

## Airline and Airline-Airport Consortia to Manage Terminals and Equipment

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**ACRP SYNTHESIS 31**

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**Airline and Airline–Airport  
Consortiums to Manage  
Terminals and Equipment**

*A Synthesis of Airport Practice*

**CONSULTANT**

PAUL DEMKOVICH  
AvAirPros  
Naples, Florida

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## FOREWORD

Airport administrators, engineers, and researchers often face problems for which information already exists, either in documented form or as undocumented experience and practice. This information may be fragmented, scattered, and unevaluated. As a consequence, full knowledge of what has been learned about a problem may not be brought to bear on its solution. Costly research findings may go unused, valuable experience may be overlooked, and due consideration may not be given to recommended practices for solving or alleviating the problem.

There is information on nearly every subject of concern to the airport industry. Much of it derives from research or from the work of practitioners faced with problems in their day-to-day work. To provide a systematic means for assembling and evaluating such useful information and to make it available to the entire airport community, the Airport Cooperative Research Program authorized the Transportation Research Board to undertake a continuing project. This project, ACRP Project 11-03, "Synthesis of Information Related to Airport Practices," searches out and synthesizes useful knowledge from all available sources and prepares concise, documented reports on specific topics. Reports from this endeavor constitute an ACRP report series, *Synthesis of Airport Practice*.

This synthesis series reports on current knowledge and practice, in a compact format, without the detailed directions usually found in handbooks or design manuals. Each report in the series provides a compendium of the best knowledge available on those measures found to be the most successful in resolving specific problems.

## PREFACE

*By Gail R. Staba  
Senior Program Officer  
Transportation  
Research Board*

This synthesis study is intended to inform airport and airline executives responsible for airport terminal agreements to provide airport services about the current state of consortiums in the United States. The types of practices that are reported about consortiums include scope of responsibilities, consortium formation, membership, contractual agreements and insurance, organizational structures, performance standards, financial models, and organizing tips and lessons learned from existing consortiums.

Information used in this study was acquired through a review of the literature, surveys, and interviews with consortium members.

Paul Demkovich, AvAirPros, Naples, Florida, collected and synthesized the information and wrote the report. The members of the topic panel are acknowledged on the preceding page. This synthesis is an immediately useful document that records the practices that were acceptable within the limitations of the knowledge available at the time of its preparation. As progress in research and practice continues, new knowledge will be added to that now at hand.

# CONTENTS

1	SUMMARY
5	CHAPTER ONE INTRODUCTION Objective, 5 Purpose, 5 Terms, Abbreviations, Acronym, 5 Report Organization, 5 Report Development, 6
7	CHAPTER TWO CONSORTIUMS STUDIED Background, 7 Motivations for Consortium Formation, 7
9	CHAPTER THREE SCOPE OF RESPONSIBILITIES
11	CHAPTER FOUR GOVERNANCE Adopted Structure and State of Formation, 11 Member Agreements, 11 Consortiums Without Member Agreements, 12 Boards of Directors, 12 Officers, 12 Committees, 12 Fiscal Year, 13 Indemnifications and Insurance Requirements, 13
14	CHAPTER FIVE MEMBERSHIP Membership Requirements, 14 Membership Fees, 14 Membership Withdrawal, 14 Membership Data by Consortium, 14 Consortium Termination, 15
16	CHAPTER SIX CONTRACTING METHODS Procurement Requirements, 16 Procurement Policies, 16 Procurement Procedures, 16
17	CHAPTER SEVEN OPERATIONS AND ADMINISTRATIVE MANAGEMENT
20	CHAPTER EIGHT PERFORMANCE STANDARDS
22	CHAPTER NINE CAPITALIZATION

24	CHAPTER TEN	OPERATING BUDGETS
27	CHAPTER ELEVEN	COST ALLOCATION Methodologies, 27 Invoicing and Collections, 27 Nonmember Surcharges, 27
29	CHAPTER TWELVE	PROS AND CONS Standardized Response Survey Questions, 29 Free-form Response Survey Questions, 30
32	CHAPTER THIRTEEN	LESSONS LEARNED
34	CHAPTER FOURTEEN	CONCLUSIONS
37	GLOSSARY OF TERMS, ABBREVIATIONS AND ACRONYMS	
38	BIBLIOGRAPHY	
39	APPENDIX A	Survey for Airline Staff Who Are Involved with or Responsible for Consortiums
60	APPENDIX B	Survey for Airline Staff Who Work or Interface with Consortiums
70	APPENDIX C	Survey for Consortium Operators
93	APPENDIX D	Consortium Member Agreements (web-only)
236	APPENDIX E	Airport–Consortium Agreements (web-only)
411	APPENDIX F	Consortium Annual Reports (web-only)

APPENDIXES D–F are web-only and can be found at [www.trb.org](http://www.trb.org), search on “ACRP Synthesis 31”

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Note: Many of the photographs, figures, and tables in this report have been converted from color to grayscale for printing. The electronic version of the report (posted on the Web at [www.trb.org](http://www.trb.org)) retains the color versions.



# AIRLINE AND AIRPORT–AIRLINE CONSORTIUMS TO MANAGE TERMINALS AND EQUIPMENT

**SUMMARY** The airline consortium is one of a number of business alternatives available for the financing, development, operation, and maintenance of airport facilities, equipment, and systems. For the purposes of this report, an airline consortium, often abbreviated herein as “consortium,” will be defined as a group of airlines that join together to hold responsibility in common for the operation and maintenance of facilities, equipment, and/or services at an individual airport, as delegated by agreement with airport management. The airline consortium does not have to be a legal entity or incorporated to fit this definition.

There are approximately 30 consortiums in service at airports across the United States. The 14 consortiums studied were primarily established to manage, maintain, and operate common facilities, with an additional focus of reducing costs and increasing efficiency.

Study methodology included a literature review and a survey of consortium participants. Surveys were conducted to obtain information from airline staff involved with or responsible for consortiums, airport staff who work or interface with consortiums, and consortium operators. Thirty-two of the 39 individuals contacted from 14 consortiums responded to the survey, an 82% response rate.

Major findings included:

The scope of responsibilities varies broadly by consortium and is based on the physical requirements, as well as the needs and interests of the parties involved at each particular location. However, the consortiums studied may be categorized into three groups: Terminal Consortiums, Equipment Consortiums, and Fuel Consortiums. Other applications of the consortium model are also possible.

Survey respondents unanimously indicated that there should be no decrease in the existing responsibilities of the consortiums they are familiar with. Several respondents indicated a desire to increase the responsibilities of their consortium by including additional scope with which the consortium could reduce costs or improve service levels. With the wide variation in organization, the consortium model has proven flexible enough to address a variety of organizational needs.

In all cases where a contract exists between the airport and the consortium, the airport requires the consortium to carry insurance and to indemnify the airport. Insurance and indemnification requirements vary from airport to airport. This structure provides additional protections to both the airports and the airlines, in comparison with situations where consortiums do not exist.

The execution of a member agreement and the payment of a membership fee are among the requirements for entry as a member of airline consortiums that are organized as legal entities. It is believed that airline consortium membership is generally open to all airlines that have a need and desire to use the facilities, equipment, systems, and services maintained, operated, or otherwise provided by the consortiums. Membership fees vary from consortium to consortium,

and are often discounted for initial members in recognition of the responsibilities assumed by the airlines involved in the formation of the consortium and to encourage the initial members to return an executed member agreement in a timely manner. Membership fees are sometimes linked to consortium capitalization. Membership withdrawal provisions vary significantly depending on the circumstances for each consortium.

Airports where consortiums are located require that performance standards for their consortiums be documented in a written agreement. However, document review found that the written requirements and standards vary greatly depending on the location. Similarly, the type and frequency of performance reports produced by the consortiums studied vary considerably. Penalties for poor performance were not noted; however, failure to perform the obligations under the agreements between the consortiums and the airports was found in all cases to be an event of default under which the airports have the right to perform the consortium's duties.

Prior to the formation of a new consortium, a business plan is generally prepared, evidencing the financial feasibility of the new venture. The business plan is also used to estimate the consortium's capitalization requirements. The initial capitalization of consortiums is often one of the most challenging aspects of consortium formation. A two or three month operating reserve is a conservative requirement for any operating business that must pay its service vendors in a timely manner while waiting on its customers to pay, and the larger the scope assignment and related cash flow requirement, the more challenging it can be to secure initial operating capital for a new consortium. The costs for some consortiums are included in the airport budgets and collected through airport rates and charges, largely eliminating the need for consortium capitalization. One surveyed consortium pre-bills its members by two months, thereby effectively providing the consortium with two months of capitalization funding. Consortiums that are not airport funded and do not pre-bill their members use a variety of methods to provide capitalization funding.

Legal entity consortiums have annual budget cycles under which a budget is established, reviewed, and approved. Budget reporting frequencies vary among the consortiums studied, depending on established requirements. Consortiums have each adopted unique rates and charges models and methodologies that rely on a number of cost centers and cost allocation methodologies that best suit the business requirements for equitable allocation of costs to the participating airlines at their location. Consortiums are also typically responsible for invoicing consortium customers and collecting consortium fees and charges from these customers. However, at two consortiums, the airport is responsible for these collections, because the majority of the consortium budget is incorporated into the airport budget and is invoiced to airlines as a component of airport rates and charges.

All airline respondents, nine of the ten airport respondents, and all of the operator respondents answered that the consortiums met or exceeded requirements and expectations. Survey respondents offered numerous, enthusiastic, and varied positive aspects of their consortiums that they believe could be replicated by other consortiums. Correspondingly, several survey respondents offered suggestions on what need not be repeated by other consortiums. Most noteworthy, however, is that most survey respondents did not report or could not recall any negative aspects to their consortium.

Survey respondents provided a wide variety of helpful keys to success; lessons learned that would be valuable to a group involved in the implementation of a new consortium. These may be summarized to the following critical success factors:

- Communication among all stakeholders
- Buy-in and support from all stakeholders, including but not limited to developing consortium parameters
- Structure and organization, with a preference for a legally organized entity
- Clear, concise documentation
- Transparency of governance and finances

- Operator secured early in process
- Attention to details
- Patience and perseverance.

The airline consortium model is flexible and can be adapted to fit many circumstances and requirements; as a result, the consortium model has been applied successfully in a number of unique situations. It was observed through the survey results and the literature review that legal entity consortiums are preferred, and their members have been successful at fulfilling the critical factors noted previously that lead to success. Future consortium formation may be advised by the summarized lessons learned, because these factors were deemed to be critical to any consortium's success by the survey respondents.

Emerging trends indicate an increase in interest in the airline consortium model within the airport and airline industries, and several new consortiums being studied and formed. It is believed that additional consortiums will be developed in the near future.

## INTRODUCTION

Airports and airlines continue to work together to deliver cost-effective and quality services to passengers and users. As such, they seek new and effective strategies to better manage airport facilities, equipment, systems, and services. Although such management is frequently under the control of the airport operator or individual airlines, at some airports certain airport facilities, equipment, systems and services are managed and maintained by airline consortiums. Airports currently play a limited role in these airline consortiums; however, they may want to increase their acceptance of and participation in airline consortiums for the management and operation of common-use facilities, to reduce costs and improve efficiency, or as a mechanism to develop, lease, finance, and construct new facilities. This study examines several current airline consortiums and documents their successes and failures.

### OBJECTIVE

The objective of this project was to synthesize current literature and experience from existing consortiums that provide services to passengers or groups, airlines or other airport users, and/or maintain and operate airport facilities, equipment, and systems.

The study is based on a review of available literature on airline consortiums and surveys of airline staff that are involved with or responsible for consortiums, airport staff who work or interface with consortiums, and consortium operators. The report combines literature and survey findings to document airline consortium key attributes, successes, and challenges.

### PURPOSE

This study will serve as an initial resource for airport operators and airlines considering the use of a consortium structure at their airport. The target audience for this report is airport and airline executives responsible for airport terminal agreements who may be interested in advocating for and supporting consortiums at their airports.

### TERMS, ABBREVIATIONS, ACRONYMS

For the purposes of this report, an airline consortium will be defined as a group of airlines that join together to hold responsibility in common for the operation and maintenance

of facilities, equipment, and/or services at an individual airport, as delegated by agreement with airport management. The airline consortium does not have to be a legal entity or incorporated to fit this definition.

It can be noted that the Detroit Airlines North Terminal Consortium (DANTEC) is the only one of the consortiums studied that has direct, although limited, airport involvement in the governance of the consortium and could, therefore, be defined as an “airport-airline consortium.” This arrangement is described in chapter four—Governance.

A glossary of relevant terms, abbreviations, and acronyms used in this report is included.

### REPORT ORGANIZATION

This report has two primary parts: the main text and an appendix section. The main text included in chapters two through fourteen and a bibliography is brief, providing analysis highlights in an abridged format. Detailed documentation including the surveys used and example contracts and reports is included in the appendices.

The chapters of this report were organized by subject matter, to allow the reader to quickly reference information that is of particular interest. The remaining chapters of this report cover the following subjects for the consortiums studied:

- Chapter two provides the airline consortiums studied including the creation date, expiration date, context, and purpose for creation.
- Chapter three documents the scope of responsibilities of each consortium studied including the management, maintenance and operation of facilities, equipment, systems, and services.
- Chapter four describes the governance and corporate organization of each consortium studied.
- Chapter five discusses the provisions related to consortium membership and those related to nonmembers for each consortium studied.
- Chapter six describes the contracting methods employed by each of the consortiums studied.
- Chapter seven discusses the operation and administrative management organizations for each consortium studied.

TABLE 1  
SURVEY RESPONSES

Surveys	Airline	Airport	Operator	Totals	
Issued	14	13	12	39	100%
Received	11	10	11	32	82%
No Response	3	3	1	7	18%

- Chapter eight documents the requirement for performance standards including the source of imposed standards, reporting methodologies, and penalties.
- Chapter nine documents the means used for the capitalization of each consortium studied including reserve requirements and funding sources.
- Chapter ten examines the operating budgets including the methodologies used to define and adopt them.
- Chapter eleven reviews the cost allocation methodologies employed to allocate costs among each consortium customer.
- Chapter twelve summarizes the positive and negative qualities of the consortiums from the perspective of airline, airport, and operator representatives who responded to the surveys.
- Chapter thirteen reviews the lessons learned provided by the airline, airport, and operator representatives who responded to the surveys.
- Chapter fourteen provides a summary of conclusions for this synthesis project including emerging trends and additional research that could be undertaken.

## REPORT DEVELOPMENT

Copies of recent publications that describe airline consortiums were acquired and reviewed. The content of these publications was incorporated, where applicable, in this report. Documents that have been used to implement an airline consortium were also secured and are included in this report as web-only Appendices D, E, and F as reference documents for airline and airport executives interested in implementing an airline consortium model at their airport.

Three surveys were prepared to survey airline staff who are involved with or responsible for consortiums, airport staff who work or interface with consortiums, and consortium operators. The survey responses were collected during November and December 2010. Thirty-two individuals responded (an 82% response rate—see Table 1), representing 14 airline consortiums. The surveys served to collect data pertinent to this report and the synthesis of the results of these surveys provided the bulk of the findings presented in this report.

CHAPTER TWO

## CONSORTIUMS STUDIED

### BACKGROUND

This study found that there are approximately 30 consortiums in service at U.S. airports. Table 2 lists and briefly describes the 14 consortiums studied in this report.

It can be noted that the AUS Airline Consortium (AUSfuel), EWR Terminal A Airline Group (EWR A), and the SAN Airline Group (SAN Group) consortiums are not legal entities. Therefore, the names and acronyms assigned to reference these groups herein may not be recognized in the industry, but were adopted for the purposes of this report. Also, the formation dates for AUSfuel, EWR A, and SAN Group reference the dates when these groups initially began conducting business as a group, because there is no legally effective formation date for these consortiums.

The acronyms presented in Table 2 will be used as the primary reference for airline consortiums throughout this report.

### MOTIVATIONS FOR CONSORTIUM FORMATION

There are a number of business alternatives available for the financing, development, operation, and maintenance of airport facilities, equipment, and systems. Such alternatives include but are not limited to:

- The airport as the sponsoring agency,
- A single airline as a responsible party,
- An informal group of airlines acting together,
- A formalized group of airlines acting together,
- A third-party developer, or
- A combination of some or all of these alternatives.

Each business alternative comes with its own implications, advantages, and detriments depending on the particular airport and the many factors directly related to that airport including but not limited to its:

- Overall physical condition,
- Overall financial condition and status,
- Current and projected cost per enplaned passenger,
- Volume and composition of passenger traffic,
- Airlines and the nature of their operations at that location,
- Political and legal environment, and
- Labor environment.

This report studies groups of airlines acting together in a consortium environment. It is beyond the scope of this report to document the evaluation of business alternatives to the consortium model that likely took place among the stakeholders as each of these consortiums was formed.

TABLE 2  
AIRLINE CONSORTIUMS STUDIED

Name	Acronym	Location	Formation	Expiration
Atlanta Airlines Terminal Corporation	AATC	ATL	1979	Perpetual
<i>AUS Airline Consortium</i>	<i>AUSfuel</i>	<i>AUS</i>	<i>1999</i>	N/A
Detroit North Terminal Consortium	DANTEC	DTW	2008	Perpetual
<i>EWR Terminal A Airline Group</i>	<i>EWR A</i>	<i>EWR</i>	<i>1975</i>	N/A
Airline Committee of Hawaii	ACH	HNL	1962	Perpetual
Terminal One Group Association	TOGA	JFK	1994	2032
LAX Fuel Corporation	LAXFUEL	LAX	1984	Perpetual
LAXTEC Corporation	LAXTEC	LAX	1982	Perpetual
Midway Airlines Terminal Consortium	MATCO	MDW	1998	Perpetual
Oakland Fuel Facilities Corporation	OFFC	OAK	1989	Perpetual
CICA Terminal Equipment Consortium	CICA TEC	ORD	1990	Perpetual
<i>SAN Airline Group</i>	<i>SAN Group</i>	<i>SAN</i>	<i>mid-1990s</i>	N/A
SeaTac Fuel Facilities	SEA FUEL	SEA	2000	2020
SFO Terminal Equipment Company	SFOTEC	SFO	1999	Perpetual

Consortiums in italics are not legal entities.  
N/A = not applicable.

TABLE 3  
AIRLINE CONSORTIUM PURPOSE FOR FORMATION

Purpose	Airline	Airport	Operator	Total
Manage, Maintain, Operate, Common Facilities	6	5	8	19
Reduce Costs, Improve Efficiency	4	2	4	10
Develop, Lease, Finance, Construct Facilities	1	4	2	7
Increase Vendor Competition	1	0	1	2
Improved Airline Representation	1	0	1	2
Provide Reasonable Access to All	0	1	0	1

The airline, airport, and operator representatives did, however, respond to the surveys with a variety of brief indications as to why their consortiums were formed, as summarized in Table 3.

Clearly, the management, maintenance, and operation of common facilities is a primary mission for airline consortiums, followed closely by reducing costs and increasing efficiency. Further, depending on the circumstances, the development, leasing, financing, and construction of airport facilities is also a key responsibility of airline consortiums.

A review of the available literature indicated that there are a number of specific issues and opportunities that airports and airlines can address by forming a new consortium, including:

- Identification of a new source of capital investment
- Increased common-use and shared facilities
- Increased specialization of equipment and systems
- Maintenance of consistent standards
- Management of costs and service levels
- New and more complex facilities resulting in increased staffing requirements.

Additionally, there are a number of reported advantages that can induce airport and airline executives to study implementing a consortium, including:

- Provides the ability to develop a specialized work force
- Allows airports and airlines to focus on core business activities
- Supplies economical 24.7.365 management and labor coverage
- Extends useful life of assets
- Is a potential vehicle for future common-use activities
- Delivers professional contract management
- Provides a local, single point of contact for common maintenance and operation functions
- Provides the flexibility and ability to respond quickly
- Presents an opportunity to consolidate contracts
- Provides an additional layer of liability protection
- Provides a central interface between airport and airlines
- Reduces operational expenses with efficient use of resources.

It is known that at least seven of the consortiums studied for this report were created when new facilities were being implemented at their airports. Several of the consortiums had scope definition, budget control, schedule control, and project management responsibilities associated with a portion or all of the facilities that were implemented.

However, definitive information related to the state of affairs at the time of formation for each the consortiums studied was not discovered. Furthermore, it was beyond the scope of this synthesis to gather and report specific formation stories or examples related to the issues and the circumstances during the formation of the consortiums studied.

## SCOPE OF RESPONSIBILITIES

The scope of responsibilities varies broadly by consortium and is based on the physical requirements as well as the needs and interests of the parties involved at each particular location. Table 4 summarizes the facilities, equipment, systems, and services that are operated or maintained by each of the consortiums included in this study.

It is believed that the consortium responsibilities listed earlier are commonly understood within the airport and aviation industry; however, the following information is offered for additional clarity.

- Terminal Facilities Maintenance may include electrical, mechanical, plumbing, carpentry, painting, and similar trade services related to maintenance and repairs to terminal and concourse facilities, depending on the location.
- Base Building Electronic Systems may include telephone, fire alarm, security access control, closed-circuit television, public address, visual paging, dynamic signage, building management systems, local area network, fiber optic backbones, and other related information technology systems, resource management systems, and airport operations databases, depending on the location.
- Airline Operations Electronic Systems may include flight information displays, baggage information displays, ramp information displays, gate information displays, passenger information displays, common-use terminal equipment, common-use passenger processing

systems, common-use self-service systems, and other related technology, depending on the location.

- De-Icing Material Storage may include de-icing material storage, anti-icing material storage, and dispensing equipment, depending on the location.

