

**ORDINANCE #66324
Board Bill No. 121**

An Ordinance, recommended and approved by the Board of Estimate and Apportionment, authorizing and directing the Director of Airports and the Comptroller of The City of St. Louis (the "City") to enter into and execute on behalf of the City a Lease Agreement NO. AL-542 (the "Agreement") at Lambert-St. Louis International Airport® (the "Airport") between the City and Trans States Airlines, a corporation organized and existing under the laws of the State of Missouri (the "Lessee"), granting to the Lessee, subject to the terms, covenants, warranties, and conditions of the Agreement, certain rights and privileges in connection with the occupancy and use of the Premises, which is defined and more fully described in Article II of the Agreement that was approved by the City's Airport Commission and the City's Board of Estimate and Apportionment and is attached hereto as ATTACHMENT "A" and is incorporated herein; and containing an emergency clause.

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

SECTION ONE. The Director of Airports and the Comptroller for The City of St. Louis (the "City") are hereby authorized and directed to enter into and execute on behalf of the City a Lease Agreement NO. AL-542 (the "Agreement") at Lambert-St. Louis International Airport® (the "Airport") between the City and Trans States Airlines, a corporation organized and existing under the laws of the State of Missouri (the "Lessee"), granting to the Lessee, subject to the terms, covenants, warranties, and conditions of the Agreement, certain rights and privileges in connection with the occupancy and use of the Premises, which is defined and more fully described in Article II of the Agreement that was approved by the City's Airport Commission and the City's Board of Estimate and Apportionment and is to read in words and figures as set out in ATTACHMENT "A" which is attached hereto and is incorporated herein.

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

Attachment "A"

LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT®



**TRANS STATES AIRLINES, INC
LEASE AGREEMENT
NO. AL-542**

**THE CITY OF ST. LOUIS
LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT**

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AIRPORT NUMBER AL-542

LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT
LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into as of the _____ day of _____, 2004 (“Agreement”), by and between The City of St. Louis, a municipal corporation of the State of Missouri, as Lessor (the “City”), the Trans States Airlines, Inc., a corporation organized and existing under the laws of the State of Missouri (the “Lessee”).

WITNESSETH, THAT:

WHEREAS, City now owns, operates and maintains an international airport known as “Lambert-St. Louis International Airport,” located in the County of St. Louis, Missouri (“Airport”); and

WHEREAS, Lessee desires to lease certain land and improvements at the Airport;

WHEREAS, City is willing to lease that land and improvements to Lessee;

NOW, THEREFORE, for and in consideration of the promises, and of the mutual covenants and agreements herein contained, and other valuable considerations, City and Lessee agree as follows:

**ARTICLE I
DEFINITIONS**

Section 101. Definitions. The following words and phrases shall have the following meanings:

“Agreement” shall mean this document and any subsequent amendments thereto, duly approved by City and Lessee.

“Airport” shall mean as stated in the preamble hereof.

“Airport Properties Department” shall mean that department of the St. Louis Airport Authority that has as its primary responsibility the administration of all tenants, permittees, concessionaires and other space at the Airport, and shall be Lessee’s point of contact with the Airport on all issues related to this Agreement.

“City” shall mean as stated in the preamble hereof.

“Contract Year” shall mean a consecutive twelve (12) month period commencing on the first day of the term of this Agreement.

“Director” shall mean the Director of Airports of the City of St. Louis or his/her authorized or designated representatives.

“Discharge” shall have the meaning ascribed to such term by 1001(7) of the Oil Pollution Act of 1990, 33 USC 2701(7).

“Extremely Hazardous Substance” shall mean any substance designated or considered to be an extremely hazardous substance pursuant to 302(a) of the Emergency Planning and Community Right-to-Know Act of 1986, 42 USC 11002(a).

“Hazardous Substance” shall mean any substance designated or considered to be a hazard pursuant to 101(14) of the Comprehensive Environmental Response, Compensation and Liability Act, 42 USC 9601(14).

“Hazardous Waste” shall mean any substance designated or considered to be a hazardous waste pursuant to either 1004(5) of the Resource Conservation and Recovery Act, 42 USC 6903(5) or 260.360(10) R.S.Mo.

“Improvements” shall mean without limitation (unless otherwise expressly provided for herein), existing buildings, structures, facilities, fixtures or any appurtenances thereto on the Premises, including but not limited to hangar, offices, aircraft ramp, parking lots, fuel facility and any other structures or facilities which are existing or may be hereafter added, built, or erected by Lessee or City upon the Premises.

“Infectious Waste” shall mean any substance designated or considered to be an infectious waste pursuant to 260.360(13) R.S.Mo.

“Lessee” shall mean as stated in the preamble hereof.

“Oil” shall mean any substance designated or considered to be an oil pursuant to 1001(23) of the Oil Pollution Act of 1990, 33 USC 2701(23).

“Pollutant” shall mean any substance designated or considered to be a pollutant pursuant to 502(6) of the Federal Water Pollution Act, 33 USC 1362(6).

“Premises” shall mean a location or locations described in Section 201 that has or have been designated by City for the occupancy and use by Lessee together with all “Improvements” thereon for its conduct of business and for other uses herein specifically provided.

“Release” shall have the meaning ascribed to such term by 101(22) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC 9601 (22).

“Reportable Quantity” (“RQ”) shall mean as designated by 10 CSR 24-2.010.

“Special Waste” shall mean any substance as designated by 10 CSR 80-2.010.

“Solid Waste” shall mean any substance designated or considered as a solid waste pursuant to 260.200(25) R.S.Mo.

“Sublessee” shall mean a third party conducting business on the Premises, which is incidental, necessary or customary to the proper use of the Premises and under agreement with Lessee.

“Toxic Pollutant” shall mean any substance designated or considered to be a toxic pollutant pursuant to 502(13) of the Federal Water Pollution Control Act, 33 USC 1362(13).

**ARTICLE II
PREMISES**

Section 201. Premises City hereby leases and demises to Lessee and Lessee takes from City, the property situated in the County of St. Louis, State of Missouri, and containing approximately 130,000 square feet as shown on Exhibit “A”, attached hereto and made a part hereof, and more fully described as the hangar and office space on the first floor of the former Boeing Building No. 42 with approximately 75,000 square feet of hangar space, approximately 5000 square feet of office and shop space, and approximately 50,000 square feet of ramp space together with all Improvements thereon, hereinafter referred to as the “Premises”, subject to the reservations set forth in Section 203 hereof. Prior to the full execution of this Agreement, City shall field measure all Premises identified herein which square footages shall be final and binding and attached as Exhibit “A-1”, which shall be attached hereto and made part hereof and which shall be written below. Exhibit “A-1” shall replace the above referenced Exhibit “A” and shall represent the true measurement of the Premises.

Hangar Space: _____ square feet

Office Space: _____ square feet

Ramp Space: _____ square feet

Lessee accepts and receives the Premises “As Is”, with no warranties or representations of any kind, expressed or implied, either oral or written, made by City or any of its agents or representatives with respect to ~~a)~~ the physical, environmental or structural conditions of the Premises or any portion thereof or otherwise including but not limited to, soil conditions of the land and structural conditions of the buildings or facilities or the presence or absence of any hazardous or toxic substances, materials, gases, oil,

petroleum products or derivatives, chemicals, pollutants, or waste in, on or under the Premises, or any underground or above ground storage tanks or repositories and related equipment, asbestos and asbestos-related materials, water, sewage or utilities serving the Premises or any other matter or thing affecting or relating to the Premises, except as expressly set forth in this Agreement. City and Lessee agree that the existence and definition of hazardous or toxic substances, materials, gases, oil, petroleum products or derivatives, chemicals, pollutants, or waste in, on or under the Premises, shall be construed herein in accordance with all applicable federal, state or local laws, statutes, rules, ordinances or regulations relating to the protection of human health or the environment. The City without limitation expressly disclaims and negates, as to the Premises: a) any expressed or implied warranty of merchantability; b) any expressed or implied warranty of fitness for a particular purpose; and, c) any expressed or implied warranty with respect to the condition of the Premises, its compliance with any zoning or other laws, statutes, rules, ordinances or regulations applicable to the Premises including but not limited to the Americans with Disabilities Act, the uses permitted on the Premises, or any other matter or thing relating to the Premises or any portion thereof.

