AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

Agenda Item: Airline Operating Agreement and Lease of Airport F

Action Requested: Board of County Commissioners' Signature

Parties to the Agreement: Board of County Commissioners of Gunnison County and Alaska Airlines, Inc.

Term Begins: 11/15/2015 **Term Ends:** 4/30/2016 **Grant Contract #:**

Summary:

This is an agreement with Alaska Airlines to operate and lease airport facilities at the Gunnison Crested Butte Regional Airport

Fiscal Impact:

Submitted by: Stephanie Williams **Submitter's Email Address:** swilliams@gunnisoncounty.org

Finance Review: (●) Required ( ) Not Required

Comments:
Stephane is changing date on page 9, paragraph 3.2.1 from November 1, 2014 to December 1, 2015.

Reviewed by: GUNCOUNTY1\lNienhueser Discharge Date: 12/8/2015

County Attorney Review: (●) Required ( ) Not Required

Comments:
ok - gs

Reveiwed by: GUNCOUNTY1\gstuhr Discharge Date: 12/11/2015 Certificate of Insurance Required Yes (●) No ( )

County Manager Review:

Comments:

Reveiwed by: GUNCOUNTY1\khaase Discharge Date: 12/11/2015

(●) Consent Agenda ( ) Regular Agenda ( ) Worksession Time Allotted:

Agenda Date: 12/15/2015

Revised April 2015

AIRLINE OPERATING AGREEMENT AND LEASE OF AIRPORT FACILITIES

GUNNISON-CRESTED BUTTE REGIONAL AIRPORT
Gunnison, Colorado

Lessor:
BOARD OF COUNTY COMMISSIONS
OF GUNNISION COUNTY, COLORADO
200 East Virginia
Gunnison, Colorado 81230
Facsimile: (970) 641-3061

Lessee:
ALASKA AIRLINES**, INC.**
PO Box 68900-SEAPZ
Seattle, WA 98168-0900

Dated: **November 15th, 2015**

TABLE OF CONTENTS

RECITALS 1
1. DEFINITIONS 1
2. USE OF AIRPORT FACILITIES 2
2.1 GRANT OF AIRPORT USE 2
2.2 TERMINAL BUILDING AND ADJACENT SPACE 2
2.3 ACCESS TO AIRPORT 3
2.4 PUBLIC ADDRESS AND PAGING SYSTEM 4
2.5 LIMITATION ON USE 4
2.6 ACCEPTANCE BY AIRLINE 4
2.7 AIR CARRIER ACCOMMODATION 4
2.8 ACKNOWLEDGMENT OF FACILITIES LIMITATIONS 6
2.10 ENTRY AND INSPECTION BY COUNTY 6
2.12 AIRLINE'S USE OF AFFILIATES 6
3. OBLIGATIONS OF AIRLINE 7
3.1 RENTALS AND CHARGES 7
3.2 TERMS AND CONDITIONS OF PAYMENT 9
3.3 SECURITY DEPOSIT 9
3.4 INSURANCE 10
3.5 INDEMNIFICATION OF THE COUNTY 10
3.6 SECURITY REQUIREMENTS 10
3.8 MAINTENANCE OF PREFERENTIAL PREMISES 11
3.9 IMPROVEMENTS TO PREFERENTIAL PREMISES 11
3.10 AIRLINE'S EMPLOYEES 12
3.11. RECORDS 12
3.12 LIENS 12
3.14 UTILITIES 13
3.15 REMOVAL OF DISABLED AIRCRAFT 13
4. OBLIGATIONS OF THE COUNTY 14
4.1. QUIET ENJOYMENT 14
4.2 MAINTENANCE AND UTILITIES 14
4.3 SNOW REMOVAL 14
4.2 AIRLINE SNOW REMOVAL 14

4.3 AIRPORT SECURITY 14
5. TERM 14
5.1 TERM 15
5.2 HOLDING OVER 15
6. TERMINATION, SURRENDER AND DAMAGES 15
6.1 TERMINATION BY AIRLINE 15
6.2 AIRLINE'S DEFAULT AND COUNTY REMEDIES 16
6.3 SURRENDER OF POSSESSION 16
6.4 DAMAGE OR DESTRUCTION OF PREMISES 17
7. ASSIGNMENTS AND SUBLETTING 18
7.1 ASSIGNMENT AND SUBLETTING 18
7.2 SUCCESSORS TO THE COUNTY 18
8. OTHER AGREEMENTS 18
8.1 COMPLIANCE WITH LAWS, RULES AND REGULATIONS 18
8.2 LEASE SUBORDINATE 19
8.3 LEASES WITH OTHER AIR CARRIERS 19
8.4 NON-DISCRIMINATION 19
8.5 SERVICE ENTRANCES 19
8.6 AVAILABILITY OF GOVERNMENTAL FACILITIES 20
8.7 RELOCATION BY THE BOARD 20
8.8 FORCE MAJEURE 20
8.9 RESERVATION OF COUNTY RIGHTS 20
9. MISCELLANEOUS PROVISIONS 21
9.1 NON-EXCLUSIVE RIGHT 21
9.2 AIRLINE'S SUBCONTRACTS 21
9.3 HEADINGS 22
9.4 TIME OF ESSENCE 22
9.5 NON-WAIVER 22
9.6 LIMITATION OF BENEFIT AND LIABILITY 22
9.7 SEVERABILITY 22
9.8 EFFECT OF LEASE 22
9.9 NOTICES 22
9.10 GOVERNING LAW AND VENUE 22
9.11 ENTIRE LEASE 22

9.12 ATTORNEYS' FEES 22
9.13 MODIFICATION OF LEASE 23
9.14 CAPACITY TO EXECUTE 23

EXHIBIT 1: Diagram of Existing Airport Terminal Building
EXHIBIT 2 Minimum Standards and Requirements
EXHIBIT 3: Rules and Regulations

AIRLINE OPERATING AGREEMENT AND
LEASE OF AIRPORT FACILITIES

THIS LEASE made effective as of November 15, 2015 between the BOARD OF COUNTY COMMISSIONERS OF GUNNISON COUNTY, COLORADO, herein called the "County" and ALASKA AIRLINES, INC., herein called the "Airline."

RECITALS

The parties recite and declare that:

A. The County is a political subdivision of the State of Colorado, and owns and operates the Gunnison-Crested Butte Regional Airport located within and adjacent to the City of Gunnison;

B. The Airline is engaged in the business of transporting persons, property, cargo and mail by aircraft; and

C. For and in consideration of the mutual covenants and agreements contained herein, the County is willing to lease and grant to the Airline and the Airline is willing to rent and obtain from the County certain premises and facilities on the Airport, together with certain rights, licenses and privileges thereon.

1. DEFINITIONS

As used in this Lease, defined words and terms shall have the following meanings:

1.1 "Airport" is the Gunnison-Crested Butte Regional Airport located within and adjacent to the City of Gunnison, Gunnison County, Colorado, including the Terminal and other public improvements and facilities located thereon.

