administrative fee. To the fullest extent permitted by law, Airline

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hereby releases RIAC from any and all liability for damage to any disabled aircraft operated by Airline or otherwise arising from or in any way connected with any such removal of such aircraft by RIAC.

- (C) Ticketing and Loading. The right to sell tickets; document shipments; handle reservations; and load and unload persons, property, cargo, and/or mail at the Airport by such motor vehicles or other means of conveyance as Airline may wish to use. Said vehicles and operators are subject to the Rules and Regulations of RIAC.
- (D) Aircraft Servicing. The right to sell, dispose of, and exchange aircraft engines, accessories, equipment, and materials or supplies owned or operated by Airline; provided, however, such rights shall be limited to those activities incidental to the providing of Air Transportation at the Airport and shall not include authority to conduct a separate business by Airline or to store or accumulate new or used aircraft, engines, accessories, equipment, materials, or supplies at the Airport, except as needed for usual maintenance purposes.
- (E) Aircraft Maintenance. The right to service aircraft or equipment operated by Airline with line maintenance or materials or supplies at airport-designated locations. Airline may also service the aircraft and equipment of other Airlines serving the Airport.
- (F) Training and Testing. The right to train personnel and test aircraft and other equipment; provided, however, such right shall be limited to those activities incidental to the providing of Air Transportation at the Airport and shall not include authority to conduct a separate business by Airline at the Airport.
- (G) Signs. The right to install and operate ticket counter back wall identification and signs at Airline ticket counters with the prior written approval of the President. Within its Premises, Airline may display logo and other similar signage, as well as crowd control and decorative signage, subject to the approval of the President. No signage or displays placed by the Airline may be positioned outside of its Premises, unless Airline first receives prior written approval from the President. Signage and displays shall not impede passenger circulation within or past its Premises.
- (H) Communications Equipment. The right to install, maintain, and operate such radio, communication, meteorological, aerial navigation, and computer equipment and facilities in its Premises required for Airline to provide Air

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Transportation at the Airport; provided, however, that (i) such equipment does not interfere with other Airport communication, meteorological, or aerial navigation systems; and (ii) the type, location, and method of installation of such equipment and facilities is approved by the President in writing prior to the installation of such equipment.

- (I) Porter Service. The right to provide porter service and such other assistance for the convenience of Airline's passengers in checking and transporting baggage at the Airport. Airline is required, however, to provide assistance to its passengers as required by the Americans with Disabilities Act.
- (J) Ground Handling. The right to ground handle aircraft operated by another Air Transportation Company operating at the Airport; provided, however, Airline shall only ground handle the aircraft operated by an Air Transportation Company that has entered into an operating agreement with RIAC and then only with the prior written approval of the President.
- (K) In-Flight Food and Beverage Preparation. Subject to any restrictions in RIAC's existing agreement(s) with its food and beverage service provider(s), the right to prepare and package food and beverages to be consumed on aircraft operated by Airline.
- (L) Public Areas. The right to use Public Areas of the Airport in common with other Airport tenants and users.
- (M) Access. The nonexclusive right of ingress to and egress from the Airport in such manner and at such locations as RIAC may from time to time designate.
- (N) Performance for Others. The right to perform any of the activities authorized in this Agreement for entities other than Airline on the Airport with the prior written approval of the President. Airline may perform for other entities only those activities it is currently exercising on its own behalf.
- (O) Purchase of Personal Property. The right to purchase Personal Property and other services and requirements used by Airline from any entity or company of Airline's choice that are necessary or incidental to the Airline providing Air Transportation at the Airport. Nothing herein shall restrict RIAC from requiring a permit and levying a reasonable nondiscriminatory concession fee on any entity for conducting a non-Air Transportation business at the Airport.

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- (P) Other Rights. The right to engage in any other activity that is reasonably necessary or incidental to Airline providing Air Transportation at the Airport with the prior written approval of the President, which approval shall not be unreasonably withheld.
- 3.03 Right to Charge Fees. RIAC shall have the right to assess and collect reasonable fees from third parties operating at the Airport for in-flight catering, vending, ground transportation, and other services or facilities provided by other entities for Airline.
- 3.04 Limitations on Airline Rights. The following limitations and restrictions shall apply to Airline on the Airport:
- (A) Airport Operations. Airline shall not make use of the Premises in any manner that might interfere with the landing and taking off of aircraft on the Airport or otherwise constitute a hazard or interfere with the operation of the Airport.
- If Airline breaches the covenant in this Section 3.04(A), RIAC shall have the right to immediately enter the Premises and cure such breach at the sole expense of Airline plus a fifteen percent (15%) administrative fee.
- (B) Airport Systems. Airline shall not do or permit to be done anything on or about the Airport that may interfere with the effectiveness or accessibility of the communications system, drainage and sewage system, electrical system, air conditioning system, fire protection system, sprinkler system, alarm system, fire hydrants and hoses, or other equipment installed or located on the Airport.
- (C) Waste Material. Airline shall not dispose of or permit any other entity to dispose of any waste material taken from or products used (whether liquid or solid) with respect to its aircraft into the sanitary or storm sewers at the Airport unless such waste material or products are first properly treated by, or in equipment installed or approved by RIAC for such purposes.
- (D) Food and Beverage Sales. Except for any sales that may occur on Airline's Aircraft, Airline shall not install or operate a bar, cocktail lounge, restaurant, cafeteria or sell food or beverages in any other manner on the Airport to Airline employees or the general public unless authorized in writing by the President.

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- (E) Vending Devices. Airline shall not install or operate any vending device for the use by Airline employees or the general public unless authorized in writing by the President.
 - (F) Public Telephone. Airline shall not install or operate any public telephone for the use by Airline employees or the general public unless authorized in writing by the President.
 - (G) Increased Insurance Risk. Airline shall not do or permit to be done anything on the Airport that will invalidate, conflict with, or increase the premium of Airport insurance policies covering the Airport or any part or aspect thereof. In the event RIAC determines, in its reasonable judgment, that Airline has done or permitted to be done anything that shall invalidate, conflict with, or increase the premium of Airport insurance policies, RIAC shall notify Airline in writing of the nature of the act or failure to act and Airline shall immediately remedy its act or failure to act and pay to RIAC any additional cost incurred by RIAC because of Airline's act or failure to act. If such Airline's act or failure to act causes the cancellation of any insurance policy, then Airline shall take such action as is necessary to permit reinstatement of the insurance policy.
 - (H) Airfield Capability. Airline shall observe all restrictions that RIAC may impose on the use of the airfield area of the Airport by any Aircraft operated by Airline which exceeds the design strength or capability of such area as described in the current FAA-approved airport layout plan.
- 3.05 Persons Other Than Airline. No right granted to Airline under this Agreement shall authorize any other entity to occupy space or provide services on the Airport without first obtaining the written permission from RIAC allowing such space to be occupied or service to be provided and the payment of all applicable rentals, fees, and charges. RIAC shall have the right to charge any entity leasing space or providing services on the Airport appropriate rentals, fees, and charges whether such services are provided to Airline or to other Airport tenants.

Article 4
PREMISES

- 4.01 Terminal Space. RIAC leases to Airline and Airline leases from RIAC space in the Terminal on the basis described in Section 4.03 and illustrated on Exhibits D, E, F, and G.

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- 4.02 Apron Space. RIAC leases to Airline and Airline leases from RIAC space in the Apron on a Preferential Use basis and illustrated on Exhibits C and G.
- (A) Use of Airline's Apron Premises. Airline shall have Preferential Use of the Airline's Apron Premises for the loading and unloading of Airline's passenger Aircraft, or the passenger Aircraft of Airline's Affiliate Airline(s) and Air Transportation Companies operating from Airline's Premises under RIAC-approved subleases and ground handling agreements with Airline. Airline's use of said Airline's Apron Premises shall be limited to (i) the loading and unloading of persons, property, cargo, parcels, mail and in-flight food and related supplies on passenger Aircraft, as well as (ii) the parking, refueling, interior cleaning and minor mechanical maintenance of Airline's passenger Aircraft, and the Aircraft of Airline's Affiliate Airline(s) and Air Transportation Companies operating from Airline's Premises under RIAC-approved subleases and ground handling agreements with Airline. Unless otherwise approved by RIAC, Airline's right of Preferential Use of the Airline's Apron Premises shall not include the parking of any Aircraft beyond the published size of Aircraft approved by RIAC for such area, which Aircraft size limitations are subject to change from time to time.
- (B) Ground Support Equipment Storage. Airline shall have the right to stage/store its ground support equipment on the Airline's Apron Premises in areas designated for such staging/storage by RIAC, subject to the requirement that Airline's ground support equipment may need to be removed from such staging/storage areas at RIAC's request if necessary to accommodate use of such Airline's Preferential Use Premises for another Air Transportation Company's flights pursuant to Section 5.01 hereof.
- (C) Disabled Equipment. Airline shall not store on the Airline's Apron Premises any damaged equipment, disabled equipment or mechanically non-operable motorized equipment.
- (D) Maintenance of Airline's Apron Premises. In addition to the other obligations of Airline set forth in this Agreement, including those established in Exhibit H, with respect to the Airline's Apron Premises, Airline agrees to promptly remove any spilled or deposited petroleum products and the accumulation of oil and grease caused by the Aircraft and ground support equipment of Airline, its Affiliate Airline(s) and other Air Transportation Companies operating from Airline's Premises, except those Air Transportation Companies operating on the Airline's Ramp Premises under a

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RIAC-designated Accommodation per Section 5.01 hereof. Airline shall also maintain the Airline's Apron Premises of the Airport in a safe, neat, clean and orderly manner and place all trash and debris in proper containers approved by RIAC, until properly disposed of in a manner acceptable to RIAC.

- 4.03 Use of Premises. Airline shall use the various types of space leased only for such purposes as are typical for that type of space in the sole judgment of RIAC.
- (A) Airline's Exclusive Use Premises. Airline will have Exclusive Use of that portion of Airline's Premises labeled as Ticket Counter/ATO, Baggage Service Office, and Operations on Exhibits D, E, and G.
- (B) Airline's Preferential Use Premises. Airline will have Preferential Use of that portion of Airline's Premises labeled as Baggage Make-Up and Holdrooms on Exhibits D, E, and G. Airline's Preferential Use Premises are subject to reassignment in accordance with Article 5 of this Agreement, Active Loading and Active Unloading period requirements, and other provisions of this Agreement.
- (C) Joint Use Space. Airline has the right to use the Joint Use Space in conjunction with other Signatory Passenger Airlines and Air Transportation Companies as designated by RIAC.
- 4.04 Fixtures and Improvements. All Fixtures and Improvements, with the exception of loading bridges and associated loading bridge equipment, shall become the property of RIAC on their installation or construction on the Premises; provided, however, that Airline shall have the use of such Fixtures and Improvements until this Agreement expires or is terminated.