Section 202. Remediation Activities

During the term of this Agreement, Lessee may, at its option, and at its cost investigate and characterize the environmental condition of the Premises, which investigation and characterization may include, but is not limited to, physical sampling and testing of soils, groundwater, and surface waters on, under, and around the Premises.

Section 203. Reservations. The grant of lease hereunder is subject to the following reservations and conditions.

A. City reserves the right (but shall not be obligated to Lessee) to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard.

B. City reserves the right further to develop or improve the landing area and all publicly-owned air navigation facilities of the Airport as City in its sole and absolute discretion sees fit, regardless of the desires or views of Lessee, and without interference or hindrance of any kind.

C. City reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or other structure on the Premises or the Airport which in the sole and absolute opinion of City would limit the usefulness of the Airport, adversely effects the operations of the Airport or constitute a hazard to aircraft or air navigation.

D. During the time of war or national emergency City shall have the right to enter into an agreement with the Government of the United States of America (the "U.S. Government") for use of part or all of the landing area, the publicly-owned air navigation facilities and/or other areas or facilities of the Airport including the Premises and the rights granted herein. If any such agreement is executed, the provisions of this Agreement, insofar as they are inconsistent with the provisions of the agreement with the U.S. Government, shall be suspended immediately upon receipt of written notice from City.

E. It is understood and agreed that Lessee will not exercise the rights granted by this Agreement to Lessee in such a way as to interfere with or adversely affect the use, operation, maintenance, expansion or development of the Airport.

F. There is hereby reserved to City, its successors and assigns, for the use and benefit of the public, a free and unrestricted right of flight for the passage of aircraft in the airspace above the surface of the Premises herein conveyed, together with the right to cause or allow in said airspace such noise, vibration, fumes, dust, fuel particles, illuminations, interference with television, radio or any other type of transmission and other effects as may be caused in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using said airspace or landing at, taking off from, or operating on or about the Airport.

G. This Agreement shall become subordinate to provisions of any existing or future agreement between City and the United States of America or any agency thereof relative to the operation, expansion, improvement, development, or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the operation, expansion, improvement, development, or maintenance of the Airport.

H. City reserves all gas, oil and mineral rights in and under the soil; provided, however, that City, in the exercise of such rights, shall not substantially or materially interfere with the surface of the soil or with Lessee's use of the Improvements thereon.

I. City reserves the right to grant utility and maintenance rights-of-way to itself and others over, under, through, across or on the Premises provided that such use will not substantially or materially interfere with Lessee's use of the Premises, and provided

further that such reservation or grant of rights shall not directly result in additional cost or expense to Lessee.

Section 204. Access. Subject to all of the terms, covenants, warranties and conditions of this Agreement, Lessee has the right of free access, ingress to and egress from the Premises, for Lessee's employees, contractors, subcontractors, agents, guests, patrons and invitees. Subject to the terms, covenants, warranties and conditions of this Agreement, City reserves and shall have the right to access, ingress to and egress from the Premises without charge therefore, for its employees, contractors, subcontractors, agents, guests, patrons and invitees, its or their suppliers of materials and furnishers of service, and its or their equipment, vehicles, machinery and other property, provided that such right will not unreasonably and materially interfere with Lessee's use of the Premises and upon compliance with Lessee's reasonable security and confidentiality procedures. If Lessee is not present to permit entry and entry is necessary, City may, in case of emergency, forcibly enter the Premises without rendering City liable therefore, except for any damage caused to Lessee's property because of such entry or any costs, damages or liabilities arising from City's negligence or willful misconduct. Nothing contained herein shall be construed to impose upon City any duty of inspection or repair of the Premises except as expressly and specifically provided for herein.

Lessee hereby acknowledges that Transportation Security Administration regulation 1642, requires City, to adopt and put into use facilities and procedures designed to prevent and deter persons and vehicles from unauthorized access to the Aircraft Operating Area ("AOA"). Lessee understands that City has met said requirements by developing an Airport Security Program ("ASP") for the Airport, and Lessee warrants, covenants and agrees to be fully bound by and immediately responsive to the requirements of the ASP in connection with Lessee's exercise of the privileges granted to Lessee hereunder for the full term hereof. Lessee further warrants, covenants and agrees, throughout the term of this Agreement, at its own cost, to prepare facilities and procedures, satisfactory to City, designed to prevent and deter persons and vehicles from unauthorized access to the AOA from and through any Premises controlled or used by Lessee in accordance with the provisions of the aforesaid Transportation Security Administration regulation 1642, and ASP for the Airport.

Lessee hereby acknowledges that it understands that its security procedures and facilities on the Premises to meet the requirements of the previously mentioned Transportation Security Administration regulation 1642, shall include but not be limited to the following:

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

ARTICLE III AGREEMENT TERM

Section 301. Term. The term of this Agreement shall commence on July 1, 2004 and shall end on June 30, 2014, unless sooner terminated in accordance with other provisions of this Agreement. Either party may, after June 30, 2009, terminate this Agreement upon six months advance notice in writing to the other party. The term shall consist of a one (1) month interim term ("Interim Term") from July 1 through July 31, 2004, for the purpose of Lessee accessing the Premises to construct Improvements for which period no rents and fees shall be due pursuant to Article V of this Agreement. With the exception of Article V of this Agreement, all other terms, covenants, warranties and conditions of the Agreement shall remain in full force and effect during the Interim Term. Commencing August 1, 2004, the Interim Term shall end and all of the terms, covenants, warranties and conditions of this Agreement, including, but not limited to, Article V, shall be in full force and effect.

Section 302. Surrender of Possession No notice to quit possession at the expiration date of the term of this Agreement, or at the earlier termination hereof, shall be necessary. Lessee warrants, covenants, and agrees that at the expiration date of the term of this Agreement, or at the earlier termination hereof, it will peaceably surrender possession of the Premises in as good condition, reasonable wear and tear, acts of God, and other casualties excepted, and City shall have the right to take possession of the Premises with or without due process of law. In the event Lessee does not vacate the Premises during the prescribed time period, Lessee does hereby agree that the City may use any remedy at law or in equity, including but not limited to a Writ of Possession to carry out the timely transfer of possession.

**ARTICLE IV
USE OF PREMISES**

Section 401. Use City hereby grants to Lessee, subject to all the terms, covenants, warranties and conditions of this Agreement, permission to occupy and use the Premises and Improvements, and to construct additional Improvements, relating to Lessee's maintenance operations or other lawful uses as are incidental, necessary or customary to the proper use of the Premises.

Section 402. Compliance with Laws and Regulations. Lessee shall comply with all statutes, laws, ordinances, orders, judgments, decrees and regulations of all federal, state, local and other governmental authorities, including without limitation the "Airport Certification Manual" on file at the Director's Office, now or hereafter applicable to the Premises or to any adjoining public ways, as to the manner of use or the condition of the Premises or of adjoining public ways.

Lessee further agrees to abide by all federal, state, and local laws, rules, regulations, and ordinances related to: (1) the transportation, storage, use, manufacture, generation, treatment, recovery, generation, disposal, Discharge, spilling or Release of Hazardous Substances and/or Extremely Hazardous Substances; (2) the transportation, storage, use, manufacture, generation, treatment, recovery, disposal, Discharge, spilling or Release of Hazardous Wastes; (3) the transportation, storage, use, manufacture, generation, treatment, recovery, disposal, Discharge, spilling or Release of Oil or other petroleum products or derivatives; (4) the Discharge of effluents, Pollutants and/or Toxic Pollutants to publicly owned treatment works, storm water systems, or to waters of the United States or tributaries thereof; (5) the emission of any regulated substance into the air; (6) the transportation, storage, use, manufacture, generation, treatment, recovery, disposal, Discharge, spilling or Release of Infectious Waste; (7) the transportation, storage, use, manufacture, generation, treatment, recovery, recycling, reclamation, disposal, Discharge, spilling or Release of Solid Wastes; (8) the transportation, storage, use, manufacture, generation, treatment, recovery, recycling, reclamation, disposal, Discharge, spilling or Release of waste tires, waste Oil, used Oil, and/or used lead-acid batteries; and (9) the transportation, storage, operation, use, removal, disposal, remediation, and compliance issues regarding any and all above or underground storage tanks installed as the owner and/or operator of said storage tanks, and any connecting piping, tubing or other related equipment until said storage tanks including any connecting piping, tubing or other related equipment are removed by the Lessee at its cost (unless otherwise agreed to by the City in writing). In addition, Lessee shall be responsible at its cost for securing all operating permits for the Premises to the extent such permits or approvals are required for the Premises by federal, state or local laws, rules, regulations and ordinances, including, without limitation, air, water and waste disposal permits.