1.2 "Affiliate" means any domestic air transportation company, that (i) is designated by Airline to the County as its Affiliate; and, (ii) has executed an Affiliated Airline Use Agreement with the County containing insurance, indemnification, and other standard provisions as required by the County; and either (iii) is operating at the Airport for the benefit of Airline, under the same or substantially similar livery as Airline, and (a) is owned by Airline, or (b) is a subsidiary of the same corporate parent of Airline, or (c) is under contract to Airline in respect of such operation; or, (iv) if operating under its own livery, is not selling any seats on an aircraft in its own name and all seats on such aircraft are being sold in the name of Airline; or, (v) is operating at the Airport under a shared International Air Transport Association ("IATA") flight designator code with Airline at the Airport.

1.3 "Airport Manager" is the manager of the Airport as may be designated from time to time by the County.

1.4 “Employees” means Airline’s officers, employees, contractors and/or agents performing activities at the Airport.

1.5 "Common Airline Areas" shall mean the security hold room, baggage claim area, passenger waiting areas, and passenger queuing areas in front of airline ticket counters in the Terminal,

1.6 “Lease” is this Airline Operating Agreement and Lease of Airport Facilities.

1.7 “Leased Premises” refers to the premises described in Sections 2.2.1 and 2.2.4 of this Lease, including that which may be described for Airline’s preferential use and use in common with others.

1.8 “Terminal” is the existing Passenger Terminal Building at the Airport.

1.9 “Preferential Premises” consists of the preferential use counter, office and other space described in Section 2.2.4 of this Lease, if any.

1.10 “Ramp” is that portion of the aircraft ramp/apron at the Airport designated by the Airport Manager from time to time for use by air carrier aircraft.

1.11 “Weight” shall mean the maximum certified landing weight (MLW) of an aircraft as designated by the Federal Aviation Administration.

2. USE OF AIRPORT FACILITIES

Subject to the terms, conditions and covenants of this Lease, Airline is granted the following:

2.1 Grant of Airport Use. Airline is granted the use of the Airport, in common with others similarly authorized, together with all public facilities, improvements and services which have been or may hereafter be provided at or in connection with the Airport from time to time, including, but not limited to, the landing field and any extensions thereof or additions thereto, roadways, runways, aprons, taxiways, sewage and water facilities, floodlights, landing lights, beacons, control tower, signals, radio aids and all other conveniences for flying, landings and takeoffs.

2.2 Terminal Building and Adjacent Space. Airline is also granted the use of the following space in and adjacent to the Terminal:

2.2.1 In common with others, use with other air carriers of the security holding area, baggage claim area, aircraft loading bridges and waiting areas;

2.2.2 In common with others, use of portions of the Ramp to permit the taxiing, servicing, loading and unloading of Airline’s aircraft, provided, however, that the Airport Manager shall at all times have the right to establish and enforce such non-

discriminatory rules and regulations as he reasonably deems necessary to control the parking and movement of aircraft on the common aircraft areas. Such rules may prohibit the long-term parking or storage of aircraft, including disabled aircraft, on ramp and apron areas. Long-term parking is hereby defined as parking that exceeds forty-eight (48) consecutive hours. If Airline works in good faith to repair and/or remove a disabled aircraft, but is unable to do so within forty-eight (48) hours, Airline shall not be deemed to have breached the terms of this Section;

2.2.3 In common with others, the use of all public space in the Terminal for Airline, its employees, customers, guests and other invitees, subject to such reasonable policies as the County may establish; and

2.2.4 Preferential use of the Preferential Premises identified in **Exhibit 1** as part of Terminal **Space 106** consisting of approximately **170 square feet**; together with such additional space as may be granted by the County for Airline's preferential use in written Addenda hereto. The Preferential Premises may be utilized by the Airline for the sale of tickets and the reservation of space, manifesting of passengers and cargo, handling of mail, baggage and cargo and a traffic operation and communications office. Airline may distribute and display on the Preferential Premises airline schedules and promotional materials so long as in the Airport Manager's reasonable discretion the same are tasteful and compatible with Terminal design and the other provisions of this Lease. Airline shall not display or distribute from such Premises (except with written permission of the Airport Manager) advertising or promotional materials for non-airline businesses or service.

2.3 Access to Airport.

2.3.1 Airline, its passengers, agents, servants, invitees, employees and furnishers of goods or services shall have an unimpeded and unobstructed right of ingress to and egress from the Terminal. Such access shall, without exception, be in common with such other persons (including, at the option of the County, the general public) as the County may authorize or permit; and the County may, at any time or times, close, relocate, reconstruct, change, alter or modify such means of access, either temporarily or permanently, provided that another reasonably convenient and adequate means of ingress and egress is available for the same purposes.

2.3.2 The County may charge the operators of vehicles carrying passengers and property for the privilege of entering upon Airport property or using the roadways in or on the Airport, parking vehicles on the Airport, soliciting passengers on the Airport, or otherwise operating on the Airport. Provided, however, that the County will make available a reasonable number of parking spaces on Airport property for the use of Airline's employees, at no charge to Airline or its employees, and the County's failure to charge fees for such parking areas shall not affect its ability to charge and collect fees from other users.

2.4 Public Address and Paging System. Airline and others similarly authorized shall have the right to use the public address and paging system in the Terminal for flight announcements, paging, and similar purposes, subject to reasonable rules and policies established by the Airport Manager.

2.5 Limitation on Use.

2.5.1 Airline's use of the Airport authorized and granted herein shall be limited to the operation of a transportation system by aircraft for the carriage of persons, property, cargo and mail, including without limitation, the landing, take-off, parking, servicing, repairing, storing and testing of Airline's aircraft; the loading and unloading of persons, property, cargo and mail at the Airport: all of the uses shall be subject to County rules and policies then in effect.

2.5.2 Nothing contained herein is or shall be construed to prevent the County from enforcing the provisions of applicable ordinances, resolutions or regulations relating to the control of landside parking at the Airport or the collection of fees for such parking.

2.5.3 The County reserves the right to install or lease space in the public areas of the Airport for concessions (including, but not limited to, ground transportation and rental cars), which the County, in its sole discretion, deems desirable. Concessions will not adversely impact Airline's rights, use or access to the Preferential and Common Airline Areas.

2.5.4 Airline shall assure that no amusement, vending machines, public pay phones, facsimile, copy machines or other machines operated by coins, tokens, or credit cards are installed or maintained in or at the Preferential Premises unless approved by the Airport Manager. Airline self ticket machines shall only be installed, operated or maintained with the prior written approval of the Airport Manager, and will be installed within the Preferential Premises in specific locations approved by the Airport Director.

2.6 Acceptance by Airline. Airline has inspected the Airport, Terminal and Leased Premises and is fully aware of the equipment, location and condition thereof. Airline accepts the same in their present "as is" condition.