Based on the data provided in Table 4, it is possible to categorize the consortiums included in this study into three groups as summarized by Table 5.

Where possible, additional tables included in this study have been organized to group the consortiums in these categories (abbreviated as “Term,” “Equipment,” and “Fuel”).

It also may be feasible to establish a consortium for scope that cannot be categorized into the groupings that are effective for this study group. For example, the LAX Shared Use Lounge Company, LLC consortium was implemented to finance, develop, and operate a VIP lounge at the Tom Bradley Terminal at Los Angeles International Airport (LAX). Other applications of the consortium model may also be feasible.

The survey respondents unanimously indicated that the existing responsibilities of the consortiums they are familiar with should not be decreased. Several respondents indicated a desire to increase the responsibilities of their consortium by including additional scope with which the consortium could reduce costs or improve service levels.



TABLE 4  
CONSORTIUM RESPONSIBILITIES

Scope	AATC	TOGA	DANTEC	EWRA	ACH	LAXTEC	MATCO	CICA TEC	SAN Group	SFOTEC	AUSfuel	LAXFUEL	OFFC	SEA FUEL
Terminal Facilities Maintenance	✓	✓		✓						✓				
Terminal Public Areas Cleaning	✓	✓		✓					✓					
Terminal Airline Areas Cleaning	✓	✓	✓				✓		✓	✓				
Base Building Electronic Systems	✓	✓	✓							✓				
Airline Ops Electronic Systems	✓	✓	✓				✓	✓						
Elevators, Escalators, Moving Walks	✓	✓												
Central Utility Plant	✓													
Utilities (electricity, water, natural gas)	✓	✓												
Snow Removal Services	✓	✓	✓				✓							
De-Icing and Anti-Icing Material Storage	✓	✓												
Employee Busing	✓													
Aircraft Cleaning		✓												
Retail Concessions		✓												
Food and Beverage Concessions		✓												
Vending Machines		✓												
Public Advertising		✓												
Way-Finding Signage		✓												
Baggage Handling Systems	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				
Checked Baggage Inspection Systems		✓	✓	✓	✓	✓	✓		✓	✓				
Passenger Boarding Bridges		✓	✓	✓		✓	✓	✓	✓	✓				
Pre-Conditioned Air		✓	✓	✓		✓	✓	✓	✓	✓				
Potable Water		✓	✓	✓		✓	✓	✓	✓	✓				
Ground Power Units		✓	✓	✓		✓	✓	✓	✓	✓				
Triturator		✓	✓				✓	✓						
Gate Scheduling		✓	✓				✓	✓		✓				
Ramp Control	✓	✓	✓					✓		✓				
Ramp Sweeping Services	✓	✓						✓		✓				
GSE Fuel Storage		✓	✓				✓						✓	
GSE Maintenance		✓	✓											
Airline Passenger Services		✓	✓				✓	✓						
Aviation Fuel Storage and Distribution				✓			✓				✓	✓	✓	✓
Aircraft Hydrant Fueling		✓					✓	✓				✓	✓	✓

GSE = ground support equipment.

TABLE 5  
CONSORTIUM CATEGORIES

Scope	AATC	TOGA	DANTEC	EWRA	ACH	LAXTEC	MATCO	CICA TEC	SAN Group	SFOTEC	AUSfuel	LAXFUEL	OFFC	SEA FUEL
Terminal Consortiums	✓	✓												
Equipment Consortiums			✓	✓	✓	✓	✓	✓	✓	✓				
Fuel Consortiums											✓	✓	✓	✓

CHAPTER FOUR

## GOVERNANCE

### ADOPTED STRUCTURE AND STATE OF FORMATION

Eleven of the 14 airline consortiums studied are organized as legal entities. Table 6 indicates the adopted structure and state of formation for each of the consortiums being studied.

Of the consortiums included in this study, eight have adopted a not-for-profit structure, three are not legal entities, two are limited liability companies, and one is a partnership. [Terminal One Group Association, L.P. (TOGA) was formed as a New York limited partnership by Air France, Japan Airlines, Korean Air, and Lufthansa German Airlines to lease, finance, develop, and operate John F. Kennedy International Airport (JFK) Terminal One. The partnership structure passes the tax liabilities to its partners. Because the TOGA partner airlines are foreign flag carriers, the bi-lateral agreements between their home countries and the United States provide them with certain tax advantages for their ancillary U.S. operations.] Of the 11 that are organized as legal entities, two were formed under the laws of Delaware, whereas the remaining nine were formed under the laws of the states where they operate. (At the time the AATC and SFOTEC were created, many new companies were being formed in Delaware as a result of the favorable corporate formation laws that were then exclusive to Delaware. Since that time, many other states

have passed similar laws, which have served to encourage parties to form new companies locally.)

### MEMBER AGREEMENTS

The governance and other provisions related to a consortium are generally recorded in a membership agreement that is executed by each airline joining the consortium. These agreements often include the bylaws of the new entity along with provisions defining:

- Becoming a member
- Withdrawing from membership
- Authority
- Use
- Cost allocation and sharing
- Insurance and indemnification
- Service levels
- Governance
- Management and administration
- Events of default
- Applicable laws.

Member agreements are tailored to meet the circumstances of each consortium.

TABLE 6  
ADOPTED CORPORATE STRUCTURES

	Acronym	Type	State of Formation	State of Operations
Term	AATC	Not-For-Profit Corp.	Delaware	Georgia
	TOGA	Partnership	New York	New York
	DANTeC	Not-For-Profit Corp.	Michigan	Michigan
Equipment	EWRA	N/A	N/A	New Jersey
	ACH	Not-For-Profit Corp.	Hawaii	Hawaii
	LAXTEC	Not-For-Profit Corp.	California	California
	MATCO	Not-For-Profit Corp.	Illinois	Illinois
	CICA TEC	Not-For-Profit Corp.	Illinois	Illinois
	SAN Group	N/A	N/A	California
	SFOTEC	Limited Liability Company	Delaware	California
	AUSfuel	N/A	N/A	Texas
	LAXFUEL	Not-For-Profit Corp.	California	California
Fuel	OFFC	Not-For-Profit Corp.	California	California
	SEA FUEL	Limited Liability Company	Washington	Washington

N/A = not applicable.

Copies of the DANTeC, MATCO, and SFOTEC member agreements are included as examples in the web-only Appendix D of this report. It is believed that the membership agreements of most equipment and fuel consortiums take a similar form and include similar provisions.

The *Official Statement of the New York City Industrial Development Agency Relating to \$434,290,000 Special Facility Revenue Bonds, Series 1994 (Terminal One Group Association, L.P. Project)* that describes the TOGA consortium agreements, however, indicates that the agreements associated with this limited partnership take a substantially different form.

### **CONSORTIUMS WITHOUT MEMBER AGREEMENTS**

As noted previously, three of the consortiums studied (EWR A, SAN Group, and AUSfuel) are not legal entities. As a result, these consortiums do not have member agreements or other formal documents that provide the structure, rules, purpose, and authority for the consortium. Each of these consortiums is governed by airline committees using guidelines such as Robert's Rules of Order. The reader may note throughout this report a lack of information related to those consortiums that are not legal entities, because many of the survey questions are not directly applicable to this informal structure.

### **BOARDS OF DIRECTORS**

All of the 11 consortiums that are legal entities have boards of directors comprised of airline representatives, with one representative designated by each airline member. Only one of the consortium board of directors also includes a director that is designated by the airport.

Eight of the legal entity consortiums studied require a simple majority of directors to constitute a meeting quorum. The remaining three consortiums require directors representing a Majority-in-Interest (MII) of the members to constitute a meeting quorum.

The directors of 8 of the 11 legal entity consortiums studied make decisions by voting with each director with one vote. The votes of the directors of the remaining legal entity consortiums are based on activity percentages, which are calculated by a formula that incorporates the number of passengers and flights using the consortium-controlled facilities, equipment, or systems.

As noted earlier, the board of directors of one consortium includes a director designated by the airport. This director is not eligible to participate in votes; however, this director has the right to veto any decision by the balance of the consortium's board of directors if it is reasonably determined that such a decision would have an adverse affect on the airport.

The consortiums that are not legal entities do not have a formalized board of directors.

### **OFFICERS**

All 11 legal entity consortiums designate officers for various duties. Most of the consortiums studied have four officers; however, within the survey group the number of officers varies from two to six. In all cases, officers are elected by the boards of directors of each consortium. One year is a common term of office.

Each of the legal entity consortiums requires a quorum of officers to hold a valid meeting. The definition of a quorum includes a simple majority, officers representing an MII, and other methods.

The officers of all the consortiums studied make decisions by voting, with the majority of consortiums citing one equal vote per officer. Alternate methods of officer voting employed at other consortiums were not documented by the surveys.

Officers for five of the consortiums studied are empowered to authorize expenditures in a range of from \$10,000 to \$50,000 for a single nonemergency event, and one is empowered to authorize such expenditures with no financial limit. Survey respondents confirmed that similar authority exists for emergency events. Officers of the remaining six legal entity consortiums studied have no expenditure authorization authority.

The consortiums that are not legal entities do not have formally designated officers.

### **COMMITTEES**

Executive committees are an active part of the structure of six of the legal entity consortiums studied. The majority of these consortiums elect individuals to the executive committee. The number of executive committee members ranges from four to nine.

Survey results indicated that a quorum representing a simple majority of executive committee members is necessary for a valid executive committee meeting, and executive committee members are each afforded one equal vote.

Executive committees for four of the consortiums studied are empowered to authorize expenditures in a range of from \$25,000 to \$200,000 for a single nonemergency or emergency event. The remaining executive committees are not empowered to authorize expenditures.

Operating and management committees are an active part of the structure of five of the legal entity consortiums studied. In all cases, the operating and management committees

are comprised of representatives designated by each of the member airlines.

An operating or management committee meeting quorum is achieved by the participation of committee members representing an MII of the member airlines. Operating and management committee voting is based on one vote per member for three of the consortiums, activity percentages for one (calculated by formula and based on the numbers of passengers and flights), and other means for the remaining consortiums, which may include capital contributions, shares owned, or a percentage of consortium costs paid.

Each of the operating and management committees is empowered to authorize expenditures for both nonemergency and emergency events, with limits of \$10,000, \$25,000, \$150,000, or unlimited, depending on the consortium.

The majority of the consortiums studied have no committees in addition to those already described. However, some of these consortiums have other committees including standing committees for:

- Construction,
- Customer service,
- Facilitation,
- Security,
- Finance,
- Legal,
- Off-airport,
- Personnel,
- Ramp/baggage/safety/airfield operations, and
- Technical.

In all cases, these additional standing committees serve an advisory function and are not empowered to authorize expenditures.

**FISCAL YEAR**

The majority of the airline consortiums studied have fiscal years that end on December 31 of each calendar year. Table 7 lists the fiscal years for each.

TABLE 7  
CONSORTIUM FISCAL YEARS

	Acronym	Fiscal Year End
Term	AATC	September 30
	TOGA	December 31
Equipment	DANTeC	September 30
	EWR A	N/A
	ACH	June 30
	LAXTEC	December 31
	MATCO	December 31
	CICA TEC	December 31
	SAN Group	N/A
	SFOTEC	December 31
Fuel	AUSfuel	N/A
	LAXFUEL	December 31
	OFFC	December 31
	SEA FUEL	December 31

N/A = not applicable.

**INDEMNIFICATIONS AND INSURANCE REQUIREMENTS**

In all cases where a contract exists between the airport and the consortium, the airport requires the consortium to carry insurance and to indemnify the airport. Insurance and indemnification requirements vary from airport to airport. Eight of the 14 consortiums studied require their member airlines to carry insurance and indemnify the consortium.

A review of documents indicated that typical insurance coverage required by an airport included worker’s compensation, commercial liability, automobile, and property insurance that is designed to protect the airport from losses related to the activities of the consortium, its manager, and its service vendors.

The additional insurance coverage and indemnification required by the airports and consortiums provides additional protections to both the airports and the airlines in comparison with situations where consortiums do not exist.

## MEMBERSHIP

### MEMBERSHIP REQUIREMENTS

The execution of a member agreement and the payment of a membership fee are among the requirements for entry as a member to the legal entity consortiums studied, as further described here. The membership requirements for consortiums that are not legal entities may include the completion of an interline agreement or may have no definition.

A review of the membership provisions of the DANTeC, MATCO, and SFOTEC member agreements (included with this report in web-only Appendix D) indicated that airline consortium membership for these consortiums is open to all airlines that have a need and desire to use the facilities, equipment, systems, and services maintained, operated, or otherwise provided by the consortiums. It is believed that this open membership principle is generally applicable to the majority of airline consortiums in existence today.

TOGA is the known exception to open membership, because the original four TOGA member airlines are bound to remain owing to a project bond financing. As a result, additional airlines may be granted membership in TOGA only under special circumstances. It can be noted, however, that in addition to the four TOGA partner airlines many airlines use the TOGA facilities on a contract, nonpartner basis.

The membership requirements described in the DANTeC, MATCO, and SFOTEC member agreements do not vary significantly for initial members versus additional members that join later and include:

- A fully executed use agreement with the airport,
- An executed consortium member agreement,
- The provision of estimated usage statistics,
- Payment of the membership fee,
- Not in default of other agreements at the airport, and
- Can demonstrate an ability to pay its fees under the member agreement.

### MEMBERSHIP FEES

Membership fees vary from consortium to consortium and are often discounted for initial members, in recognition of the responsibilities assumed by the airlines involved in the formation of the consortium and to encourage the initial members to return an executed member agreement in a timely manner.

As an example, Section 4.1 of the SFOTEC Member Agreement (included with this report in web-only Appendix D) states that:

Air Carriers on Appendix A have been invited to become Initial Members of the Company and given the opportunity to become Members of the Company on or before February 29, 2000, by executing a copy of this Member Agreement. In addition, each such Air Carrier shall pay a discounted membership fee of \$5,000, which represents the membership fee of \$20,000 discounted 75% in recognition of each such Air Carrier's assumption of the responsibilities for formation of the Company, arranging debt related to Start-Up Costs through the Limited Funding Agreement and timely return of the signed Member Agreement. Any Air Carrier on Appendix A who elects to become a Member on or after March 1, 2000, but prior to DBO, and any other Air Carrier who becomes an Initial Member prior to DBO shall pay the entire \$20,000 membership fee and execute a copy of this Member Agreement.

Membership fees are sometimes linked to consortium capitalization. See chapter nine for additional information regarding consortium capitalization.

### MEMBERSHIP WITHDRAWAL

A review of the membership withdrawal provisions of the DANTeC, MATCO, and SFOTEC member agreements (included with this report in web-only Appendix D) indicated that consortium members that are not in default may withdraw from the consortium and terminate their membership with appropriate notice. Under these agreements, no members may withdraw when the airport is shut down or the consortium facilities inoperable. Under the DANTeC and MATCO member agreements, a withdrawing member is entitled to receive its ownership interest. Under the SFOTEC member agreement, a withdrawing member must pay a nonrefundable amount equivalent to two times its average monthly share of consortium costs and receives no ownership interest payments. Under all three member agreements, withdrawing members are liable for additional costs under special circumstances for a five-year period following their withdrawal date.

### MEMBERSHIP DATA BY CONSORTIUM

Table 8 lists the data gathered by the surveys regarding certain membership information.

TABLE 8  
CONSORTIUM MEMBERSHIP INFORMATION

	Acronym	No. of Original Members	Original Membership Fee	Additional Members Allowed?	No. of Additional Members	Members Allowed to Withdraw?	No. of Withdrawn Members	
Term	AATC	10	Pro Rata <sup>1</sup>	Yes	NR	Yes	NR	
	TOGA	4	\$2,500 <sup>2</sup>	No	4	No	0	
Equipment	DANTEC	7 <sup>3</sup>	\$5,000	Yes	1	Yes	0	
	EWR A	NR	NR	Yes	NR	Yes	NR	
	ACH	NR	\$1,000	Yes	NR	Yes	NR	
	LAXTEC	18	\$5,000	Yes	59	Yes	38	
	MATCO	4	\$5,000	Yes	5	Yes	0	
	CICA TEC	23	Pro Rata <sup>4</sup>	Yes	12	Yes	10	
	SAN Group	NR	NR	Yes	NR	Yes	NR	
	SFOTEC	25	\$5,000	Yes	7	Yes	6	
	Fuel	AUSfuel	14	\$20,000	Yes	5	Yes	3
		LAXFUEL	15	\$5,000	Yes	63	Yes	15
OFFC		NR	\$1,000	Yes	NR	Yes	NR	
SEA FUEL		NR	NR	Yes	NR	Yes	NR	

N/R = no response.

<sup>1</sup>The original membership fee was calculated as a percentage of operations and maintenance costs.

<sup>2</sup>The members each paid an original membership fee of \$2,500 and executed a demand note in the amount of \$247,500; however, the demand notes have never been called.

<sup>3</sup>The original number of members includes the airport authority.

<sup>4</sup>The amount of each member's original membership fee is calculated based on the activity of that member compared with total activity of all members.

**CONSORTIUM TERMINATION**

A review of the dissolution, liquidation, and termination provisions of the DANTEC, MATCO, and SFOTEC member agreements (included with this report in web-only Appendix D) indicated that these consortiums may be liquidated upon:

- The sales, transfer, or other disposition of all the assets of the consortium (DANTEC and MATCO only).
- An affirmative vote of 75% of the members.
- An order to liquidate given by a court of competent jurisdiction.

## CONTRACTING METHODS

### PROCUREMENT REQUIREMENTS

A review of the DANTeC, MATCO, and SFOTEC equipment consortiums member agreements (included with this report in Appendix D) indicated that these agreements are silent regarding required procurement processes and procedures.

A review of the DANTeC, MATCO, and SFOTEC agreements with their airports (included with this report in web-only Appendix E) finds that the airports:

- Require the assignment of consortium vendor and contractor agreements in the event of the default of the consortium.
- Oblige the consortiums to require that their vendors comply with all applicable local, state, and federal laws, statutes, and ordinances.
- Reserve the right to approve the form of the agreement or contract that will be used by the consortium for vendor and contractor services.

Of these three airport–consortium agreements, only the agreement between DANTeC and the Wayne County Airport Authority (WCAA) contains additional procurement requirements including:

- DANTeC expressly agrees that all contracts valued at \$50,000 or more will be competitively solicited.
- The WCAA chief executive officer has the right to review all contract requirements, requests for proposals, bids, tabulations, analyses, recommendations, and related documents.
- DANTeC expressly agrees that all contracts for the operations and maintenance of the facilities, systems, and equipment shall contain provisions for assessment of liquidated damages in the event of failure of complete and satisfactory performance of the services.

Eight of survey respondents indicated that their consortiums are required to comply with the Minority Business Enterprise/Women’s Business Enterprise (MBE/WBE) guidelines in effect at their airports.

### PROCUREMENT POLICIES

The survey results provided the following insight into the established procurement policies adopted and employed by the consortiums studied. Respondents indicated that:

- It is established policy to pre-qualify bidders (6 respondents).
- It is established policy to select successful bidders through a competitive bidding process (11 respondents).
- It is established policy for the consortium to sometimes secure services through a sole source without a competitive bidding process (7 respondents).

The survey results indicate that it is common practice for consortiums to employ a competitive bidding process for the procurement of:

- Supply contracts,
- Specialty equipment,
- Operations and maintenance contracts,
- Construction contracts,
- Professional services agreements, and
- Other contracts.

Respondents for nine of the consortiums indicated that it is possible for their consortium to procure these same agreements, contracts, and equipment using a sole source process when it is necessary to:

- Secure proprietary equipment, services, or software;
- Secure specific skills or experience; and/or
- Continue working with a preferred vendor.

### PROCUREMENT PROCEDURES

Respondents for nine of the consortiums indicated that proposals and bids received by the consortium are opened privately, without an airport representative present.

Regarding airport approval of contracts prior to the award, it was also noted that:

- Airport approval is necessary if the funding source is outside the consortium (AATC).
- Construction contracts are approved by the airport to ensure that proper permitting is in place (AUSfuel).
- The WCAA chief executive officer has the right to veto all contracts (DANTeC).
- Vendors must be approved by the airport to work on airport premises (SFOTEC).

CHAPTER SEVEN

## OPERATIONS AND ADMINISTRATIVE MANAGEMENT

Survey respondents for 11 of the 14 consortiums studied indicated that their consortiums have staff dedicated to the day-to-day operation and administrative management of their consortiums. Under two of these consortiums, the dedicated operational and administrative personnel are directly employed by the consortium. The dedicated operational and administrative staffs of the remaining nine consortiums are employed by private firms that have been contracted by the consortiums.

The number of dedicated full-time and part-time operational and administrative staff members for each consortium is shown in Table 9.

There is a significant variation between the consortiums regarding the number of dedicated operational and administrative staff members resulting directly from the duties assigned to such staff. The dedicated operational and administrative staff members for each consortium fulfill a number of roles and conduct many management tasks for their consortiums, as shown in Table 10.

Because EWR A, OFFC, and SAN Group have no dedicated operational and administrative staff members, their entries in Table 10 are marked “Not Applicable.” Survey data related to the duties and tasks of dedicated operational

and administrative staff members was not received for SEA FUEL and, as a result, that column is marked “No Responses.”

As shown on Table 10, the duties and tasks may be grouped into several summary categories including:

- Liaison activities,
- Contract administration,
- Corporate administration,
- Financial administration, and
- Operations coordination and administration.

Several of the survey respondents noted that the dedicated operational and administrative staff members for their consortiums are responsible for additional duties and tasks not addressed directly by the surveys. These additional duties and tasks are included in Table 11. As shown in this table, the additional duties and tasks may be grouped into additional summary categories including:

- Maintenance and operation activities,
- Administrative activities,
- Fueling activities, and
- Control of gate and ramp.