Lessee shall promptly and timely in writing notify the Director of any violation of a law, rule, regulation or ordinance for the protection of the environment.

Lessee shall make available to City upon request all permits, approvals, reports, plans, correspondence, and other records related to the Premises that are required or maintained in connection with any environmental laws, rules, regulations or ordinances. During the term of this Agreement, City and/or its agents or employees shall have the right to periodically inspect the Premises to evaluate to its satisfaction Lessee's compliance with applicable environmental laws, rules, regulations and ordinances and with the terms of this Lease with respect to such matters.

Lessee's failure to comply with any provision of this section shall be considered a material breach of this Agreement. If such a material breach occurs, City, at its sole option, may terminate this Agreement, and seek other remedies at law or in equity subject to the terms of Article IX below.

Section 403. Repairs and Maintenance. Lessee warrants, represents and agrees that Lessee shall, throughout the term of this Agreement and any extension thereof, at its own cost, and without any expense to City, keep, repair and maintain the interior and exterior, structural and non-structural portions of the Premises including all Improvements and without limitation the plumbing, heating, lighting, air conditioning, and other systems in connection therewith, in good and safe condition, sanitary and neat order, and will make all necessary repairs and maintenance thereto, ordinary and extraordinary, foreseen and unforeseen, and will make all necessary replacements thereto of like quality when beyond repair, including but not limited to hangars, offices, aircraft ramp, parking lots and fuel facility. Lessee warrants, represents and agrees that Lessee shall restore, rehabilitate, or replace all Improvements that may be destroyed or damaged by fire, casualty, or any other cause whatsoever. City shall not be obligated to perform any maintenance or make any repairs or replacements of any kind, nature or description, to the Premises or Improvements. Lessee shall, at its sole cost and expense, take such measures as may be necessary to keep the Premises policed, secure, and in good repair. City shall have no obligation or responsibility to keep the Premises policed, secure, or in good repair.

Lessee warrants, covenants and agrees, without cost or expense to City during the term hereof, to perform the following:

- A. Good Condition. Keep all Improvements in good and safe order and condition.
- B. Obstruction Lights Provide and maintain obstruction lights and all similar equipment or devices now or at any time required by any applicable law, rule, regulation or ordinance, or any municipal, state or federal regulation.
- C. Housekeeping of Premises. Provide for complete, proper and adequate sanitary handling and disposal, away from the Airport, of all trash, garbage and other refuse caused as a result of its operations.
- D. Maintenance of Buildings and Structures Maintain all buildings and structures on the Premises to prevent exterior or interior damage from water or other elements. This requirement includes immediate replacement of broken windows, doors and locks with like materials.
- E. Care of Premises and Streets Keep all papers and debris picked up from the Premises and sweep the pavements thereon as often as necessary to keep clean. Keep all grass mowed, and shrubbery and other plantings pruned, trimmed and maintained to high standards. Provide for essential street, walkways, and pavement maintenance within the Premises and, in addition, provide for snow and ice removal within the Premises to allow, at a minimum, emergency or fire protection access.
- F. Drainage Facilities. Comply with the Airport's Storm water Detention Design Criteria and Guidelines dated December 1986 as revised from time to time, as well as any and all applicable federal, state, and municipal regulations. Lessee shall establish a system of periodic inspection, cleaning and maintenance to keep watercourses, catch basins and other drainage structures on the Premises functioning at full design capacity. Inspection, cleaning and maintenance intervals shall be established by Director with reports to be submitted within thirty-days (30) of completion of each inspection, cleaning and maintenance. Lessee shall see that special care is taken to pile removed snow in a location that will permit the water generated by the melting of such snow piles to flow into the drainage system of the Premises.
- G. Environmental Responsibilities. Lessee shall have the sole obligation to make such reports or notifications to governmental authorities as may be required by law, rule, regulation or ordinance in the event of a Release or Discharge of a Hazardous Substance, Extremely Hazardous Substance, or Oil Product from the Premises, in the event of which Lessee shall also immediately inform the Airport of such Release or Discharge.

Upon discovery by Lessee, Lessee shall immediately notify the Airport of any non-permitted Release or Discharge of Oil, including but not limited to any aviation fuel, if there is a reasonable possibility that the Release or Discharge would move off-site or affect Coldwater Creek or other navigable waters of the State of Missouri or the United States of America.

Lessee shall be solely responsible for any follow-up reports, notifications, corrective action, or remediation required as a result of any spill, Release, or Discharge described above. Lessee shall immediately provide copies of any reports, notifications, correspondence, or cleanup verification to the Director.

Section 404. Right to Enter and Inspect City and its authorized officers, employees, contractors, subcontractors, agents and other representatives shall have the right (at such times as may be reasonable under the circumstances, with as little interruption of Lessee's operations as is reasonably practicable) to enter upon and in the Premises for the following purposes:

- A. To inspect such Premises to determine whether Lessee has complied and is complying with the terms, covenants and conditions of this Agreement.
- B. To make inspections, perform tests, reports, surveys, environmental inspections, studies and assessments. City shall make any inspections, testings, reports, surveys, environmental inspections, studies and assessments in a reasonable manner so as to minimize the interference with the conduct of Lessee's business at the Premises.

Section 405. Utilities. Lessee shall provide for and pay for all utilities used on the Premises.

Section 406. Interference to Air Navigation. Lessee warrants, represents and agrees that no obstruction to air navigation, as such are defined from time to time by application of the criteria of FAR Part 77 or subsequent and additional regulations of the Federal Aviation Administration ("FAA"), will be constructed or permitted to remain on the Premises. Lessee warrants, represents and agrees that it will immediately remove any obstructions at its expense. Lessee warrants, represents and agrees not to increase the height of any structure or objects or permit the growth of plantings of any kind or nature whatsoever that would interfere with

the line of sight of the control tower and its operations. Lessee further warrants, represents and agrees not to install any structures, objects, machinery or equipment that would interfere with operation of navigation aides or that would interfere with the safe and efficient operations of the Airport, or interfere with the operations of other tenants and users of the Airport.

**ARTICLE V
RENT AND FEES**

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

Section 502. Rent Payment Lessee will pay to City rental for each type of space as follows: hangar space and first floor office space at five dollars and thirty-three cents per square foot per year (\$5.33) and ramp space at thirty-three cents (\$0.33) per square foot per year. Upon the completion of the field measurements and the completion of Exhibit "A-1" as provided for in Section 201 herein, the annual rent shall be calculated by multiplying the square foot amounts for Hangar/Office Premises and Ramp Premises by the appropriate rental rates established in this Section 502 to arrive at the annual rental amount which shall be written in below ("Initial Rent").

Annual Rent: \$ _____

The annual rent shall be paid in twelve (12) equal monthly amounts, in advance, on or before the first day of each month of the term of this Agreement which shall be written in below.

Monthly Rent: \$ _____

Provided that the City or Lessee do not cancel this Agreement pursuant to the provisions in Section 301 of this Agreement, then rent due under this Agreement shall be adjusted pursuant to the provisions of Section 503 below and said rent adjustment shall take effect commencing on July 1, 2009.