2.7 Air Carrier Accommodation. To accommodate the public interest, including to maximize the efficient use of Terminal space; to comply with the County's obligations under federal law to provide reasonable access to the Airport for commercial aeronautical operators and to accommodate entry to the Airport of new scheduled air carriers; and to ensure uniform treatment of all airlines, the County reserves the right unilaterally to change, during the term of this Lease, the rights and obligations of Airline in areas designated as Preferential Premises, in accordance with the standards and process set forth below:

2.7.1 If an airline desires to begin or renew service to the Airport and desires space in the Terminal, such airline (the "Requesting Airline") may file a request for access with the Airport Manager, containing details of the proposed airline operations including, the amount, type and location of facilities requested; the type, schedule and seasonal duration of aeronautical services proposed; the proposed commencement date; the number and type of aircraft and ground support equipment; and the types and number of personnel to be used. Upon receipt of such a request, the Airport Manager will determine whether the Requesting Airline requires Preferential Premises within the air carrier counter, office and/or ops/cargo area of the Terminal.

2.7.2 If the Airport Manager determines that the Requesting Airline needs Preferential Premises in the Terminal and such space is not then vacant, the Airport Manager shall forward the request for access to all airlines renting space in the Terminal. The Requesting Airline and tenant airlines all shall then have the obligation to negotiate in good faith to reach an agreement to accommodate the Requesting Airline, whether by sublease, sub-license, "handling agreement" or the like.

2.7.3 If negotiations are fruitless and the Requesting Airline demonstrates to the satisfaction of the Airport Manager that it has pursued all reasonable efforts to secure accommodation by the tenant airlines without success, the Airport Manager shall notify all tenant airlines in writing that, if the Requesting Airline is not accommodated within a reasonable period from the receipt of such notice, the Airport Manager shall select one or more of the tenant airlines to accommodate the Requesting Airline.

2.7.4 If, at the end of the specified period, the Requesting Airline has not been accommodated, the Airport Manager shall select Airline and/or another airline tenant or tenants to accommodate the Requesting Airline, by reducing the size of and reallocating a portion of the Preferential Premises assigned to one or more tenant airlines, including possibly the Airline, in the manner determined by the Airport Manager. Such reduction and reallocation shall be determined by taking into consideration factors including, but not necessarily limited to: current relative utilization of Preferential Premises (on a gross flight number and/or enplaned passenger basis), schedule compatibility, union work rules, and competitive relationships. Once a decision is made, the Airport Manager shall send written notice to the tenant airline(s) selected to accommodate the Requesting Airline to begin accommodation of such Requesting Airline within ten (10) business days from the receipt of such notice, by deleting or substituting Preferential Space from this or other airline leases. Airline shall not be required to bear the expense of any such reduction in size or reconfiguration of the Preferential Premises. The Airport Manager shall include in such notice the basis for the decision. The decision of the Airport Manager shall be final.

2.7.5 If during the term of this Agreement, Airline suspends flight operations at the Airport for a period in excess of thirty (30) days, during the months of December

through March inclusive, and another airline makes application for use of new or additional space in the Terminal, the County reserves the right to delete all or a portion of the Preferential Premises from this Lease for the remainder of its term, and to make such space available to the Requesting Airline.

2.8 Acknowledgment of Facilities Limitations. The County has advised Airline, and Airline acknowledges and understands, that the scheduling of service to the Airport by large aircraft, during the same or in close proximity to periods in which the Airport is being served by other large aircraft may result in schedule delays, and inconvenience and discomfort to passengers. The County encourages Airline and other airline tenants to take these considerations into account when scheduling service by large aircraft at the Airport. Upon request of Airline, the County will share with Airline all non-confidential information in its possession regarding the scheduling and proposed scheduling of airline service at the Airport.

2.9 Entry and Inspection by County. County and its authorized officers, employees, agents and other representatives shall have the right (at such times as may be reasonable under the circumstances and with as little interruption to the Airline's operations as is reasonably practicable, and with prior written notice to the Airline) to enter upon the Airline's Preferential Premises for the following purposes:

2.9.1 To inspect such Premises at reasonable intervals during regular business hours (or at any time in case of emergency) to determine whether the Airline has complied and is complying with the terms and conditions of the Lease with respect to such Premises.

2.9.2 To perform maintenance and make repairs and replacements in any case where Airline is obligated to do so and has failed after reasonable written notice to do so, in which event Airline shall reimburse County for the reasonable cost thereof promptly upon demand.

2.9.3 To perform maintenance and make repairs and replacements in any case where the County is obligated to do so, and in any other case where the County, in its reasonable judgment, determines that it is necessary or desirable to do so in order to preserve the structural safety of such Premises or the building in which they are located or to correct any condition likely to cause injuries or damages to persons or property.

2.9.4 In the exercise of the County's police power, nothing herein shall limit the rights of County to enter the Preferential Premises with or without notice in the event of an emergency. No such entry by or on behalf of the County upon such Premises shall in and of itself cause or constitute a termination of this Lease or be deemed to constitute an interference with Airline's possession of the Premises.

2.10 Airline's Use of Affiliates.

2.10.1 If Airline desires to utilize an Affiliate at the Airport pursuant to this Lease, it shall notify the County in writing, providing the name, address and contact information for the proposed Affiliate, together with the nature of the qualifying relationship between Airline and Affiliate, the proposed starting date, and contact information for the Affiliate. Affiliate shall be required to execute a separate Affiliated Airline Use Agreement with the County. Execution of the Affiliated Airline Use Agreement and approval by County shall be required before the Affiliate is granted affiliated status. Upon execution and approval of the Affiliated Airline Use Agreement the Affiliate shall be treated as an Affiliate of Airline, provided Airline remains signatory to this Lease.

2.10.2 Aircraft operated by an Affiliate, employees of an Affiliate, and passengers enplaned on and deplaned from an Affiliate's aircraft, shall be considered as Airline's aircraft, employees and passengers for all purposes related to this Lease. Without limiting the generality of the foregoing, (a) Affiliate shall be charged at the same landing fee rates as Airline, without payment of any seasonal or non-signatory premiums; (b) Passengers of an Affiliate shall be included as Airline's passengers for purposes of allocating the *per capita* portion under any allocation formula, and (c) Airline shall be entitled to sublease or license part of the Premises to, or ground handle from the Premises any Affiliate of Airline, with prior written notice to, but without prior consent of the County.

3. OBLIGATIONS OF AIRLINE

3.1 Rentals and Charges. Airline agrees to pay the County rentals and charges for the use of the Leased Premises, and the services and privileges granted hereunder, according to the following schedule:

3.1.1 For the use of **Common Airline Areas**, the Airline agrees to pay a rental of **$9,634.31** for the "Initial Term" as described in Sections 5.1 which is **30%** of the "Initial Term" rent payable for its Preferential Premises. **$928.61** is payable on November 15, 2015 and thereafter **$1,741.14** per month for the remaining 5 months of the "Initial term" based on $34.14 per square foot.

3.1.2 For the use of the Terminal boarding bridges, Airline shall pay **$100** per use payable monthly.

3.1.3 For Airport services connected with its operations scheduled to be landed and non-scheduled operations actually landed at the Airport, Airline shall pay a landing fee based on the Weight of the aircraft landed, which landing fee shall be **$5.35** per 1,000 pounds of Weight.