Upon the written request of RIAC, Airline shall submit to RIAC a list of all Fixtures and Personal Property installed in or placed on the Premises, which shall include the cost and depreciable life of each item.

- 4.05 Removal of Personal Property. Airline shall, within thirty (30) calendar days of termination or expiration of this Agreement or on a reallocation of Premises, remove its Personal Property from the Premises or the applicable part thereof; provided, however, Airline shall not remove such Personal Property in which RIAC has a lien for unpaid Rental and Fee Payments. If Airline fails to remove its Personal Property, RIAC shall have the right, upon ten (10) business days' prior notice, to remove or dispose of Airline's Personal Property, unless Airline effectuates the requisite

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removal of disposition during the aforesaid ten (10) business day period. If RIAC elects to remove or dispose of Airline's Personal Property, Airline shall reimburse RIAC for all costs incurred by RIAC in such removal or disposal plus a fifteen percent (15%) administrative fee. If RIAC elects not to remove or dispose of Airline's Personal Property, any and all Personal Property not removed by Airline shall, at the sole option of RIAC, become the property of RIAC.

- 4.06 Relocation. RIAC shall have the right after consultation with Airline, at such times as may be reasonable under the circumstances, to close, relocate, reconstruct, change, alter, or modify the Premises or the means of access to the Premises either temporarily or permanently for purposes of maintaining or constructing improvements, modifications, or expansions to the Terminal and/or the Airport; provided, however, that (i) reasonable notice, not less than thirty (30) days, is given to Airline and (ii) reasonably convenient alternative and substantially equivalent Premises and adequate means of access are provided and RIAC shall pay all costs of such relocation.
- 4.07 Utilization of Facilities. During periods of operational inconvenience, including but not limited to, weather delays, the temporary non-availability of facilities for maintenance purposes, or Aircraft mechanical delays, and if accommodation at a Common Use Gate(s) is not readily available, Airline shall make all reasonable efforts to accommodate other Air Transportation Company's operations on Airline's Premises in such instances.
- 4.08 Liens. Subject to applicable laws, Airline shall cause to be promptly removed any and all liens of any nature arising out of or because of any construction performed by Airline or any of Airline's contractors or subcontractors on the Premises, or arising out of or because of the performance of any work or labor by or for Airline or Airline's contractors or subcontractors on the Premises. Notwithstanding the foregoing, Airline shall not be precluded from contesting the validity or amount of any lien imposed against it. RIAC shall cause to be promptly removed any and all liens of any nature arising out of or because of any construction performed by RIAC or any of RIAC's contractors or subcontractors on the Premises or arising out of or because of the performance of any work or labor by or for RIAC or RIAC's contractors or subcontractors at the Airport. Notwithstanding the foregoing, RIAC shall not be precluded from contesting the validity or amount of any lien imposed against it.
- 4.09 Surrender of the Premises. Airline shall, on the early termination or expiration of this Agreement or on the reallocation of Premises, peaceably surrender possession of

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the Premises, or the applicable part thereof, in good condition, reasonable wear and tear excepted, and RIAC shall have the right to take possession of such Premises.

Article 5

ACCOMODATION OF REQUESTING AIR TRANSPORTATION COMPANIES

5.01 Accommodation in Preferential Use Gates and Apron. In order to maximize the use of all leased Gates and Apron, and to facilitate the entry of new, and the expansion of existing, Air Transportation Companies at the Airport, Airline shall, on the direction of the President, accommodate Requesting Air Transportation Companies in Airline's Preferential Use Gates pursuant to this Article 5. In order to ensure uniform treatment of all Air Transportation Company tenants at the Airport, the following procedure shall be observed in the accommodation of Requesting Air Transportation Companies:

- (A) In order to secure the use of terminal facilities, a Requesting Air Transportation Company shall notify the President of its wish to be accommodated on the Airport. RIAC shall attempt to accommodate the Requesting Air Transportation Company on a Common Use Gate.
- (B) The President shall then notify all Air Transportation Company tenants at the Airport in writing that, if the Requesting Air Transportation Company was not accommodated at a Common Use Gate or other facilities, the President shall select one or more of the Air Transportation Company tenants at the Airport to accommodate such Requesting Air Transportation Company.
- (C) If the Requesting Air Transportation Company has not been accommodated, the President shall select Airline or another Air Transportation Company tenant at the Airport to accommodate the Requesting Air Transportation Company, taking into consideration all relevant factors, including, but not limited to, current utilization of Preferential Use Gates pursuant to the Departures/Gate calculation in Section 5.02, schedule compatibility, and union work rules. Once a decision is made, the President shall send written notice to the Air Transportation Company selected to accommodate the Requesting Air Transportation Company to begin accommodating such Requesting Air Transportation Company within thirty (30) business days of receiving notice directing such accommodation unless it can be shown to the satisfaction of the President that a longer period of time will be necessary in order to accommodate schedule or other operational changes. The President shall include in such notice the basis for its decision. The decision of the

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President shall be final.

If the Requesting Air Transportation Company cannot be accommodated as so described, the President may reallocate an airline's premises as described in Section 5.02. The decision to accommodate or relocate is at the sole discretion of the President.

- (D) Airline shall, if selected to accommodate a Requesting Air Transportation Company, begin accommodating such Requesting Air Transportation Company's operations on the specified Preferential Use Gate within the period described in Section 5.01(C). Airline shall perform such accommodation in good faith and in a reasonable and equitable manner; provided, however, in case of a conflict between the schedules of Airline and the Requesting Air Transportation Company; Airline shall have priority in the use of its Preferential Use Space during periods of Active Loading and Active Unloading. Airline shall minimize its use of its Gates if such Gates must accommodate a Requesting Air Transportation Company and shall remove its aircraft promptly, when they are not being loaded or unloaded, in order to make such Gates available for the use of the Requesting Air Transportation Company. RIAC shall require the Requesting Air Transportation Company to minimize its use of Gates at which it is accommodated and shall remove its aircraft promptly, when they are not being loaded or unloaded, in order to make such Gates available for use by Airline.
- (1) Indemnification. During the period of and in connection with any such accommodation, RIAC shall require the Requesting Air Transportation Company to agree in writing to indemnify RIAC and Airline in the manner and to the extent required of Airline pursuant to Section 12.03 and name Airline as an additional insured on its liability insurance.
- (2) Payment by Requesting Air Transportation Company. Airline may assess the Requesting Air Transportation Company reasonable rentals, fees, and charges for an accommodation which rentals, fees, and charges shall be no more than one hundred and fifteen percent (115%) of Airline's costs for the Premises. Airline may require a reasonable security deposit from the Requesting Air Transportation Company not to exceed two (2) months of payments from the

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Requesting Air Transportation Company. In the event of a payment default by the Requesting Air Transportation Company, Airline shall institute termination procedures in the following manner: (i) Airline shall certify such payment default to RIAC; (ii) RIAC shall have fifteen (15) days in which to pursue appropriate remedies against the Requesting Air Transportation Company; and (iii) if, after such fifteen (15) day period, the Requesting Air Transportation Company remains in default, Airline may terminate the Requesting Air Transportation Company's use of Airline's Premises immediately.

5.02 Reallocation of Premises. In the event a Requesting Air Transportation Company cannot be accommodated under Section 5.01, RIAC may reallocate an airline's Premises. For the most recent monthly period for which aircraft departures data is available, RIAC will calculate the average jet aircraft departures-per-gate per day (Departures/Gate) index for each Signatory Airline that has Preferential Use holdroom space, including its approved subtenants if that subtenant notifies RIAC that it seeks to have its departures included in the tenant Signatory Airline's Departures/Gate calculation. Departures shall be calculated by RIAC using aircraft departures as reported by the Airline to RIAC and the Airline's number of Preferential Use holdroom(s) and co-located loading bridge(s). Signatory Airline productivity will be ranked from most productive to least productive according to this index. RIAC shall have the right to reallocate any part of or all of the Premises leased to Airline if (i) RIAC determines that there is a reasonable need for the use of such space by another Air Transportation Company, and (ii) Airline has a Departure/Gate ranking less than the fiftieth (50th) percentile for the group of Signatory Airlines subject to the Departure/Gate ranking. RIAC shall notify Airline thirty (30) days in advance of any reallocation of Airline's Premises.

5.03 Reimbursement for Investment in Reallocated Space. In the event of a reallocation of Airline's Premises, RIAC shall reimburse Airline for the undepreciated or unamortized capital cost of any Improvements made by Airline in such reallocated space and for reasonable moving expenses.

Article 6
RENTALS AND FEES

6.01 General. In return for the use of the Premises and the Airport, the rights granted in this Agreement, and the undertakings of RIAC in this Agreement, Airline agrees to pay RIAC during the term of this Agreement, without deduction or set-off, certain

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rentals and fees as set forth in this Article 6. Fiscal Year 2011 Rental and Fee Rates are shown in Exhibit I.

6.02 Activity Report.

(A) Submission of Activity Report and Audit. Airline shall furnish RIAC, on or before the tenth (10th) day of each month, with an accurate report of Airline's operations at the Airport during the preceding month. Such report shall be in a format prescribed by RIAC, using the form shown in Exhibit J or other RIAC-approved form. Any changes to this form must be approved by RIAC prior to their use. Airline shall maintain records sufficient to provide the above information. RIAC and/or its duly authorized representative shall have the right, at any time during the life of this agreement and for three (3) years after the end of such agreement, upon reasonable notice and during reasonable business hours and in a manner that is not unduly disruptive of the Airline's business, to inspect the Airline's records. No more than one (1) audit each year shall be required. Airline shall, if requested, freely lend its own assistance in making such inspection, and, if such records are maintained in electronic or other machine-readable format, shall provide the Airport and/or its representative such assistance as may be required to allow complete access to such records including providing such records in electronic read-only format compatible with computers utilized by RIAC if requested by RIAC. Such records shall be available for audit and inspection by RIAC on five (5) business days notice during normal business hours. The cost of such audit shall be borne by RIAC; provided, however, the cost of such audit shall be borne by Airline if the audit reveals an underpayment of five percent (5%) or more of Rental and Fee Payments payable under this Agreement for any Fiscal Year, as determined by such audit, or Airline has failed to maintain accurate and complete records in accordance with this Section 6.02(A).

(B) Failure to Submit Activity Report. If Airline fails to submit the required activity report to RIAC as required by Section 6.02(A), Airline's Landing Fee shall be determined by assuming that Airline's total Landed Weight for such month was one hundred twenty-five percent (125%) of its total Landed Weight during the most recent month for which such data are available for Airline. Any necessary adjustment in such Landing Fee payment shall be calculated after an accurate report is delivered to RIAC by Airline for the

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month in question. Any resulting surpluses or deficits shall be applied as credits or additional fees to the appropriate invoices in the succeeding month.