TABLE 9  
CONSORTIUM STAFFING

	Acronym	Staff Employed By	Full-Time Staff	Part-Time Staff	
Term	AATC	Consortium	40	0	
	TOGA	Private Firm	15	0	
Equipment	DANTEC	Private Firm	7	0	
	EWR A	NR	NR	NR	
	ACH	Private Firm	0	2	
	LAXTEC	Consortium	4	1	
	MATCO	Private Firm	9	0	
	CICA TEC	Private Firm	3	0	
	SAN Group	N/A	N/A	N/A	
	SFOTEC	Private Firm	7	0	
	Fuel	AUSfuel	Private Firm	8	0
		LAXFUEL	Private Firm	40	0
OFFC		NR	NR	NR	
SEA FUEL		Private Firm	20	0	

NR = no response; N/A = not applicable.



TABLE 10  
OPERATIONAL AND ADMINISTRATIVE STAFF DUTIES AND TASKS

	Duties and Tasks	Term			Equipment					Fuel					
		AATC	TOGA	DANTeC	EW R A	ACH	LAXTEC	MATCO	CICA TEC	SAN Group	SFOTEC	AUSfuel	LAXFUEL	OFFC	SEA FUEL
Liaison	Airport Liaison	✓	✓	✓		✓	✓	✓	✓		✓		✓		
	TSA Liaison	✓	✓	✓			✓	✓	✓		✓		✓		
	FAA Liaison	✓	✓				✓		✓		✓		✓		
	Customs/Immigration Liaison	✓	✓	✓			✓	✓	✓		✓		✓		
	Police Department Liaison	✓	✓	✓			✓	✓	✓		✓		✓		
Contract	RFP/RFQ Preparation	✓	✓	✓			✓	✓	✓		✓				
	Contract Bidding Processes	✓	✓	✓			✓	✓	✓		✓	✓	✓		
	Contract Award Administration	✓	✓	✓			✓	✓	✓		✓	✓	✓		
Corp.	Contract Administration and Compliance Enforcement	✓	✓	✓			✓	✓	✓		✓	✓	✓		
	Airline Membership Administration	✓	✓	✓	No Response	✓	✓	✓	✓	Not Applicable	✓		✓	No Response	No Response
	Consortium Corporate Meeting Documents	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓		
Budget Preparation	✓	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓		
Financial	Budget Control, Administration, and Reporting	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓		
	Accounts Payable, Accounts Receivable	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓		
	Bookkeeping and Financial Reporting	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓		
	Asset Investment Management	✓	✓				✓	✓	✓		✓	✓	✓		
	Consortium Rates and Charges Analysis	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓		
	Member and Nonmember Invoicing	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓		
OPS	Concessions Management		✓												
	Capital Project Management	✓	✓						✓		✓	✓			
	Common-Use Facilities Assignment		✓	✓					✓	✓					

RFP/RFQ = Request for Proposal/Request for Quotation.

TABLE 11  
ADDITIONAL OPERATIONAL AND ADMINISTRATIVE STAFF DUTIES AND TASKS

	Additional Duties and Tasks	Term			Equipment					Fuel					
		AATC	TOGA	DANTeC	EW R A	ACH	LAXTEC	MATCO	CICA TEC	SAN Group	SFOTEC	AUSfuel	LAXFUEL	OFFC	SEA FUEL
M & O	Facility and Equipment Inspections		✓	✓				✓				✓	✓		✓
	Facility and Equipment Maintenance		✓	✓				✓				✓	✓		✓
	Facility and Equipment Operations		✓	✓				✓				✓	✓		✓
	Facility and Equipment Management		✓					✓				✓	✓		✓
Admin.	ADA Compliance		✓	✓											
	Inventory Control		✓	✓								✓			
	Computerized Maintenance Management Systems		✓	✓											
	Accident and Insurance Claim Investigation		✓	✓											
Fuel	Document and Record Control		✓	✓											
	Fuel Quality Control							✓				✓	✓		✓
	Fuel Inventory Control							✓				✓	✓		✓
Control	Fuel Scheduling							✓				✓	✓		✓
	Gate Allocation		✓												
	IATA Scheduling Conference Participation							✓		✓					
	Ramp Tower Operations		✓							✓	✓				
	Long-Range Planning		✓							✓					
	Ramp Striping		✓					✓							

IATA = International Air Transport Association.

It is believed that many of the additional operational and administrative staff duties reported by a few of the respondents are generally applicable to most of the consortiums. However, this is not verified because these additional activities were not included in the survey.

The survey respondents unanimously indicated that no duties or tasks should be removed from or added to the existing duties and tasks of the dedicated operational and admin-

istrative staff members. One respondent noted, however, that the dedicated consortium staff members must remain impartial and objective during the procurement process for a third-party vendor, perhaps indicating an issue with the procurement process in the past. Also, another respondent suggested that the dedicated operational and administrative staff members could take on similar duties and tasks for nonconsortium responsibilities if this would improve the overall operation of the airport.

## PERFORMANCE STANDARDS

Respondents for six of the consortiums studied indicated that the airports where their consortiums are located require performance standards for their consortiums documented in a written agreement. These respondents also indicated the type of required performance standards, as shown in Table 12.

It was also noted that other consortiums are contractually obligated to provide general maintenance services, even if explicit performance standards are not specified in writing.

A review of the DANTeC, MATCO, and SFOTEC agreements with their airports (included with this report in web-only Appendix E) found that:

- The performance standards required of DANTeC are very specific and are detailed in Exhibit D—Minimum Service Levels to the WCAA—DANTEC Consortium Agreement. The exhibit includes specific goals and objectives, scope descriptions, and service management requirements.
- The agreement between the city of Chicago and MATCO includes no specific requirements related to performance standards.
- Exhibit C to the agreement between the airport and SFOTEC briefly describes the consortium’s maintenance responsibilities.

Survey respondents indicated that performance and maintenance data are recorded using computerized maintenance management systems operated by the dedicated consortium staff or consortium vendors.

The type and frequency of performance reports produced by the consortiums studied varies considerably. DANTeC publishes monthly, quarterly, and annual reports, the format of which have been agreed to by airport staff in compliance with the reporting requirements included in Exhibit D—

Minimum Service Levels to the WCAA—DANTEC Consortium Agreement. The agreement between the city of Chicago and MATCO requires that MATCO produce reports pertaining to the operation and maintenance of the MATCO equipment on or before January 31 and July 31 of each calendar year. Other consortiums publish no regular performance reports unless requested by airport staff. In all cases, airport staff has the ability to make inspections and recommendations as needed.

Financial penalties for poor performance were not noted by any of the respondents or in any of the documents reviewed. However, failure to perform the obligations under the agreements between the consortiums and the airports was found in all cases to be an event of default under which the airports have the right to perform the consortiums duties. As an example, Section 10.01 O. of the DANTeC Consortium Agreement (included with this report in web-only Appendix E) defines the following as an Event of Default:

DANTeC fails to achieve, perform, or observe any of the Minimum Service Levels, or fails to reasonably respond to WCAA requests for adjustments, modifications, or other changes to the Minimum Service Levels as required by Section 2.02 B herein for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to DANTeC by the WCAA; provided, however, that any such failure which can be remedied, but which cannot with due diligence be remedied within such thirty (30) day period, shall not give rise to the WCAA’s right to terminate this Agreement if sufficient corrective action, in the sole view of the WCAA CEO, is instituted by DANTeC within such thirty (30) day period and diligently pursued until the failure is remedied.

This language, and similar language from other agreements, shows that the parties involved want the consortium to be successful for the airlines and the airport, and are not really interested in applying penalties except under dire circumstances.

TABLE 12  
PERFORMANCE STANDARDS REQUIRED BY AIRPORTS

	Acronym	Imposed Performance Standards	Imposed Performance Standards			
			Preventive Maintenance Frequencies	Equipment Outage Frequencies	Cleaning Frequencies	Reporting Frequencies
Term	AATC	No				
	TOGA	Yes	✓	✓		
Equipment	DANTeC	Yes	✓	✓	✓	✓
	EWR A	No				
	ACH	No				
	LAXTEC	Yes	✓	✓	✓	✓
	MATCO	Yes	✓			
	CICA TEC	Yes	✓			
	SAN Group	No				
	SFOTEC	Yes	✓	✓		
Fuel	AUSfuel	No				
	LAXFUEL	No				
	OFFC	No				
	SEA FUEL	No				

## CAPITALIZATION

Before the formation and implementation of a new consortium there is generally a business plan prepared, evidencing its financial feasibility. The business plan estimates all costs for the new consortium including rent, debt service, consortium management, supplies, spare parts, and the costs of any necessary operations and maintenance service providers. The business plan also estimates sources of funds, periodic cash flows, and the associated cash reserve requirements. These estimates help determine the consortium's capitalization requirements.

The initial capitalization of consortiums is often one of the most challenging aspects of consortium formation. A two or three month operating reserve is a conservative requirement for any operating business that must pay its service vendors in a timely manner while waiting on its customers to pay. Initial consortium capitalization is particularly challenging because:

- A large amount of consortium scope comes online at once with facility start-up, resulting in immediate significant vendor costs.
- Successful facility start-up demands full cooperation of vendors, requiring timely vendor payments.
- Initial consortium customer billing and payment cycles may require weeks to produce initial cash flow.
- Airlines are unable or unwilling to build consortium cash reserves through significant cash contributions.

As a result of these conditions, the larger the scope assignment and related cash flow requirement, the more challenging it can be to secure initial operating capital for a new consortium.

A review of the DANTeC and MATCO agreements with their respective airports (included in web-only Appendix E of this report) finds that costs for these two consortiums are included in the airport budgets and collected through airport rates and charges, for the maintenance and operation of the facilities, equipment, and systems covered by those agreements. In both cases, the airport pays the consortium

monthly based on actual costs incurred, and the consortium disburses these funds to its vendors and service providers. This arrangement largely eliminates the need for consortium capitalization.

Should DANTeC or MATCO take on assignments that are not related to the scope assigned through the agreements with the airports (e.g., wheelchairs, skycaps, and ticket checkers), the associated costs will not be included in the airport budgets or collected through airport rates and charges. As a result, the consortiums must capitalize to the level necessary to successfully manage the cash flow associated with these additional assignments.

A review of the agreement between SFOTEC and the city and county of San Francisco (in web-only Appendix E of this report) finds that the consortium is responsible for all costs, whether those costs are associated with the maintenance and operation of the facilities, equipment, and systems covered by the agreement or not. Therefore, SFOTEC must capitalize to the level necessary to successfully manage its cash flow requirements. Furthermore, a review of Section 12.4 of the SFOTEC member agreement (included in web-only Appendix D of this report) finds that SFOTEC pre-bills its members by two months. This approach effectively provides the consortium with two-months of capitalization funding.

Table 13 provides consortium capitalization information collected from survey respondents specific to the consortiums studied.

It can be noted that because AUSfuel, EWR A, and SAN Group are not legal entities, they have no formally established capitalization requirements. It should also be noted that until recently ACH did not have any facilities, equipment, or systems operation and maintenance responsibilities and, as a result, had not at the time of the survey implemented an operating reserve capitalization.

TABLE 13  
CONSORTIUM CAPITALIZATION

	Acronym	Capitalization Period Requirement	Capitalization Funding Source	Member Collection Period	Capitalization Owned By	Distribution at Termination
Term	AATC	Not Specified	Not Specified	N/A	Consortium	N/A
	TOGA	None	Multiple Methods	Extended Period	Consortium	Formula Based
Equipment	DANTEC	Not Specified	Held by Airport	N/A	Consortium	Formula Based
	EWR A	NR	NR	NR	NR	NR
	ACH	None	N/A	N/A	N/A	N/A
	LAXTEC	2 Months	Third-Party Loan	N/A	Consortium	Formula Based
	MATCO	Not Specified	Held by Airport	N/A	Consortium	Formula Based
	CICA TEC	Not Specified	Member Contributions	N/A	Individual Members	Formula Based
	SAN Group	None	N/A	N/A	N/A	N/A
	SFOTEC	2 Months	Member Pre-Invoicing	Single Payment	Consortium	Formula Based
	AUSfuel	Not Specified	Multiple Methods	Extended Period	Consortium	Formula Based
	LAXFUEL	Not Specified	Multiple Methods	Extended Period	Consortium	Formula Based
Fuel	OFFC	2 Months	Multiple Methods	NR	NR	NR
	SEA FUEL	2 Months	Multiple Methods	Extended Period	Consortium	Formula Based

N/A = not applicable; NR = no response.

## OPERATING BUDGETS

Survey respondents confirmed that each of the legal entity consortiums has an annual budget cycle under which a budget is established, reviewed, and approved. Table 14 summarizes budget cycle information provided by survey respondents.

Budget reporting frequencies vary among the consortiums studied. DANTeC and TOGA have the most rigorous reporting frequencies, whereas the majority of the consortiums studied produce an annual report (see Table 15).

It is often difficult to arrive at intuitively comparable results when studying the operating costs and costs per enplaned passenger for airports, as a result of the structural differences, the nature of the passenger traffic, and the costs included or excluded at each airport. The same dilemma exists for consortiums, as illustrated by Table 16.

At first glance, there is a broad range of from less than one dollar to nearly fifty dollars on a cost per enplaned passenger basis, which would lead one to believe that the scope that these consortiums are responsible for is significantly different. However, when comparing the two terminal consortiums (i.e., AATC and TOGA) where the scope responsibility is similar, it becomes clear that the cost per enplaned passenger differential is driven by the significantly different number of enplaned passengers as a result of the completely different operating environments, because the AATC has responsibilities at Hartsfield–Jackson Atlanta International

Airport (ATL) (the world’s busiest airport with significant domestic hub operations), whereas TOGA has responsibilities for a single origination and destination international terminal at JFK.

Furthermore, not all consortiums maintain or use the same statistics for reporting purposes. The prime example is fuel consortiums that allocate costs based on the number of gallons used and have no record of the number of enplaned passengers associated with their costs.

Finally, because DANTeC and MATCO flow a significant amount of their budgets through the airports where they operate and these budgets are incorporated into the airport rate structure, their consortium-specific numbers are not comparable with the other consortiums studied. As an example, a review of the DANTeC 2009 Annual Report included in web-only Appendix F finds the information summarized in Table 17.

The conclusion is that the data tracked and reported for the management of one consortium may not be readily comparable to data tracked and reported by other consortiums.

To provide the reader with additional insight into consortium reporting, the DANTeC 2009 Annual Report, the MATCO 2009 Annual Report, and the SFOTEC Annual Member Committee Meeting on April 6, 2010, are included as web-only Appendix F to this report.

TABLE 14  
CONSORTIUM BUDGET CYCLES

	Acronym	End of Annual Operating Period	Month Budget Preparation Begins	Budget Must Be Presented Prior to End of Fiscal Year	Approving Body	Airport Approval Required?
Term	AATC	September 30	July	2 Weeks	All Members	No
	TOGA	December 31	October	30 Days	All Members	No
Equipment	DANTEC	September 30	February	90 Days	Board of Directors	Yes
	EWR A	December 31	N/A	N/A	N/A	No
	ACH	June 30	NR	NR	NR	No
	LAXTEC	December 31	October	Beginning of Year	Board of Directors	No
	MATCO	December 31	May	Not Defined	Board of Directors	No
	CICA TEC	December 31	September	Early December	Board of Directors	No
	SAN Group	N/A	N/A	N/A	N/A	N/A
	SFOTEC	December 31	December	30 Days	All Members	No
	Fuel	AUSfuel	December 31	January	30 Days	All Members
LAXFUEL		December 31	September	21 Days	All Members	No
OFFC		December 31	NR	NR	All Members	No
SEA FUEL		December 31	NR	NR	NR	NR

N/A = not applicable; NR = no response.

TABLE 15  
CONSORTIUM BUDGET REPORTING FREQUENCIES

		Budget Reporting Frequency		
		Monthly	Quarterly	Annually
Acronym				
Term	AATC	✓	N/A	✓
	TOGA	✓	✓	✓
Equipment	DANTEC	✓	✓	✓
	EWR A	NR	NR	NR
	ACH	N/A	N/A	✓
	LAXTEC	N/A	✓	✓
	MATCO	N/A	N/A	✓
	CICA TEC	✓	N/A	N/A
	SAN Group	NR	NR	NR
	SFOTEC	✓	N/A	✓
	Fuel	AUSfuel	N/A	N/A
LAXFUEL		N/A	N/A	✓
OFFC		✓	N/A	✓
SEA FUEL		NR	NR	NR

N/A = not applicable; NR = no response.



TABLE 16  
CONSORTIUM COMPARATIVE COSTS

	Acronym	Operating Budget	Rent Paid to Airport	Admin. & Management Costs	Non-Member Fees	Member Net Costs	Member Annual Enplaned Passengers	Cost per Member Enplaned Passenger
Term	AATC	\$64.80	NR	NR	NR	\$64.80	85,000,000	\$0.76
	TOGA	\$98.00	\$4.32	\$2.10	\$43.00	\$47.10	1,951,000	\$44.51
Equipment	DANTeC	\$8.07	\$0.00	\$1.10	\$0.00	NR	NR	NR
	EWR A	NR	NR	NR	NR	NR	NR	NR
	ACH	\$2.70	\$0.02	\$0.03	NR	\$2.70	NR	NR
	LAXTEC	\$5.00	\$0.26	\$0.62	\$0.03	\$4.70	4,000,000	\$1.18
	MATCO	\$9.40	\$0.00	\$0.90	NR	NR	NR	NR
	CICA TEC	\$26.30	\$8.80	\$0.30	\$0.30	\$25.70	5,953,200	\$4.42
	SAN Group	NR	NR	NR	NR	NR	NR	NR
	SFOTEC	\$11.00	\$1.00	\$0.90	\$3.00	\$10.00	3,677,000	\$2.89
Fuel	AUSfuel	\$1.40	\$0.70	\$0.40	\$0.20	\$1.20	N/A	N/A
	LAXFUEL	\$33.50	\$1.50	\$14.20	\$1.70	\$34.00	N/A	N/A
	OFFC	NR	NR	NR	NR	NR	N/A	N/A
	SEA FUEL	NR	NR	NR	NR	NR	N/A	N/A

NR = no response.

TABLE 17  
DANTEC COSTS PER PASSENGER: OCTOBER 1, 2008–SEPTEMBER 30, 2009

	User Charges	Enplaned And Deplaned Passengers	Cost per Passenger
Service Fee Charges			
Members	\$1,328,712	6,292,000	\$0.211
Non-Members	\$274,191	1,044,000	\$0.263
Total	\$1,602,903	7,336,000	\$0.218 (avg. cpp)
O&M Costs Included in Airport Budget			
Total	\$6,470,394	7,336,000	\$0.882 (avg. cpp)
Sum: Service Fees + O&M Costs			
Total	\$8,073,297	7,336,000	\$1.101 (avg. cpp)

Avg. cpp = average cost per passenger.

CHAPTER ELEVEN

# COST ALLOCATION

## METHODOLOGIES

Survey respondents confirmed that each of the consortiums is responsible for calculating rates and charges for costs that flow through the consortium and must be collected directly from their members. As a result, the consortiums have each adopted unique rates and charges models and methodologies that rely on a number of cost centers and cost allocation methodologies that best suit the business requirements for equitable allocation of costs to the participating airlines at their location, as shown on Table 18.

It is interesting to note that the majority of consortiums use enplaned passengers as at least one of the primary statistics for allocating costs, whereas fuel consortiums allocate costs based solely on gallons of fuel used.

Three of the consortiums studied allocate a portion of the consortium costs in equal shares to all members regardless of their usage. SFOTEC, for example, allocates costs with a 10% share divided equally among all members, 45% allocated based on the sum of enplaned and deplaned passengers, and

45% based on the sum of inbound and outbound flights (see Schedule C to the SFOTEC Member Agreement included in web-only Appendix D to this report).

## INVOICING AND COLLECTIONS

The majority of the respondents indicated that their consortiums are also responsible for invoicing consortium customers and collecting consortium fees and charges from these customers. Only DANTeC and MATCO respondents indicated that the airport is responsible for these collections, because the majority of the consortium budget is incorporated into the airport budget and is invoiced to airlines as a component of airport rates and charges.

## NONMEMBER SURCHARGES

Survey respondents for 11 of the 14 consortiums studied shared data regarding surcharges that are applied to rates for nonmembers. Eight of these consortiums assess nonmembers with surcharges.

TABLE 18  
CONSORTIUM COST ALLOCATION METHODOLOGIES

	Acronym	No. of Cost Centers	Cost Allocation Methodologies								
			Equal Share	Enplaned Passengers	Deplaned Passengers	International Passengers	Outbound Bags	Flights	Gallons of Fuel	Leased Areas	Other
Term	AATC	NR								✓	✓
	TOGA	4		✓	✓	✓	✓	✓		✓	✓
Equipment	DANTeC	2		✓	✓						
	EWR A	NR									
	ACH	1									✓
	LAXTEC	1		✓	✓				✓		
	MATCO	3		✓		✓		✓	✓	✓	✓
	CICA TEC	3	✓	✓	✓		✓		✓		
	SAN Group	NR		✓						✓	
	SFOTEC	2	✓	✓	✓	✓		✓			
Fuel	AUSfuel	1							✓		
	LAXFUEL	1							✓		
	OFFC	4						✓	✓		
	SEA FUEL	4							✓		

NR = no response.

ACH allocates all of its costs to all users without surcharges. TOGA enters into contract carrier agreements with nonmembers and negotiates rates based on a number of factors, rather than charging a percentage surcharge.