3.1.4 For the use of the 170 (one hundred and seventy) square feet of **Preferential Premises** expressly identified in Paragraph 2.2.4 above, if any, Airline shall pay the County a total rental of **$32,114.36** for the "Initial Term" as described in Sections 5.1 of which **$3,095.36** is payable on November 15, 2015 and thereafter **$5,803.80** per month for the remaining 5 months of the "Initial Term" based on $34.14 per square foot. Total rent payable for both Airline Common and Preferential Premises for the "Initial Term" is **$41,748.67.**

3.1.5 County and Airline agree that should this Lease be renewed for any Option Term, as described in Sections 5.1 and 5.2 below, then the rental rates and landing fees set forth above may, at the beginning of each renewal period, be adjusted by the County to an amount which shall not exceed one hundred and six percent (6%) of the rate for the previous annual term.

3.1.6 Such additional fees or charges as are necessary to reimburse the County for expenditures required to comply with standards, regulations, orders or directives from the Federal Aviation Administration and/or Transportation Security Administration concerning security to the extent that the federal government is not obligated to provide such reimbursement. To the extent that the Airline provides such services at its own expense, it shall be relieved of any obligation to reimburse the County under this section.

3.1.7 Airline agrees to faithfully collect and promptly remit to County (without notice or demand by County and in accordance with FAR Part 158) the proceeds of the County's Passenger Facility Charge as long as the County has an FAA approved Passenger Facility Charge in effect. Airline shall pay the County interest for late payment of Passenger Facility Charge proceeds to County in accordance with Section 3.1.8 below. Both Airline and County hereby covenant to fulfill their responsibilities under the terms of FAR Part 158. If legislation and regulations, in effect on the date of this Lease, governing passenger facilities charges, use fees, or similar charges on Airline's passengers using the Airport are amended, changed, or eliminated during the term of this Lease, the County reserves the right to appropriately adjust such charges, levy new charges, revise charges, or implement additional charges as reasonably determined by the County to be necessary. In the event that any rental, fee or charge set forth in this Lease shall not be paid to the County within the calendar month of the due date, Airline agrees to pay a late charge equal to one and one-half percent (1 1/2%) per month on the unpaid balance, accruing from the due date until paid.

3.1.8 Airline shall pay for any identification badges required for its or its assigns or subtenants' employees, at a rate established by the County from time to time, and the cost of finger print based FBI background checks in addition to any other requirements of the TSA. The initial badge rate currently charged by the County is $75.00 per badge. Airline shall also pay fees as established by the County from time to time for the replacement of said badges. When requested by Airline, the

County shall issue keys to Airline employees, to provide access to those areas of the Terminal which the County in its discretion deems necessary or appropriate for Airline's activities. Airline agrees to pay the County $10.00 for each such key issued. If any such key is lost or stolen, Airline agrees to pay the County $100, plus the actual cost incurred by the County for re-keying the affected locks and producing replacement keys**.** Airline acknowledges that, depending on the key lost, the cost incurred for re-keying locks and providing replacement keys may be significant.

3.2 Terms and Conditions of Payment.

3.2.1 Rentals under subparagraph 3.1.1 and 3.1.4 above shall be paid in advance in monthly installments due the first day of each month and payable no later than the 15th day of each month. The first such payment shall be due on December 1, 2015.

3.2.2 Airline shall provide to the County information required in calculating fees set forth in subparagraphs 3.1.2 and 3.1.3, above, and warrants that all information contained in these reports shall be true and accurate as of the date the same is given. By the second business day of each month during the Lease term, Airline shall deliver to the County, on a form to be provided by the County, all information concerning Airline's aircraft landed and landed Weight for the previous calendar month, together with flight cancellations and the reasons therefore. The County will thereafter invoice Airline the appropriate fee for the previous month, which amount shall be paid by Airline within twenty (20) days following billing by the County.

3.2.3 Payment for any cost reimbursement shall be made within thirty (30) days following receipt by the Airline of a statement or invoice itemizing such costs unless else Airline elects to carry forward.

3.2.4 Payments shall be made to the Gunnison County Finance Office, 200 East Virginia, Gunnison, Colorado 81230, and should be made payable to the "Gunnison County Treasurer." Any check or other order shall be accepted subject to collection and the Airline agrees to pay any bank charges made for the collection of any such check.

3.3 Security Deposit. With the execution of this Lease, the sum of **$2,000.00** has been deposited by Airline which shall be held by the County as a security deposit for the faithful performance by Airline of Airline's obligations under this Lease. The County, upon request, may in its discretion accept an Irrevocable Letter of Credit, bond or other surety satisfactory to the County in lieu of a cash deposit. In addition to other remedies, the County may call upon and use the security deposit to pay and setoff any amounts due and owing by Airline. Said sum or surety shall be returned to Airline without interest at such time as Airline ceases to provide scheduled service to the Airport and has fully performed the terms of this Lease. If the County calls upon and uses all or any portion of the security deposit to pay and set off any amount due and owing by Airline, then within fifteen (15) days notice by the County,

Airline shall re-deposit an amount necessary to restore the balance of the security deposit to the sum of $2,000.

3.4 Insurance. Airline shall have the obligation to maintain, during the Term of this Lease and at Airline's expense, aircraft liability insurance and comprehensive general form liability insurance , covering bodily injury, personal injury, property damage, products/completed operations liability, premises liability and contractual liability, with liability limits of at least those set forth in the County's Minimum Standards and Requirements of Commercial Aeronautical Activities (the "Minimum Standards") at the Airport, as the same now exist or as they may be hereafter amended after notice to Airline. A copy of the Minimum Standards is annexed to this Lease at **Exhibit 2**. Said aircraft liability shall be applicable to owned, non-owned, and hired aircraft, and shall cover Airline's use and occupation of the Leased Premises and aircraft operations at or upon the Airport. Said policy shall include an endorsement covering the indemnity owed by Airline to the County under this Lease. Airline may insure in such amounts as Airline shall deem appropriate with respect to any other risk, including risk to personal property or trade fixtures located on the Preferential Premises. Airline shall also maintain worker's compensation insurance or evidence of self-insurance, in accordance with the laws of the State of Colorado, covering all its employees who may from time to time be at the Airport in such capacity. Airline shall furnish current certificates of insurance to the County within 30 days of executing this agreement.

3.5 Indemnification of the County. Airline agrees to indemnify the County against all liability for injuries to persons or damage to property caused by Airline's intentional and/or negligent operations at or upon, or use or occupancy of the Leased Premises, except to the extent that such injuries or damage are caused by the gross negligence or willful misconduct of the County.