- 6.03 Terminal Rentals. Airline shall pay one-twelfth (1/12) of its annual Terminal Rentals for its Preferential Use and Exclusive Use Premises in the Terminal and 20% share of the Joint Use Space on the first day of each month in advance without notice. The Terminal Rental Rate per square foot shall be recalculated annually in accordance with Section 7.04. Airline shall pay a pro rata amount for any partial month possession of the Airline's Premises.

The rentals for Joint Use Space shall be prorated monthly among the airlines according to the Joint Use Formula. Airline shall pay to RIAC within thirty (30) days of receipt of an invoice from RIAC for the 80% share of Joint Use Space fees.

- 6.04 Landing Fee. Airline shall pay to RIAC by the fifteenth (15th) day of each calendar month during the Term hereof Landing Fees at the Landing Fee Rate calculated in accordance with Section 7.05 based on the Certified Maximum Landed Weight of each Landing by Airline at the Airport during the previous calendar month.
- 6.05 Apron Rentals. Airline shall pay one-twelfth (1/12) of its annual Apron Rentals on the first day of each month in advance without notice. The Apron Rental Rate shall be recalculated annually in accordance with Section 7.06.
- 6.06 Non-Signatory Airline Rental and Fee Rates. For any Non-Signatory Airline, RIAC shall establish a landing fee rate, terminal rental rate, and apron rental rate which shall be equal to one hundred twenty-five percent (125%) of the calculated Signatory Airline Rental and Fee Rates.
- 6.07 Additional Rent. RIAC, after due notice to Airline and a cure period of thirty (30) days, may, but is not obligated to, perform for Airline or cure any default on the part of Airline by taking whatever action is necessary under this Agreement. Any amounts paid or costs incurred by RIAC in performing for Airline or curing any such default of Airline shall be additional rent under this Agreement and shall become payable by Airline. All additional rent shall be due and payable within fifteen (15) days after receipt by Airline of an invoice therefore. This Section 6.07 shall not apply in the case of a default where Airline is diligently proceeding in good faith and with reasonable dispatch to cure the default.

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- 6.08 Late Payment. Any payment not received by the date it is due shall accrue interest at the highest rate allowed by state of Rhode Island law from the date due until paid in full.
- 6.09 Verification of Rental and Fee Payments. The acceptance by RIAC of any payment made by Airline under this Agreement shall not preclude RIAC from verifying the accuracy of Airline's report and computations or from recovering any additional payment actually due from Airline.
- 6.10 Taxes. Airline shall pay all taxes that may be lawfully levied, assessed, or charged by any federal, State, or local governmental entity upon the real and Personal Property occupied, used, or owned by Airline, or upon the rights of Airline to occupy and use the Premises, upon any benefit derived from the Premises, upon Airline's Improvements, Fixtures, Personal Property, or other property thereon, and upon Airline's rights or operations under this Agreement. Airline shall have the right, at its sole cost and expense, to contest the amount, validity, or applicability to Airline of any tax as may have been or may be levied, assessed, or charged.
- 6.11 Other Fees and Charges. Unless otherwise specified in this Agreement, rates, fees and charges in the RIAC Schedule of Rates, Fees and Charges in effect at the Airport will be applicable to Airline's activities at the Airport. RIAC expressly reserves the right to assess and collect reasonable fees from third parties operating at the Airport for in-flight catering, vending, ground transportation, and other services provided to Airline.

Article 7

ADJUSTMENT OF AIRLINE RENTAL AND FEE PAYMENTS

- 7.01 Effective Date of Adjustments. The Terminal Rental Rates, the Apron Rental Rate, and the Landing Fee Rate shall be adjusted annually during the term of this Agreement, as hereinafter set forth. Such rates and fees shall be effective on the first day of the Fiscal Year to which they apply.
- 7.02 RIAC Records. RIAC shall maintain (and make reasonably available for review and inspection by Airline) accounting records that document the following items for each Cost Center:
- (A) Revenues
 - (B) Operation and Maintenance Expenses

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- (C) Documented expenses of RIAC incurred for Capital Improvements
- (D) RIAC shall further maintain records evidencing the allocation of Annual Debt Service based on the use of Bond proceeds or other funding sources to each Cost Center. Included in the allocation to each Cost Center shall be its proportionate share of any Bond issuance expenses and capitalized interest.

7.03 Reports.

- (A) On or before the first day of the fourth (4th) month prior to the start of each Fiscal Year, Airline shall submit to RIAC a written estimate of the estimated total Landed Weight for Airline for the succeeding Fiscal Year. If no estimate is received, the reasonable estimate of RIAC may be used.
- (B) Forty-five (45) days prior to the start of the Fiscal Year, RIAC shall submit to Airline at a meeting between the various Airlines and RIAC, RIAC's proposed Annual Budget for the succeeding Fiscal Year, which shall include:
 - (1) Estimated Operation and Maintenance Expenses
 - (2) Annual Debt Service, lease payments, or other debt installments, if any, and any other deposits required under the Bond Documents
 - (3) A preliminary calculation of the Terminal Rental Rate, Landing Fee Rate, and Apron Rental Rate for the succeeding Fiscal Year, calculated in accordance with Sections 7.04, 7.05, and 7.06.
- (C) Each year RIAC shall adopt an Annual Budget for the Airport and establish Terminal Rental Rates, an Apron Rental Rate, and a Landing Fee Rate. Such budget and rates shall take into account RIAC's discussions with Airline. RIAC shall give consideration to any suggestions, comments, or requests of Signatory Airlines, but shall retain the right for RIAC to make all final decisions with respect to the Annual Budget and fees.

If, for any reason, the Annual Budget has not been adopted as of the first day of any Fiscal Year, the Rental and Fee Rates in effect during the preceding Fiscal Year shall continue in effect until a new Annual Budget has been adopted by RIAC and RIAC has calculated the Rental and Fee Rates in accordance therewith. The new Rental and Fee Rates shall then be made effective retroactive to the first day of such Fiscal Year.

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7.04 Calculation of Terminal Rental Rate. During each Fiscal Year of the Term hereof, the Terminal Rental Rate shall be adjusted annually in the following manner. Whenever the adjustment calculation involves an estimate, the reasonable estimate of RIAC shall be used.

- (A) Each year RIAC shall calculate the Terminal Requirement for the succeeding Fiscal Year by totaling the following amounts, as set forth in RIAC's Annual Budget:
 - (1) The total of direct and allocated indirect estimated Operation and Maintenance Expenses allocable to the Terminal Cost Center;
 - (2) The total portion of the Annual Debt Service, net of Passenger Facility Charges, if any, and Coverage Requirement allocable to the Terminal Cost Center;
 - (3) The estimated amount, if any, for required deposits to funds and accounts established in Bond Documents allocable to the Terminal Cost Center, including, but not limited to the T. F. Green Operation and Maintenance Reserve Requirement; and
 - (4) The annual Amortization of the total amount of any expenditures made by RIAC for Capital Improvements in the Terminal Cost Center.
- (B) The Terminal Rental Rate shall then be calculated by dividing the Terminal Requirement computed pursuant to Section 7.04(A) by the total Leasable Space. An example of the methodology used to calculate Terminal Rental Rates is provided in Exhibit I for Fiscal Year 2011.

7.05 Calculation of Landing Fee Rate. During each Fiscal Year of the Term hereof, the Landing Fee Rate shall be adjusted annually in the following manner. Whenever the adjustment involves an estimate, the estimate of RIAC shall be used.

- (A) Each year RIAC shall calculate the total Airfield Requirement for the succeeding Fiscal Year by totaling the following amounts, as set forth in RIAC's Annual Budget:
 - (1) The total of the direct and allocated indirect estimated Operation and Maintenance Expenses allocable to the Airfield Cost Center;

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- (2) The total portion of the Annual Debt Service, net of Passenger Facility Charges, if any, and Coverage Requirement allocable to the Airfield Cost Center;
 - (3) The estimated amount, if any, for required deposits to funds and accounts established by the Bond Documents allocable to the Airfield Cost Center, including, but not limited to the T. F. Green Operation and Maintenance Reserve Requirement; and
 - (4) The annual Amortization of the total amount of any expenditures made by RIAC for Capital Improvements in the Airfield Cost Center.
- (B) The total Net Airfield Requirement is calculated by crediting amounts totaled pursuant to Section 7.05(A) by: (i) five percent (5%) of the Airfield Requirement to be recovered through Apron Rentals and (ii) Revenues allocable to the Airfield Cost Center, except Signatory Airline Landing Fees and Non-Signatory Airline Landing Fees.
- (C) The Landing Fee Rate for Signatory Airlines for the succeeding Fiscal Year shall be calculated by dividing the Net Airfield Requirement computed pursuant to Section 7.05(B) by the composite estimate of the total Landed Weight of all Air Transportation Companies at the Airport for the succeeding Fiscal Year as projected by RIAC using, in part, the estimates provided by Airline pursuant to Section 7.03(A). An example of the methodology used to calculate Landing Fee Rates is provided in Exhibit I for Fiscal Year 2011.
- 7.06 Calculation of Apron Rental Rate. During each Fiscal Year of the Term hereof, the Apron Fee Rate shall be adjusted annually by dividing five percent (5%) of the Airfield Requirement by the square footage of Apron leased by Signatory Airlines. Whenever the adjustment calculation involves an estimate, the reasonable estimate of RIAC shall be used. An example of the methodology used to calculate Apron Rental Rates is provided in Exhibit I for Fiscal Year 2011. .
- 7.07 Mid-year Adjustments. If total Landing Fees, Terminal Rentals and Apron Rentals for any quarter vary by more than five percent (5%) from the projected total Landing Fees, Terminal Rentals, and Apron Rentals for such quarter, the Landing Fee Rate, Terminal Rental Rate, and Apron Rental Rate shall, if deemed necessary by RIAC, be adjusted for the balance of such Fiscal Year. RIAC will notify the Signatory Passenger Airlines at least thirty (30) days prior to the implementation of a mid year adjustment of the Terminal Rental Rate, Landing Fee Rate, or Apron Rental Rate.