Section 503. Rent Escalation

- A. "Index" shall mean the "Consumer Price Index for all Urban Consumers" (CPI-U) relating to "U.S. City Average" and issued by the Bureau of Labor Statistics of the United States Department of Labor. In the event the Index shall hereafter be converted to a different standard reference base or otherwise revised, the determination of the Percentage Increase (defined below) shall be made with the use of such conversion factor, formula or table for converting the Index as may be published by the Bureau of Labor Statistics or, if said shall not publish the same, then with the use of such conversion factor, formula or table as may be published by Prentice Hall, Inc., or failing such publication, by any other nationally recognized publisher of similar statistical information as reasonably selected by the Director. In the event the Index shall cease to be published, then for the purposes of this Section, City and Lessee shall agree upon the new index to be used, and if they are unable to agree within ninety days after the Index ceases to be published, such matter shall be reasonably decided by the Director.
- B. "Base Index" shall mean the Index in effect in the month that the Agreement commencement date falls.
- C. "Anniversary Month" shall mean the July 1 of the fifth year from the year Lessee's obligation to pay rent commences under this Agreement.
- D. "Percentage Increase" shall mean the percentage equal to the fraction, the numerator of which shall be the Index in the Anniversary Month less the Base Index, and the denominator of which shall be the Base Index; provided, however that the Percentage Increase for the five year period between each Anniversary Month shall not exceed fifteen (15%) percent
- E. "Base Annual Rental Rate" shall be the Initial Rent as provided for in Article V, Section 502, and "Rent Payment".
- F. If the Index in an Anniversary Month shall exceed the Base Index, then the Base Annual Rental Rate payable for the "Renewal Term" shall be increased by the Percentage Increase. On or before the third month after the start of the "Renewal Term", City shall send Lessee an "Index Comparative Statement" setting forth the following:
 - 1. The Index in the Anniversary Month preceding the date of the statement,

2. The Base Index(s),
3. The Percentage Increase of each, and
4. The increase in each Base Annual Rental Rate.

On the first day of the calendar month (“current month”) following the month in which the Index Comparative Statement was sent, Lessee shall pay to City a sum equal to 1/12 of said increase in Base Annual Rental Rate multiplied by the number of calendar months of the lease term then elapsed since said July and thereafter, commencing with the current month and continuing monthly thereafter.

Section 504. Unpaid Rent and Fees. All unpaid rent and fee payments due City hereunder shall bear a service charge of one and one-half percent (1 1/5%) per month if same is not paid and received by City on or before the 30th of the month in which said payments are due, and Lessee agrees that it shall pay and discharge all costs and expenses including attorneys’ fees, court costs and expenses incurred or expended by City in collection of said delinquent amounts due including service charges.

Section 505. Notice. Place and Manner of Payments. Payments shall be made at the Office of Director at the address as set forth in Section 1001 below, or at such other place or by whatever payment method the City may determine as City may hereafter notify Lessee and shall be made in legal tender of the United States.

Section 506. Additional Fees Charges and Rents. Lessee shall pay additional fees, charges and rents under the following conditions:

- A. If City has paid any sum or sums or has incurred any obligation or expense for which Lessee has agreed to pay or reimburse City, or
- B. If City is required or elects to pay any sum or sums or incurs any obligations or expense because of the failure, neglect or refusal of Lessee to perform or fulfill any of the terms, covenants, warranties or conditions of this Agreement and City has provided Lessee with thirty (30) days written notification of such failure, neglect or refusal.

Such payments shall include all interest, costs, damages and penalties in conjunction with such sums so paid or expenses so incurred and may be added to any installment of fees, charges and rent thereafter due hereunder. Each and every part of such payment shall be recoverable by City in the same manner and with like remedies as if it were originally a part of the Agreement’s basic fees, charges and rents, as set forth herein.

For all purposes under this paragraph, and in any suit, action or proceeding of any kind between the parties hereto, any receipt showing the payment of any sum or sums by City for any work done or material furnished at the Premises shall be prima facie evidence against Lessee that the amount of such payment was necessary and reasonable.

Section 507. Prompt Payment of Taxes and Fees. Lessee warrants, covenants and agrees to pay promptly all lawful general taxes, special assessments, excises, license fees, permit fees, and utility service charges of whatever nature, applicable to its operation at the Airport, and acquire and keep current all Federal, State, and municipal licenses required for the conduct of its business at and upon the Airport.

ARTICLE VI CONSTRUCTION OR ALTERATION OF IMPROVEMENTS

Section 601. Construction or Modification by Lessee

- A. Lessee takes the Premises “AS IS” and may at its sole cost and expense, construct, refurbish or make Improvements on the Premises in accordance with plans and specifications prepared by Lessee and approved by the Director of Airports and subject to the requirements of this Article VI.
- B. Lessee agrees that all such work that requires the Director’s approval shall be completed according to the Tenant Design Standards, which are filed of record in the office of the Director.
 - Lessee shall submit a signed Tenant Construction or Alteration Application (“TCA”) including complete construction drawings and specifications, as required by Section 601 Sub-Section C below to the Airport Properties Department.

- Lessee shall submit to the Airport Properties Department a building permit number from any and all municipalities, political jurisdictions and regulatory agencies not more than thirty-days (30) following The TCA approval by the Airport Properties Department and prior to beginning any construction or modification by Lessee.
- Lessee shall submit the contractor's liability insurance certificates and payment bonds, required by Sub-Sections F and G of this Section 601 to the Airport Properties Department not more than forty-five (45) days following the TCA approval by the Airport Properties Department and prior to beginning of any construction or modification by Lessee.
- Lessee shall submit to the Airport Properties Department a copy of an occupancy permit from any and all municipalities, political jurisdictions and regulatory agencies, as required by Sub-Section H of this Section 601 prior to occupancy.

C. Preparations of Plans and Specifications Lessee shall submit detailed drawings, plans and specifications for improving the Premises. Lessee will begin work on proposed improvements only after it has received the written approval of its plans and specifications from the Director or his/her designee.

D. Federal Aviation Administration Review Prior to commencement of any work, all preliminary plans, drawings and specifications shall be submitted to the FAA for review and approval, as may be required, with a copy to the Airport Properties Department. The preliminary plans shall show plot plans, the location and elevations of buildings and other improvements, and shall indicate proposed exterior materials and finishes for all structures. It shall be the responsibility of Lessee to file all necessary alteration and construction forms with the FAA for review and approval, as may be required, with a copy to the Airport Properties Department.

E. Landscaping and Screening. Lessee shall provide and install appropriate landscaping and screening, including lawn, shrubbery, trees, bushes, vines and other plantings and screenings on the Premises as a part of the construction of any new improvements. All proposed landscaping plans and screening designs shall be submitted to Director for review and approval. Lessee further agrees to provide any further landscaping and fencing that may be required, during the term hereof, by the Director, for the purposes of screening the Premises.

F. Contractor's Liability Insurance In any construction contract appertaining to the Premises, Lessee shall require the contractor to cause City, its Board of Aldermen, Airport Commission and their respective officers, agents, and employees, to be insured against the risk of claims and demands, just and unjust, by third parties, with bodily injury limits of not less than \$1,000,000 as to any one person and \$10,000,000 as to any one occurrence, and with property damage limits of not less than \$10,000,000 as to any one occurrence to the extent such claims and liabilities arise out of the negligence of the contractor. Said insurance shall be in a form agreeable to City, and Certificates showing proof of coverage shall be delivered to the Director.

G. Performance and Payment Bonds. In order to insure the faithful performance of all of the provisions of the Agreement and the payment of all laborers and material suppliers of projects requiring the City's Approval, Lessee shall require each of its contractors and supplier of construction materials to furnish Performance and Payment Bonds each in the amount of the contract in a form acceptable to the City. The Performance and Payment Bonds shall comply with the coverage requirements and conditions of Section 107.170 R.S.Mo., (2000, as amended). Copies of the bonds shall be given to the City for approval before work begins. Any sum or sums derived from said Performance and Payment Bonds should be used for the completion of said construction and the payment of laborers and material suppliers as the case may be.

H. Certificates of Completion. Upon the completion of the Improvements hereunder, Lessee shall submit to Director a copy of its acceptance letter certifying completion, and a copy of any certificate or permit which may be required by any federal, state or local government or agency in connection with the completion or occupancy thereof by Lessee. Lessee at its cost shall deliver to City duplicate copies of "as built" drawings of the new Improvements on the Premises within sixty-days (60) after the date on which Lessee has certified completion thereof.