3.6 Security Requirements.

3.6.1 Airline shall conduct criminal and such other checks on its employees as may be required by applicable federal law and/or regulations, whether the same applies to Airline directly, or to the operation of any part of the Airport. Airline shall also timely provide the County with such information as may be necessary for the County to comply with federal law or regulation, including those relating to the issuance of SIDA badges. Employees will not be assigned duties in which they are required to have unescorted access to controlled areas until such checks have been made and appropriate authority granted by the County. Airline further agrees that Airline and its Employees shall fully comply with the County's security program. If a flight departure will be significantly delayed or cancelled, Airline shall make all reasonable efforts to inform the supervising passenger security screener on duty of such delay or cancellation, at the earliest opportunity, to avoid unnecessary, premature and/or repeated screening activity.

3.6.2 Airline shall maintain the Premises in such a manner as to keep them reasonably secure from unauthorized intrusion, provided County has supplied Airline with locks

and keys, and shall, with respect to any area of the Premises opening to an Air Operations Area of the Airport, provide for an adequate security procedure designed to prevent unauthorized persons or vehicles from entering such Air Operations Area. An "Air Operations Area" is defined to mean any area of the Airport used or intended to be used for landing, takeoff or surface maneuvering of aircraft. An "adequate security system" is further defined as providing for security at the standard no less than required and set out in Part 1542 of the Federal Aviation Regulations of the Federal Aviation Administration, as may be amended.

3.6.3 At any time during the term hereof, when requested in writing by the Airport Manager, the Airline shall, within a reasonable period following such request, submit to the Airport Manager written descriptions of the security procedures that are to be used and are being used by the Airline on any or all of the Leased Premises.

3.7 Maintenance of Preferential Premises. If Airline is granted Preferential Premises under paragraph 2.2.4 above, the following shall apply:

3.7.1 Airline shall furnish, install, operate and maintain the Preferential Premises and the furniture, fixtures and equipment installed therein and thereon, all in good and clean order, condition and repair. Within the Preferential Premises, the Airline shall be responsible for taking actions and making alterations or installations necessary to comply with the Americans with Disabilities Act of 1990, as amended, and regulations adopted pursuant thereto. Upon expiration or sooner termination of this Lease, Airline shall deliver up the Preferential Premises to the County in good and clean order, condition and repair, reasonable wear and tear excepted.

3.7.2 Airline shall provide its own janitorial services within its Preferential Premises and shall at all times keep the Preferential Premises in a neat and clean condition and in good repair (ordinary wear and tear and damage due to casualty and fire excepted).

3.7.3 Airline shall ensure that trash generated by its operations is immediately placed in covered containers, no fugitive trash is generated, the Preferential Premises are policed for trash on a daily basis, and trash and other wastes are disposed of lawfully and promptly. Airline shall not use or store hazardous materials on the Airport except in strict compliance with federal, state and local laws and regulations.

3.8 Improvements to Preferential Premises. If Airline is granted Preferential Premises under paragraph 2.2.4 above:

3.8.1 Construction plans, specifications, budgets and schedules for any proposed improvements by Airline to the Preferential Premises, shall be submitted by Airline and subject to County approval. The County may reject submissions that are not in accordance with applicable codes, rules, regulations, ordinances and statutes, which

are incompatible with Airport conditions, or inconsistent with Airport architectural style and design or with uses typically made of public use airports.

3.8.2 No signs or advertising displays shall be painted on or erected in any manner upon the Preferential Premises without the prior written approval of the Airport Manager. Signs identifying the Airline will conform to reasonable standards established by the Airport Manager with respect to type, size, design and location. The Airport Manager shall not unreasonably withhold approval of standard industry trade fixtures or signage.

3.8.3 If Airline has altered the Preferential Premises, then upon expiration or sooner termination of this Lease, at the option of the County, Airline shall restore the same to its original condition to the extent reasonably practicable. Provided, however, that Airline shall not be required to make repairs which were not occasioned by damage caused by Airline or its Employees, invitees, contractors or customers. Otherwise, any permanent modifications or permanent fixtures attached to the Preferential Premises shall become the property of the County at the termination of this Lease unless the Airport Manager reasonably determines that such can be removed without significant damage to such Premises. Any other fixtures, equipment, improvements or other property installed, erected, purchased or placed by the Airline in, on or about the Preferential Premises will be considered personal property and shall remain the property of the Airline.

3.9 Airline's Employees. Airline hereby covenants and agrees, that with respect to operations authorized under this Lease;

3.9.1 Airline shall require all of its Employees, representatives, contractors, subcontractors, licensees, subtenants, invitees excluding passengers, and suppliers hired by Airline and working about the Terminal to wear clean and neat attire and to display appropriate identification.

3.9.2 Airline shall not permit its Employees to enter the Airport's security areas without the Employee's valid identification or an approved escort; and it shall immediately notify the Airport Manager or his designee whenever an Employee's access authority has been revoked, an access medium has been lost or stolen, or it becomes aware that the access control system or its components have been compromised or threatened.

3.10 Records. Airline agrees that it shall keep or cause to be kept at the Airport true, accurate and complete records of Airline's activity conducted at the Airport upon which reports required in Subparagraph 3.2.2 above are based, for a period of two (2) years after the activity conducted, and shall permit the County to inspect the same at all reasonable times.

3.11 Liens. Airline shall immediately cause to be removed, and shall cause a bond to be posted for the benefit of County to secure the payment of any and all liens or encumbrances of any nature arising out of or imposed because of any improvements or repairs performed by

Airline or any of its contractors or subcontractors upon the Preferential Premises or arising out of or because of the performance of any work or labor upon or the furnishing of any materials for use on the Preferential Premises.

3.12 Utilities. The County has, at its own expense, brought certain public utility services to the Terminal and the Leased Premises. Within the limits of capacity and without charge other than as set forth herein, the Airline shall have the right to use and make connection therewith; provided, however, that the County has, at its sole option, installed metering devices to determine the amount of electrical power consumed by computers, de-icing equipment, APU's and similar equipment utilized solely by and for the benefit of the Airline. Airline shall pay for the electrical power measured by such meter in accordance with Sections 3.2.3 and 3.2.4 above. If additional or expanded utility services or lines are required by the Airline's operations, the cost of such services and lines shall be paid by the Airline.

3.13 Removal of Disabled Aircraft. Airline shall promptly remove any of its disabled aircraft from any part of the Airport (including, without limitation, runways, taxiways, aprons and gate positions) and place any such disabled aircraft in such storage areas as may be designated by Airport Manager. Airline may store such disabled aircraft only for such length of time and on such terms and conditions as may be established by Airport Manager. If Airline fails to remove any of its disabled promptly, County may, but shall not be obligated to, cause the removal of such disabled aircraft, provided, however, the obligation to remove or store such disabled aircraft shall not be inconsistent with federal and state laws and regulations. Airline agrees to reimburse County for all costs of such removal. Airline further releases County from any and all claims for damage to the disabled aircraft or otherwise arising from or in any way connected with such removal by County.