Eight consortiums apply percentage surcharges to member rates to determine rates for nonmembers. The percentage of the surcharges ranges from 15% to 100%; however, five of these eight use a 50% surcharge (see Table 19).

The theory behind surcharges for nonmembers is that the members have contributed in a meaningful way to the capitalization of the consortium, or have underwritten or guaranteed the debt that was necessary for the consortium to accomplish its mission and, therefore, enjoy the lowest possible rate structure the consortium can offer. Nonmembers have not made this contribution and, as a result, are assessed surcharged user fees. As noted in chapter four, almost all consortiums have an open membership policy. Therefore, in general terms, each airline is enabled to make an economic decision regarding membership, make an initial membership fee payment and enjoy lower fees and charges, or make no initial membership fee payment but be required to pay surcharged fees and charges. To support this decision, and to not create a discriminatory situation, fees, charges, and capitalization are usually structured in a manner that membership makes economic sense for long-term users.

TABLE 19  
CONSORTIUM NONMEMBER  
SURCHARGES

	Acronym	Non-Member Surcharge
Term	AATC	NR
	TOGA	N/A
Equipment	DANTEC	25%
	EWRA	NR
	ACH	N/A
	LAXTEC	10%
	MATCO	50%
	CICA TEC	50%
	SAN Group	NR
	SFOTEC	50%
Fuel	AUSfuel	50%
	LAXFUEL	50%
	OFFC	100%
	SEA FUEL	50%

N/A = not applicable; NR = no response.

CHAPTER TWELVE

## PROS AND CONS

This chapter summarizes the positive and negative qualities of the consortiums studied from the perspective of airline, airport, and operator representatives who responded to the surveys.

### STANDARDIZED RESPONSE SURVEY QUESTIONS

To quantify the positive and negative perceptions of the consortiums studied, survey respondents were requested to answer an identical set of questions including:

- From a contractual compliance perspective the consortium has:
  - Not complied with all contractual requirements
  - Complied with all contractual requirements
  - Exceeded compliance with contractual requirements.

- From an overall performance perspective the consortium has:
  - Not met expectations
  - Met expectations
  - Exceeded expectations.
- From an airline/airport relationship perspective the consortium has:
  - Not met expectations
  - Met expectations
  - Exceeded expectations.

Table 20 summarizes the compiled responses received for these questions.

The perspectives of the survey respondents are quite clear. Eleven of the airline respondents (100% of airline respondents),

TABLE 20  
CONSORTIUM REQUIREMENTS AND EXPECTATION ACHIEVEMENT

Consortium Has:	Respondents	From a Contract Compliance Perspective	From an Overall Performance Perspective	From an Airport–Airline Relationship Perspective
Not Met Requirements and Expectations	Airlines	0	0	0
	Airport	1	1	2
	Operator	0	0	0
Met Requirements and Expectations	Airlines	8	4	6
	Airport	8	9	6
	Operator	8	4	6
Exceeded Requirements and Expectations	Airlines	3	7	5
	Airport	0	0	1
	Operator	3	7	5

9 of the airport respondents (90% of airport respondents), and 11 of the operator respondents (100% of operator respondents) answered that the consortiums met or exceeded requirements and expectations in these categories.

### FREE-FORM RESPONSE SURVEY QUESTIONS

Survey respondents were also asked to briefly state the most positive aspects of their consortium that they believe could be replicated by other consortiums. The responses were numerous, enthusiastic, and varied.

Airline representatives responded with the following positive aspects of their consortiums that could be replicated by other consortiums:

- Ability to do ad hoc projects on behalf of the city for less cost and in less time.
- City trusts consortium to do whatever they ask of them (this comes with time and a proven track record).
- Cohesive Board of Directors (comprised of only properties reps provides for more productive meetings).
- Consortium provides membership education regarding airport authority activities.
- Control of equipment, facilities, and services.
- Coordination.
- Cost-effective.
- Decision-making process is in the best interest of the consortium—not necessarily of an individual airline or airline alliance.
- Efficient operation of the facilities to minimize member costs.
- Efficiency.
- Emphasis on safety.
- Emphasis on supply assurance to all members.
- Encouraging community spirit.
- Excellent environmental compliance record.
- Excellent safety compliance record.
- Focus on costs and efficiency.
- Involvement in airport construction projects.
- Our consortium is one of the best run, largest, and most effective fuel consortiums in the world.
- Outsourced management.
- Representative with the airport authority on the members committee to address operational concerns.
- Simple.
- Small management group.
- Transparency of management decisions and cost/revenues.
- Twenty-four hour on-call service.
- Willingness to accept additional responsibilities from airport.

Airport representatives responded with the following positive aspects of their consortiums that might be replicated by other consortiums:

- Consortium assures contract and/or lease compliance for maintenance, janitorial services (critical for customer satisfaction), and facility systems planning.
- Consortium cooperates fully with environmental investigations and remediation on the leasehold.
- Consortium has diligently exceeded the terms and conditions of the lease.
- Consortium is an effective way to assure that the requirements of the whole are met, because some airlines do not have the critical mass to perform the needed tasks.
- Consortium makes investments for the capital improvements required by the lease.
- Consortium membership provides an efficient mechanism to share the requirements, and responsibilities.
- Consortium timely pays all rental and other charges.
- Efficiency of operation.
- Fair cost allocation.
- Good performance on systems maintenance and operations.
- High standards.
- Keeps the airline equipment maintenance an “airline” responsibility with more focus than an airline could individually provide.
- Proper maintenance standards and constant monitoring.
- Quality construction and materials.
- Reinvestment in the facility as it ages (i.e., replacement of building systems).
- Single contact point.

Operator representatives responded with the following positive aspects of their consortiums that might be replicated by other consortiums:

- Ability to focus on costs, procedures, maintenance, and airport staff performance, which individual airlines find difficult because of other priorities.
- Additional services are often provided with little or no increase in cost.
- Better control of airline support equipment.
- Controlled maintenance.
- Coordination.
- Cost savings.
- Cross-utilization of resources.
- Day-to-day hands-on management and coordination with airlines, airport, and the Department of Homeland Security.
- Economies of scale available through maximizing the consortium scope.
- Fast reaction and response times.
- Full preventive maintenance program that greatly extends the life expectancy of the equipment, minimizes downtimes and service interruptions, and reduces the number of costly repairs by detecting and addressing minor deficiencies before they cause major system failures.
- Good communication between the consortium, airlines, and the airport.

- Increased efficiency of operations by having a single shared facility.
- Increased reliability of fuel supply.
- Level of responsibility.
- More efficient operations.
- Quality of service.
- Reduced costs through increased competition and storage capacity.
- Reduced operating costs.
- Serves as an excellent support buffer between airlines and airport and allows airport to bill one entity (consortium) for various charges rather than individual airlines.
- Strong preventative maintenance programs ensuring minimal disruptions to critical airline and airport systems.
- Understanding of the airport operations.

Survey respondents were also asked to briefly state the most negative aspects of their consortiums that they believe should not be replicated by other consortiums. Most respondents did not answer this question, and ten respondents answered that there are no negative aspects of their consortiums. Airline representatives responded with the following negative aspects of their consortiums that should not be replicated by others:

- Communication shortcomings to the executive team and the membership.
- It is important that exclusive airline space janitorial service be avoided, because different airlines have different standards.
- Executive committee members do not participate.
- Lack of “continuous improvement” as a priority.
- Mixed board of directors (station manager and properties representatives have very different perspectives and can cause a great deal of unnecessary conflict).
- Publication/tracking of concerns/projects.
- Two budgets: a rates and charges budget charged on an enplanement basis and an O&M budget that gets paid through the airport’s rental rate is too much work for the consortium and is too complicated.

Airport representatives responded with the following negative aspects of their consortiums that should not be replicated by others:

- Delinquent airlines have a responsibility to participate.
- Diffused accountability: accountability needs to be clearly defined.
- Issue avoidance: individual airlines can prevent or delay decisions if they perceive an approval would provide a competitor an advantage.
- Robust standards: there is a need to have comprehensive maintenance standards to ensure responsible stewardship of airport-owned or consortium-owned assets
- Sometimes trying to achieve consensus on a significant capital requirement leads to stalemate.

Operator representatives responded with the following negative aspects of their consortiums that should not be replicated by others:

- Airline service contracts such as skycaps, wheelchairs, etc., should be held by individual airlines and managed by the consortium to avoid increasing the consortium budget and to avoid the corresponding increased risk of nonpayment that must be shared by the consortium members.
- If the equipment and systems were owned by the consortium it would allow it to readily negotiate and manage various things without having to undertake a very bureaucratic process that ends up being grossly more expensive and time consuming. The negative is, however, that the equipment would then need to be purchased by the consortium through bonds or other financing.
- Increased definition for lines of demarcation between the consortium and the airport.
- It is at times challenging to keep 25 member airlines focused on consortium issues when each airline has competitive objectives.
- More refined reporting requirements.
- Two or three cost centers are more than adequate—any more just creates additional accounting burdens.

These lists present, with duplicate answers not counted, 63 positive aspects that might be replicated and only 18 negative aspects that might not be replicated. These results support the positive perspective most involved parties have related to the airline consortium model. Table 21 summarizes the consortiums for which the positive and negative responses were received.

TABLE 21  
POSITIVE AND NEGATIVE RESPONSES SUMMARY

	Acronym	Airline		Airport		Operator	
		Pos.	Neg.	Pos.	Neg.	Pos.	Neg.
Term	AATC					✓	
	TOGA	✓		✓			
Equipment	DANTEC	✓				✓	
	EWRA			✓	✓		
	ACH						
	LAXTEC	✓				✓	
	MATCO	✓		✓		✓	
	CICA TEC	✓				✓	
	SAN Group	✓					
	SFOTEC	✓	✓			✓	✓
Fuel	AUSfuel						
	LAXFUEL	✓		✓	✓	✓	
	OFFC			✓			
	SEA FUEL	✓					

Pos. = positive; Neg. = negative.

## LESSONS LEARNED

Survey respondents were requested to state a lesson learned that would be valuable to a group involved in the implementation of a new consortium. A number of helpful keys to success, organizational tips, and other comments were offered by airline, airport, and operator representatives. The following comments came from airline representatives:

- AATC      You can't capture the benefits of a consortium with the simple survey that was just completed.
  
- DANTeC    It is critical that the consortium manager get out and talk with local airline staff. It is important that the relationship between the consortium and the airlines not be adversarial. The consortium is on the airlines' side and the only way for them to gain trust in the organization's management is through daily interaction with their local customers and not just the board of directors.
  
- ACH        To successfully function as an equipment consortium it must be properly structured. The ACH was originally structured to function as an Airline Airport Affairs Committee.
  
- TOGA        Make sure that head offices understand the governing principles and objectives of the consortium and that there is total transparency in the governance and finances.
  
- LAXFUEL    The consortium benefits are often not clear to many of the airlines until after the organization is up and running for some time. There is significant doubt prior to formation about how effective and efficient the consortium will be.
  
- LAXTEC     Communication and updates to all levels of the membership, including local staff and headquarters, is imperative for success.
  
- MATCO      MATCO is the best model of an airline consortium that I have seen. The structure enables the city to allow the consortium to succeed without getting in the middle of everything. From most airlines' perspec-

tives, MATCO is the standard for an airline consortium.

- CICA TEC    Persevere in the early stages—it is worth it.
  
- SAN Group    For a limited array of services, an informal consortium can work well, but good vendors are also very important to its success.
  
- SEA FUEL    The greatest responsibility of the chairman of the consortium is to put their individual airline's needs secondary to the overall good of the consortium.
  
- SFOTEC      Close coordination with membership, airport authority, and contracted vendors is required for success.

The following comments were provided by airport representatives:

- AATC        Update your standards often and have written requirements with equal input from the airport and the airlines.
  
- EWR A        Make it a legal entity.
  
- TOGA        Constant attention to details and high customer service standards are necessary for success.
  
- LAXFUEL    A consortium needs to take a long view of the facility at which it operates and ensure that its agreement embodies the highest standards in order to preserve the integrity of the land, facilities, and assets of the airport at which it operates.
  
- MATCO      Establish standards and develop a framework for dealing with the ever-changing environment, then hire a qualified firm to run the consortium.
  
- OFFC        Both the airport and the airlines determine what terms and conditions are in their mutual best interests in the arrangement before getting the lawyers involved and running up legal expenses.

The following comments were supplied by operator representatives:

AATC	To be successful, all parties must understand the local politics and work environment.
AUSfuel	Do not always go with the lowest bidder. Sometimes brand names or major businesses are the best even if they do cost a little more.
DANTEC	The more detail and attention given to the consortium agreement the better. Clearer lines of demarcation, expanded definitions of reporting requirements, etc., will leave less to interpret between the airport and the management firm running the consortium. Also, the firm running the consortium should be retained before the opening of a terminal with adequate time to set the consortium and contracts in place. This is a critical time for the development of the consortium and some nonefficient decisions can be made if rushed as a result of time constraints.
LAXFUEL	Establish the appropriate charter (missions and goals) of the consortium, and ensure that every member understands that the target is to work toward achieving those goals versus individual airline goals.
LAXTEC	Learn from the experiences of other consortiums.

MATCO During the formation process, it will be beneficial to work closely with all stakeholders. There is typically a period of resistance by some or all stakeholders in the early stages of operating the consortium for a variety of reasons.

CICA TEC Be patient and work to understand the individual needs of the consortium members. Try to build a consensus among the consortium members. It is also important to consider the position of the various members, regardless of the size of their operation, and treat them each as equal members of the consortium.

SFOTEC Working with the airport to provide a “funding agreement” before start up was very helpful to cover formation costs, equipment purchases, build outs, etc.

The comments provided by survey respondents may be summarized to the following critical success factors:

- Communication among all stakeholders
- Buy-in and support from all stakeholders
- Structure and organization, with a preference for a legally organized entity
- Clear, concise documentation
- Transparency of governance and finances
- Operator secured early in the process
- Attention to details
- Patience and perseverance.



## CONCLUSIONS

This project served to synthesize current literature and experience from existing consortiums that provide services to passengers or groups of airlines or other airport users, and/or maintain and operate airport facilities, equipment, and systems. A large volume of current literature does not exist on this subject. However, the airlines, airport, and operator personnel surveyed responded with vigor, indicating their support for the application of the consortium model.

A review found that there are approximately 30 consortiums in service at airports across the country. Fourteen airline consortiums were studied through a review of available literature on airline consortiums and surveys of airline staff that are involved with or responsible for consortiums, airport staff who work or interface with consortiums, and consortium operators.

The airline consortium is one of a number of business alternatives available for the financing, development, operation, and maintenance of airport facilities, equipment, and systems. The consortiums studied were primarily established to manage, maintain, and operate common facilities, with an additional focus of reducing costs and increasing efficiency. Consortiums have also been established to develop, lease, finance, and construct various airport facilities. The ability of the consortium model to meet these needs has resulted in the adoption of this model at numerous airports.

The scope of responsibilities varies broadly by consortium and is based on the physical requirements, as well as the needs and interests of the parties involved at each particular location. However, the consortiums studied may be categorized into three groups: Terminal Consortiums, Equipment Consortiums, and Fuel Consortiums. Other applications of the consortium model are also possible.

Survey respondents unanimously indicated that the existing responsibilities of the consortiums they are familiar with not be decreased. Several respondents indicated a desire to increase the responsibilities of their consortium by including additional scope with which the consortium could reduce costs or improve service levels.

Eleven of the 14 airline consortiums studied are organized as legal entities, and the majority of these were formed as not-for-profit corporations. All of the 11 legal entity consortiums have boards of directors comprised of airline representatives, with one representative designated by each airline member.

One of the consortium boards of directors also includes a director that is designated by the airport (this consortium may be labeled an “airport-airline consortium”). It is evident that the consortium model has proven flexible enough to address a variety of organizational needs.

All of the 11 legal entity consortiums designate officers for various duties. Officers for five of the consortiums studied are empowered to authorize expenditures ranging from \$10,000 to \$50,000 for a single event, and one is empowered to authorize such expenditures with no financial limit.

Many of the consortiums studied have standing committees including executive committees, operating committees, and management committees that are authorized by the consortium to make decisions and expend funds. Other advisory committees that are not empowered to authorize expenditures are also common.

In all cases where a contract exists between the airport and the consortium, the airport requires the consortium to carry insurance and to indemnify the airport. Insurance and indemnification requirements vary from airport to airport. Seven of the consortiums studied require their member airlines to carry insurance and indemnify the consortium. This structure provides additional protections to both the airports and the airlines, in comparison with situations where consortiums do not exist.

The execution of a member agreement and the payment of a membership fee are among the requirements for entry as a member to airline consortiums that are organized as legal entities. It is believed that airline consortium membership is generally open to all airlines that have a need and desire to use the facilities, equipment, systems, and services maintained, operated, or otherwise provided by the consortiums.

Membership fees vary from consortium to consortium and are often discounted for initial members, in recognition of the responsibilities assumed by the airlines involved in the formation of the consortium, and to encourage the initial members to return an executed member agreement in a timely manner. Membership fees are sometimes linked to consortium capitalization. Membership withdrawal provisions vary significantly depending on the circumstances for each consortium.

Few of the consortiums studied have contractually required procurement processes and procedures for vendor

and contractor services. However, all of the consortiums studied have implemented procurement policies including the use of a competitive bidding process. Airports generally impose some contracting requirements, such as a mandatory vendor contract assignment in the event of consortium default and the obligation of all vendors and contractors to comply with all applicable laws.

Respondents for 11 of the 14 consortiums studied indicated that their consortiums have staff dedicated to the day-to-day operational and administrative management tasks of their consortiums. Under two of these consortiums, the dedicated operational and administrative personnel are directly employed by the consortium. The dedicated operational and administrative staffs of the remaining nine consortiums are employed by private firms that are under contract. The dedicated operational and administrative staff members for each consortium fulfill a number of roles and conduct many management tasks for their consortiums including liaison activities, contract administration, consortium corporate administration, financial administration, operations coordination and administration, facilities and equipment maintenance and operation, fueling activities, and gate and ramp control.

Respondents for six of the consortiums studied indicated that the airports where their consortiums are located require performance standards for their consortiums documented in a written agreement. However, document review finds that the written requirements and standards vary greatly depending on the location. Similarly, the type and frequency of performance reports produced by the consortiums studied varies considerably. Penalties for poor performance were not noted by any of the respondents or in any of the documents reviewed. However, failure to perform the obligations under the agreements between the consortiums and the airports was found in all cases to be an event of default under which the airports have the right to perform the consortiums duties.

Before the formation of a new consortium, a business plan is generally prepared, evidencing the financial feasibility of the new venture. The business plan is also used to estimate the consortium's capitalization requirements. The initial capitalization of consortiums is often one of the most challenging aspects of consortium formation. A two or three month operating reserve is a conservative requirement for any operating business that must pay its service vendors in a timely manner while waiting on its customers to pay, and the larger the scope assignment and related cash flow requirement the more challenging it can be to secure initial operating capital for a new consortium. The costs for some consortiums are included in the airport budgets and collected through airport rates and charges, largely eliminating the need for consortium capitalization. One consortium pre-bills its members by two months, thereby effectively providing the consortium with two months of capitalization funding. Consortiums that are not airport funded and do not pre-bill their members use a variety of methods to provide capitalization funding.

Survey respondents confirmed that each of the legal entity consortiums has an annual budget cycle under which a budget is established, reviewed, and approved. Budget reporting frequencies vary among the consortiums studied, depending on established requirements.

Survey respondents confirmed that each of the consortiums is responsible for calculating rates and charges for costs that flow through the consortium and must be collected directly from their members. As a result, the consortiums have each adopted unique rates and charges models and methodologies that rely on a number of cost centers and cost allocation methodologies that best suit the business requirements for equitable allocation of costs to the participating airlines at their location. The majority of the respondents indicated that their consortiums are also responsible for invoicing consortium customers and collecting consortium fees and charges from these customers. However, at two consortiums, the airport is responsible for these collections, because the majority of the consortium budget is incorporated into the airport budget and is invoiced to airlines as a component of airport rates and charges.

Eight of the consortiums studied apply percentage surcharges to member rates to determine rates for nonmembers. The percentage surcharges range from 15% to 100%. As a result of open membership policies, nonmembers are generally able to become consortium members to avoid the nonmember surcharges.

Eleven of the airline respondents (100%), 9 of the airport respondents (90%), and 11 of the operator respondents (100%) answered that the consortiums met or exceeded requirements and expectations in these categories. Survey respondents offered numerous, enthusiastic, and varied positive aspects of their consortiums that they believe might be replicated by other consortiums. Several offered negative aspects that should not be repeated by other consortiums. Most noteworthy, however, the majority of survey respondents did not report any negative aspects, and ten respondents indicated that they could think of no negative aspects related to their consortiums.

Survey respondents provided a wide variety of helpful keys to success; organizational tips as lessons learned that would be valuable to a group involved in the implementation of a new consortium. These lessons learned may be summarized to the following critical success factors:

- Communication among all stakeholders
- Buy-in and support from all stakeholders
- Structure and organization, with a preference for a legally organized entity
- Clear, concise documentation
- Transparency of governance and finances
- Operator secured early in process
- Attention to details
- Patience and perseverance.

The airline consortium model is flexible and can be adapted to fit many circumstances and requirements. As a result, the consortium model has been applied successfully in a number of unique situations. It was observed through survey and analysis of documents that legal entity consortiums and their members have been successful at fulfilling the critical factors noted previously that lead to success. Successful consortium formation may be advised by the summarized lessons learned, because these factors are deemed critical by survey respondents to any consortium's success.