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7.08 Budget versus Actual Reconciliation. Within ninety (90) days after the completion of RIAC's annual audited financial statements, RIAC shall reconcile Rental and Fee Payments in the following manner:

- (A) Terminal Rentals for Exclusive Use and Preferential Use Space. RIAC shall determine the Terminal Rental Rate per square foot using audited financial results and Leasable Space for the preceding Fiscal Year. The Terminal Rental Rate calculated based on the Annual Budget shall be compared to the Terminal Rental Rate calculated based on actual financial results. Any credit or deficit in the Terminal Rental Rate per square foot shall be allocated to Airline per square foot of its Exclusive Use and Preferential Use premises.
- (B) Terminal Rentals for Joint Use Space. Using the Terminal Rental Rate calculated in Section 7.08(A), RIAC shall determine the Joint Use Space Cost. The Joint Use Space Cost shall be compared to the Terminal Rentals received from Signatory Passenger Airlines for the Joint Use Space. Twenty percent (20%) of any deficit or credit in Terminal Rentals for Joint Use Space shall be allocated based on the number of Signatory Passenger Airlines during the preceding Fiscal Year. Eighty percent (80%) of any deficit or credit in Terminal Rentals for Joint Use Space shall be allocated based on the number of Enplaned Passengers by Signatory Airlines in the preceding Fiscal Year.
- (C) Landing Fees. Using audited financial results for the preceding Fiscal Year, RIAC shall determine the Airfield Requirement less: (i) five percent (5%) of the Airfield Requirement and (ii) Revenues allocable to the Airfield Cost Center except Landing Fees. This amount shall be compared to the Landing Fees paid by Air Transportation Companies during the preceding Fiscal Year. Any deficit or credit in Landing Fees shall be allocated based on Airline's share of 100% of the Landed Weight of Signatory Airlines and 125% the Landed Weight of Non-Signatory Airlines in the preceding Fiscal Year.
- (D) Apron Rentals. Using audited financial results for the preceding Fiscal Year, RIAC shall determine five percent (5%) of the Airfield Requirement. This amount shall be compared to the Apron Rentals paid by Air Transportation Companies in the preceding Fiscal Year. Any deficit or credit in Apron Rentals shall be allocated based on Airline's share of 100% of the square footage of Apron leased by Signatory Airlines and 125% of the square footage of Apron leased by Non-Signatory Airlines.

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(E) Any credit or deficit in the Terminal Rentals, Landing Fees, and Apron Rentals and Airline Net Revenue Sharing shall be calculated in aggregate and, as applicable, either Airline shall pay RIAC directly in a lump sum or RIAC shall credit Airline's invoices. The application of any year-end credit, determined in accordance with this Section 7.08, or Airline Net Revenue Sharing, determined in accordance with Section 10.04 shall be withheld to Airline if Airline has an undisputed outstanding past due balance. If RIAC chooses not to invoice the Signatory Airlines for any deficit in Rental and Fee Payments in any Fiscal Year, such amounts may be included in subsequent Fiscal Years' reconciliations.

7.09 Extraordinary Coverage Protection. It is imperative that RIAC generate sufficient Revenues to meet the requirements of the Rate Covenant in the Bond Documents. If RIAC estimates that it will not meet the requirements of the Rate Covenant in the Bond Documents during any Fiscal Year of the Term hereof, RIAC may adjust the Terminal Rental Rate, Landing Fee Rate, and/or Apron Rental Rate to meet such requirements, upon thirty (30) days prior written notice to the Signatory Airlines. RIAC will deposit and retain such Extraordinary Coverage Protection payments in the Coverage Account only to the extent necessary to meet requirements of the Rate Covenant in the Bond Documents. Excess Extraordinary Coverage Protection payments shall be credited back to the Signatory Airlines in proportion to the amounts paid by each Signatory Airline.

Article 8
SIGNATORY AIRLINE AFFILIATE(S)

8.01 Notification. Airline shall provide RIAC with a completed Exhibit A, attached hereto, for each Affiliate active as of the effective date of this Amendment, subsequently Airline shall provide an updated Exhibit A thirty (30) days prior to Airline designating a new Affiliate, which designation is subject to RIAC approval.

8.02 Fees. Affiliate(s) shall be charged the Signatory Airline Landing Fee rate. Airline and any Affiliate shall be counted as one entity for the purposes of computing the Joint Use Formula. Airline is exempt from any Ground Handling Services fees related to its RIAC-approved Affiliate(s).

8.03 Payments. An Affiliate shall be primarily liable for the payment of Landing Fees and other fees incurred at the Airport; provided, however, that Airline shall be secondarily liable as a guarantor for all unpaid fees or charges incurred by such Affiliate while such Affiliate operates at the Airport.

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Airline may elect to pay an Affiliate's rentals, fees, and charges. However, if an Air Transportation Company is designated as an Affiliate of more than one Signatory Airline, the Signatory Airline shall not have the option to pay a portion of the Affiliate's rentals, fees and charges or to report partial statistics and activities on behalf of the Affiliate unless otherwise agreed to by RIAC.

- 8.04 Facility Utilization. In determining Airline's utilization of facilities pursuant to Section 5.02, RIAC shall include the activities of the Affiliate(s) in Airline's use calculations. If an Air Transportation Company is designated as an Affiliate of more than one Signatory Airline, Airline may only include in its use calculations the aircraft departures conducted from Airline's Premises.

Article 9
PASSENGER FACILITY CHARGES

- 9.01 General. RIAC shall have the right to assess airline passengers a Passenger Facility Charge in accordance with the requirements of 14 CFR Part 158. Airline shall collect on behalf of, and remit to RIAC any such Passenger Facility Charge revenue in accordance with the requirements of 14 CFR Part 158. Any Passenger Facility Charge revenue collected by Airline shall, pending remittance to RIAC, be held in trust for the benefit of RIAC. RIAC shall have the right to use all such Passenger Facility Charge revenue collected in any lawful manner. As of the date of this Agreement, the PFC is \$4.50.
- 9.02 Passenger Facility Charge Regulations. Airline and RIAC shall be bound by and shall observe all of the provisions of 14 CFR Part 158 as they apply to either or both parties.

Article 10
BOND DOCUMENTS AND FLOW OF FUNDS

- 10.01 General. In the event of conflicts between this Agreement and the Bond Documents, the Bond Documents shall govern. It is mutually understood and agreed that, so long as any Bonds secured by the Bond Documents are outstanding, the Bond Documents shall govern the deposit and application of Revenues.
- 10.02 Internal Revenue Code of 1986. Airline understands that RIAC is and will be the issuer of Bonds. With respect to Bonds that may be issued, the interest on which is intended to be excludable from gross income of the holders for Federal income tax

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purposes under the Code, Airline agrees that it will not act, or fail to act (and will immediately cease and desist from any action, or failure to act) with respect to the use of its Airline's Premises, if the act or failure to act may cause RIAC to be in noncompliance with the provisions of the Code, and Airline will not take or persist in any action or omission which may cause the interest on such Bonds to be includable in the gross income of the holders thereof for Federal income tax purposes.

- 10.03 SEC Rule 15c2-12. Upon RIAC's written request, Airline shall provide RIAC with such information with respect to Airline as RIAC may require in writing in order for RIAC to comply with its continuing disclosure obligations under Securities and Exchange Commission Rule 15c2-12, as it may be amended from time to time. Satisfaction of such obligation may be met by Airline referring RIAC to the SEC's website, where such requested information about Airline may be publicly-available. To the extent that Airline is an "Obligated Party" with respect to the Bonds as per Securities and Exchange Commission Rule 15c2-12, Airline agrees to execute the Continuing Disclosure Agreement incident to such financing.
- 10.04 Bond Documents Flow of Funds and Application of Revenues. All Revenues shall be deposited, maintained and paid as set forth in the Bond Documents. Amounts remaining in the General Purpose Fund from that Fiscal Year in accordance with Generally Accepted Accounting Principles, following any transfers made pursuant to the Bond Documents, will be applied or credited in the following manner:
- (A) A deposit in the Coverage Account to maintain a balance of twenty-five percent (25%) of Annual Debt Service, net of contributions from PFC revenues.
 - (B) The first one million dollars (\$1,000,000) of amounts remaining at the end of the Fiscal Year, if any, following any and all transfers and assignments required by the Bond Documents and by Section 10.04(A) shall remain in the General Purpose Fund.
 - (C) The next six hundred thousand (\$600,000) of amounts remaining at the end of the Fiscal Year, if any, following any and all transfers and assignments required by the Bond Documents, by Section 10.04(A), and by Section 10.04(B) shall be designated as Airline Net Revenue Sharing.
 - (D) Forty percent (40%) of amounts remaining at the end of the Fiscal Year, if any, following any and all transfers and assignments required by the Bond

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Documents, Section 10.04(A), Section 10.04(B), and Section 10.04(C) above shall be designated as Airline Net Revenue Sharing. Airline Net Revenue Sharing will be allocated among the Signatory Passenger Airlines on the basis of the number of Enplaned Passengers for such Fiscal Year.

- (E) Sixty percent (60%) of amounts remaining at the end of the Fiscal Year, if any, following any and all transfers and assignments required by the Bond Documents and by Section 10.04(A), Section 10.04(B), Section 10.04(C), and Section 10.04(D) above, which amounts shall remain in the General Purpose Fund. Amounts in the General Purpose Fund are available to RIAC for any lawful purpose.

Article 11

MAINTENANCE, REPAIR, ALTERATIONS, AND IMPROVEMENTS

11.01 Airline's Responsibilities. In addition to the obligations as set forth elsewhere in this Agreement, it is understood and agreed that Airline shall have the following maintenance and repair obligations, including those outlined in Exhibit H:

- (A) Airline agrees that, upon Airline's occupancy of its Exclusive, Joint, and Preferential Use Premises, such space is in good and tenantable condition.
- (B) Airline shall provide janitorial services and nonstructural repairs to its Exclusive and Preferential Use Space, and at its sole expense and in a manner reasonably acceptable to RIAC as established in Exhibit H and as follows:
 - (1) Maintain its Exclusive and Preferential Use Space in good condition. Holdroom areas shall be adequately and attractively equipped, furnished, and decorated, and kept clean and presentable.
 - (2) Perform, at its sole expense, ordinary preventive maintenance and ordinary upkeep and nonstructural repair of all facilities within its Exclusive and Preferential Use Space.
 - (3) Immediately repair any damage in any other space at the Airport occasioned by the fault or negligence of Airline or its licensees and passengers.
 - (4) If Airline fails to perform its obligations under this Section 11.01, RIAC may do so after reasonable notice, not less than thirty (30) days,

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and recover its entire cost plus a fifteen percent (15%) administrative charge from Airline as an additional charge on the next rent due date.

11.02 RIAC's Responsibilities. In addition to the obligations as set forth elsewhere in this Agreement, it is understood and agreed that RIAC shall have the following maintenance and repair obligations, including those outlined in Exhibit H:

- (A) RIAC, during the term of this Agreement, shall retain FAA Airport Certification and keep in good repair, or arrange for the operation, maintenance (including snow removal), and good repair of, the Airport, including, but not limited to, the Terminal (except Signatory Airline's Exclusive and Preferential Use Premises), vehicular parking areas, runways, field lighting, taxiways, aprons, and roadways and all appurtenances, facilities, equipment, and services now or hereafter connected with the foregoing.
- (B) RIAC shall keep, or make appropriate arrangements to keep, the Terminal (except Signatory Airline's Exclusive and Preferential Premises) adequately equipped, furnished, decorated, clean, and presentable. RIAC shall provide and supply in such areas of the Terminal Building signs, heat, electricity, light, power, air-conditioning, wastewater disposal, sanitary sewers, water, and janitorial services, including rubbish removal. Interruption of services shall not constitute a breach of this Agreement by RIAC, but RIAC shall use its best efforts to restore such service after interruption.
- (C) RIAC shall maintain the exterior portions of the walls (including exterior window glass) and roof of the Exclusive and Preferential Use Premises and all central mechanical distribution systems in good repair and condition.
- (D) The undertakings by RIAC under this Section 11.02 do not relieve Airline of its duties to maintain any leased facilities and to use the Terminal with due care.
- (E) RIAC hereby agrees to consult with Airlines on an annual basis, or as otherwise necessary, regarding planned Capital Improvements at Airport. The decision to proceed with any planned Capital Improvements at the Airport is at the sole discretion of RIAC.