Section 602. Signs. Lessee agrees that no signs or advertising display shall be painted on or erected in any manner upon the Premises without the prior written approval of Director, and that such new signs shall conform to reasonable standards established by Director with respect to wording, type, size, design, color and location.

Section 603. Title to Improvements Title to the Premises and all Improvements constructed or placed in or on the Premises by Lessee including all alterations, modifications and enlargements thereof, excluding any and all above or underground storage tanks or depositories installed as the owner and/or operator of said storage tanks, including all piping, tubing or other related equipment,

which shall be removed by the Lessee unless otherwise agreed to in writing by the City, shall become part of the Premises with title vesting in City upon expiration or earlier termination of this Agreement; provided, however, that this Section 603 shall not apply to Lessee's trade fixtures, the title to which shall remain in Lessee both during and after the term of this Agreement and which Lessee shall be entitled to remove from the Premises upon the expiration, early termination, or cancellation of this Agreement.

Section 604. Mechanics' and Materialmen's Liens Lessee warrants, represents and agrees not to permit any mechanic's or materialmen's or any other lien to be foreclosed upon the Premises or any part or parcel thereof, or the Improvements thereon, by reason of any work or labor performed or materials furnished by any mechanic or materialman or for any other reason.

ARTICLE VII INSURANCE AND INDEMNIFICATION

Section. 701 Liability Insurance Lessee shall obtain, at its sole expense and maintain at all times during the term of this Agreement, liability insurance, on an occurrence basis, against the risk of all claims and demands by third persons for bodily injury (including wrongful death) and property damage arising or alleged to arise out of the activities of Lessee, its officers, agents, employees, consultants, contractors, licensees, independent contractors and invitees pursuant to this Agreement under the following types of coverage:

- A. Comprehensive General Liability - \$10,000,000 Combined Single Limit;
- B. Comprehensive Automobile Liability (any vehicles, including hired and non-owned vehicles)-\$10,000,000 Combined Single Limit.

The above referenced insurance must provide, and be so stated on the evidence of insurance, for any claims that may arise from Lessee's operation of an automobile within the aircraft operating area (including but not limited to runways, taxiways, and all ramp areas).

The minimum limits of coverage for the above classes of insurance shall equal a combined single limit as shown above or be comprised of such primary and excess policies of insurance as Lessee finds it feasible to purchase during the term of this Agreement. Insofar as said insurance provides protection against liability for damages to a third party for bodily injury, death and property damage, City and its Board of Aldermen, Airport Commission, officers, employees and agents shall be named as "Additional Insured" excluding claims to the extent resulting from the sole negligence or willful misconduct of the City. Such liability insurance coverage shall also extend to damage, destruction and injury to City owned or leased property and City personnel, and caused by or resulting from work, acts, operations, or omissions of Lessee, its officers, agents, employees, consultants, contractors, licensees, independent contractors, and invitees. In addition, such insurance shall include contractual liability insurance sufficient to cover Lessee's indemnity obligation hereunder. City, its officers, employees and agents shall have no liability for any premiums charged for such coverage, and the inclusion of City, and its Board of Alderman, Airport Commission, officers, employees and agents as Additional Insured is not intended to, and shall not, make City, its officers, employees and agents a partner or joint venture partner with Lessee in its operations hereunder.

Section 702. Property Insurance. Lessee shall, at all times during the Term of this Agreement, and at Lessee's sole expense, keep all Improvements (exclusive of Lessee's trade fixtures and equipment) which are existing or may be hereafter erected on the Premises insured against loss, damage or destruction by fire, lightning, or other casualty and vandalism hazards except perils of earthquake and flood for one hundred percent (100%) of the full replacement value of such Improvements, with loss payable to Lessee and to City as their interests may appear. Any loss adjustment shall require the written consent of both Lessee and City. City shall be included as a loss payee as City's interest may appear under any form of commercial property insurance. Such property insurance shall include loss of use coverage.

Insofar as said insurance provides protection against liability for damages to a third party for bodily injury, death and property damage, City and its Board of Aldermen, Airport Commission, officers, agents and employees shall be named as "Additional Insured" excluding claims to the extent resulting from the negligence or willful misconduct of the City. Such property insurance coverage shall also extend to damage, destruction and injury to City-owned or leased property and City personnel, and caused by or resulting from work, acts, operations, or omissions of Lessee, its officers, employees, agents, consultants, contractors, licensees, independent contractors, and invitees and contractual liability. City, its officers, employees and agents shall have no liability for any premiums charged for such coverage, and the inclusion of City, and its Board of Alderman, Airport Commission, officers, employees and agents as Additional Insured is not intended to, and shall not, make City, its officers, employees and agents a partner or joint venture partner with Lessee in its operations hereunder.

Section 703. Workers' Compensation Lessee shall obtain, at its sole expense and at all times during the term of this Agreement for its employees working on Airport Premises Workers' Compensation insurance coverage at least at the statutory limits applicable to Lessee's operations in the State of Missouri.

Section 704. Waiver of Subrogation. Lessee, on behalf of itself and its insurers, hereby waives any claim or right of recovery from City, its Board of Aldermen, Airport Commission, officers, employees and agents for loss or damage to Lessee or its property or the property of others under Lessee's control, to the extent that such loss is covered by valid insurance policies or could be covered by an "All Risk" physical damage property insurance policy. Lessee shall provide notice of this waiver of subrogation to its insurers.

Section 705. Evidence of Insurance. Certificates, or other evidence of insurance coverage and special endorsements required of Lessee in this Article VII, shall be delivered to Director not less than fifteen-days (15) prior to the commencement of the Term hereof or the date when Lessee shall enter into possession, whichever occurs later.

At least fifteen-days (15) prior to the expiration of any such policy, Lessee shall submit to Director a certificate showing that such insurance coverage has been renewed. If such coverage is canceled or reduced, Lessee shall within fifteen-days (15) after the date of such written notice from the insurer of such cancellation or reduction in coverage, file with Director a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies.

Each policy of insurance shall provide that the policy may not be materially changed, altered (in a manner that would adversely affect the coverage available to the City or other additional insures hereunder) or canceled by the insurer during its term without first giving thirty (30) days written notice to Director. Each such insurance policy shall also provide primary coverage to City when any policy issued to City provides duplicate or similar coverage and in such circumstances, City's policy will be excess over Lessee policy.

Lessee and City understand and agree that the minimum limits of the liability insurance herein required may become inadequate, and Lessee agrees that it will increase such minimum limits upon receipt of notice in writing from Director. Such notices to change shall, be issued with no more frequent than once every other year of this Agreement's term; however, said change in liability coverage required shall be reasonable in light of insurance requirements for similar tenants in similar premises at United States airports. City shall provide Lessee with such written notice and Lessee shall comply within sixty-days (60) without any adjustment to the rent payment and fees set forth in this Agreement.

Section 706. Indemnification

- A. Lessee shall protect, defend, and hold St. Louis County, City, its Board of Aldermen, Airport Commission, officers, agents and employees completely harmless from and against all liabilities, losses, suits, claims, judgments, fines or demands arising by reason of injury or death of any person or damage to any property, including all reasonable costs for investigation and defense thereof (including but not limited to attorney's fees, court costs, and expert fees), of any nature whatsoever arising out of or incident to this Agreement and/or the use or occupancy of the Premises and/or the acts or omissions of Lessee's officers, employees, agents, consultants, contractors, subcontractors, licensees, independent contractors, guests, patrons or invitees regardless of where the injury, death, or damage may occur, unless such injury, death or damage is caused by the sole negligence of City. Director or his/her designee shall give to Lessee reasonable notice of any such claims or actions. Lessee shall also use counsel reasonably acceptable to the City Counselor of City or his/her designee, after consultation with Director or his/her designee in carrying out its obligations hereunder.
- B. Lessee shall protect, indemnify, defend, and hold harmless St. Louis County, City and its Board of Aldermen and the Airport Commission and its officers, agents and employees against any lawsuits, administrative proceedings, claims, or administrative or judicial orders for any liability, cost, expenditure, injury, damage, penalty, or fine arising from or relating to Lessee's and its officers, agents, employees, consultants, contractors, subcontractors, licensees, independent contractors, guests, patrons or invitees use, manufacture, generation, production, treatment, storage, transportation, disposal, Discharge, Release, or spilling, into or onto the air, water, soil, sewer system, or similar media of any Hazardous Substance, Extremely Hazardous Substance, Hazardous Waste, Solid Waste, Oil, petroleum product or derivative, Pollutant, Toxic Pollutant, toxic substance, or other chemical substance or material subject to federal, state, or local regulation, whether accidental or intentional, which occurs on or from the Premises during the term of this Agreement. Lessee's obligations and liabilities under this paragraph shall continue so long as Lessee or City bears any liability or responsibility under any federal, state or local environmental laws, or other law, for any action or omission, and the consequences thereof, that occurred on or about the Premises during the term of this Agreement. This indemnification of City by Lessee includes, without limitation, all costs and expenses related to the sampling, testing, investigation, clean up, removal, remediation, decontamination, or restoration of the Premises and other affected areas, including, but not limited to, air, land, soil, or underground or surface