Survey responses also indicated that the exact structure, organization, governance, membership provisions, scope, administrative and operational staffing, adopted performance standards, capitalization, and cost allocation methodology be determined prior to consortium formation through the deliberate efforts of the stakeholders involved, based on the conditions and circumstances at their airport and the needs of the stakeholders.

Future consortiums may also be formed under the guidance of the summarized lessons learned, because these factors have been determined to be critical to any consortium's success.

Emerging trends indicate a significant increase in the interest in consortiums at airports among airport and airline executives, as evidenced by the number of related publications produced during 2009 and 2010, whereas none were found for

the previous 20-year period. Additionally, during 2010 there were at least ten U.S. airports where consortium feasibility studies were being considered, conducted, or progressed to formation activities.

As documented by this report, there is a high level of satisfaction with existing consortiums and a sentiment among the respondents that the existing consortiums be assigned additional scope. As a result, it is believed that additional consortiums will be implemented at airports in the United States and the development of this synthesis is timely.

Further research regarding consortiums may be necessary to complete information gaps left by this report as a result of the limited scope and nature of this synthesis, including:

- Descriptions of business models that are available to airport and airline executives as alternatives to airline consortiums.
- Case studies regarding the evaluation of business alternatives that were considered as each of the consortiums studied in this report were implemented.
- Documentation of the business conditions that affected the formation of each of the consortiums studied.
- Case studies regarding the actual formation experiences of the consortiums studied.
- Research to provide airline and airport stakeholders criteria for the further evaluation of consortium benefits and a framework for future consortium formation.

## GLOSSARY OF TERMS, ABBREVIATIONS AND ACRONYMS

The following is a brief glossary of terminology used in the synthesis report.

- Majority-in-Interest or MII—with respect to a vote for or against any matter arising under or related to a consortium member agreement the votes of those member representatives of member airlines entitled to vote and not then in default collectively representing more than: (1) fifty percent (50%) in number of the members; and (2) fifty percent (50%) of the total usage of the members for the 12 months before the month in which the vote is taken.
- MBE/WBE—Minority-owned Business Enterprise/Women-owned Business Enterprise that may be related to affirmative action or similar programs, which may be required under local, state or federal orders, laws, statutes, ordinances, or acts.
- WCAA—the Wayne County Airport Authority, which is responsible for Detroit Metropolitan Airport.

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**APPENDIX A**

**Survey for Airline Staff Who Are Involved with  
or Responsible for Consortiums**

**APPENDIX 3**

Airline and Airport - Airline Consortiums Survey for Airline staff who work with or interface with consortiums

**Airline Staff Perspective Imported Block 1 - Jul 7, 2010**

Type full name, telephone number, email address, employer, and the state in which you are employed:

Your number of years of experience in the aviation industry:

Please indicate the current nature of your employment:

- a. Local Government
- b. State Government
- c. Federal Government
- d. Airport Authority
- e. Airline
- f. Professional Services Firm
- g. Self Employed
- h. Other

The year the consortium was created:

The expiration date of the consortium:

The original purpose the consortium was created:

Your position within the consortium organization:

**APPENDIX 3**

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**The year you became active in this position:**

---

**The total number of years you have been involved with this consortium:**

---

**How familiar are you with the consortium?**

- a. Not familiar
- b. Somewhat familiar
- c. Familiar
- d. Very Familiar

**The organizational structure of the consortium is:**

- a. For Profit Corporation
- b. Not For Profit Corporation
- c. Limited Liability Company
- d. Partnership
- e. Other
- f. Not Formally Organized

**The State in which the consortium was originally registered (please state N/A if Not Formally Organized):**

---

**Does the consortium have a board of directors?**

- a. Yes
- b. No

**State the number of directors:**

---



**APPENDIX 3**

**Does each member airline designate its own director?**

- a. Yes
- b. No

**State how directors are designated:**

**Does the airport have the right to designate a director?**

- a. Yes
- b. No

**Does the airport's designated director have the right to vote with the other directors?**

- a. Yes
- b. No

**The board of director's votes are based on:**

- a. One vote per director
- b. Ownership percentages
- c. Activity percentages
- d. Other

**A quorum of directors is defined as:**

- a. A simple majority of the directors
- b. Directors representing a majority in interest
- c. Other

**Does the consortium have officers?**

- a. Yes
- b. No

**APPENDIX 3**

**State the number of officers:**

**Does each member airline designate its own Officer?**

- a. Yes
- b. No

**State how officers are designated:**

**The officer's votes are based on:**

- a. One vote per officer
- b. Ownership percentages
- c. Activity percentages
- d. Other

**A quorum of officers is defined as:**

- a. A simple majority of the officers
- b. Officers representing a majority in interest
- c. Other

**Do the officers have expenditure authority?**

- a. Yes
- b. No

**State the expenditure authority dollar limit for officers for a single non-emergency event:**

**State the expenditure authority dollar limit for officers for a single emergency event:**

**APPENDIX 3**

**Does the consortium have an executive committee?**

- a. Yes  
 b. No

**State the number of executive committee members:**

**Does each member airline designate its own executive committee member?**

- a. Yes  
 b. No

**State how executive committee members are designated:**

**The executive committee's votes are based on:**

- a. One vote per executive committee member  
 b. Ownership percentages  
 c. Activity percentages  
 d. Other

**A quorum of the executive committee is defined as:**

- a. A simple majority of the executive committee members  
 b. Executive committee members representing a majority in interest  
 c. Other

**Does the executive committee have expenditure authority?**

- a. Yes  
 b. No

### APPENDIX 3

**State the expenditure authority dollar limit for the executive committee for a single non-emergency event:**

**State the expenditure authority dollar limit for the executive committee for a single emergency event:**

**Does the consortium have an operating committee?**

- a. Yes
- b. No

**State the number of operating committee members:**

**Does each member airline designate its own operating committee member?**

- a. Yes
- b. No

**State how operating committee members are designated:**

**The operating committee's votes are based on:**

- a. One vote per operating committee member
- b. Ownership percentages
- c. Activity percentages
- d. Other

**A quorum of the operating committee is defined as:**

- a. A simple majority of the operating committee members
- b. Operating committee members representing a majority in interest
- c. Other

**APPENDIX 3**

**Does the operating committee have expenditure authority?**

- a. Yes
- b. No

**State the expenditure authority dollar limit for the operating committee for a single non-emergency event:**

**State the expenditure authority dollar limit for the operating committee for a single emergency event:**

**Does the consortium have other standing committees not already mentioned?**

- a. Yes
- b. No

**State the number of other standing committees:**

**State the names of the other standing committees:**

**Do the other standing committees have expenditure authority?**

- a. Yes
- b. No

**State the expenditure authority dollar limit for the other standing committees for a single non-emergency event:**

**APPENDIX 3**

**State the expenditure authority dollar limit for the other standing committees for a single emergency event:**

**State the last day of the fiscal year for the consortium:**

**Does the airport require the consortium to carry insurance?**

- a. Yes  
 b. No

**Does the airport require the consortium to indemnify the airport?**

- a. Yes  
 b. No

**Does the consortium require each member airline to carry insurance?**

- a. Yes  
 b. No

**Does the consortium require each member airline to indemnify the consortium?**

- a. Yes  
 b. No

**Was your airline an initial member of the consortium?**

- a. Yes  
 b. No

**Did your airline pay a membership fee when it joined the consortium?**

- a. Yes  
 b. No

**APPENDIX 3**

**State the amount of the consortium membership fee paid by your airline:**

---

**Has the membership fee changed since the consortium was originally formed?**

- a. Yes  
 b. No

**Are additional members allowed to join the consortium?**

- a. Yes  
 b. No

**Have additional members joined the consortium since it was originally formed?**

- a. Yes  
 b. No

**Are members allowed to leave the consortium?**

- a. Yes  
 b. No

**Have members withdrawn from the consortium since it was originally formed?**

- a. Yes  
 b. No

**Do withdrawing members have their membership fee returned to them?**

- a. Yes  
 b. No

**State the number of consortium original members:**

---

**APPENDIX 3**

**State the number of consortium additional members:**

---

**State the number of consortium members that have withdrawn:**

---

**Do withdrawn members retain a liability after they have departed?**

- a. Yes
- b. No

**Indicate which of the following equipment and systems the consortium is responsible for:**

	Yes	No
a. Passenger loading bridges maintenance?	<input type="radio"/>	<input type="radio"/>
b. Baggage handling systems operations and maintenance?	<input type="radio"/>	<input type="radio"/>
c. In-line security screening and explosive detection systems maintenance?	<input type="radio"/>	<input type="radio"/>
d. Pre-conditioned air operations and maintenance?	<input type="radio"/>	<input type="radio"/>
e. Potable water cabinets maintenance?	<input type="radio"/>	<input type="radio"/>
f. Terminal facilities maintenance services?	<input type="radio"/>	<input type="radio"/>
g. Terminal public areas cleaning services?	<input type="radio"/>	<input type="radio"/>
h. Terminal airline areas cleaning services?	<input type="radio"/>	<input type="radio"/>
i. Aircraft cleaning services?	<input type="radio"/>	<input type="radio"/>
j. Airline passenger services (wheelchairs, skycaps, etc.)?	<input type="radio"/>	<input type="radio"/>
k. Aircraft hydrant fueling systems operations and maintenance?	<input type="radio"/>	<input type="radio"/>
l. Aviation fuel storage facilities operations and maintenance?	<input type="radio"/>	<input type="radio"/>
m. Ground equipment fuel storage and dispensing systems operations and maintenance?	<input type="radio"/>	<input type="radio"/>
n. Ground equipment maintenance?	<input type="radio"/>	<input type="radio"/>
o. Deicing material storage facilities operations and maintenance?	<input type="radio"/>	<input type="radio"/>
p. Ramp sweeping services operations and maintenance?	<input type="radio"/>	<input type="radio"/>
q. Snow removal services for airlined leased surfaces?	<input type="radio"/>	<input type="radio"/>
r. Various electronic systems related to airline operations? (FIDs, BIDs, Muse, public address, etc.)?	<input type="radio"/>	<input type="radio"/>
s. Various electronic systems that would generally be considered part of the base building infrastructure? (VOIP, dynamic signage, aviation activity data recording and reporting system, etc.)?	<input type="radio"/>	<input type="radio"/>



**APPENDIX 3**

- |  |                       |                       |
|--|-----------------------|-----------------------|
| t. Retail concessions contract administration and management?            | <input type="radio"/> | <input type="radio"/> |
| u. Food and beverage concessions contract administration and management? | <input type="radio"/> | <input type="radio"/> |
| v. Vending machines contract administration and management?              | <input type="radio"/> | <input type="radio"/> |
| w. Public advertising contract administration and management?            | <input type="radio"/> | <input type="radio"/> |
| x. Way-finding signage maintenance?                                      | <input type="radio"/> | <input type="radio"/> |

**Name any facilities, equipment, systems or services the consortium is responsible for that has not been discussed in the survey:**

**Name any facilities, equipment, systems or services that in your opinion the consortium should not be responsible for:**

**Please briefly explain your response to the previous question .**

**Name any additional facilities, equipment, systems or services that in your opinion the consortium should be responsible for:**

**Please briefly explain your response to the previous question.**

**Is it a policy for the consortium to prequalify bidders using a request for qualifications process?**

- a. Yes
- b. No

**APPENDIX 3**

**Is it a policy for the consortium to select successful bidders through a competitive bidding process?**

- a. Yes
- b. No

**Is it a policy for the consortium to sometimes secure services through a sole source without a competitive bidding process?**

- a. Yes
- b. No

**Competitive bidding processes are used for (mark all that apply):**

	Yes	No
a. Supply contracts?	<input type="radio"/>	<input type="radio"/>
b. Specialty equipment?	<input type="radio"/>	<input type="radio"/>
c. Operations and maintenance contracts?	<input type="radio"/>	<input type="radio"/>
d. Construction contracts?	<input type="radio"/>	<input type="radio"/>
e. Professional services agreements?	<input type="radio"/>	<input type="radio"/>
f. Other?	<input type="radio"/>	<input type="radio"/>

**Contracts that are sometimes awarded on a sole source basis without competitive bids include (mark all that apply):**

	Yes	No
a. Supply contracts?	<input type="radio"/>	<input type="radio"/>
b. Specialty equipment?	<input type="radio"/>	<input type="radio"/>
c. Operations and maintenance contracts?	<input type="radio"/>	<input type="radio"/>
d. Construction contracts?	<input type="radio"/>	<input type="radio"/>
e. Professional services agreements?	<input type="radio"/>	<input type="radio"/>
f. Other?	<input type="radio"/>	<input type="radio"/>

**State the conditions under which a contract may be awarded under a sole source basis without competitive bids:**

### APPENDIX 3

**Are consortium bids opened publicly (with representatives present to witness the opening process)?**

- a. Yes
- b. No

**Is an airport representative generally present when consortium bids are opened?**

- a. Yes
- b. No

**Is airport approval required for the award of any consortium contracts?**

- a. Yes
- b. No

**State the conditions under which airport approval of a consortium contract is necessary prior to award.**

**Are consortium contractors and vendors required to comply with MBE/WBE guidelines in effect at your airport?**

- a. Yes
- b. No

**Are consortium contractors and vendors required to comply with local ordinances in effect at your airport?**

- a. Yes
- b. No

**Does the consortium have dedicated operations and/or administrative staff that are responsible for the consortium's day-to-day operational and administrative management tasks?**

- a. Yes
- b. No

**APPENDIX 3**

**Are the consortium's day-to-day operational and administrative management tasks performed by: (after answering continue to question 94)**

- a. A single airline
- b. Shared by multiple airlines

**The dedicated operations and/or administrative staff are employed:**

- a. Directly by the consortium
- b. Employed by a private company
- c. Individually contracted as private individuals
- d. Other

**State the head count of full-time dedicated operations and/or administrative staff:**

---

**State the head count of part-time and seasonal dedicated operations and/or administrative staff:**

---

**Indicate which of the following the operations and/or administrative staff is responsible for:**

	Yes	No
a. Airport liaison?	<input type="radio"/>	<input type="radio"/>
b. TSA liaison?	<input type="radio"/>	<input type="radio"/>
c. FAA liaison?	<input type="radio"/>	<input type="radio"/>
d. Customs/Immigration liaison?	<input type="radio"/>	<input type="radio"/>
e. Police Department liaison?	<input type="radio"/>	<input type="radio"/>
f. RFP/RF preparation?	<input type="radio"/>	<input type="radio"/>
g. Contract bidding processes?	<input type="radio"/>	<input type="radio"/>
h. Contract award?	<input type="radio"/>	<input type="radio"/>
i. Contract administration and compliance enforcement?	<input type="radio"/>	<input type="radio"/>
j. Airline membership administration?	<input type="radio"/>	<input type="radio"/>
k. Consortium corporate meeting documentation?	<input type="radio"/>	<input type="radio"/>
l. Budget preparation?	<input type="radio"/>	<input type="radio"/>
m. Budget control, administration and reporting?	<input type="radio"/>	<input type="radio"/>
n. Accounts payable, accounts receivable?	<input type="radio"/>	<input type="radio"/>

**APPENDIX 3**

- |   |                       |                       |
|---|-----------------------|-----------------------|
| o. Bookkeeping and financial reporting?   | <input type="radio"/> | <input type="radio"/> |
| p. Asset investment management?           | <input type="radio"/> | <input type="radio"/> |
| q. Consortium rates and charges analysis? | <input type="radio"/> | <input type="radio"/> |
| r. Member and non-member invoicing?       | <input type="radio"/> | <input type="radio"/> |
| s. Concessions management?                | <input type="radio"/> | <input type="radio"/> |
| t. Capital project management?            | <input type="radio"/> | <input type="radio"/> |
| u. Common-Use facilities assignment?      | <input type="radio"/> | <input type="radio"/> |

**Name any responsibilities held by the dedicated operations and/or administrative staff that has not been discussed in the survey:**

**Name any responsibilities that in your opinion the dedicated operations and/or administrative staff should not be responsible for:**

**Please briefly explain your response to the previous question.**

**Name any additional responsibilities that in your opinion the dedicated operations and/or administrative staff should be responsible for:**

**Please briefly explain your response to the previous question.**

**APPENDIX 3**

**Are performance standards imposed by a written agreement between the consortium and the airport?**

- a. Yes
- b. No

**Indicate the categories of performance standards required by the written agreement with the airport (mark all that apply):**

	Yes	No
a. Preventive maintenance frequencies?	<input type="radio"/>	<input type="radio"/>
b. Equipment outage frequencies?	<input type="radio"/>	<input type="radio"/>
c. Cleaning frequencies?	<input type="radio"/>	<input type="radio"/>
d. Reporting frequencies?	<input type="radio"/>	<input type="radio"/>
e. Other?	<input type="radio"/>	<input type="radio"/>

**Briefly describe the penalties that may be imposed when performance standards are not met:**

**Briefly describe the enforcement processes and procedures that may be imposed by the airport:**

**State the consortium capitalization requirements:**

- a. One month of operational expenses
- b. Two months of operational expenses
- c. Three months of operational expenses
- d. A percentage of outstanding debt service
- e. Other
- f. None

**APPENDIX 3****Indicate the consortium capitalization funding sources used:**

- a. Third party loan to consortium
- b. Airport loan to consortium
- c. Airport contribution to consortium
- d. Capitalization held by airport
- e. Member contributions
- f. Member pre-invoicing
- g. Transfer of assets from prior consortium
- h. Combination of the above
- i. Other

**If the capitalization funding was provided by consortium members, over what period was it collected?**

- a. Single payment
- b. Six months
- c. Twelve months
- d. Twenty-four months
- e. Other period
- f. Not applicable

**The consortium capitalization funding owned by the:**

- a. The individual consortium members
- b. By the consortium in general

**At the termination of the consortium, remaining capitalization funding will be:**

- a. Equally distributed to the remaining members
- b. Distributed to the remaining members based on a formula
- c. Other

**State the end date of the annual operating budget period:**

---

**Indicate the level of consortium management that ultimately approves the annual operating budget:**

**APPENDIX 3**

**Is it a requirement for the airport to approve the consortium annual budget?**

- a. Yes
- b. No

**Indicate which party is responsible for setting consortium rates:**

- a. Airport
- b. Consortium

**Indicate the number of cost centers used to allocate costs to consortium customers:**

- a. One
- b. Two
- c. Three
- d. More than three

**Indicate if the consortium members share a percentage of the total consortium costs equally:**

- a. Yes
- b. No

**Indicate the primary statistics used to allocate costs to consortium customers (mark all that apply):**

	Yes	No
a. Enplaned passengers?	<input type="radio"/>	<input type="radio"/>
b. Deplaned passengers?	<input type="radio"/>	<input type="radio"/>
c. International passengers?	<input type="radio"/>	<input type="radio"/>
d. Number of outbound bags?	<input type="radio"/>	<input type="radio"/>
e. Number of flights?	<input type="radio"/>	<input type="radio"/>
f. Number of gallons of fuel?	<input type="radio"/>	<input type="radio"/>
g. Leased area square footage?	<input type="radio"/>	<input type="radio"/>
h. Other?	<input type="radio"/>	<input type="radio"/>



**APPENDIX 3**

**Indicate the maximum percentage surcharge applied to non-member fees:**

**Indicate which party is responsible for collecting consortium rate based payments from the consortium customers:**

- a. Airport
- b. Consortium

**Indicate if, from a contractual compliance perspective, the consortium has:**

- a. Not complied with all contractual requirements
- b. Complied with all contractual requirements
- c. Exceeded compliance with contractual requirements

**Indicate if, from an overall performance perspective, the consortium has:**

- a. Not met expectations
- b. Met expectations
- c. Exceeded expectations

**Indicate if, from an airline/airport relationship perspective, the consortium has:**

- a. Not met expectations
- b. Met expectations
- c. Exceeded expectations

**Considering all aspects of the consortium's day-to-day activities, briefly state the three most positive aspects of the consortium that you believe should be replicated by other consortium applications:**

**Considering all aspects of the consortium's day-to-day activities, briefly state the three most negative aspects of the consortium that you believe should be not replicated by other consortium applications:**

### APPENDIX 3

**Considering your experience with the consortium since the beginning of your association with it, state one lesson learned that you believe would be valuable to a group involved in the implementation of a new consortium:**

## **APPENDIX B**

### **Survey for Airline Staff Who Work or Interface with Consortiums**

**APPENDIX 4**

Airport Staff Perspective Survey Imported Block 1 - Jul 9, 2010

**Airline and Airport-Airline Consortiums****Survey for Airport Staff who work with or interface with consortiums**

Your full name, telephone number, email address, employer, and the state in which you are employed:

Your number of years of experience in the aviation industry:

Please indicate the current nature of your employment:

- a. Local Government
- b. State Government
- c. Federal Government
- d. Airport Authority
- e. Airline
- f. Professional Services Firm
- g. Self Employed
- h. Other

The year the consortium was created:

The original purpose the consortium was created:

**APPENDIX 4**

**The total number of years you have been involved with this consortium:**

**How familiar are you with the consortium?**

- a. Not familiar
- b. Somewhat familiar
- c. Familiar
- d. Very Familiar

**The organizational structure of the consortium is:**

- a. For Profit Corporation
- b. Not For Profit Corporation
- c. Limited Liability Company
- d. Partnership
- e. Other
- f. Not Formally Organized