11.03 RIAC's Right to Inspect and Make Repairs. RIAC, by its authorized officers, employees, agents, contractors, subcontractors, and other representatives, shall have

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the right to enter Airline's Exclusive Use and Preferential Use space in the company of Airline's representative with reasonable advance notice except in an emergency for the following purposes:

- (A) To inspect such space to determine whether Airline has complied and is complying with the terms and conditions of this Agreement.
- (B) To accomplish repairs or replacements by RIAC pursuant to Section 11.02, or in any case where Airline is obligated to make repairs or replacements and has failed to do so, after notice, make such repairs or replacements on Airline's behalf.
- (C) In the exercise of RIAC's police powers, no such entry by or on behalf of RIAC upon any Airline's Exclusive, Joint, or Preferential Use Premises shall cause or constitute a termination of the letting thereof or be deemed to constitute an interference with the possession thereof by Airline.

11.04 Alterations and Improvements. Airline may construct and install, at its own expense, such improvements in its Exclusive and Preferential Use Premises as Airline deems necessary for its operation; provided, however, that the plans and specifications, location, and construction schedule for such improvements shall be approved by RIAC in writing prior to the commencement of any and all such construction or installation. Said approval shall not be unreasonably withheld, conditioned, or delayed. Provided further that no reduction or abatement of rentals, fees, and charges shall be allowed for any interference with Airline's operations by such construction, and further that no interference be caused with the normal operation of the Airport's other tenants and users.

- (A) Prior to the commencement of any improvements greater than fifty thousand dollars (\$50,000), RIAC shall have the right to require that Airline obtain or cause to be obtained, a contract surety bond in a sum equal to the full amount of the construction contract awarded by Airline for the improvements. Said bond: shall name RIAC as an obligee hereunder and shall be drawn in a form and from such company acceptable to RIAC and licensed to do business in the State; shall guarantee the faithful performance of necessary construction and completion of improvements in accordance with approved final plans and detailed specifications; and shall protect RIAC against any losses and liability, damages, expenses, claims, judgments caused by or resulting from any failure to perform completely the work described. RIAC reserves the right to require that Airline acquires or causes to be acquired a payment bond

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with any contractor or contractors of Airline, as principal, in the sum equal to the full amount of the construction contract awarded by Airline for the improvements. Said bond shall name RIAC as an obligee thereunder and shall guarantee payment of all wages for labor and services engaged and of all bills for materials, supplies, and equipment used in the performance of said construction contract. Upon completion of approved construction and within sixty (60) days of Airline's receipt of a certificate of occupancy, a complete set of as-built drawings shall be delivered to RIAC in a media type and format acceptable for the permanent record of RIAC.

- (B) Airline shall furnish or require contractors to furnish satisfactory evidence of statutory worker's compensation insurance, comprehensive general liability insurance, comprehensive automobile insurance, and physical damage insurance, on a builder's risk form with the interest of RIAC endorsed thereon, in such amounts and in such manner as RIAC may reasonably require. RIAC may require additional insurance for any alterations or improvements approved hereunder, in such limits as RIAC reasonably determines to be necessary.
- (C) Any construction or installation shall be at the sole risk of Airline and shall be in accordance with all applicable State and local codes and laws and subject to inspection by RIAC or its designees.
- (D) Any improvements made to Exclusive and Preferential Use Premises and additions and alterations thereto made by Airline shall become the property of RIAC on their installation or construction on the Premises; provided, however, that Airline shall have the use of such improvements until this Agreement expires or is terminated. Notwithstanding the foregoing, any trade fixtures, signs, equipment, and other movable Personal Property of Airline not permanently affixed to Preferential Use Space shall remain the property of Airline, subject to the terms of Section 4.05.

Article 12
DAMAGE OR DESTRUCTION, INSURANCE,
INDEMNIFICATION, AND RELEASE OF LIABILITY

12.01 Damage or Destruction.

- (A) If the Exclusive, Preferential, and Joint Use Premises or any portions thereof, or buildings or structures of which such space may be a part, are damaged by

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fire or other casualty, RIAC shall notify Airline within sixty (60) days whether the space shall be repaired. If the space is to be repaired, it will be repaired with due diligence by RIAC, and the rental allocable to the particular building, rooms, or other portion of the space rendered untenable for the period from the occurrence of the damage to the completion of the repairs shall be abated. RIAC shall exert its best effort to provide Airline with temporary substitute space, if available, at such rent as deemed necessary and reasonable by RIAC, which shall be no more than the rent per square foot per annum that is then payable by Airline for the damaged space until such time as the repairs are completed. If RIAC notifies Airline that such damaged space will not be repaired, RIAC shall be deemed to have elected to terminate this Agreement only as to the space that was damaged or destroyed, and the Agreement shall automatically terminate only as to such space as of the date of the damage or destruction. RIAC shall exert its best effort to provide Airline with replacement space.

- (B) Notwithstanding the provisions of Section 12.01(A), in the event that due to the negligence or willful act or omission of Airline, Exclusive, Preferential or Joint Use Premises shall be damaged or destroyed by fire, other casualty or otherwise, there shall be no abatement of rent during the repair or replacement of said Premises. To the extent that the costs of repairs shall exceed the amount of any insurance proceeds payable to RIAC by reason of such damage or destruction, Airline shall pay the amount of such additional costs to RIAC.

12.02 Insurance.

- (A) The Airline, at its sole cost and expense, shall throughout the term of this Agreement, keep all of its operations on the Airport, and its obligation to indemnify RIAC pursuant to Section 12.03, continuously insured in accordance with this section of this Agreement. The minimum amounts and types of insurance coverage required hereunder shall in no event be construed to limit or modify the Airline's obligation to indemnify RIAC as set forth in Section 12.03.

All insurance shall be in a form and with an insurance company or companies that are reasonably acceptable to RIAC. Said insurance shall be in occurrence form, not claims made.

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Each liability insurance policy shall include severability of interest language, specifying that coverage afforded thereunder applies separately to each insured thereunder.

All Airline insurance policies shall name RIAC, the Rhode Island Economic Development Corporation, and the state of Rhode Island together with their respective officers, directors, employees and agents ("RIAC Insureds/Indemnitees") as additional insureds. All such policies shall provide that such policy may not be materially changed, materially altered, or cancelled by the insurer during its term without first giving at least thirty (30) days written notice to RIAC.

Immediately upon execution of this Agreement, Airline shall furnish RIAC with evidence of all insurance policies specified in this Section 12.02.

Prior to the expiration of any then-current policy of insurance, Airline shall deliver to RIAC evidence showing that such insurance coverage has been renewed. Within fifteen (15) days after the date of written notice from the insurer of cancellation or reduction in coverage, Airline shall deliver to RIAC evidence showing reinstatement or other provision for the required insurance.

All such evidence shall be in the form of certificates of insurance satisfactory to RIAC, evidencing coverage as required by this insurance section. Airline shall be responsible for any additional cost to RIAC resulting from or arising out of Airline's failure to obtain and maintain the insurance required by this Section 12.02.

- (B) Airline shall carry and maintain airline liability insurance in respect to all aircraft owned, leased or operated by the Airline for bodily injury or death and property damage liability in a combined single limit amount of not less than the following amounts per occurrence and shall include aircraft liability, airport liability, passenger liability and baggage and cargo liability:
 - (1) If Airline operates at the Airport only as a Signatory Cargo Airline whose largest aircraft operating at the Airport has a gross takeoff weight of less than 60,000 pounds, fifty million dollars (\$50,000,000);

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- (2) If Airline operates at the Airport only as a Signatory Passenger Airline whose largest aircraft operating at the Airport has 50 seats or less, one hundred million dollars (\$100,000,000);
 - (3) If Airline operates at the Airport only as a Signatory Cargo Airline whose largest aircraft operating at the Airport has a gross takeoff weight of 60,000 pounds or more, two hundred fifty million dollars (\$250,000,000);
 - (4) All others, five hundred million dollars (\$500,000,000).
- (C) If the Airline operates a club or "VIP" room serving alcoholic beverages, liquor liability insurance must be provided.
- (D) Airline shall carry and maintain comprehensive automobile liability insurance for all owned, hired, and non-owned vehicles against death, bodily injury, and property damage claims, in a combined single limit amount of not less than ten million dollars (\$10,000,000).
- (E) Airline shall carry and maintain workers' compensation and employers' liability insurance in accordance with State statutory limits with an All States Endorsement and one million dollars (\$1,000,000) in Employer's Liability coverage.
- (F) RIAC, in operating the Airport, shall carry and maintain comprehensive liability insurance in such amounts as would normally be maintained by public bodies engaged in carrying on similar activities. Nothing herein shall prevent RIAC from self-insuring to the extent RIAC deems appropriate. Nothing contained in this Agreement shall be construed as a waiver by RIAC of rights under the Governmental Tort Claim Act, R.I. Gen. Laws § 9-31-1 *et seq.*, as amended from time to time, nor as a limitation on the rights and defenses available to RIAC under law.
- (G) The parties understand and agree that the minimum limits of the insurance herein required may become inadequate during the term of this Agreement, and Airline and RIAC agree that each will increase such minimum limits by reasonable amounts, if appropriate, on request of the other party.
- (H) If at any time Airline fails to obtain or maintain in force the insurance required herein, RIAC may, but is not required to, purchase such insurance

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for Airline's account. If Airline has not delivered evidence of insurance to RIAC before the date on which the current insurance expires, RIAC may provide such insurance by taking out policies in amounts no greater than those stipulated herein or as may be in effect from time to time. RIAC will provide Airline seven (7) days advance notice of its intent to provide insurance as provided herein. The amount of the premiums paid for such insurance by RIAC shall be payable by Airline upon receipt of RIAC's bill.