water, as required by any federal, state, or local law, regulation, or ordinance, whether prompted by governmental action or private action, and also includes the costs of legal representation in connection with such sampling, testing, investigation, cleanup, removal, remediation, decontamination, or restoration of the Premises and other affected areas. Director or his/her designee shall give to Lessee reasonable notice of any such claims or actions. Lessee shall also use counsel reasonably acceptable to the City Counselor of City or his/her designee, after consultation with Director or his/her designee in carrying out its obligations hereunder.

- C. Lessee agrees that if a prohibited incursion into the AOA occurs; or if the safety or security of the AOA, the Field and Runway Area, or other sterile area safety or security is breached by or due to the negligence or willful act or omission of any of Lessee's employees, agents, contractors, subcontractors, consultants, licensees, independent contractors, invitees, visitors, guests, patrons or Permittees and such incursion or breach results in a civil penalty action being brought against City by the U.S. Government, or if any other action or inaction by Lessee, its employees, agents, contractors, subcontractors, consultants, licensees, independent contractors, invitees, visitors, guests, patrons or Permittees results in a civil penalty action being brought against City by the U.S. Government, Lessee will reimburse City for all expenses, including attorney fees and litigation expenses, incurred by City in defending against the civil penalty action and for any civil penalty or settlement amount paid by City as result of such action or inaction, incursion or breach. City shall notify Lessee of any allegation, investigation, or proposed or actual civil penalty sought by the U.S. Government related to action or inaction of Lessee. Civil penalties and settlements and associated expenses reimbursable under this paragraph include but are not limited to those paid or incurred as a result of violation of FAR Part 107, Airport Security (or any regulation of the Transportation Security Administration that may supersede FAR Part 107), FAR Part 108, Airplane Operator Security, or FAR Part 139, Certification and Operations: Land Airports Serving Certain Air Carriers. Lessee shall within thirty-days (30) of notification by City reimburse City for such fines and/or penalties.
- D. The provision of this Section 706 shall survive the expiration or early termination of this Agreement.

Section 707. Adjustment of Claims. Lessee shall provide for the prompt and efficient handling of all claims for bodily injury, property damage or theft arising out of the activities of Lessee under this Agreement.

Section 708. Occupancy of Premises. Lessee warrants, represents and agrees that it will not permit any act of omission or commission or condition to exist on the Premises, which would increase the premium rate of insurance thereon or invalidate any such insurance.

ARTICLE VIII ASSIGNMENT AND SUBLETTING

Section 801. Assignment and Subletting Lessee shall not assign or transfer this Agreement. Lessee may sublet the Premises with the prior written approval of the Director. At least thirty (30) days prior to any contemplated sublease of any of the Premises, Lessee must submit in writing a request to the Director. This request must include a copy of the proposed sublease. Any sublease for space or granting of rights hereunder shall be subject to the review and prior written approval of the Director. Such sublease must require at a minimum: 1) strict compliance with all provisions of this Agreement; and, 2) a provision that the sublessee will use the Premises solely for the purposes identified in this Agreement.

ARTICLE IX TERMINATION OF AGREEMENT IN ENTIRETY BY REASON OF DEFAULT

Section 901. City's Right to Terminate City, acting by and through its Director, may declare this Agreement terminated in its entirety, in the manner provided in Section 903 hereof, upon the happening of any one or more of the following events:

- A. If the fees, charges, or other money payments which Lessee herein agrees to pay, or any part thereof, shall be unpaid after the date the same shall become due.
- B. If, during the term of this Agreement, Lessee shall:
1. Apply for, or consent to the appointment of a receiver, trustee, or liquidator of all or a substantial part of its assets;
 2. File a voluntary petition in bankruptcy, or admit in writing its inability to pay its debts as they come due.

3. Make a general assignment for the benefit of creditors.
 4. File a petition or an answer seeking reorganization or arrangement with creditors or to take advantage of an insolvency law.
 5. File an answer admitting the material allegations of a petition filed against any said assignee, lessee, or sublessee in any bankruptcy, reorganization or insolvency proceedings; or if during the term of this Agreement an order, judgment or decree shall be entered by any court of competent jurisdiction, or the application of a creditor, adjudicating Lessee a bankrupt or insolvent, or approving a petition seeking a reorganization of Lessee, and such order, judgment or decree shall continue unstayed and in effect for any period of ninety (90) consecutive days.
- C. If Lessee shall have materially failed in the performance of any term, covenant or condition herein required to be performed by Lessee.

On the date set forth in the notice of termination, the term of this Agreement and all right, title and interest of Lessee shall expire, except as otherwise provided in Section 903 hereof.

Failure of City to take any authorized action upon default by Lessee of any of the terms, covenants or conditions required to be performed, kept and observed by Lessee shall not be construed to be or act as a waiver of default or in any subsequent default of any of the terms, covenants and conditions herein contained to be performed, kept and observed by Lessee. The acceptance of monies by City from Lessee for any period or periods after a default by Lessee of any of the terms, covenants and conditions herein required to be performed, kept and observed by Lessee shall not be deemed a waiver or release of any right on the part of City to terminate this Agreement for failure by Lessee to so perform, keep or observe any of said terms, covenants or conditions.

Section 902. Lessee's Right to Terminate. Lessee, at its option, may declare this Agreement terminated in its entirety, in the manner provided in Section 903 hereof for the following causes:

- A. If a court of competent jurisdiction issues an injunction or restraining order against City preventing or restraining the use of the Airport for Airport purposes in its entirety or substantial entirety.
- B. If City shall have abandoned the Airport for a period of at least ninety-days (90) and shall have failed to operate and maintain the Airport in such manner as to permit landings and takeoffs of airplanes.
- C. In the event of destruction of all or a material portion of the Airport or the Airport facilities, or in the event that any agency or instrumentality of the U.S. Government or any state or local government shall occupy the Airport or a substantial part thereof, or in the event of military mobilization or public emergency wherein there is a curtailment, either by executive decree or legislative action, of normal civilian traffic at the Airport or of the use of motor vehicles or airplanes by the general public, and any of said events shall result in material interference with Lessee's normal business operations or substantial diminution of Lessee's gross revenue from the operation at the Airport, continuing for a period in excess of one hundred and eighty days (180).
- D. If City shall have materially failed in the performance of any term, covenant or condition within the control of City and herein required to be performed by City.

Section 903. Procedures for Termination No termination declared by either party shall be effective unless and until not less than ninety days (90) have elapsed after notice by either party to the other specifying the date upon which such termination shall take effect, and the cause for which this Agreement is being terminated and no such termination shall be effective if such cause of default is cured within said ninety days (90) period, or if by its nature cannot be cured within such ninety days (90) period, and if the party at default commences to diligently correct such default within said ninety days (90) and corrects the same as promptly as is reasonably practicable. In the event that suit shall be instituted by City upon the default of payment of rents, charges and fees as provided herein, then Lessee agrees also to pay a reasonable attorney fees, court costs and expenses.

Section 904. Rights Cumulative It is understood and agreed that the rights and remedies of City and Lessee specified in this Agreement are not intended to be, and shall not be exclusive of one another or exclusive of any common law right of either of the parties hereto.