**Does the consortium have a board of directors?**

- a. Yes
- b. No

**Does the airport have the right to designate a director?**

- a. Yes
- b. No

**Does the airport's designated director have the right to vote with the other directors?**

- a. Yes
- b. No

**Does the airport require the consortium to carry insurance?**

- a. Yes
- b. No

**APPENDIX 4**

**Does the airport require the consortium to indemnify the airport?**

- a. Yes
- b. No

**Indicate which of the following equipment and systems the consortium is responsible for:**

	Yes	No
a. Passenger loading bridges maintenance?	<input type="radio"/>	<input type="radio"/>
b. Baggage handling systems operations and/or maintenance?	<input type="radio"/>	<input type="radio"/>
c. In-line security screening and explosive detection systems maintenance?	<input type="radio"/>	<input type="radio"/>
d. Pre-conditioned air operations and maintenance?	<input type="radio"/>	<input type="radio"/>
e. Potable water cabinets maintenance?	<input type="radio"/>	<input type="radio"/>
f. Terminal facilities maintenance services?	<input type="radio"/>	<input type="radio"/>
g. Terminal public areas cleaning services?	<input type="radio"/>	<input type="radio"/>
h. Terminal airline areas cleaning services?	<input type="radio"/>	<input type="radio"/>
i. Aircraft cleaning services?	<input type="radio"/>	<input type="radio"/>
j. Airline passenger services (wheelchairs, skycaps, etc.)?	<input type="radio"/>	<input type="radio"/>
k. Aircraft hydrant fueling systems operations and maintenance?	<input type="radio"/>	<input type="radio"/>
l. Aviation fuel storage facilities operations and maintenance?	<input type="radio"/>	<input type="radio"/>
m. Ground equipment fuel storage and dispensing systems operations and maintenance?	<input type="radio"/>	<input type="radio"/>
n. Ground equipment maintenance?	<input type="radio"/>	<input type="radio"/>
o. Deicing material storage facilities operations and maintenance?	<input type="radio"/>	<input type="radio"/>
p. Ramp sweeping services operations and maintenance?	<input type="radio"/>	<input type="radio"/>
q. Snow removal services for airline leased surfaces?	<input type="radio"/>	<input type="radio"/>
r. Various electronic systems related to airline operations? (FIDs, BIDs, Muse, public address, etc.)?	<input type="radio"/>	<input type="radio"/>
s. Various electronic systems that would generally be considered part of the base building infrastructure? (VOIP, dynamic signage, aviation activity data recording and reporting system, etc.)?	<input type="radio"/>	<input type="radio"/>
t. Retail concessions contract administration and management?	<input type="radio"/>	<input type="radio"/>
u. Food and beverage concessions contract administration and management?	<input type="radio"/>	<input type="radio"/>
v. Vending machines contract administration and management?	<input type="radio"/>	<input type="radio"/>
w. Public advertising contract administration and management?	<input type="radio"/>	<input type="radio"/>
x. Way-finding signage maintenance?	<input type="radio"/>	<input type="radio"/>

**APPENDIX 4**

**Name any facilities, equipment, systems or services the consortium is responsible for that has not been discussed in the survey:**

**Name any facilities, equipment, systems or services that in your opinion the consortium should not be responsible for:**

**Please briefly explain your response to the previous question:**

**Name any additional facilities, equipment, systems or services that in your opinion the consortium should be responsible for:**

**Please briefly explain your response to the previous question:**

**Is it a policy for the consortium to prequalify bidders using a request for qualifications process?**

- a. Yes  
 b. No

**Is it a policy for the consortium to select successful bidders through a competitive bidding process?**

- a. Yes  
 b. No

**APPENDIX 4**

**Is it a policy for the consortium to sometimes secure services through a sole source without a competitive bidding process?**

- a. Yes  
 b. No

**Are consortium bids opened publicly (with representatives present to witness the opening process)?**

- a. Yes  
 b. No

**Is an airport representative generally present when consortium bids are opened?**

- a. Yes  
 b. No

**Is airport approval required for the award of any consortium contracts?**

- a. Yes  
 b. No

**State the conditions under which airport approval of a consortium contract is necessary prior to award.**

**Are consortium contractors and vendors required to comply with MBE/WBE guidelines in effect at your airport?**

- a. Yes  
 b. No

**Are consortium contractors and vendors required to comply with local ordinances in effect at your airport?**

- a. Yes  
 b. No

**Are contractor performance standards imposed by a written agreement between the consortium and the airport?**



**APPENDIX 4**

- a. Yes
- b. No

**Indicate the categories of performance standards required by the written agreement with the airport (mark all that apply):**

	Yes	No
a. Preventive maintenance frequencies?	<input type="radio"/>	<input type="radio"/>
b. Equipment outage frequencies?	<input type="radio"/>	<input type="radio"/>
c. Cleaning frequencies?	<input type="radio"/>	<input type="radio"/>
d. Reporting frequencies?	<input type="radio"/>	<input type="radio"/>
e. Other?	<input type="radio"/>	<input type="radio"/>

**Briefly describe the manner in which performance standards compliance is recorded or documented:**

**Briefly describe the manner in which performance standards compliance is reported:**

**Indicate the frequency used for reporting performance standards compliance (mark all that apply):**

	Yes	No
a. Annually?	<input type="radio"/>	<input type="radio"/>
b. Quarterly?	<input type="radio"/>	<input type="radio"/>
c. Monthly?	<input type="radio"/>	<input type="radio"/>
d. Weekly?	<input type="radio"/>	<input type="radio"/>
e. Daily?	<input type="radio"/>	<input type="radio"/>

**Briefly describe the penalties that may be imposed when performance standards are not met:**

**APPENDIX 4**

**Briefly describe the enforcement processes and procedures that may be imposed by the airport:**

**State the end date of the annual operating budget period:**

**Is it a requirement for the airport to approve the consortium annual budget?**

- a. Yes
- b. No

**Indicate which party is responsible for setting consortium rates:**

- a. Airport
- b. Consortium

**Indicate if the consortium members share a percentage of the total consortium costs equally:**

- a. Yes
- b. No

**Indicate the primary statistics used to allocate costs to consortium customers (mark all that apply):**

	Yes	No
a. Enplaned passengers?	<input type="radio"/>	<input type="radio"/>
b. Deplaned passengers?	<input type="radio"/>	<input type="radio"/>
c. International passengers?	<input type="radio"/>	<input type="radio"/>
d. Number of outbound bags?	<input type="radio"/>	<input type="radio"/>
e. Number of flights?	<input type="radio"/>	<input type="radio"/>
f. Number of gallons of fuel?	<input type="radio"/>	<input type="radio"/>
g. Leased area square footage?	<input type="radio"/>	<input type="radio"/>
h. Other?	<input type="radio"/>	<input type="radio"/>

**APPENDIX 4**

**Indicate the maximum percentage surcharge applied to non-member fees:**

**Indicate which party is responsible for collecting consortium rate based payments from the consortium customers:**

- a. Airport
- b. Consortium

**Indicate if, from an airport/consortium contractual compliance perspective, the consortium has:**

- a. Not complied with all contractual requirements
- b. Complied with all contractual requirements
- c. Exceeded compliance with contractual requirements

**Indicate if, from an overall performance perspective, the consortium has:**

- a. Not met expectations
- b. Met expectations
- c. Exceeded expectations

**Indicate if, from an airline/airport relationship perspective, the consortium has:**

- a. Not met expectations
- b. Met expectations
- c. Exceeded expectations

**Considering all aspects of the consortium's day-to-day activities, briefly state the three most positive aspects of the consortium that you believe should be replicated by other consortium applications:**

**Considering all aspects of the consortium's day-to-day activities, briefly state the three most negative aspects of the consortium that you believe should be not replicated by other consortium applications:**

## APPENDIX 4

**Considering your experience with the consortium since the beginning of your association with it, state one lesson learned that you believe would be valuable to a group involved in the implementation of a new consortium:**

## **APPENDIX C**

### **Survey for Consortiums Operators**

**APPENDIX 5**

Airline and Airport - Airline Consortia Survey for Consortium staff who work with or interface with Airport or Airlines

**Consortium Operator Perspective Imported Block 1 - Jul 12, 2010**

Your full name, telephone number, email address, employer and the state in which you are employed:

Your number of years of experience in the aviation industry:

Please indicate the current nature of your employment:

- a. Local Government
- b. State Government
- c. Federal Government
- d. Airport Authority
- e. Airline
- f. Professional Services Firm
- g. Self Employed
- h. Other

The year the consortium was created:

The expiration date of the consortium:

The original purpose the consortium was created:

Your position within the consortium organization:

**APPENDIX 5**

**The year you became active in this position:**

**The total number of years you have been involved with this consortium:**

**How familiar are you with the consortium?**

- a. Not familiar
- b. Somewhat familiar
- c. Familiar
- d. Very Familiar

**The organizational structure of the consortium is:**

- a. For Profit Corporation
- b. Not For Profit Corporation
- c. Limited Liability Company
- d. Partnership
- e. Other
- f. Not Formally Organized

**The State in which the consortium was originally registered (please state N/A if Not Formally Organized):**

**Does the consortium have a board of directors?**

- a. Yes
- b. No

**State the number of directors:**

**APPENDIX 5**

**Does each member airline designate its own director?**

- a. Yes
- b. No

**State how directors are designated:**

**Does the airport have the right to designate a director?**

- a. Yes
- b. No

**Does the airport's designated director have the right to vote with the other directors?**

- a. Yes
- b. No

**The board of director's votes are based on:**

- a. One vote per director
- b. Ownership percentages
- c. Activity percentages
- d. Other

**A quorum of directors is defined as:**

- a. A simple majority of the directors
- b. Directors representing a majority in interest
- c. Other

**Does the consortium have officers?**

- a. Yes
- b. No



**APPENDIX 5**

**State the number of consortium officers:**

**Does each member airline designate its own Officer?**

- a. Yes  
 b. No

**State how officers are designated:**

**The officer's votes are based on:**

- a. One vote per officer  
 b. Ownership percentages  
 c. Activity percentages  
 d. Other

**A quorum of officers is defined as:**

- a. A simple majority of the officers  
 b. Officers representing a majority in interest  
 c. Other

**Do the officers have expenditure authority?**

- a. Yes  
 b. No

**State the expenditure authority dollar limit for officers for a single non-emergency event:**

**State the expenditure authority dollar limit for officers for a single emergency event:**

**APPENDIX 5**

**Does the consortium have an executive committee?**

- a. Yes
- b. No (If No, skip to 39)

**State the number of executive committee members:**

**Does each member airline designate its own executive committee member?**

- a. Yes
- b. No

**State how executive committee members are designated:**

**The executive committee's votes are based on:**

- a. One vote per executive committee member
- b. Ownership percentages
- c. Activity percentages
- d. Other

**A quorum of the executive committee is defined as:**

- a. A simple majority of the executive committee members
- b. Executive committee members representing a majority in interest
- c. Other

**Does the executive committee have expenditure authority?**

- a. Yes
- b. No

**APPENDIX 5**

**State the expenditure authority dollar limit for the executive committee for a single non-emergency event:**

**State the expenditure authority dollar limit for the executive committee for a single emergency event:**

**Does the consortium have an operating committee?**

- a. Yes
- b. No

**State the number of operating committee members:**

**Does each member airline designate its own operating committee member?**

- a. Yes
- b. No

**State how operating committee members are designated:**

**The operating committee's votes are based on:**

- a. One vote per operating committee member
- b. Ownership percentages
- c. Activity Percentages
- d. Other

**A quorum of the operating committee is defined as:**

- a. A simple majority of the operating committee members
- b. Operating committee members representing a majority in interest
- c. Other

**APPENDIX 5**

**Does the operating committee have expenditure authority?**

- a. Yes
- b. No

**State the expenditure authority dollar limit for the operating committee for a single non-emergency event:**

**State the expenditure authority dollar limit for the operating committee for a single emergency event:**

**Does the consortium have other standing committees not already mentioned?**

- a. Yes
- b. No

**State the number of other standing committees:**

**State the names of the other standing committees:**

**Do the other standing committees have expenditure authority?**

- a. Yes
- b. No

**State the expenditure authority dollar limit for the other standing committees for a single non-emergency event:**

**APPENDIX 5**

**State the expenditure authority dollar limit for the other standing committees for a single emergency event:**

---

**State the last day of the fiscal year for the consortium:**

---

**Does the airport require the consortium to carry insurance?**

- a. Yes  
 b. No

**Does the airport require the consortium to indemnify the airport?**

- a. Yes  
 b. No

**Does the consortium require each member airline to carry insurance?**

- a. Yes  
 b. No

**Does the consortium require each member airline to indemnify the consortium?**

- a. Yes  
 b. No

**State the amount of the original consortium membership fee:**

---

**Has the membership fee changed since the consortium was originally formed?**

- a. Yes  
 b. No

## APPENDIX 5

**Are additional members allowed to join the consortium?**

- a. Yes
- b. No

**Have additional members joined the consortium since it was originally formed?**

- a. Yes
- b. No

**Are members allowed to leave the consortium?**

- a. Yes
- b. No

**Have members withdrawn from the consortium since it was originally formed?**

- a. Yes
- b. No

**Do withdrawing members have their membership fee returned to them?**

- a. Yes
- b. No

**State the number of consortium original members:**

**State the number of consortium additional members:**

**State the number of consortium members that have withdrawn:**

**Do withdrawn members retain a liability after they have departed?**

**APPENDIX 5**

- a. Yes
- b. No

**Indicate which of the following equipment and systems the consortium is responsible for:**

	Yes	No
a. Passenger loading bridges maintenance?	<input type="radio"/>	<input type="radio"/>
b. Baggage handling systems operations and maintenance?	<input type="radio"/>	<input type="radio"/>
c. In-line security screening and explosive detection systems maintenance?	<input type="radio"/>	<input type="radio"/>
d. Pre-conditioned air operations and maintenance?	<input type="radio"/>	<input type="radio"/>
e. Potable water cabinets maintenance?	<input type="radio"/>	<input type="radio"/>
f. Terminal facilities maintenance services?	<input type="radio"/>	<input type="radio"/>
g. Terminal public areas cleaning services?	<input type="radio"/>	<input type="radio"/>
h. Terminal airline areas cleaning services?	<input type="radio"/>	<input type="radio"/>
i. Aircraft cleaning services?	<input type="radio"/>	<input type="radio"/>
j. Airline passenger services (wheelchairs, skycaps, etc.)?	<input type="radio"/>	<input type="radio"/>
k. Aircraft hydrant fueling systems operations and maintenance?	<input type="radio"/>	<input type="radio"/>
l. Aviation fuel storage facilities operations and maintenance?	<input type="radio"/>	<input type="radio"/>
m. Ground equipment fuel storage and dispensing systems operations and maintenance?	<input type="radio"/>	<input type="radio"/>
n. Ground equipment maintenance?	<input type="radio"/>	<input type="radio"/>
o. Deicing material storage facilities operations and maintenance?	<input type="radio"/>	<input type="radio"/>
p. Ramp sweeping services operations and maintenance?	<input type="radio"/>	<input type="radio"/>
q. Snow removal services for airline leased surfaces?	<input type="radio"/>	<input type="radio"/>
r. Various electronic systems related to airline operations? (FIDs, BIDs, Muse, public address, etc.)?	<input type="radio"/>	<input type="radio"/>
s. Various electronic systems that would generally be considered part of the base building infrastructure? (VOIP, dynamic signage, aviation activity data recording and reporting system, etc.)?	<input type="radio"/>	<input type="radio"/>
t. Retail concessions contract administration and management?	<input type="radio"/>	<input type="radio"/>
u. Food and beverage concessions contract administration and management?	<input type="radio"/>	<input type="radio"/>
v. Vending machines contract administration and management?	<input type="radio"/>	<input type="radio"/>
w. Public advertising contract administration and management?	<input type="radio"/>	<input type="radio"/>
x. Way-finding signage maintenance?	<input type="radio"/>	<input type="radio"/>

**Name any facilities, equipment, systems or services the consortium is responsible for that has not been discussed in the survey:**

## APPENDIX 5

**Name any facilities, equipment, systems or services that in your opinion the consortium should not be responsible for:**

**Please briefly explain your response to the previous question:**

**Name any additional facilities, equipment, systems or services that in your opinion the consortium should be responsible for:**

**Please briefly explain your response to the previous question:**

**Is it a policy for the consortium to prequalify bidders using a request for qualifications process?**

- a. Yes
- b. No



**APPENDIX 5**

**Is it a policy for the consortium to select successful bidders through a competitive bidding process?**

- a. Yes
- b. No

**Is it a policy for the consortium to sometimes secure services through a sole source without a competitive bidding process?**

- a. Yes
- b. No

**Competitive bidding processes are used for (mark all that apply):**

	Yes	No
a. Supply contracts?	<input type="radio"/>	<input type="radio"/>
b. Specialty equipment?	<input type="radio"/>	<input type="radio"/>
c. Operations and maintenance contracts?	<input type="radio"/>	<input type="radio"/>
d. Construction contracts?	<input type="radio"/>	<input type="radio"/>
e. Professional services agreements?	<input type="radio"/>	<input type="radio"/>
f. Other?	<input type="radio"/>	<input type="radio"/>

**Contracts that are sometimes awarded on a sole source basis without competitive bids include (mark all that apply):**

	Yes	No
a. Supply contracts?	<input type="radio"/>	<input type="radio"/>
b. Specialty equipment?	<input type="radio"/>	<input type="radio"/>
c. Operations and maintenance contracts?	<input type="radio"/>	<input type="radio"/>
d. Construction contracts?	<input type="radio"/>	<input type="radio"/>
e. Professional services agreements?	<input type="radio"/>	<input type="radio"/>
f. Other?	<input type="radio"/>	<input type="radio"/>

**State the conditions under which a contract may be awarded under a sole source basis without competitive bids:**

**APPENDIX 5**

**Are consortium bids opened publicly (with representatives present to witness the opening process)?**

- a. Yes
- b. No

**Is an airport representative generally present when consortium bids are opened?**

- a. Yes
- b. No

**Is airport approval required for the award of any consortium contracts?**

- a. Yes
- b. No

**State the conditions under which airport approval of a contract is necessary prior to award.**

**Are consortium contractors and vendors required to comply with MBE/WBE guidelines in effect at your airport?**

- a. Yes
- b. No

**Are consortium contractors and vendors required to comply with local ordinances in effect at your airport?**

- a. Yes
- b. No

## APPENDIX 5

**Does the consortium have dedicated operations and/or administrative staff that are responsible for the consortium's day-to-day operational and administrative management tasks?**

- a. Yes
- b. No

**The dedicated operations and/or administrative staff are employed:**

- a. Directly by the consortium
- b. Employed by a private company
- c. Contracted as private individuals
- d. Other

**State the head count of full-time dedicated operations and/or administrative staff:**

**State the head count of part-time and seasonal dedicated operations and/or administrative staff:**

**Indicate which of the following the operations and/or administrative staff is responsible for:**

	Yes	No
a. Airport liaison?	<input type="radio"/>	<input type="radio"/>
b. TSA liaison?	<input type="radio"/>	<input type="radio"/>
c. FAA liaison?	<input type="radio"/>	<input type="radio"/>
d. Customs/Immigration liaison?	<input type="radio"/>	<input type="radio"/>
e. Police Department liaison?	<input type="radio"/>	<input type="radio"/>
f. RFP/RFQ preparation?	<input type="radio"/>	<input type="radio"/>
g. Contract bidding processes?	<input type="radio"/>	<input type="radio"/>
h. Contract award?	<input type="radio"/>	<input type="radio"/>
i. Contract administration and compliance enforcement?	<input type="radio"/>	<input type="radio"/>
j. Airline membership administration?	<input type="radio"/>	<input type="radio"/>
k. Consortium corporate meeting documentation?	<input type="radio"/>	<input type="radio"/>
l. Budget preparation?	<input type="radio"/>	<input type="radio"/>
m. Budget control, administration and reporting?	<input type="radio"/>	<input type="radio"/>

**APPENDIX 5**

- |   |                       |                       |
|---|-----------------------|-----------------------|
| n. Accounts payable, accounts receivable? | <input type="radio"/> | <input type="radio"/> |
| o. Bookkeeping and financial reporting?   | <input type="radio"/> | <input type="radio"/> |
| p. Asset investment management?           | <input type="radio"/> | <input type="radio"/> |
| q. Consortium rates and charges analysis? | <input type="radio"/> | <input type="radio"/> |
| r. Member and non-member invoicing?       | <input type="radio"/> | <input type="radio"/> |
| s. Concessions management?                | <input type="radio"/> | <input type="radio"/> |
| t. Capital project management?            | <input type="radio"/> | <input type="radio"/> |
| u. Common-Use facilities assignment?      | <input type="radio"/> | <input type="radio"/> |

**Name any responsibilities held by the operations and/or administrative staff that has not been discussed in this survey:**

**Name any responsibilities that in your opinion the operations and/or administrative staff should not be responsible for:**

**Please briefly explain your response to the previous question.**

**Name any additional responsibilities that in your opinion the operations and/or administrative staff should be responsible for:**

**APPENDIX 5**

Please briefly explain your response to the previous question.

Are performance standards imposed by a written agreement between the consortium and the airport?