3.14 Access Gate. If Airline uses any access gate or door ("Access Gate") providing access to the Security Identification Display Area ("SIDA") of the Airport. Any such Access Gate shall be constantly monitored by Airline while open to prevent access to the SIDA by any person who does not properly display a County-issued security badge, or by any person who is not actively escorted by such a properly badged person. If unauthorized access to the SIDA occurs though an Access Gate being used by Airline it shall be a violation of this Lease and of the County's security program. For any such violation, Airline shall pay the County liquidated contract damages, which shall not be considered a penalty, in accordance with the following schedule, for violations occurring during the same calendar year:

1st Violation	Notice of Violation—Next Offense to Result in Fine
2nd Violation	$250 (gate will be locked by County until fee is paid)
3rd Violation	$500 (gate will be locked by County until fee is paid and

Airline shall provide assurances which, in the sole discretion of the County, are sufficient to prevent future Access Gate violations). Regardless of the number of such Access Gate violations which occur, should any such violation(s) result in a damage award, citation, or fine being assessed against the County, then Airline shall promptly reimburse the County for

said damage award, citation, or fine, and for all costs and expenses, including reasonable attorney's fees, incurred by the County in defending against and satisfying the same

4. OBLIGATIONS OF THE COUNTY

4.1. Quiet Enjoyment. The County covenants that on paying the rent and performing the covenants herein contained, Airline shall peacefully and quietly have, hold and enjoy the rights granted herein for the agreed term.

4.2. Maintenance and Utilities. During the term of this Lease, the County shall maintain and keep in good repair so much of the Airport, including the Terminal, as is not under the preferential or exclusive control of individual tenants, in accordance with applicable laws, rules and regulations. The County shall also maintain and operate sewage and water facilities, janitorial services, electrical and electronic facilities, and such other appurtenances and services as are now or may hereafter be connected with the operation of the Airport, for the common areas of the Terminal.

4.3. Snow Removal. The duties of the County shall include the removal of snow from the ramps, runways and taxiways of the Airport, to the standard of a reasonable airport operator under similar circumstances and in light of equipment and personnel reasonably available to the County except as provided for in 4.4.

4.4. Airline Snow Removal. Airline agrees to remove ice and snow from (a) an area around each aircraft measuring ten (10) feet from the nose, tail, and wings, and (b) a ramp area designated by the Airport Manager for housing airline ground handling equipment, such areas identified as the "Exterior Exclusive Use Premises" if any. Airline shall indemnify and hold the County harmless from any and all claims arising out of airline's failure to clear ice and snow from the Exterior Exclusive Use Premises. Airline assumes full responsibility for the safety of its employees, contractors, agents, and passengers moving between the boarding gates and its own aircraft, regardless of weather conditions.

4.5. Airport Security. The County shall provide special security in the air operations area necessary or reasonably appropriate to meet the obligations of the County, if any, in accordance with the provisions of applicable federal regulations as they exist on the date of this Lease. Subject to recovery of costs, as set forth in Paragraph 3.1.5 of this Lease, the County shall provide such additional security measures as are imposed upon it by future federal regulations.

5. TERM

5.1 Term. Subject to earlier termination as hereinafter provided, the initial term of this Lease shall commence **November 15, 2015** and end **April 30, 2016** (the "Initial Term"). The term of this Lease may be extended for up to two (2) additional terms of one (1) year each commencing November 15, 2016 through November 14, 2017 and November 15, 2017 through November 14, 2018 (each "Option Terms") upon the same terms and conditions as the Initial Term (except as otherwise provided herein).

5.2 Holding Over. Holding over or failure to vacate the Preferential Premises at the end of the term shall not be construed to be the granting or exercise of an additional term, but shall create only a month to month tenancy, under the other terms and conditions of this Lease, which may be terminated by either party upon 30-days notice to the other.

6. TERMINATION, SURRENDER AND DAMAGES

6.1 Termination by Airline.

6.1.1 Airline may terminate this Lease if it withdraws from providing scheduled air service to the Airport, providing that it first delivers to the County a written notice specifying an early termination date, which date shall not be less than sixty (60) days from the date of delivery of said notice to the County. In such event, this Lease shall terminate on the date specified in the notice, provided that Airline is not then in default under the terms of this Lease and all amounts due and owing to the County are fully paid on and to the termination date specified. If Airline continues to provide service after the date specified, is in default hereunder or otherwise continues to owe monetary obligations to the County on said date, Airline's obligations under this Lease shall not terminate, but shall continue during the term.

6.1.2 If the County fails to perform any material act or acts or render any service required to be performed or rendered by the County under the terms of this Lease, and if the County fails to remedy any such default within thirty (30) days following Airline's written notice to remedy the same, Airline may terminate this Lease.

6.1.3 If the Airline fails to agree to re-sign or extend their agreement to provide air service to the Airport (the "Air Service Agreement") for any Option Term of this Lease, the Airline may terminate this Lease on thirty (30) days written notice to the County, but in no event shall such termination be effective prior to the expiration of the Air Service Agreement.

6.1.4 Airline shall also have the right to terminate this Lease in the event of any of the following: the order or action of a federal agency terminating or suspending Airline's right to operate into and from the Airport; issuance by any court of competent jurisdiction of any injunction preventing or restraining the use of the Airport or any part thereof for airport purposes, and the remaining in force of such

injunction for a period of at least thirty (30) days; any action of a federal agency hereafter refusing to permit Airline to operate into, from or through the Airport such aircraft as Airline may reasonably desire to operate thereon; the inability of Airline to use said premises and facilities continuing for a longer period of thirty (30) days due to any deficiency of the Airport or unsafe condition for operating at the Airport of the type of aircraft then being flown by Airline or any law, order, rule or regulation of any appropriate governmental authority having jurisdiction over the operations of Airline or due to war or other casualty; the assumption by the United States or any authorized agency thereof of control of the Airport or any substantial part thereof; or the erection of any obstacle on or in the vicinity of the Airport which would occasion a modification of Airline's air carrier operating certificate or similar authorization establishing minimum safety standards for the operation of Airline.

6.2 Airline's Default and County Remedies.

6.2.1 County may terminate this lease if Airline is in default under this Lease in the event of any of the following:

6.2.1.1 appointment of a receiver or trustee of Airline's assets;

6.2.1.2 default by Airline in the performance of any covenant or agreement herein required to be performed by Airline other than the payment of money or the occurrence of the events described in this paragraph, and failure of Airline to remedy such default for a period of thirty (30) days after receipt of written notice to remedy the same; or

6.2.1.3 failure of the Airline to make any payment due hereunder within fifteen (15) days after receipt of notice of such overdue payment.

6.2.2 In the event of default, the County may, at its option, in addition to other remedies, and with or without terminating this Lease, utilize Airline's security deposit to satisfy all or a portion of Airline's obligations to the County. The County need not terminate this Lease upon Airline's default, but at its discretion and without terminating the Lease, may seek specific performance, damages incurred by it as a result of Airline's default, and/or such other and further relief as may be available at law or equity. In the event of Airline's default, the County need not elect remedies, but may pursue any combination of remedies available to it at law or equity.