**ARTICLE X
MISCELLANEOUS PROVISIONS**

Section 1001. Notice. Except as herein otherwise expressly provided, all notices required to be given to City hereunder shall be in writing and shall be delivered personally, or shall be sent by United States registered or certified mail, return receipt requested, postage prepaid, or shall be sent by telex, telegram, telecopy, fax or other similar form of rapid transmission confirmed by the mailing (by first class or express mail, postage prepaid) written confirmation at substantially the same time as such rapid transmission; and, shall be addressed to the parties at the respective addresses set forth below. A party may change its address for receipt of notice by service of notice of such change in accordance herewith. Notice shall be deemed received at the earlier of actual receipt or three (3) calendar days after being sent in the manner provided for above.

If to the City:

Director of Airports,
Lambert-St. Louis International Airport
P.O. Box 10212, Lambert Station
10701 Lambert International Blvd.
St. Louis, MO 63145, with a copy to the Airport Properties Manager at the same address.

If to the Lessee:

Senior Vice President and Chief Financial Officer
Trans States Airlines, Inc.
11495 Natural Bridge Rd.
Suite 340
St. Louis, MO 63044

Section 1002. Environmental Notice. Lessee shall promptly notify the Director or his/her designee in writing of (1) any change in the nature of Lessee's operation on the Premises that will materially change Lessee's or City's potential obligations or liabilities under the environmental laws; or (2) the commencement by any governmental entity of a formal administrative proceeding before an administrative law judge or a civil or criminal action before a judicial tribunal alleging a violation of environmental law in connection with Lessee's operations on the Premises.

Section 1003. Condemnation

A. Total Take - If the whole of the Premises or Lessee's improvements should be taken by the exercise of the power of eminent domain by any public entity including City, then in such case this Agreement shall terminate as of the date of vesting of title in the condemning authority.

B. Partial Take - If less than the whole of the Premises or Lessee's improvements should be taken by the exercise of the power of eminent domain by any public entity including City, then this Agreement shall terminate only as to that portion of the Premises so taken as of the date of the vesting in the condemning authority of title to such portion, but this Agreement shall remain in full force and effect with respect to that portion of the Premises not so taken, provided that the Director and the Lessee, after good faith discussions, determine that the remainder of the Premises may be feasibly used for the purposes contemplated by this Agreement. After a partial condemnation of the Premises, the rent for the Premises shall be adjusted by multiplying the remaining square footage of the Premises by the per square foot rental rate(s) then in effect under this Agreement.

C. Possession by Lessee - Notwithstanding any termination of this Agreement in whole or in part under Paragraphs A and B of this Section, Lessee may remain in possession of each portion of the Premises as shall be so taken at the rent herein provided, until the condemning authority shall require Lessee to surrender such possession. Any rent or charge in the nature of rent which Lessee is required to pay to the condemning authority in consideration of such remaining in possession shall be paid by Lessee and shall reduce pro rata the obligation of Lessee to payment hereunder.

D. Whether all or a portion of the Premises should be taken in a condemnation proceeding, Lessee shall be entitled to receive from the City that portion of the condemnation award allocable to the value of Lessee's Improvements on the Premises as well as the value of Lessee's leasehold interest in the Premises.

Section 1004. Non-Discrimination and Affirmative Action Program

A. Lessee hereto understands and agrees that City in operation and use of Lambert-St. Louis International Airport will not on the grounds of race, creed, color, religion, sex, national origin or ancestry, discriminate or permit discrimination against any person or group of persons in a manner prohibited by Part 21 of the Federal Aviation Regulations of the Office of the Secretary of Transportation. Lessee hereby agrees that its Premises shall be posted to such effect as required by such regulation.

B. Lessee agrees that in performing under this Agreement, neither he nor anyone under his control will permit discrimination against any employee, worker or applicant for employment because of race, creed, color, religion, sex, national origin, or ancestry. Lessee will take affirmative action to insure that applicants are employed and that employees are treated fairly without regard to race, creed, color, religion, sex, national origin or ancestry. Such action must include, but shall not be limited to action to bar, employ, upgrade or recruit; expel, discharge, demote or transfer; layoff, terminate or create intolerable working conditions, rates of pay or other forms of compensation and selection for training including apprenticeship.

C. Lessee will in all printed or circulated solicitations or other advertisement or publication for employees placed by or on behalf of Lessee state that all qualified applicants shall receive meaningful consideration for employment without regard to race, creed, color, religion, sex, national origin or ancestry. All advertisements or solicitations for applicants for employment must contain the phrase "An Equal Opportunity Employer." Lessee shall not make inquiry in connection with prospective employment, which expresses directly or indirectly any limitation, specification, or discrimination because of race, creed, color, religion, sex, national origin, or ancestry.

D. Lessee agrees that should it be determined by Lessee or City that he will be unable to conform to its approved positive employment program submitted to determine eligibility under the fair employment practices provisions of the City Code, Lessee will notify the Fair Employment Practices Division of the Civil Rights Enforcement Agency (CREA) within ten (10) days of such determination, as to the steps to be taken by Lessee to achieve the provisions of its program.

E. Lessee will permit reasonable access by City to such persons, reports and records as are necessary for the purpose of ascertaining compliance with fair employment practices.

F. Lessee further agrees that these clauses (B through E) covering discrimination and equal opportunity practices in all matters of employment and training for employment will be incorporated by Lessee in all contracts or agreements he enters into with suppliers of materials or services, contractors and subcontractors, and all labor organizations, furnishing skilled, unskilled and craft union skilled labor, or who may perform any such labor or service in connection with this Agreement.

G. Whenever Lessee is sued by a subcontractor, vendor, individual, group or association as a result of compliance with the clauses (A through F) of these provisions relating to fair employment practices, Lessee shall notify the City Counselor in writing of such suit or threatened suit within ten (10) business days.

H. In event of Lessee's noncompliance with nondiscrimination clauses of this Agreement, or to furnish information or permit his books, records and account to be inspected within twenty (20) days from date requested, this Agreement may be canceled, terminated or suspended, in whole or in part subject to Article IX above, and Lessee may be declared ineligible for further City contracts for a period of one year by option of City, provided, further, if this Agreement is canceled, terminated or suspended for failure to comply with fair employment practices, Lessee shall have no claims for any damages or loss of any kind whatsoever against City.

Lessee will establish and maintain for the term of this Agreement an affirmative action program according to the Mayor's Executive Order on Equal Opportunity in Employment and City reserves the right to take such action as the City of St. Louis and the U.S. Government may direct to enforce the above covenants.

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

Section 1005. No Personal Liability. No Alderman, Commissioner, Director, officer, board member, employee or other agent of either party shall be personally liable under or in connection with this Agreement.

Section 1006. Force Majeure. Neither City nor Lessee shall be deemed in violation of this Agreement, if it is prevented from performing any of the obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, shortage of materials, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, riots, rebellions, or sabotage, or any other circumstances for which it is not responsible and which is not within its control.

Section 1007. Successors and Assigns. All of the terms, provisions, covenants, stipulations, conditions and considerations of this Agreement shall extend to and bind the legal representatives, successors, sublessees and permitted assigns of the respective parties hereto.

Section 1008. Quiet Enjoyment. Subject to the terms, covenants and conditions of this Agreement, City covenants that Lessee on paying the rents and otherwise performing its covenants and other obligations hereunder shall have quiet and peaceable possession of the Premises.

Section 1009. Operation and Maintenance of Airport. City shall at all times operate the Airport properly and in a sound and economical manner, and City shall use reasonable effort to maintain, preserve and keep the same or cause the same to be maintained, preserved and kept, with the appurtenances in good repair, working order and condition, and shall from time to time use reasonable effort to make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the Airport may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating airports of like size and character.

Section 1010. Title to Site. The Premises from the date hereof until the expiration or early termination of this Agreement shall be owned in fee simple title by City or in such lesser estate as in the opinion of the City Counselor is sufficient to permit the letting thereof by City as herein provided for the full term provided in this Agreement.

Section 1011. Agreements with the United States. This Agreement is subject and subordinate to the provisions of any agreements heretofore made between City and the United States, 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 City for Airport purposes, or to the expenditure of Federal funds for the extension, expansion, or development of the Airport, including the expenditure of Federal funds for the development of the Airport in accordance with the provisions of the Airport and Airway Development Act as it has been amended from time to time.