- (I) If at any time Airline fails to obtain or maintain in force the insurance required herein, such failure shall constitute an incurable default permitting RIAC, at its option, to immediately terminate this Agreement and take possession of the Premises upon giving the notice specified in Section 15.02. RIAC shall have all available remedies specified in Section 15.02 or permitted by law.
- (J) If any claim for damages is filed with Airline or if any lawsuit is instituted against Airline, Airline shall give prompt and timely notice thereof to RIAC, provided that claims and lawsuits subject to such notice are only those that arise out of or are in any way connected with Airline's use of the Premises or Airline's operations or activities in regard to the Airport and that in any way affect or might reasonably affect RIAC. Notice shall be deemed prompt and timely if given within thirty (30) days following the date of receipt of a claim or ten (10) days following the date of service of process of a lawsuit. Accident or property damage claims in an amount less than one thousand dollars (\$1,000) shall be excluded from the requirements of this Section 12.02(J).
- (K) If any claim for damages is filed with RIAC or if any lawsuit is instituted against RIAC, RIAC shall give prompt and timely notice thereof to Airline, provided that claims and lawsuits subject to such notice are only those that arise out of or are in any way connected with the operation of the Airport by RIAC and that in any way affect or might reasonably affect Airline. Notice shall be deemed prompt and timely if given within thirty (30) days following the date of receipt of a claim or ten (10) days following the date of service of process of a lawsuit. Accident or property damage claims in an amount less than one thousand dollars (\$1,000) shall be excluded from the requirements of this Section 12.02(K).
- (L) The time limitations set forth in Sections 12.02(J) and 12.02(K) are discretionary. If the notice required to be given by these sections is late, that is, if notice is not given within the time period set forth therein, the party is

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not precluded from establishing that the notice actually given was timely under the circumstances of the particular claim or lawsuit, unless by the failure to give such notice within the applicable time period, the other party has been prejudiced in its ability to consider such claim or to respond or to properly defend such lawsuit. If the other party is so prejudiced by a late notice, then the late notice shall not be deemed to be prompt and timely.

- (M) Any and all subcontracting agreements entered into by the Airline for use of the space including, but not limited to, marketing relationships, feeder services, and charter operations must conform to the same insurance and indemnification requirements.
- (N) Waiver of Subrogation; Release of Claims. RIAC and Airline agree to have all fire and extended coverage and material damage insurance carried with respect to the Airport, the property or any portion of either endorsed with a clause which waives all rights of subrogation that the insurer of one party might have against the other party, including RIAC Insureds/Indemnitees. To that effect, RIAC and Airline will employ their respective diligent efforts to cause their insurance companies to endorse the affected property (fire and extended coverage, multiple peril) coverage with the waiver of subrogation; provided that:
- (1) In the event that the waiver of subrogation is available only upon payment of additional premium, the party for whose benefit the waiver of subrogation is requested will bear the additional cost; and
 - (2) In the event that a waiver of subrogation is not available (even with the payment of additional premium), so that one or both parties are unable to secure the issuance of the waiver of subrogation, the party so unable to procure the waiver of subrogation will immediately cause the other party to be named as an additional insured on its fire and extended coverage policy.

12.03 Indemnification. Subject to the provisions for waiver of subrogation and release of claims set forth in Section 12.02(N) above, to the fullest extent permitted by law, Airline agrees fully to indemnify, defend, and hold RIAC Insureds/Indemnitees and their respective parent, subsidiary and affiliate corporations, successors and assigns, individually and collectively, harmless from and against all claims and actions (and all expenses incidental to the investigation and defense thereof including, without limitation, reasonable legal fees) based on or arising out of damages or injuries or

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death to any person or property caused by or arising out of the use, occupancy, or operations of Airline at the Airport, or the rights, licenses or privileges granted Airline herein, or the acts or omissions of Airline or its licensees or suppliers, regardless of where the injury, death or damage may occur. Airline shall not be liable for any injuries, death, damage, or loss to the extent that such injury, death, damage, or loss is caused by the sole negligence or willful misconduct of RIAC. RIAC shall give to Airline prompt and reasonable notice of any such claims or actions, and such cooperation and assistance as Airline may reasonably require. Airline's indemnity obligations for claims and actions arising under any environmental laws and regulations shall be governed by Section 14.05 of this Agreement.

The provisions of Sections 12.02 through 12.04 shall survive the expiration or early termination of this Agreement.

12.04 Release of Liability.

- (A) Except as expressly provided in this Section 12.04, RIAC Insureds/Indemnitees shall not be liable for, and are hereby released from, all liability to Airline, to Airline's insurance carrier or to anyone claiming under or through Airline for bodily injury or for any loss or damage to real or personal property occasioned by any act or cause beyond their respective control including, without limitation, loss of power, flood, fire, earthquake, hurricane, tornado, lightning, windstorm, hail, explosion, riot, strike, civil commotion, smoke, vandalism, malicious mischief, or acts of civil authority other than negligent or intentionally wrongful acts of omission or commission of employees or agents of RIAC. This paragraph does not limit the duties, responsibilities, and liability of RIAC as landlord, pursuant to the laws of the state of Rhode Island.
- (B) RIAC Insureds/Indemnitees shall not be liable for, and are hereby released from all liability to Airline, to Airline's insurance carrier, or to anyone claiming under or through Airline for any loss or damage whatsoever to the property or effects of Airline resulting from the discharge of water or other substances from pipes, sprinklers or conduits, containers or appurtenances thereof or fixtures thereto, or for any damage resulting from the discharge or failure of electric current, regardless of cause or origin, except to the extent that such damage is caused by the negligence or intentional wrongdoing of RIAC.

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- (C) Neither party, including RIAC Insureds/Indemnitees, shall be liable to the other, whether in contract, tort, negligence, strict liability, equity or otherwise, for any lost or prospective profits or any other special, punitive, exemplary, indirect, incidental or consequential losses or damages arising out of or in connection with this Agreement or any failure of performance related hereto, howsoever caused, whether arising from such person's sole, joint or concurrent negligence, except to the extent such damages are covered by any applicable insurance policy required hereunder. Nothing contained in this Section 12.04(C) shall limit in any manner Airline's obligation to indemnify, defend and save harmless RIAC Insureds/Indemnities under Section 12.03, above, or any other indemnity undertaking by Airline in this Agreement.

The provisions of this Section 12.04 shall not be construed as a limitation of RIAC's rights pursuant to Section 12.03, but are additional to the rights and exclusions from liability provided in Section 12.03.

Article 13
ASSIGNMENT OR SUBLEASE

13.01 Assignment and Subletting. Airline shall not assign, transfer, convey, sell, mortgage, pledge, or encumber this Agreement or any part hereof in any manner whatsoever or sublet the Premises or any part thereof or any of the rights granted in this Agreement without the prior written approval of the President; provided, however, Airline shall have the right to assign all or any part of its rights and interests under this Agreement to any Affiliate, or any successor to its business through merger, consolidation, voluntary sale, or transfer of substantially all of its assets, and the approval of the President thereto shall not be required, but due notice of any such assignment shall be given to RIAC within thirty (30) days after such assignment.

13.02 Ground Handling Services.

- (A) Ground Handling Services by Airline. Airline shall not ground handle another Air Transportation Company, without the prior written approval of the President. Should Airline wish to handle any portion of the operations of another Air Transportation Company, Airline shall provide RIAC with advance written notice of such proposed activities, including a description of the type and extent of services offered. Airline agrees to pay monthly to RIAC, an administrative fee of three percent (3%) of the gross revenues derived from such Ground Handling Services performed for Non-Signatory Airlines or non-scheduled airlines, provided however, that no administrative

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fee shall be required for Ground Handling Services performed for Airline's Affiliate(s) and other Signatory Airlines.

- (B) Ground Handling Services by Others. RIAC shall grant Airline the right to contract with other companies, including Signatory Airlines, for Ground Handling Services for Airline's aircraft, provided that, among other considerations: (i) Airline has received advance written consent of RIAC; and (ii) such other company, unless such company is a Signatory Airline, has entered into a Ground Handling Services operating agreement with RIAC prior to the commencement of such Ground Handling Services.
- 13.03 Release of Space. If Airline wishes to release part of the Premises to RIAC, Airline shall notify RIAC in writing of the space Airline wishes to release and RIAC shall use its best efforts to reassign such space to another Air Transportation Company; provided, however, RIAC shall not be obligated to take back the space Airline wishes to release and Airline shall remain responsible for all obligations regarding such space under this Agreement. If RIAC agrees to take back space released by Airline, RIAC shall amend this Agreement to relieve Airline of its obligations in regard to the space released.
- 13.04 Nonwaiver of Responsibility. No assignment, transfer, conveyance, sale, mortgage, pledge, encumbrance, or sublease by Airline shall relieve Airline of its responsibility for the payment of rentals and fees or the performance of all other obligations provided for in this Agreement, without the prior written approval of the President to such relief.
- 13.05 Assignment by RIAC. RIAC shall have the right to transfer or assign this Agreement without limitation to another public or quasi-public entity including, without limitation, the state of Rhode Island. This entity to which this Agreement is transferred or assigned shall be bound by all of the rights and obligations contained herein. If such public or quasi-public entity either refuses to accept one or more of RIAC's obligations or does not recognize one or more of Airline's rights in this Agreement, then Airline may terminate this Agreement pursuant to Article 15.

Article 14
ENVIRONMENTAL

- 14.01 Compliance. The Airline shall strictly comply with all generally accepted industry environmental practices and standards and Environmental Laws. Without limiting the generality of the foregoing provision, Airline shall promptly notify RIAC of any

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Hazardous Material Release by Airline at the Airport reportable under Environmental Law or the SWPPP, and promptly abate, remediate, and remove the release in accordance with Environmental Law. Airline shall provide RIAC with copies of all Environmental Claims, reports and inquiries relating to the Environmental Laws at the Airport within fifteen (15) days after such documents are generated by or received by Airline.

If Airline uses, handles, treats or stores Hazardous Materials at the Airport, and it is necessary for Airline to arrange for the disposal of the Hazardous Materials, Airline shall have a contract in place with an EPA approved waste transport or disposal company, and shall identify and retain spill response contractors to assist with spill response and facilitate waste characterization, transport and disposal. Complete records of all disposal manifests, receipts and other documentation shall be retained by the Airline and made available to RIAC for review upon request. RIAC shall have the right at any time to enter the Premises upon reasonable prior notice to inspect, take samples for testing, and otherwise investigate the Premises for the presence of Hazardous Materials; except that prior notice shall not be required in the event of an actual or threatened Release by an Airline at the Airport. In exercising its right of access, RIAC shall endeavor to minimize disruption of or interference with Airline's operations or use of the Premises.

14.02 Responsibility. Notwithstanding or limiting Airline's obligation to comply with Environmental Laws, Airline specifically acknowledges the following:

(A) Hazardous Materials.