6.3 Surrender of Possession.

6.3.1 On the expiration or other termination of this Lease, Airline's rights to use the Leased Premises, facilities and services described herein shall cease, and Airline shall promptly vacate the Preferential Premises, if any.

6.3.2 Except as otherwise provided in this Lease, all fixtures, improvements, equipment and other property bought, installed, erected or placed by Airline in, on or about the Airport shall be deemed to be person property and shall remain the property of Airline. Airline shall have the right at any time during the term of this Lease, or any renewal or extension hereof, and for an additional period of thirty (30) days after the expiration or sooner termination of this Lease, to remove any or all of such property from the Airport, subject, however, to Airline's obligation to repair all damage, if any, resulting from such removal, reasonable wear and tear excluded. Any and all property not removed by Airline prior to the expiration of the aforesaid period shall be deemed abandoned thereupon become a part of the land on which it is located and title thereto shall vest in the County. The County may, however, require and accomplish the removal of said property at its option and at the expense of Airline. Neither the County, nor its officers, employees or contractors shall have any liability to Airline with respect to such abandoned property.

6.4 Damage or Destruction of Premises.

6.4.1 If the Preferential Premises are partially damaged by fire, the elements, the public enemy or other casualty, and the damage is so extensive as to render the Preferential Premises untenantable, but said damage is capable of being repaired in 60 days or prior to the termination date hereof, whichever date first occurs, the Preferential Premises shall be repaired with due diligence by the County at its own cost and expense, and the rent payable hereunder with respect to that portion damaged, if any, shall be proportionately paid up to the time of such damage and shall thenceforth abate in the ratio the space rendered unusable bears to the total space leased until such time as the Preferential Premises shall be fully restored. If the Preferential Premises are completely destroyed or are so damaged that they will remain untenantable for more than 60 days or beyond the termination date hereof, whichever date first occurs, either party may, at its option, cancel so much of this Lease as relates to the untenantable space, such cancellation to be effective as of the date the Preferential Premises were damaged or destroyed. In such event, County shall make reasonable efforts to provide Airline with substitute space, to the extent the same is reasonably available.

6.4.2 Except as provided in subparagraph 6.4.1 above, destruction of all or part of the Preferential Premises shall not affect the obligation of Airline to pay the rents and charges set forth in this Lease.

6.4.3 In the event that the Preferential Premises are rendered untenantable for reasons other than those set forth above, there shall be a reasonable and proportionate abatement of the rentals, fees and charges provided for herein during the period that the same are so untenantable or unusable.

6.4.4 Notwithstanding any of the foregoing, in the event any damage or destruction to the Airport is caused by a negligent act or omission by Airline, its subtenants or

Employees, Airline shall reimburse the County for its actual costs incurred in repairing such damage. Nothing herein shall be construed as a waiver of the right of the County to recover damages from Airline arising out of the fault or negligence of Airline.

6.4.5 In the application of this Paragraph 6.4, the County's obligations shall be limited to repair or reconstruction of the Preferential Premises to the extent and of equal quality as obtained at the commencement of operations hereunder, and the County shall not be responsible for any consequential damages. Redecoration or replacement of Airline's furniture, equipment and supplies shall be the responsibility of Airline, unless damage thereto is caused by a negligent act or omission of the County, its agents or employees, in which event the County shall be responsible for such redecoration and replacement. Any such redecoration or refurnishing shall be of equivalent quality to that originally existing at the commencement of the Lease.

7. ASSIGNMENTS AND SUBLETTING

7.1 Assignments and Subletting. Airline shall not at any time assign or sublet its rights under this Lease or any part thereof without the prior written consent of the County; provided, however, that the foregoing shall not prevent the assignment of such rights to any corporation with which Airline may merge or consolidate, or which may succeed to the business of Airline. No such assignment or subletting shall release Airline from its obligations to pay any and all of the rentals and charges and to otherwise perform Airline's obligations set forth herein.

7.2 Successors to the County. The rights and obligations of the County under this Lease may be assigned by the County, at the option of the County, and without the necessity for the concurrence of the Airline in any such assignment.

8. OTHER AGREEMENTS

8.1 Compliance with Laws, Rules and Regulations.

8.1.1 Airline shall obtain and pay for all licenses, fees, permits or other authorization or charges as required under federal, state or local laws and regulations insofar as they are necessary to comply with the requirements of this Lease and the privileges extended hereunder. Airline shall also pay all taxes lawfully imposed upon it with respect to its property or operations on the Airport.

8.1.2 Airline shall, at all times, faithfully obey and comply with all applicable existing and future laws, rules and regulations adopted by federal, state, local and other governmental bodies and applicable to or affecting Airline and its operations and activities in and at the Airport.

8.1.3 Airline agrees to abide by and be subject to all (a) the Minimum Standards, and (b) rules and regulations which are now, or may from time to time be, lawfully promulgated by the County and/or other agencies with authority concerning management, operation or use of the Airport. A copy of the County's existing rules and regulations relating to operations at the Airport are annexed to this Lease as Exhibit 4.

8.1.4 Nothing herein shall limit the right of Airline to challenge any rule or regulation, or the application of such rule or regulation to Airline, or to seek any legal or equitable remedy.

8.1.5 Airline acknowledges that it has reviewed and is familiar with Assurances which are imposed upon the County by the Federal Aviation Administration by nature of its having received grant funding. Airline agrees that it will faithfully comply with such Assurances to the extent that they apply or hereafter apply to the Airline, and shall take no action or make no omission which would cause the County to be in default under such Assurances.

8.2 Lease Subordinate. This Lease shall be subordinate to any existing or future agreement between the County and the United States relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition to the expenditure of federal funds for development of the Airport. If such an Agreement is entered into between the County and the United States, the parties agree to execute an amendment to this Lease so as to remove any material inconsistencies between this document and any agreement with the United States. In the event that by reason of any such Agreement with the United States, it becomes necessary to modify, relocate or remove any improvements or other structures situated on the Leased Premises, Airline agrees to modify, relocate or remove any such improvements or structures, as directed by the County, and the County shall compensate and reimburse Airline for reasonable costs and expenses (including modification, removal or relocation costs) so incurred by Airline.

8.3 Leases with Other Air Carriers. The County shall not grant to any other air carrier a lease on materially more favorable terms and conditions than as set forth in this Lease.

8.4 Non-Discrimination. In operations at and use of the Airport, the Airline shall not, on the grounds of race, color, national origin or sex, discriminate or permit discrimination against any person or group of persons in any manner prohibited by applicable law, shall abide by the provisions of Part 21 of the Rules and Regulations of the Office of the Secretary of Transportation effectuating Title VI of the Civil Rights Act of 1964.

8.5 Service Entrances. The County shall have no obligation to provide any special service entrances for utilities other than those, which presently exist in the Terminal. In the event Airline requires any additional or special service entrances, the same shall be installed at the cost and expense of Airline, and only upon prior County approval.

8.6 Availability of Governmental Facilities. In the event that air navigation aids or other facilities now or hereafter supplied by the United States and needed for Airline's operation at the Airport are discontinued, the County shall have no obligation to furnish such aids or facilities.