- a. Yes
- b. No

Indicate the categories of performance standards required by the written agreement with the airport (mark all that apply):

	Yes	No
a. Preventive maintenance frequencies?	<input type="radio"/>	<input type="radio"/>
b. Equipment outage frequencies?	<input type="radio"/>	<input type="radio"/>
c. Cleaning frequencies?	<input type="radio"/>	<input type="radio"/>
d. Reporting frequencies?	<input type="radio"/>	<input type="radio"/>
e. Other?	<input type="radio"/>	<input type="radio"/>

Briefly describe the manner in which performance standards compliance is recorded or documented:

Briefly describe the manner in which performance standards compliance is reported:

**APPENDIX 5**

**Indicate the frequency used for reporting performance standards compliance (mark all that apply):**

	Yes	No
a. Annually?	<input type="radio"/>	<input type="radio"/>
b. Quarterly?	<input type="radio"/>	<input type="radio"/>
c. Monthly?	<input type="radio"/>	<input type="radio"/>
d. Weekly?	<input type="radio"/>	<input type="radio"/>
e. Daily?	<input type="radio"/>	<input type="radio"/>

**Briefly describe the penalties that may be imposed when performance standards are not met:**

**Briefly describe the enforcement processes and procedures that may be imposed by the airport:**

**State the consortium capitalization requirements:**

- a. One month of operational expenses
- b. Two months of operational expenses
- c. Three months of operational expenses
- d. A percentage of outstanding debt service
- e. Other
- f. None

**Indicate the consortium capitalization funding sources used:**

- a. Third party loan to consortium
- b. Airport loan to consortium
- c. Airport contribution to consortium
- d. Capitalization held by airport

**APPENDIX 5**

- e. Member contributions
- f. Member pre-invoicing
- g. Transfer of assets from prior consortium
- h. Combination of the above
- i. Other

**If the capitalization funding was provided by consortium members, over what period was it collected?**

- a. Single payment
- b. Six months
- c. Twelve months
- d. Twenty-four months
- e. Other period
- f. Not applicable

**The consortium capitalization funding is owned by the:**

- a. The individual consortium members
- b. By the consortium in general

**At the termination of the consortium, remaining capitalization funding will be:**

- a. Equally distributed to the remaining members
- b. Distributed to the remaining members based on a formula
- c. Other

**State the end date of the annual operating budget period:**

**State the month when budget preparation for the next fiscal year is usually started:**

**Indicate the number of days before the end of the fiscal year when a proposed budget must be presented to the consortium members for approval:**

**APPENDIX 5**

Indicate the level of consortium management that ultimately approves the annual operating budget:

---

Is it a requirement for the airport to approve the consortium annual budget?

- a. Yes
- b. No

Indicate the frequency with which budget performance reports are issued (mark all that apply):

	Yes	No
a. Monthly?	<input type="radio"/>	<input type="radio"/>
b. Quarterly?	<input type="radio"/>	<input type="radio"/>
c. Annually?	<input type="radio"/>	<input type="radio"/>
d. Never?	<input type="radio"/>	<input type="radio"/>

State the total annual consortium operating budget for the last completed fiscal year (rounded to the nearest \$100,000):

---

State the amount of rent paid to the airport for ground or facility rentals included in the annual consortium operating budget stated above (rounded to the nearest \$100,000):

---

State the amount of administrative and management costs included in the annual consortium operating budget stated above (rounded to the nearest \$100,000):

---

State the amount total amount of revenue received from non-member fees by the consortium during the last completed fiscal year (rounded to the nearest \$100,000):

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**APPENDIX 5**

**State the amount of total net costs to the consortium members for the last completed fiscal year (rounded to the nearest \$100,000):**

---

**State the total number of consortium member enplaned passengers served by the consortium during the last completed fiscal year:**

---

**State the total net cost per consortium member enplaned passenger served by the consortium during the last completed fiscal year:**

---

**Indicate which party is responsible for setting consortium rates:**

- a. Airport
- b. Consortium

**Indicate the number of cost centers used to allocate costs to consortium customers:**

- a. One
- b. Two
- c. Three
- d. More than three

**Indicate if the consortium members share a percentage of the total consortium costs equally:**

- a. Yes
- b. No

**Indicate the primary statistics used to allocate costs to consortium customers (mark all that apply):**

	Yes	No
a. Enplaned passengers?	<input type="radio"/>	<input type="radio"/>
b. Deplaned passengers?	<input type="radio"/>	<input type="radio"/>
c. International passengers?	<input type="radio"/>	<input type="radio"/>
d. Number of outbound bags?	<input type="radio"/>	<input type="radio"/>
e. Number of flights?	<input type="radio"/>	<input type="radio"/>

**APPENDIX 5**

- |                                |                       |                       |
|--------------------------------|-----------------------|-----------------------|
| f. Number of gallons of fuel?  | <input type="radio"/> | <input type="radio"/> |
| g. Leased area square footage? | <input type="radio"/> | <input type="radio"/> |
| h. Other?                      | <input type="radio"/> | <input type="radio"/> |

**Indicate the maximum percentage surcharge applied to non-member fees:**

---

**Indicate which party is responsible for collecting consortium rate based payments from the consortium customers:**

- a. Airport
- b. Consortium

**Indicate if, from a contractual compliance perspective, the consortium has:**

- a. Not complied with all contractual requirements
- b. Complied with all contractual requirements
- c. Exceeded compliance with contractual requirements

**Indicate if, from an overall performance perspective, the consortium has:**

- a. Not met expectations
- b. Met expectations
- c. Exceeded expectations

**Indicate if, from an airline/airport relationship perspective, the consortium has:**

- a. Not met expectations
- b. Met expectations
- c. Exceeded expectations

**Considering all aspects of the consortium's day-to-day activities, briefly state the three most positive aspects of the consortium that you believe should be replicated by other consortium applications:**

## APPENDIX 5

**Considering all aspects of the consortium's day-to-day activities, briefly state the three most negative aspects of the consortium that you believe should be not replicated by other consortium applications:**

**Considering your experience with the consortium since the beginning of your association with it, state one lesson learned that you believe would be valuable to a group involved in the implementation of a new consortium:**

**APPENDIX D**  
**Consortium Member Agreements (web-only)**

**APPENDIX 6. A.**

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**DETROIT AIRLINES NORTH TERMINAL CONSORTIUM, INC.  
MEMBERS AGREEMENT**

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**APPENDIX 6. A.**

**DETROIT AIRLINES NORTH TERMINAL CONSORTIUM, INC.  
MEMBERS AGREEMENT**

**Table of Contents**

<u>Article</u>	<u>Title</u>	<u>Page</u>
ARTICLE 1	Definitions .....	4
ARTICLE 2	Term .....	8
ARTICLE 3	Admission of Member Airlines .....	8
ARTICLE 4	Member Use of the DANTEc Facilities, Systems and Equipment and DANTEc Services .....	9
ARTICLE 5	Non-Member Use of the DANTEc Facilities, Systems and Equipment and DANTEc Services .....	9
ARTICLE 6	Obligations Relating to Use of the DANTEc Facilities, Systems and Equipment and DANTEc Services .....	12
ARTICLE 7	General Manager and DANTEc Operating Agreement .....	13
ARTICLE 8	Capitalization of DANTEc .....	14
ARTICLE 9	Payments of User Charges .....	14
ARTICLE 10	Default .....	17
ARTICLE 11	Admission of Additional Member Airlines .....	19
ARTICLE 12	Withdrawal of Member Airline .....	20
ARTICLE 13	Board of Directors .....	21
ARTICLE 14	Miscellaneous .....	23
EXHIBIT A	Articles of Incorporation of DANTEc .....	A-1
EXHIBIT B	Bylaws of DANTEc .....	B-1
EXHIBIT C	List of Member Airlines .....	C-1
EXHIBIT D	DANTEc Facilities, Systems and Equipment .....	D-1
EXHIBIT E	Calculation Formulas .....	E-1

**APPENDIX 6. A.****DETROIT AIRLINES NORTH TERMINAL CONSORTIUM, INC.  
MEMBERS AGREEMENT**

THIS MEMBERS AGREEMENT is made and entered into on \_\_\_\_\_, 2007, by and among the Air Carriers (as hereinafter defined) that execute this Agreement as Member Airlines as named on the signature page hereof, and Detroit Airlines North Terminal Consortium, Inc., a Michigan non-profit corporation (“DANTEC”), all of whom acknowledge entering into this Agreement on the basis of the following facts and understandings:

**W I T N E S S E T H:**

WHEREAS, the Wayne County Airport Authority, a Michigan public body corporate (“WCAA”) with principal offices located at the Detroit Metropolitan Wayne County Airport (the “Airport”), has undertaken the North Terminal Redevelopment Project (“Project”) to develop, design, and construct a new passenger terminal and related terminal facilities (“North Terminal”) at the Airport which the Member Airlines intend to use; and

WHEREAS, the Member Airlines (as hereinafter defined) intend to operate and maintain certain Facilities, Systems and Equipment (“DANTEC Facilities, Systems and Equipment”) at the Airport as approved by the WCAA; and

WHEREAS, the Member Airlines intend to provide certain administrative, common passenger processing and other services (“DANTEC Services”) at the Airport as approved by the WCAA; and

WHEREAS, the Member Airlines have agreed to form DANTEC with Articles of Incorporation as set forth in Exhibit A hereto and Bylaws as set forth in Exhibit B hereto, to accomplish the foregoing and enter this Agreement for purposes of setting forth their rights and obligations with respect to each other, DANTEC, the DANTEC Facilities, Systems and Equipment, DANTEC Services and the Project; and

WHEREAS, the Member Airlines plan to cause DANTEC to enter into a DANTEC Operating Agreement with a General Manager for purposes of coordinating the operation and maintenance of the DANTEC Facilities, Systems and Equipment, the DANTEC Services and to provide the administration, operations, maintenance, and other support services at the North Terminal as approved by the WCAA; and

WHEREAS, the Member Airlines plan to cause DANTEC to enter into that certain Agreement by and between DANTEC and the WCAA, to be dated as of the date of execution of such agreement by the WCAA CEO (“Consortium Agreement”) to provide for the start-up, operation, and maintenance of the DANTEC Facilities, Systems and Equipment by DANTEC and to provide other operations, maintenance, and support services at the Airport; and

WHEREAS, in order to be a Member Airline, an airline must enter into an Airport Use and Lease Agreement (the “Use Agreement”) with the WCAA pursuant to which Consortium O&M Expenses

**APPENDIX 6. A.**

(as hereinafter defined) are allocated to the North Terminal Cost Center (as defined in the Use Agreements) and included in the calculation under the Use Agreements of terminal rentals and other fees and charges payable to the WCAA by Air Carriers operating at the North Terminal; and

WHEREAS, The Member Airlines agree that DANTeC will be capitalized through Member contributions, and will calculate and assess fees and charges to Members and Non-Members to provide for the DANTeC Services; and

WHEREAS, DANTeC and each Member Airline have executed this Agreement as of the date first written above; however, this Agreement shall be effective and binding upon the parties hereto as of \_\_\_\_\_, herein referred to as the “Commencement Date”.

NOW, THEREFORE, in consideration of the mutual premises, and of the mutual covenants and agreements, rights and obligations set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, DANTeC and the Member Airlines agree as follows:

**ARTICLE 1**  
**Definitions**

The following words, terms, and phrases wherever used in this Agreement shall have the meaning set forth in this Article 1:

- 1.01 “Acceptance Date” means the date on which an Air Carrier becomes a Member Airline pursuant to Section 3.03 or Article 11.
- 1.02 “Additional Facilities” means any addition to the DANTeC Facilities, Systems and Equipment which is not financed by the WCAA, is needed by the Member Airlines as determined by the Board of Directors, and is approved by a Members Vote.
- 1.03 “Agreement” or “Member Agreement” means this Detroit Airlines North Terminal Consortium Members Agreement, by and between DANTeC and the Member Airlines, as hereinafter amended or supplemented from time to time in accordance with its terms.
- 1.04 “Air Carrier” means any person or entity in the Air Transportation Business which is operating at the Airport.
- 1.05 “Airport” means Detroit Metropolitan Wayne County Airport, located in Romulus, Michigan.
- 1.06 “Air Transportation Business” means the carriage by aircraft of persons or property, as a carrier for compensation or hire, or the carriage of mail, by aircraft in commerce as defined in the Federal Aviation Act of 1958, as hereafter amended or supplemented.
- 1.07 “Board” or “Board of Directors” means the Board of Directors of DANTeC established pursuant to Article 13 and Exhibit B hereof.



**APPENDIX 6. A.**

- 1.08 “Bylaws” means the Bylaws of DANTeC, a copy of which is attached hereto as Exhibit B.
- 1.09 “Chairperson” means the Chairperson of the DANTeC Board of Directors.
- 1.10 “Commencement Date” means \_\_\_\_\_, the date on which this Agreement shall be effective and binding upon the parties hereto.
- 1.11 “Consortium Agreement” means that certain Agreement by and between DANTeC and the WCAA, to be dated as of the date of execution of such agreement by the WCAA CEO, as such agreement may be amended or supplemented, from time to time.
- 1.12 “Consortium O&M Expenses” means those expenses incurred by DANTeC that are allocated to the North Terminal Cost Center under the Use Agreement and included in the calculation under the Use Agreement of terminal rentals and other fees and charges payable to the WCAA by Air Carriers operating at the North Terminal.
- 1.13 “DANTeC” means the Detroit Airlines North Terminal Consortium, Inc., a non-profit corporation duly organized and acting under the law of the State of Michigan, formed to perform the various functions outlined in this Agreement.
- 1.14 “DANTeC Debt Service” means the amounts payable as a result of any borrowing by DANTeC, as may be permitted herein.
- 1.15 “DANTeC Facilities, Systems and Equipment” means collectively the structures, improvements, equipment, and other systems, plus any Additional Facilities all as described in Exhibit D, as may be amended from time to time.
- 1.16 “DANTeC Facilities, Systems and Equipment Access Agreement” means an agreement among the WCAA, a Handling Company or a Non-Member Airline, and DANTeC, as developed by DANTeC, from time to time, for the use of and access to the DANTeC Facilities, Systems and Equipment.
- 1.17 “DANTeC Operating Agreement” means the agreement, in effect between the General Manager and DANTeC, from time to time, as provided for in Article 7 herein.
- 1.18 “DANTeC Reserve Fund” or “Reserve Fund” means a fund established by DANTeC to provide a source of operating capital. Initial capitalization of the Reserve Fund shall be determined by the Board of Directors.
- 1.19 “DANTeC Services” means the administration, passenger processing services and any other services provided by DANTeC for the benefit of the Air Carriers operating at the North Terminal that are not directly related to the DANTEC Facilities, Systems and Equipment.
- 1.20 “DANTeC Services Charge” shall have the meaning set forth in Section 9.01 of this Agreement.

**APPENDIX 6. A.**

- 1.21 “DANTeC Services Fees” means those fees payable by the Member Airlines pursuant to Article 9 of this Agreement.
- 1.22 “Date of Capitalization” means the date established by the Board of Directors on which the Initial Member Airlines are to deposit Membership Fees as required under the provisions of Article 8 hereto.
- 1.23 “Fiscal Year” means the fiscal year established for DANTeC by the Board of Directors in accordance with the Bylaws.
- 1.24 “General Manager” means the operator hired pursuant to the DANTeC Operating Agreement to operate the DANTeC Facilities, Systems and Equipment and to manage the DANTeC Services pursuant to Article 8 of this Agreement.
- 1.25 “Handling Company” means any person or entity that has been authorized or approved by the WCAA, has entered into an agreement with the WCAA with respect to its operations at the Airport and obtained all permits required therefore, and has executed a DANTeC Facilities, Systems and Equipment Access Agreement, and has been approved by the Member Airlines to have limited access to the DANTeC Facilities, Systems and Equipment for the purpose of providing services to the Member Airlines or Non-Members.
- 1.26 “Initial Member Airlines” means Air Tran Airways, American Airlines, British Airways, Lufthansa German Airlines, Southwest Airlines, Spirit Airlines, United Airlines and US Airways.
- 1.27 “Members Vote” means during any Fiscal Year, a vote of a numerical majority of the Members or the Directors, as the case may be, during any meeting where there is a quorum present.
- For purposes of determining a Members Vote, no Air Carrier shall be deemed a Member Airline so long as an Event of Default (as defined in Article 10 hereof) with respect to such Member Airline has occurred and is continuing, and the Board of Directors has given written notice of such Event of Default to such Member Airline.
- 1.28 “Member Airline”, “DANTeC Member”, or “Member(s)” means any Air Carrier which is a party to this Agreement.
- 1.29 “Memberships” means the memberships in DANTeC.
- 1.30 “Membership Fees” means any fees paid to DANTeC by an Air Carrier to become a Member in accordance with Article 8 or Section 11.03 hereto.
- 1.31 “Non-Member” means any Air Carrier or other entity operating at the North Terminal that is not a member of DANTeC.

**APPENDIX 6. A.**

- 1.32 “North Terminal” and “North Terminal Project” means the new north terminal building and related terminal facilities and improvements being constructed at the Airport for use by Air Carriers.
- 1.33 “Other DANTeC Charges” shall mean charges to Member Airlines not included in DANTeC Services Fees, calculated by the Board of Directors pursuant to this Agreement.
- 1.34 “Passenger” means a Member’s passenger to be included in calculating the Member’s DANTeC Services Fees, as calculated in Exhibit E to this Agreement.
- 1.35 “Use Agreements” means collectively the Airport Use and Lease Agreements, entered into between a Member Airline and the WCAA, as hereafter amended, restated, or supplemented from time to time in accordance with their terms.
- 1.36 “User” means any Member Airline, Non-Member Airline, Fixed Base Operator, or Handling Company which uses the DANTeC Facilities, Systems and Equipment or the DANTeC Services.
- 1.37 “WCAA” means the Wayne County Airport Authority, or any governmental agency succeeding such entity in its role as operator of the Airport.
- 1.38 “WCAA CEO” means the WCAA CEO, or such other individual designated by the Chief Executive Officer of the WCAA to act on behalf of the Chief Executive Officer of the WCAA.
- 1.38 “Withdrawal Date” means the date specified when a Member Airline gives written notice to the Chairperson of the Board of Directors of its withdrawal pursuant to Article 12 hereof.
- 1.39 “Withdrawing Airline” means any Air Carrier that has ever been a Member Airline, or the successor or assignee thereof, and that has withdrawn from this Agreement pursuant to Article 12 or is treated as a Withdrawing Airline under Section 10.02 for purposes of Section 12.02.
- 1.40 Interpretation. In this Agreement, unless the context otherwise requires:
- (a) the terms “hereby”, “herein”, “hereof”, “hereto”, “hereunder” and any similar terms used in this Agreement, refer to this Agreement; and
  - (b) all Article and Section references, unless otherwise expressly indicated, are to Articles and Sections of this Agreement; and
  - (c) words importing persons shall include firms, associations, partnerships, trusts, corporations, and other legal entities, including public bodies, as well as natural persons; and
  - (d) any headings preceding the text of the Articles and Sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction, or effect; and

## APPENDIX 6. A.

(e) words importing the singular shall include the plural and vice versa unless the context precludes otherwise.

1.41 Incorporation of Exhibits. The following Exhibits attached hereto are hereby made a part of this Agreement:

EXHIBIT A - Articles of Incorporation of DANTeC

EXHIBIT B - Bylaws of DANTeC

EXHIBIT C - List of Member Airlines

EXHIBIT D - DANTeC Facilities, Systems and Equipment

EXHIBIT E - Calculation Formulas

### ARTICLE 2

#### Term

2.01 Commencement. This Agreement shall be effective and binding upon the parties hereto as of the Commencement Date.

2.02 Term of Agreement. Unless terminated as provided herein, this Agreement shall continue in effect until the withdrawal of all Member Airlines. This Agreement may be terminated with respect to an individual Member Airline if such Member Airline withdraws from this Agreement or is deemed a Withdrawing Airline, in accordance with the provisions of Articles 10 or 12 herein. Upon withdrawal of all Member Airlines, the liabilities herein shall be allocated as set forth in Section 12.02 hereof and DANTeC may be liquidated in accordance with its Bylaws.

### ARTICLE 3

#### Admission of Member Airlines

3.01 Requirement for Admission of Member Airlines. Any Air Carrier shall be admitted as a Member Airline if such Air Carrier meets the following conditions:

- (a) has a fully executed Use Agreement with the WCAA;
- (b) has executed this Agreement; and
- (c) the Air Carrier has met all the requirements for admissions set forth in Section 11.02.

Prior to June 1, 2008, an Air Carrier may become a Member Airline without a fully executed Use Agreement with the WCAA, provided, however, that such Air Carrier must have a fully executed Use Agreement with the WCAA no later than June 1, 2008, or such Air Carrier shall be deemed to be in default under the provisions of Article 10 hereto.

3.02 Purchase of Membership. Each Member Airline, in accordance with Section 8.01 hereof, shall purchase a Membership in DANTeC. By execution hereof, each Member Airline represents and warrants to DANTeC that it is acquiring a Membership solely for its own account and not with a view to resale and that it understands that the Membership is subject

**APPENDIX 6. A.**

to the restrictions imposed by law, DANTeC's Articles of Incorporation, DANTeC's Bylaws, the Consortium Agreement, and this Agreement.

- 3.03 Acceptance Date. The Acceptance Date for a Member Airline shall be at 12:01 a.m. Detroit time on the date following written acknowledgment of satisfaction by an Air Carrier of all requirements of Section 3.01 above, and acceptance by the Chairperson of the Board of Directors of all required executed documents and payments.
- 3.04 Exception for Transfer to Subsidiary or in Connection with Merger. Notwithstanding Section 3.02 above, a Member may transfer its Membership without first obtaining DANTeC's consent to a wholly-owned subsidiary or to another Air Carrier, with which it merges, or into which it consolidates; provided, however, that the resulting or transferee entity, as the case may be, meets the requirements of Section 3.01 hereof.
- 3.05 Right of Set-Off. If DANTeC or its assignee repurchases a Membership from a Member, DANTeC may set-off against the amount of consideration to be paid for such Membership any and all amounts owed to either DANTeC, the General Manager, the WCAA with respect to and limited to only those amounts owed pursuant to this Agreement, by such Member, as determined by the Board of Directors.