- (1) Hazardous Materials that are generated, used, handled, treated, stored, disposed, released, discharged, transported, to, from or on the Airport by Airline, or otherwise used by Airline in connection with its activities at the Airport whether during the Term of this Agreement or any other prior lease or agreement (collectively referred to as "generated or used by Airline") are the sole responsibility of Airline. Airline shall use its assigned Environmental Protection Agency Identification Number when completing manifests.
- (2) Except as expressly assumed by Airline under this Agreement, Airline shall not be responsible for Hazardous Materials that:
 - (a) Exist on the Airport prior to the date that Airline commenced air operations at the Airport, except to the extent that Airline

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disturbed or caused known pre-existing Hazardous Materials to migrate so as to give rise to an Environmental Claim, or

- (b) Are generated, used, handled, treated, stored, disposed, released, discharged or transported on the Airport by a person other than Airline.
 - (c) Notwithstanding the provisions of Sections 14.02(A)(2)(a) and 14.02(A)(2)(b) above, Airline shall be responsible if Airline was negligent in disturbing or exacerbating a Release of Hazardous Materials.
- (3) All reporting requirements under Environmental Laws with respect to Hazardous Materials generated, used, handled, treated, stored, disposed, discharged, spilled, released, or transported to spills, releases, or discharges of by Airline at the Airport under any law are the responsibility of Airline.
- (B) Prior to expiration or earlier termination of Agreement, Airline shall remove from the Premises, the Airport, and surrounding lands and waters, and remediate, in accordance with Environmental Laws all Hazardous Materials that Airline is responsible for as set forth in Section 14.02(A)(1). Unless instructed otherwise by RIAC, Airline shall also, prior to vacating the Airport, remove or remediate (at RIAC's option) all tanks, piping and other equipment installed or operated by an Airline which stored, or which are contaminated by, Hazardous Materials.
- (C) Stormwater Requirements.
 - (1) Airline acknowledges that the Airport is subject to federal and state stormwater requirements including any permits and conditions issued there-under. In its operations at the Airport, Airline shall comply with Applicable Law, which shall specifically include the RIPDES Permit, SWPPP, SPCC Plan, DMPP, and Rules and Regulations with respect to deicing and stormwater discharges.
 - (2) RIAC and Airline both acknowledge that close cooperation is necessary to ensure compliance with any stormwater discharge permit terms and conditions, as well as to ensure safety and to minimize costs. Airline acknowledges that it is necessary to

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implement and maintain "Best Management Practices", as defined in 40 CFR, Part 122.2 and corresponding state regulations. RIAC shall give Airline reasonable notice of any changes to those portions of RIAC's stormwater discharge permits applicable to, or that affect, Airline's operations at the Airport, but Airline is ultimately responsible for its own NPDES/RIPDES compliance.

- (3) RIAC shall provide Airline Headquarters' Environmental Staff with written notice of proposed changes to RIPDES permit requirements, including applicable deadlines. Airline, within fifteen (15) days of receipt of such written notice, shall notify RIAC in writing if it disputes any of the RIPDES permit requirements it is being directed to undertake. If Airline does not provide such timely notice, it is deemed to assent to undertake such requirements. If Airline provides RIAC with written notice, as required above, that it disputes such RIPDES stormwater discharge permit requirements, RIAC and Airline agree to negotiate a prompt resolution of their differences or work collectively on appealing such permit conditions. Airline warrants that it will not object to RIAC notices required pursuant to this paragraph unless Airline has a good faith basis to do so.
- (4) RIAC and Airline agree to provide each other upon request with any non-privileged information collected and submitted to any Government Authority pursuant to applicable NPDES/RIPDES stormwater regulations.
- (5) Airline agrees to participate in any reasonable manner requested by RIAC in any RIAC organized task force or other work group established to coordinate stormwater activities at the Airport.

(D) Storage Tanks. Airline shall not install storage tanks without Airport's prior written consent, including above and below-ground tanks or other vessels containing more than (55) fifty-five gallons of liquid, including associated piping, pumps, waste oil apparatus, pipes, content of the tanks and related lines and other equipment installed, used or operated by Airline.

14.03 Failure to Comply. If Airline fails to implement any actions required under any Environmental Laws or requests of Airport under the terms of this Agreement within thirty (30) days, or as otherwise required by Airport or a Government Authority; (i) Airline shall be in default under this Agreement; (ii) Airport shall have

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the right, but not the obligation, to implement any actions which it deems necessary or prudent to address Environmental Claims, or attain compliance with Environmental Laws; and (iii) Airline shall reimburse Airport for its actual costs, plus a 15% administrative fee, taken to achieve compliance.

14.04 Airport Access to Premises.

(A) Airport may, at reasonable times after reasonable advance notice and in the presence of an employee or agent of Airline, enter the Premises to conduct reasonable inspections, tests, samplings, split samples or other investigations, including vehicle inspections, for the purpose of inspecting the Premises to assess whether Airline is operating in accordance with Environmental Laws. Notwithstanding the foregoing, Airport will have access to the Premises at any time in the event of an emergency and the right to take any action it deems necessary to respond to emergency conditions and will not unreasonably interfere with Airline operations.

(B) Based upon Airport's reasonable belief that Airline has caused or is in violation of Environmental Laws, Airport may request that the Airline conduct, at its expense, all necessary testing required under Environmental Law to determine whether a violation occurred or exists. If Airline fails to conduct such testing within a reasonable period of time, after written notice to Airline, Airport may conduct such necessary testing and analysis required under Environmental Law and all costs will be the responsibility of Airline if it is determined that there has been a violation of Environmental Laws.

14.05 Indemnity. In addition to any other indemnities in this Agreement, the indemnity hereunder shall include all costs incurred by RIAC under Section 14.03 and, to the fullest extent permitted by law, Airline shall defend, indemnify and hold harmless RIAC Insured/Indemnitees and their respective parent, subsidiary and affiliate corporations, successors and assigns, individually and collectively, from any and all Environmental Claims (including reasonable attorney's fees, litigation and investigation expenses, penalties, and court costs) to the extent arising from or caused by the use, handling, treatment, storage, disposal, discharge, or transportation of Hazardous Materials by an Airline on or at the Airport, the violation of any Environmental Law by an Airline, or the failure of an Airline to comply with the terms, conditions and covenants of this Article 14.

The foregoing indemnity shall not apply to Environmental Claims to the extent arising from or caused by:

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- (A) Environmental conditions existing on the Airport prior to the date Airline commenced operations at the Airport, except to the extent that an Airline disturbed, exacerbated or caused to migrate known pre-existing hazardous materials, so as to give rise to an Environmental Claim, or
 - (B) The use, handling, treatment, storage, disposal, discharge, or transportation of Hazardous Materials by a person other than Airline, except to the extent the negligent act or omission of Airline causes an Environmental Claim.
- 14.06 Removal. Prior to expiration or earlier termination of Agreement, Airline shall remove from the Premises, the Airport, and surrounding lands and waters, or remediate in accordance with applicable Environmental Laws and the Airport Environmental Rules and Policies, all Hazardous Materials for which an Airline is responsible under Section 14.02. Unless instructed otherwise by RIAC, Airline shall also, prior to vacating the Airport, remove or remediate (at RIAC's option) all tanks, piping and other equipment installed or operated by an Airline which stored, or which are contaminated by, Hazardous Materials.
- 14.07 Survival. The obligations, covenants, conditions, and indemnities in this Article 14 shall survive Airline's tenancy and termination of this Agreement. No subsequent modification or termination of this Agreement by agreement of the parties or otherwise shall be construed to waive or to modify any provision of this section unless the termination or modification agreement or other document so states in writing.

Article 15
TERMINATION

- 15.01 Termination by Airline. On or after the occurrence of any one of the following events, Airline shall have the right to terminate this Agreement at any time Airline is not in default in its Rental and Fee Payments or other obligations under this Agreement by giving RIAC thirty (30) days advance written notice:
- (A) The breach by RIAC of any of the covenants or agreements contained in this Agreement for a period exceeding sixty (60) days after receipt of written notice of such breach from Airline.
 - (B) Action by RIAC or such other Federal, State, or local entity with jurisdiction prohibiting Airline from using the Airport for a period exceeding sixty (60)

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days because of any deficiency of the Airport or an unsafe operating condition existing at the Airport or in the surrounding airspace.

15.02 Termination by RIAC. RIAC shall have the right to terminate this Agreement and all of its obligations hereunder immediately upon written notice, and may exercise all rights of entry and re-entry upon the Premises immediately after such notice is given, without forfeiture, waiver, or release of RIAC's rights to any sum of money payable by Airline, immediately upon or after the occurrence of any one of the following events:

- (A) The failure of Airline to make Rental and Fee Payments when due under this Agreement for a period of fifteen (15) days after receipt of written notice of such breach from RIAC; a default notice shall be issued within five (5) days of default.
- (B) The breach by Airline of any of the terms, covenants, agreements, or conditions contained in this Agreement for a period exceeding thirty (30) days after receipt of written notice of such breach from RIAC; provided that, if the breach is of such a nature that it cannot be cured within thirty (30) days, a reasonable period shall be allowed.
- (C) The cessation by Airline of scheduled air service at the Airport for a period of thirty (30) consecutive days unless such cessation of service is directly attributable to circumstances for which Airline is not responsible and which are not within Airline's control.
- (D) Airline becomes insolvent; fails to pay its debts as they mature; takes the benefit of any present or future federal or State insolvency statute; makes a general assignment for the benefit of creditors; files a voluntary petition in bankruptcy or a petition or answer seeking an arrangement of its indebtedness under the Federal Bankruptcy Code or under any other law or statute of the United States or of any state thereof; 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 shall be entered by or against Airline under any chapter of the Federal Bankruptcy Code.
- (E) Airline is adjudged a debtor or bankrupt by order or decree of a court, or an order is made approving a petition filed by any of Airline's creditors or by any of its stockholders, seeking its reorganization or the restructuring of its

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indebtedness under the Federal Bankruptcy Code or under any other law or statute of the United States or any state thereof, and such order or decree shall not be stayed or vacated within sixty (60) days of its issuance.

- (F) A petition under any chapter of the Federal Bankruptcy Code or an action under any federal or State insolvency law or statute shall be filed against Airline and is not dismissed or stayed within sixty (60) days after the filing thereof.
 - (G) A receiver, trustee, custodian, liquidator, or other similar official takes possession or control of all or substantially all of the property of Airline by, pursuant to, or under any legislative act, resolution, rule, or any order or decree of any court or governmental board, agency, or officer, and such possession or control continues in effect for a period of sixty (60) days.
 - (H) Airline becomes a corporation in dissolution.
 - (I) The transfer, passing, or devolving of any interests or rights of Airline hereunder, by operation of law or otherwise, to any other entity, by, in connection with, or as a result of any bankruptcy, insolvency, trusteeship, liquidation, or other proceedings or occurrence described in this Section 15.02.
 - (J) The failure of Airline to maintain the minimum insurance levels required in Section 12.02.
 - (K) The conduct of any business, practice, or performance of any act at the Airport that is not specifically authorized by this Agreement, or by any other agreement between RIAC and Airline, if said business or act does not cease permanently within fifteen (15) days of receipt of RIAC's written notice to cease said business, practice, or act.
 - (L) The failure by Airline to comply with environmental regulations in accordance with Section 14.03.
- 15.03 Reletting by RIAC. In any instance in which RIAC shall have the right to terminate this Agreement under Section 15.02, RIAC shall, in the alternative, have the right to the fullest extent permitted by law, without terminating this Agreement, to re-enter the Premises and improve and relet all or any part of it to others, for the account of Airline and on terms that are commercially reasonable, including costs of renovation

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and an administrative fee not to exceed fifteen percent (15%) paid to RIAC for all sublease rentals received, and Airline shall promptly reimburse RIAC for any deficiency in rentals or other payments received under such subletting as compared to Airline's obligations under this Agreement. RIAC shall have all additional rights and remedies as may be provided to landlords by law.