8.7 Relocation by the County. If in the opinion of the County, proper development or operation of the Airport requires that any part of the Leased Premises be devoted to a different use, the County shall have the right, upon six (6) months advance written notice to Airline, and without cost or expense to Airline, to relocate all or a part of the Leased Premises, on a temporary or permanent basis. If the Preferential Premises is so relocated it shall be of no less area, and as conveniently located with reference to the Security Holding Area as is reasonable, considering all demands for space at the Airport. In such event, all of Airline's improvements and trade fixtures shall, without cost or expense to Airline, be relocated or replaced on said relocated Preferential Premises, and this Lease shall continue in effect with respect to such relocated Preferential Premises.

8.8 Force Majeure. Neither the County nor Airline shall be deemed in violation of this Lease if it is prevented from performing any of its obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, shortage of aircraft or fuel or tires as the direct result of governmental decree, acts of God, acts of the public enemy, acts of superior governmental authority, weather condition, riots, rebellion, sabotage or any other circumstances for which it is not responsible and which is not under its control.

8.9 Reservation of County Rights. Notwithstanding anything herein to the contrary, the County reserves the following rights:

8.9.1 For the use and benefit of the public, the right of flight for the passage of aircraft in the air space above the surface of the Leased Premises, together with the right to cause in that air space such noise as may be inherent in the operation of aircraft utilizing the Airport.

8.9.2 The right to protect the aerial approaches of the Airport against obstruction, including the right to prohibit Airline from erecting, or permitting to be erected, any building or other structure on the Leased Premises which would, in the reasonable judgment of the County, constitute a hazard to aviation.

8.9.3 During time of war or national emergency, the right to lease the Airport or any part thereof, including the Leased Premises or any part thereof, to the United States Government for military purposes, and, in the event of such lease to the United States for military purposes, the provisions of this Lease shall be suspended insofar as such provisions may be inconsistent with the provisions of the lease to the United States.

8.9.4 The right to direct all activities of Airline at the Airport in the event of an emergency.

8.9.5 The right to grant other leases, licenses, permits or rights to occupancy or use of the Airport so long as such other grants do not unreasonably interfere with or impair Airline's rights hereunder or Airline's occupancy or use of the Leased Premises, and the right to direct changes in the way Airline conducts its Airport operations in the event that the County determines, in the exercise of its reasonable judgment, that one or more aspects of Airline's method of operation is unreasonably interfering with the lawful and proper occupancy or use by others of the Airport. Provided, that this reserved right is not intended to allow the County to deny Airline the basic right to use the Leased Premises for any of the uses permitted hereunder.

8.9.6 The right to further develop and/or improve the Airport, including the Leased Premises, as the County deems appropriate, without interference or hindrance by Airline, and the County shall have no liability hereunder to Airline by reason of any interruption to its operations on the Leased Premises occasioned by such development and/or improvement of the Airport; provided, that if Airline shall be unable to conduct reasonably normal business operations on the Leased Premises by reason of any such development and/or improvement of the Airport, then rent and other fees payable by Airline hereunder shall be subject to an equitable adjustment during the period of such interruption.

8.9.7 Prior to taking any such action which would adversely affect the operations of the Airline, the County agrees to consult with the Airline's local and/or designated representative; provided, however, that this shall not preclude the County from taking any action it deems necessary for the immediate protection of persons or property or which is necessitated by circumstances which the Airport Manager or other authorized person reasonably believes to be a threat to the general welfare.

9. MISCELLANEOUS PROVISIONS

9.1 Non-Exclusive Right. Nothing herein contained shall be construed to grant or authorize the granting of an exclusive right prohibited by Section 308 of the Federal Aviation Act of 1958, as amended, and the County reserves the right to grant to others the privilege and right of conducting any one or all of the aeronautical activities specified herein, or any other activities of an aeronautical nature.

9.2 Airline's Subcontracts. The requirements of this Lease shall apply to Airline's approved subcontractors hereunder, and Airline shall ensure that such subcontractors agree to and comply with the obligations of these enumerated paragraphs to the same extent required of Airline.

9.3 Headings. The section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provision of this Lease.

9.4 Time of Essence. Time is of the essence in this Lease.

9.5 Non-Waiver. Waiver by either party of or the failure of either party to insist upon the strict performance of any provision of this Lease shall not constitute a waiver of the right or prevent any such party from requiring the strict performance of any provision in the future.

9.6 Limitation of Benefit and Liability. This Lease does not create in or bestow upon any other person or entity not a party to this Lease any right, privilege or benefit unless expressly provided in this Lease. This Lease does not in any way represent, nor should it be deemed to imply, any standard of conduct to which the parties expect to conform their operations in relation to any person or entity not a party. No director, officer, official or employee of either party shall be held personally liable under the terms of this Lease.

9.7 Severability. Any covenant, condition or provision herein contained that is held to be invalid by any court of competent jurisdiction shall be considered deleted from this Lease, but such deletion shall in no way affect any other covenant, condition or provision herein contained so long as such deletion does not materially prejudice the County or Airline in their rights and obligations contained in valid covenants, conditions or provisions.

9.8 Effect of Lease. All covenants, conditions and provisions in this Lease shall extend to and bind the successors of the parties hereto, the assigns of the County and the permitted assigns of Airline.

9.9 Notices. Notices provided for in this Lease shall be sufficient if sent by First Class Mail and Certified Mail, Return Receipt Requested, postage prepaid, to a party at its address set forth above or to such other addresses as the parties may from time to time designate to the other in writing. Notices sent in such manner shall be deemed to have been delivered on the date of mailing.

9.10 Governing Law and Venue. This Lease shall be governed by and construed in accordance with the laws of the State of Colorado. Any action to enforce or interpret this Lease shall be brought in a court in and for Gunnison County, Colorado, or in the United States District Court for the District of Colorado.

9.11 Entire Lease. This Lease embodies the entire agreement between the parties hereto concerning the subject matter hereof and supersedes all prior conversations, proposals, negotiations, understandings and agreements, whether written or oral.

9.12 Attorneys' Fees. In any action to enforce or interpret the provisions of this Lease, the court may award reasonable attorney fees and costs to the prevailing party.

9.13 Modification of Lease. This Lease may not be altered, modified or changed in any manner whatsoever except by a writing signed by all parties hereto.

9.14 Capacity to Execute. The County and Airline each warrant and represent to one another that this Lease constitutes the legal, valid and binding obligation of that party.

IN WITNESS WHEREOF, the parties have executed this Lease effective as of the day and year first above written.

BOARD OF COUNTY COMMISSIONERS
OF GUNNISON COUNTY, COLORADO

By:_____

Paula Swenson, Chairperson

_____

Phil Chamberland, Commissioner

Attest:

_____

Jonathan Houck, Commissioner

_____

Katherine Haase
Deputy Clerk

ALASKA AIRLINES, INC.

Attest:

_____

Corporate Real Estate

_____