Section 1012. Modifications to Maintain Federal Compliance. In the event that the FAA requires, as a condition precedent to granting of funds for the improvement, development, or expansion of the Airport, modifications or changes to this Agreement or determines this Agreement to be inconsistent with City's grant assurances, current or future, Lessee agrees to consent to such reasonable amendments, modifications, or changes to this Agreement as may be reasonably required to enable the City to obtain said funds or comply with the City's grant assurances.

Section 1013. Governing Law. This Agreement shall be deemed to have been made in, and be construed in accordance with the laws of the State of Missouri and is subject to the City's Charter and its ordinances as the may be amended from time to time.

Section 1014. Headings. The headings of the Articles and Sections of this Agreement are inserted 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 construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.

Section 1015. Amendments. This Agreement may be amended from time to time by written agreement, duly authorized and executed by all the signatories to this Agreement.

Section 1017. Withholding Required Approvals. Whenever the approval of City, or Director, or of Lessee is required herein, no such approval shall be unreasonably requested, delayed, or withheld.

Section 1018. Waivers. No waiver of default by either party of any of the terms, covenants or conditions hereto to be performed, kept and observed by the other party shall be construed as, or operate as, a waiver of any subsequent default of any of the terms, covenants or conditions herein contained to be performed, kept and observed by the other party. No waiver shall be binding unless executed in writing by the party granting the waiver.

Section 1019. Invalid Provisions. In the event any term, covenant, condition or provision herein contained is held to be invalid by a court of competent jurisdiction, the invalidity of any such term, covenant, condition or provision shall in no way affect any other

term, covenant, condition or provision herein contained, provided the invalidity of any such term, covenant, condition or provision does not materially prejudice either City or Lessee in its respective rights and obligations contained in the valid terms, covenants, conditions and provisions of this Agreement.

Section 1020. Americans with Disabilities Act (“ADA”). Lessee shall be responsible for compliance with the Federal ADA, plus any other federal, state or local laws or regulations and City Ordinances pertaining to the disabled individual having access to the Premises or the Lessee’s services.

Section 1021. Advertising. Lessee shall have no right to use the trademarks, symbols, trade names or name of the Airport, either directly or indirectly, in connection with any production, promotion service or publication without the prior written consent of Director.

Section 1022. Time is of the Essence. Time is of the essence in this Agreement. The parties agree that time shall be of the essence in the performance of each and every obligation and understanding of this Agreement.

Section 1023. Acknowledgment of Terms and Conditions. The parties affirm each has full knowledge of the terms, covenants, conditions and requirements contained in this Agreement. Each party acknowledges that such party and its counsel, after negotiation and consultation, have reviewed and revised this Agreement. As such, the terms of this Agreement shall be fairly construed and the usual rule, of construction, if applicable, to the effect that any ambiguities herein should be resolved against the drafting party, shall not be employed, in the interpretation of this Agreement or any amendments, modifications or exhibits thereto.

Section 1024. Entire Agreement. The terms, covenants, warranties, conditions, and provisions of this Agreement are intended by the parties as a final expression of their agreement with respect to said provision as are included in this Agreement and may not be contradicted by evidence of any prior or contemporaneous agreement. This Agreement, together with all exhibits attached hereto, constitutes the entire Agreement between the parties hereto and all other representations or statements heretofore made, verbal or written are merged herein and this Agreement may be amended by written agreement duly authorized and executed by all the signatories to this Agreement. However, the Airport Director, on behalf of the City and in its best interest, may with the consent of the Lessee revise or amend the exhibits to this Agreement.

Section 1025. Required Approvals. When the consent, approval, waiver, or certification of either party is required under the terms of this Agreement, excepting an amendment of this Agreement pursuant to Section 1015, the Approval must be in writing and signed by the party making the Approval. Whenever the Approval of City or the Director is required, the Approval must be from the Director or his/her authorized or designated representative. Whenever the Approval of Lessee is required, the Approval must be from Lessee’s authorized or designated representative. City and Lessee agree that extensions of time for performance may be made by the written mutual consent of the Director and Lessee.

Section 1026. Conflicts Between Tenants. In the event of a conflict between Lessee and any other tenant, licensee or concessionaire, as to the respective rights of the others, Director shall review the applicable agreements and by reasonable interpretation thereof determine the rights of each party, and Lessee agrees to be bound by such decision. All determinations by Director are final and binding.

Section 1027. Exhibits. All exhibits described herein are fully incorporated into this Agreement by this reference as if fully set out herein. City and Lessee shall reasonably and in good faith finalize and attach all such exhibits to this Agreement, which may not have been in final form as of the Effective Date of this Agreement or may require revisions pursuant to an accurate survey.

Section 1028. Prevailing Wage. Lessee shall comply with the applicable provisions of the City’s Prevailing Wage Law in accordance with, and subject to, City Ordinance No. 62124 as a condition of this Agreement.

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

Authorized by City Ordinance _____, approved _____, 2004

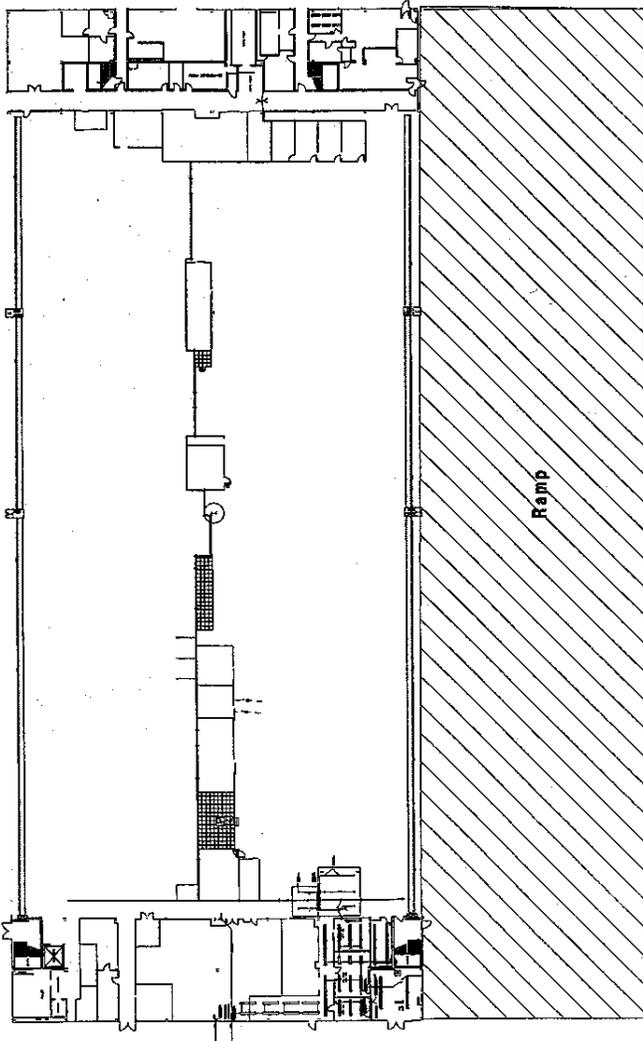
The foregoing Agreement was approved by the Airport Commission at its meeting on the _____ day of _____, 2004.

THE CITY OF ST. LOUIS BY:

ORDINANCE NO. 66324 - EXHIBIT A

66324

LEASE EXHIBIT



Hanger Space Approx. 75,000 sf.
 Office Space Approx. 25,000 sf.
 Ramp Space Approx. 50,000 sf.
 Total Space Approx. 150,000 sf.

BUILDING #42 FIRST FLOOR (OFFICES AND HANGER)

Building #42



LAMBERT - ST. LOUIS
 INTERNATIONAL AIRPORT
 PLANNING & ENGINEERING DEPARTMENT
 CITY OF ST. LOUIS AIRPORT AUTHORITY /
 P.O. BOX 10212 ST. LOUIS, MO. 63145 (314) 426-9015

LEASE EXHIBIT A

TENANT - TRANS STATE AIRLINES

DATE, 7/31/2004

SHT. 1 OF 1