- 15.04 Nonwaiver of Rights. No waiver by either party of any of the terms, conditions, covenants, or agreements in this Agreement shall be deemed or taken as a waiver at any time there-after of the same of any other term, condition, covenant, or agreement in this Agreement, or of the strict and prompt performance thereof. No delay, failure, or omission of RIAC to re-enter the Premises, and no subsequent acceptance by RIAC of rent then or thereafter accrued, and no delay, failure, or omission of either party to exercise any right, power, privilege, or option arising from any default, shall impair any such right, power, privilege, or options, or be construed to be a relinquishment thereof, or a waiver of such default or acquiescence therein; and no notice by either party shall be required to restore or revive any option, right, power, remedy, or privilege after waiver by such party of default in one or more instances. No option, right, power, remedy, or privilege of either party shall be construed as being exhausted or discharged by the exercise thereof in one or more instances. All rights provided by this Agreement shall be cumulative, and no one of them shall be exclusive of the other or exclusive of any other remedies provided by law, and the exercise of one right, power, option, or remedy by either party shall not impair its rights to exercise any other right, power, option, or remedy.

Article 16
GENERAL PROVISIONS

- 16.01 Rules and Regulations. Airline shall observe and obey during the term and any extension of this Agreement the Rules and Regulations promulgated by RIAC governing conduct on and operations at the Airport to the extent such Rules and Regulations do not conflict with this Agreement. RIAC agrees that all Rules and Regulations so promulgated shall not be inconsistent with any current or future legally authorized rule or regulation of the FAA or any other federal or State agency having authority over Airline and that Airline will be provided an opportunity to comment on proposed Rules and Regulations potentially affecting its operations. RIAC agrees to provide Airline with notice of any new rules promulgated within a reasonable time of their enactment.
- 16.02 Compliance with Applicable Law. Airline and RIAC shall not use the Airport or any part thereof, or knowingly permit the Airport to be used by any of its employees,

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officers, agents, subtenants, invitees, or licensees, for any illegal purposes and shall, at all times during the term of this Agreement, comply with all applicable federal, state, and local laws and regulations.

16.03 Permits and Licenses. Airline shall obtain and pay for all licenses, permits, or other authorization that may be required under Applicable Law.

16.04 Nondiscrimination.

(A) General. Airline and RIAC shall not discriminate against any person or class of persons by reason of race, color, religion, sex, national origin or ancestry, age, or physical or mental handicap in the use or occupancy of the Premises or the Airport.

(B) Civil/Human Rights Laws. Airline and RIAC shall not, on the grounds of race, color, religion, sex, national origin or ancestry, or age, discriminate or permit discrimination against any person or group of persons in any manner prohibited by Part 21 of the Federal Aviation Regulations, the Civil Rights Act of 1964, as amended, the Equal Pay Act of 1963, and the Rehabilitation Act of 1973 in the use or occupancy of the Premises or Airport. Without limiting the generality of the foregoing, Airline agrees to not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin or ancestry, or age. Airline agrees to take action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, national origin or ancestry, age, or physical handicap. Such action shall include, but not be limited to: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; selection for training; and disciplinary actions and grievances.

(C) Operation of Improvements. Airline, for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration of this Agreement, does hereby covenant and agree that, in the event Improvements are constructed, maintained, or otherwise operated on the Airport for a purpose for which a United States Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, Airline shall maintain and operate such Improvements and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21 Nondiscrimination in

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Federally Assisted Programs of the Department of Transportation, as said regulations may be amended.

- (D) Construction of Improvements. Airline, for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration of this Agreement, does hereby covenant and agree that: (i) no person on the grounds of race, color, religion, sex, national origin or ancestry, or age, shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of Improvements; (ii) that in the construction of any Improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, religion, sex, national origin or ancestry, or age, shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; (iii) that Airline shall use the Improvements in compliance with all other requirements imposed by, or pursuant to, 49 CFR Part 21 Nondiscrimination in Federally Assisted Programs of the Department of Transportation, as said regulations may be amended, and Airline assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person shall, on the basis of race, color, religion, national origin or ancestry, sex, or age, be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E.

16.05 Granting of More Favorable Terms. RIAC shall not enter into any agreement with any other Air Transportation Company containing substantially more favorable terms than this Agreement or grant to any scheduled Air Transportation Company rights or privileges with respect to the Airport that are not accorded Airline in this Agreement unless the same rights, terms, and privileges are concurrently made available to Airline.

16.06 Notices.

- (A) General. Notices required by this Agreement shall be given by registered or certified mail by depositing the same in the U.S. mail in the continental United States, postage prepaid, return receipt requested. Either party shall have the right, by giving written notice to the other, to change the address at which its notices are to be delivered. Until any such change is made, notices shall be delivered as follows:

RIAC:

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President
Rhode Island Airport Corporation
2000 Post Road
Warwick, RI 02886

Airline:

- (B) Other Notice. If notice is given in any other manner or at any other place, it shall also be given at the place and in the manner specified in Section 16.06(A).
- (C) Effective Date of Notice. The effective date of such notice shall be the date of the receipt as shown by the U.S. Postal Service return receipt.
- 16.07 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of RIAC and Airline.
- 16.08 Governing Law. This Agreement and all disputes arising under it shall be governed by the laws of the State, exclusive of its choice-of-laws rules.
- 16.09 Quiet Enjoyment. Airline shall, upon payment of the Rental and Fee Payments required under this Agreement and upon compliance with the terms and conditions of this Agreement, peaceably have and enjoy the rights, uses, and privileges of the Airport, its appurtenances, and facilities as granted in this Agreement and by the Rules and Regulations.
- 16.10 Incorporation of Required Provisions. Airline and RIAC by this reference incorporate all applicable provisions lawfully required to be contained in this Agreement by any governmental body or agency.
- 16.11 Nonliability of Agents and Employees. No member, directors, officer, agent, or employee of RIAC or Airline 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 thereof or because of its or their execution or attempted execution.

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- 16.12 Security. In order to maintain the security of restricted areas on the Airport, Airline shall implement and maintain security measures with respect to access control to and from Airline's aircraft and with respect to the use of restricted areas of the Airport as required by TSA and FAA regulations, and the rules and procedures promulgated by Airport pursuant to those TSA and FAA regulations. RIAC shall periodically evaluate compliance with this Section 16.12. Failure of Airline to fully comply with the requirements set forth in this Section 16.12 shall be sufficient grounds for RIAC to immediately take any and all necessary corrective measures until security that is acceptable to RAIC is restored. Airline shall be responsible for any costs RIAC might incur as a result of such corrective measures plus a fifteen percent (15%) administrative charge. Airline shall also reimburse RIAC for any and all fines that may be levied against RIAC by the TSA and FAA due to Airline's failure to observe any applicable security regulation.
- 16.13 Subordination of Agreement. This Agreement is subject and subordinate to the provisions of any agreements heretofore or hereafter made between RIAC and the United States of America relative to the operation or maintenance of the Airport, the execution of which has been required as a condition precedent to the transfer of federal rights or property to RIAC for Airport purposes or to the expenditure of federal funds for the improvement or development of the Airport.
- 16.14 Federal Aviation Act, Section 308. Nothing in this Agreement shall be deemed to grant to Airline any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act for the conduct of any activity on the Airport, except that, subject to the terms and provisions of this Agreement, Airline shall have the right to preferential possession of the Preferential Use Space leased to Airline under this Agreement.
- 16.15 Generally Accepted Accounting Principles. Whenever any report or disclosure referred to in this Agreement consists, either in whole or in part, of actual, year-end financial information, such financial information shall be prepared in accordance with generally accepted accounting principles consistently applied.
- 16.16 Severability. If one or more clauses, sections, or provisions of this Agreement shall be held to be unlawful, invalid, or unenforceable, the remainder of the Agreement shall not be affected thereby.
- 16.17 Headings. The headings of the articles and sections of this Agreement are included only as a matter of convenience and for reference and in no way define, limit, or describe the scope or intent of any provisions of this Agreement and shall not be

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construed to affect in any manner the terms and provisions of this Agreement or the interpretation or construction of such terms and provisions.

- 16.18 Entire Agreement. This Agreement, together with all exhibits to this Agreement, constitutes the entire agreement between Airline and RIAC concerning the subject matter of this Agreement, and all other representations or statements heretofore made, verbal or written, are merged herein, and this Agreement may be amended only in writing and must be executed by duly authorized representatives of Airline and RIAC.
- 16.19 Incorporation of Exhibits. All exhibits referred to in this Agreement are intended to be and are hereby specifically made a part of this Agreement.
- 16.20 Force Majeure. Except as herein provided, neither RIAC nor Airline shall be deemed to be in default under this Agreement if either party is prevented from performing any of the obligations of this Agreement, other than the payment of Rental and Fee Payments, by reason of strikes, boycotts, labor disputes, embargoes, shortages of energy or materials, acts of God, acts of the public enemy, riots, rebellion, or sabotage.
- 16.21 Bond Documents. In the event of conflicts between this Agreement and the Bond Documents, the Bond Documents shall govern.
- 16.22 Time of the Essence. Time is of the essence of this Agreement.
- 16.23 Approvals. Approvals of RIAC shall not be unreasonably withheld.

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RHODE ISLAND AIRPORT CORPORATION

By: _____
Kelly Fredericks, President and CEO

Attest

Date

AIRLINE

By: _____

Attest

Print Name

Title

Date

Attachment B
Eligible PFC by Series

PFC-ELIGIBLE DEBT SERVICE

Date	Series 2005C	Series 2004	Series 2013C	Total
7 1 2015	807,677.23	1,801,784.25	518,076.00	3,127,537.48
7 1 2016	808,175.83	3,413,068.65		4,221,244.48
7 1 2017	807,658.45	3,414,648.15		4,222,306.60
7 1 2018	808,399.07	3,412,825.65		4,221,224.72
7 1 2019	807,975.86	3,412,339.65		4,220,315.51
7 1 2020	808,504.88	3,415,255.65		4,223,760.53
7 1 2021	807,823.77	3,413,797.65		4,221,621.42
7 1 2022	808,617.29	3,415,134.15		4,223,751.44
7 1 2023	808,617.29	3,414,769.65		4,223,386.94
7 1 2024	808,035.37	1,046,212.20		1,854,247.57
7 1 2025	807,665.06			807,665.06
7 1 2026	808,299.88			808,299.88
7 1 2027	807,241.85			807,241.85
7 1 2028	808,723.10			808,723.10
	<u>11,313,414.93</u>	<u>30,159,835.65</u>	<u>518,076.00</u>	<u>41,991,326.58</u>