**ARTICLE 4****Member Use of the****DANTeC Facilities, Systems and Equipment and DANTeC Services**

- 4.01 Use by Member Airlines. For all its operations at the Airport, each Member Airline agrees to use the DANTeC Facilities, Systems and Equipment and DANTeC Services in order to provide such services and equipment to process its passengers, baggage, and aircraft.

**ARTICLE 5****Non-Member Use of the****DANTeC Facilities, Systems and Equipment and DANTeC Services**

- 5.01 Requirement for Use by Non-Members. Any Air Carrier using the Airport may use the DANTeC Facilities, Systems and Equipment and DANTeC Services as a Non-Member if such Air Carrier meets the following conditions:
- (a) has entered into an Operating Agreement with the WCAA pursuant to which the Non-Member agrees to pay landing fees to the WCAA in order to operate at the Airport; and
  - (b) has contracted for the services of a Member Airline or a Handling Company that has signed an DANTeC Facilities, Systems and Equipment Access Agreement; and
  - (c) is not in default with any agreements with the WCAA.
- 5.02 Non-Member Operation of DANTeC Facilities, Systems and Equipment and DANTeC Services. The Member Airlines shall allow Non-Members to use the DANTeC Facilities, Systems and Equipment and DANTeC Services, but such use will be allowed only on terms

**APPENDIX 6. A.**

established by the Board of Directors, as reviewed and approved by the WCAA pursuant to the Consortium Agreement. Non-Members shall allow only properly trained and qualified Handling Companies that have executed a DANTeC Facilities, Systems and Equipment Access Agreement to perform services within and make use of the DANTeC Facilities, Systems and Equipment, or shall contract with a Member Airline to perform such services.

5.03 Non-Member Charges for Using DANTeC Facilities, Systems and Equipment. Charges to Non-Members for Using DANTeC Facilities, Systems and Equipment will be:

- (a) Based upon, *inter alia*, use of the DANTeC Facilities, Systems and Equipment and will be greater than corresponding charges to Member Airlines; provided, however, that in no event shall such charges exceed one hundred fifty percent (150%) of corresponding charges to Member Airlines.
- (b) Billed by the WCAA pursuant to a DANTeC Facilities, Systems and Equipment Access Agreement either to the Handling Company or directly to the Non-Member.
- (c) Will be assessed at the Member rates if the Non-Member operates under the airline code of a Member Airline, provided:
  - (1) the Non-Member operates only with the airline code of the Member and does not sell seats or display schedules under its own airline code on any flights to and from the Airport; and
  - (2) the Non-Member is fully handled by the Member Airline whose airline code it operates under or that Member Airline's Handling Company if the Member Airline does not self-handle; and
  - (3) the Member Airline is responsible for the collection and payment of all fees and charges incurred by the Non-Member airline that is operating under that Member Airline's code;
  - (4) the Member Airline submits to DANTeC a signed indemnification agreement by the Non-Member airline providing the same indemnification to DANTeC as is required of Member Airlines as specified in Section 6.03 herein; and
  - (5) enters into an Operating Affiliate Operating Agreement with the WCAA and the Member Airline.

5.04 Non-Member Charges for Using DANTeC Services. Charges to Non-Members for Using DANTeC Services will be:

- (a) Established pursuant to Exhibit E of the Members Agreement.
- (b) Based upon, *inter alia*, use of the DANTeC Services and will be greater than corresponding charges to Member Airlines; provided, however, that in no event shall such charges exceed one hundred fifty percent (125%) of corresponding charges to Member Airlines.
- (c) Billed by DANTeC pursuant to a DANTeC Facilities, Systems and Equipment Access Agreement either to the Handling Company or directly to the Non-Member.
- (d) Will be assessed at the Member rates if the Non-Member operates under the airline code of a Member Airline, provided:

**APPENDIX 6. A.**

- (1) the Non-Member operates only with the airline code of the Member and does not sell seats or display schedules under its own airline code on any flights to and from the Airport; and
- (2) the Non-Member is fully handled by the Member Airline whose airline code it operates under or that Member Airline's Handling Company if the Member Airline does not self-handle; and
- (3) the Member Airline is responsible for the collection and payment of all DANTeC Services Fees incurred by the Non-Member airline that is operating under that Member Airline's code;
- (4) the Member Airline submits to DANTeC a signed indemnification agreement by the Non-Member airline providing the same indemnification to DANTeC as is required of Member Airlines as specified in Section 6.03 herein; and
- (5) enters into an Operating Affiliate Operating Agreement with the WCAA and the Member Airline.

**5.05 Non-Member Deposit Requirements.**

(a) Each of the DANTeC Facilities, Systems and Equipment Access Agreements will provide that Non-Members will be required to furnish a cash deposit to the WCAA prior to starting service in an amount equivalent to two (2) months of its expected North Terminal rentals, fees and charges. The amount of this deposit shall be reviewed and adjusted as necessary to maintain the two (2) months balance. In the event of the Non-Member's failure to pay its rentals, fees and charges to the WCAA in a timely manner, the deposit shall be forfeited and must be replenished along with full payment of all past due amounts before the Non-Member is allowed to use the DANTeC Facilities, Systems and Equipment. The deposit shall be paid directly to the WCAA and not to a company handling Non-Member flights. This provision shall not apply to Non-Members operating under the airline code of a Member Airline pursuant to Sections 5.03(d) above.

(b) Each of the DANTeC Facilities, Systems and Equipment Access Agreements will provide that Non-Members will be required to furnish a cash deposit to DANTeC prior to starting service in an amount equivalent to two (2) months of its expected total DANTeC Services Fees. The amount of this deposit shall be reviewed and adjusted as necessary to maintain the two (2) months balance. In the event of the Non-Member's failure to pay its DANTeC Services Fees to DANTeC in a timely manner, the deposit shall be forfeited and must be replenished along with full payment of all past due amounts before the Non-Member is allowed to use the DANTeC Services. The deposit shall be paid directly to DANTeC and not to a company handling Non-Member flights. This provision shall not apply to Non-Members operating under the airline code of a Member Airline pursuant to Sections 5.04(d) above.

**ARTICLE 6**  
**Obligations Relating to Use of the**  
**DANTeC Facilities, Systems and Equipment and DANTeC Services**

**APPENDIX 6. A.**

- 6.01 Personnel. Except as may be otherwise provided for in the DANTeC Operating Agreement, each Member Airline shall operate those portions of the DANTeC Facilities, Systems and Equipment utilized by it from time to time with its own employees and/or employees of an entity under contract to provide such services to such Member Airline. Each Member shall be responsible for providing adequate numbers of properly trained personnel for its needs.

Except as may be otherwise provided for in the DANTeC Operating Agreement, each Member Airline shall utilize the personnel contracted by DANTeC for the provision of the DANTeC Services, and not its own employees and/or employees of an entity under contract directly with that Member to provide such services.

- 6.02 Standard of Care. Each Member Airline shall take all appropriate steps to assure that its operation of equipment constituting part of the DANTeC Facilities, Systems and Equipment is in accordance with the standard of care established by DANTeC.

- 6.03 Indemnification By Member Airlines. Each Member Airline (“Indemnitor”) hereby agrees to indemnify DANTeC, its officers, directors, employees, agents, General Manager and each other Member Airline (“Indemnitees”) and agrees to protect, defend, save, and keep harmless each of the Indemnitees from and against all liabilities, obligations, losses, disbursements, including legal fees and expenses, of whatever kind and nature, including, but not limited to, payments of claims or liability resulting from any injury to or death of any person or loss or damage of any property (collectively “Liability”) imposed on, incurred by or asserted against any Indemnitees in any way relating to and arising out of:

- (a) the negligence or willful misconduct in the use of the DANTeC Facilities, Systems and Equipment or the DANTeC Services by the Indemnitor, its officers, directors, employees, or agents; and
- (b) any Liability arising from the failure of the Indemnitor to fulfill any of its duties and obligations under this Agreement, the DANTeC Operating Agreement or the Use Agreement;

provided, however, that the foregoing indemnity shall not apply with respect to any Indemnitee to the extent of any liability resulting from the negligence or willful misconduct of such Indemnitee. Indemnitor’s obligations under this paragraph shall survive any termination of this Agreement for any acts or omissions by Indemnitor occurring prior to such termination.

- 6.04 Indemnification By DANTeC. DANTeC hereby agrees to indemnify each Member Airline, its officers, directors, employees, and agents (collectively, and for purposes of this subsection, referred to as the “Member Airline”) and agrees to protect, defend, save, and keep harmless each Member Airline from and against all liabilities, obligations, losses, disbursements, including legal fees and expenses, of whatever kind and nature, including, but not limited to, payments of claims or liability resulting from any injury to or death of any person or loss or damage of any property (collectively “Liability”) imposed on, incurred by or asserted against any Member Airline in any way relating to or arising out of:



**APPENDIX 6. A.**

- (a) DANTeC's breach of the Consortium Agreement, the DANTeC Operating Agreement, or any DANTeC Facilities, Systems and Equipment Access Agreement; or
- (b) the termination of the General Manager; or
- (c) the withdrawal or removal of a Member Airline;

provided, however, that the foregoing indemnity shall not apply with respect to any Member Airline to the extent of any Liability resulting from the negligence or willful misconduct of such Member Airline. DANTeC's obligations under this paragraph shall survive any termination of this Agreement for any acts or omissions of DANTeC occurring prior to such termination.

- 6.05 Insurance Maintained by Member Airlines. At all times during the term of this Agreement, each Member Airline shall maintain, or cause to be maintained, at its own expense, insurance with respect to the liabilities and obligations arising out of Section 6.03 and any casualties and contingencies (including, but not limited to, Airline Liability and Comprehensive General Liability Insurance) in which they are liable in accordance with Section 6.03 in such amounts as are customary in the case of similarly situated persons in the Air Transportation Business, but not less than those amounts required to be maintained by the Use Agreement. Each Member shall provide to DANTeC a valid certificate evidencing Comprehensive General Liability Insurance and naming DANTeC as an additional insured. Member shall provide a renewed Comprehensive General Liability Insurance certificate from time to time as necessary to evidence continuous coverage.
- 6.06 Insurance Maintained by DANTeC. At all times during the term of this Agreement, DANTeC shall maintain, or cause to be maintained, at its own expense, insurance with respect to the requirements of the Consortium Agreement.

**ARTICLE 7****General Manager and DANTeC Operating Agreement**

- 7.01 Appointment of General Manager. A General Manager shall be appointed from time to time by the Board of Directors pursuant to a DANTeC Operating Agreement which will set out the General Manager's duties and compensation and DANTeC's and the Member Airlines' rights and obligations with respect to the General Manager. The General Manager will be appointed for:
- (a) purposes of managing the initial testing, operation, and management of the DANTeC Facilities, Systems and Equipment; and
  - (b) the day-to-day administration, management, operation, and maintenance of the DANTeC Facilities, Systems and Equipment; and
  - (c) the day-to-day administration and management of the DANTeC Services; and
  - (d) the day-to-day management of certain North Terminal operations, maintenance, and other support services as approved by the WCAA; and
  - (e) other purposes as may be established by the Board of Directors;

**APPENDIX 6. A.**

- 7.02 General Manager. The General Manager will act for and on behalf of DANTeC in administering, maintaining and operating the DANTeC Facilities, Systems and Equipment, administering and maintaining the DANTeC Services, conducting DANTeC's accounting functions, approving contractors invoices, budgeting Consortium O&M Expenses, budgeting DANTeC Services expenses, managing DANTeC Facilities, Systems and Equipment Access Agreements, interfacing with the WCAA on the Consortium O&M Expenses budget, managing input to the WCAA's MUNIS accounting system, managing DANTeC's rates and charges, invoicing, collections, cash management, managing payments to DANTeC's vendors, and all other functions required pursuant to this Agreement.
- 7.03 Limitation of Liability. A Member Airline or Member Airlines shall not be liable to the General Manager, to any other of the Member Airlines, or to DANTeC for any services performed by the General Manager, to any other of the Member Airlines, or to DANTeC for the specific benefit of another Member Airline or other Member Airlines. The Member Airlines(s) requesting and receiving such special services shall be solely liable therefore.
- 7.04 Changing General Manager. The General Manager and the DANTeC Operating Agreement may be changed from time to time as determined by the Board of Directors.

**ARTICLE 8****Capitalization of DANTeC**

- 8.01 Capitalization of DANTeC. Each Member will pay a Membership Fee to DANTeC as a condition of joining DANTeC. Membership Fees paid on or prior to the Date of Capitalization will be \$5,000. The amount of Membership Fees paid after the Date of Capitalization shall be determined pursuant to Section 11.03.

Membership Fees will be deposited in the Reserve Fund and may be used to fund expenses of DANTeC; provided however that any expenditure of funds will be subject to all the requirements of this Agreement.

**ARTICLE 9****Payments of User Charges**

- 9.01 DANTeC Services Charge.

- (a) The DANTeC Services Charge is the sum of all charges, fees, costs, rents, and expenses incurred by DANTeC in relation to the organization, management, administration and operation of DANTeC, the provision of the DANTeC Services and all other charges, fees, costs, rents, expenses incurred by DANTeC or approved by the Board of Directors, minus any such charges, fees, costs, rents, and expenses included in the rentals fees and charges of the North Terminal Cost Center as defined in the North Terminal Use Agreement, and minus any payments received from Non-Members.

**APPENDIX 6. A.**

- (b) Notwithstanding the foregoing, the following costs incurred by DANTeC or the General Manager shall not be part of the DANTeC Services Charge, but shall instead be charged directly to the applicable Member, Non-Member User or other responsible Air Carrier by the General Manager:
- (i) costs incurred for the sole benefit of the Air Carrier being charged;
  - (ii) costs incurred as a result of the negligence, intentional wrongdoing or breach of its contract obligations under this Members Agreement by the Air Carrier being charged; and
  - (iii) costs incurred to repair damage caused by the Air Carrier or its agents.
- (c) Each Member shall be liable for its share of the DANTeC Services Charge as determined under this Article 9.

9.02 Liability for DANTeC Services Charge and Extraordinary Costs.

- (a) Allocation. The DANTeC Services Charge shall be allocated among the Members in accordance with Exhibit E, as Exhibit E may be amended from time to time by a Members Vote. Not later than ninety (90) days prior to the end of each fiscal year of DANTeC, each Member shall provide the General Manager with a projection of enplaned and deplaned Passengers, and any other operating statistics reasonably requested by DANTeC, for the next Fiscal Year. Unless the Board of Directors reasonably believes the information submitted to be unreasonable or inaccurate, the General Manager shall use the information to prepare a schedule of DANTeC Services Fees for the next fiscal year, which shall be used by the General Manager in calculating each Member's projected monthly share of the DANTeC Services Charge. The General Manager shall provide the schedule to each Member no later than forty-five (45) days prior to the beginning of the fiscal year to which the schedule applies. In the event that the Board of Directors determines that a recalculation of the schedule should be accomplished other than at the end of a fiscal year, the Board of Directors shall also determine the deadlines for submissions of projections and a schedule to the Members.
- (b) Extraordinary Costs. DANTeC may allocate, on the basis of each Member's actual usage for the preceding twelve months, or such shorter period as the Member has been a party to this Member Agreement, or on such other reasonably equitable basis as may be determined by the Board of Directors, Extraordinary Costs that would otherwise be part of the DANTeC Services Charge on a basis other than that provided in Section 9.02(a) above and may instruct the General Manager as to the allocation and collection thereof. In the absence of agreement on allocation by DANTeC, Extraordinary Costs shall be billed and paid as provided in Section 9.03(a) as part of the DANTeC Services Charge.

9.03 Invoicing.

**APPENDIX 6. A.**

- (a) Beginning with the month that includes the date of beneficial occupancy for the Project (or “DBO”), the General Manager shall calculate each Member’s share of the DANTeC Facility Charge based on the schedule prepared pursuant to Section 9.02 above, and will invoice each Member for such share for that monthly period on or about the 10<sup>th</sup> day of the month. Members shall report to the General Manager no later than the 5<sup>th</sup> business day of the month all actual Passenger activity for the preceding month. Beginning with the month that follows DBO, the invoice prepared by the General Manager will include an adjustment for the monthly period just completed, based on the Member’s actual passenger activity reported for the prior month.
- (b) All costs related to use of DANTeC Services by Non-Member users shall be invoiced to such persons in accordance with the DANTeC Facilities, Systems and Equipment Agreements. Costs incurred: (i) for the sole benefit of one or more particular user(s) or (ii) as the result of the negligence or damage caused by any user or its Handler, shall be charged to and paid only by the persons causing such costs to be incurred.

9.04 Payments.

- (a) Each Member shall make payments to DANTeC when due at the office of the General Manager. Any invoice submitted to a Member by the General Manager for DANTeC shall have the due date stated thereon. The amount of any delinquent payment shall bear interest at a rate equal to two percent (2%) per month (or the maximum rate permitted by law, whichever is lower), from the date such amount is due until paid in full.
- (b) If a Member fails to pay its share of the DANTeC Services Charge within 30 days of the date payment was due, and the amount of the Operating Reserve Account is not sufficient to make such payment, each non-defaulting Member must pay, within ten (10) days of demand, its pro rata share of the amount in default, determined by the General Manager in accordance with the allocations set forth in Section 9.02(a) above, but calculated assuming that the defaulting Member was not a Member for the period in question. Such payments shall be deemed to be loans to the defaulting Member and shall bear interest at the rate set forth in Section 9.04(a) hereof.
- (c) Each Member must make payments to DANTeC in accordance with the terms of this Members Agreement with no defense or right of set-off, reduction, counterclaim or recoupment for any reason, including the unenforceability or invalidity of this Members Agreement, the bankruptcy, insolvency, liquidation or reorganization of DANTeC, any Event of Default or withdrawal under this Members Agreement by any other Member, any breach by DANTeC or any other party of any obligation to the Member, whether under this Members Agreement, the DANTeC Operating Agreement or otherwise, or any indebtedness or liability at any time owing to the Member by DANTeC, or any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, or the destruction by fire or other casualty of DANTeC or any portion thereof, commercial frustration of purpose, any

**APPENDIX 6. A.**

change in the tax or other laws or administrative rulings or administrative actions by the United States of America or the State of Michigan or any political subdivision of either, the taking of title thereto or the use thereof by the exercise of the power of eminent domain or the termination of the Consortium Agreement.

9.05 DANTEC Annual Reports.

- (a) DANTEC Annual Audit Report. Within ninety (90) days after the close of each Fiscal Year, DANTEC shall furnish each Member Airline with a copy of an annual audit report, covering the corporate activities and operations of DANTEC for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles and approved by the Board of Directors.
- (b) Annual Members Report. Within ninety (90) days after the close of each Fiscal Year, DANTEC shall furnish a report to each Member Airline and to the WCAA which will contain an analysis of budget and actual costs incurred for the preceding Fiscal Year for all Consortium O&M Expenses and DANTEC Services Expenses and shall set forth the aggregate fees actually paid by the Member Airlines and Non-Members for such period.

**ARTICLE 10****Default**

10.01 Events of Default. In the event that any of the following events shall occur with respect to a Member Airline, such Member Airline shall be deemed to be in default under this Agreement.

- (a) Failure to make any payment owed to DANTEC or the WCAA under this Agreement or the Consortium Agreement within ten (10) days following written notice from DANTEC or the WCAA of such failure.
- (b) Failure to perform any other obligation under this Agreement or any other agreement, contract, or lease with DANTEC or the WCAA relating to the DANTEC Facilities, Systems and Equipment or the DANTEC Services, within thirty (30) days following written notice from DANTEC or the WCAA of such failure, or if such defaults cannot be cured within such thirty (30) days, if Member Airline is not diligently pursuing a cure of such default.
- (c) Becoming the subject of a bankruptcy proceeding under the U. S. Bankruptcy Code or similar foreign proceeding or the institution of similar proceedings for the reorganization, liquidation, dissolution or winding up of such Member Airline or the failure or admission in writing by such Member Airline of its inability to pay its debts generally as they mature.
- (d) An "Event of Default" pursuant to the provisions of the Use Agreement.

10.02 Consequences of Default.

**APPENDIX 6. A.**

- (a) Report to DANTeC. If any Member Airline knows of an event of default or knows of facts that lead it to believe an event of default has occurred, then it shall immediately notify the DANTeC Chairperson of the Board of Directors, but shall not be liable for any damages for failure to so notify.
- (b) Notice of Defaulting Member Airline. Promptly after receipt of notice from any source that a Member Airline is in default, and if default is found, the Chairperson of DANTeC shall give notice to:
- (1) the Board of Directors; and
  - (2) any trustee, the WCAA, or other third person entitled thereto with copies to the defaulting Member Airline.
- (c) Meeting of the Board of Directors. The Board of Directors shall, upon the default of any Member Airline, determine whether the explanation given for default by the defaulting Member Airline is sufficient to excuse the default. If the Board of Directors is not persuaded that the default is excusable, or if the default is not cured within a time set out herein or established by the Board of Directors, then the Board of Directors shall provide notice to the WCAA of the change in status from Member to Non-Member, and the defaulting Member Airline shall be retroactively billed as a Non-Member from the date of the default, but shall remain subject to all obligations hereunder as a Member Airline. A defaulting Member Airline that has been retroactively invoiced as a Non-Member, as provided for above, shall not be included as a Member Airline unless, for a period of three (3) months from the date the determination was made to retroactively invoice the defaulting Member Airline as a Non-Member, such Member Airline has paid in full when due all moneys owed to a trustee, the WCAA, and DANTeC. As an additional remedy, the Board of Directors may treat a defaulting Member Airline as a Withdrawing Airline for purposes of Section 12.02. Notwithstanding anything to the contrary contained in this Agreement, calculation of a Member Vote, with respect to a defaulting Member Airline, shall not include such defaulting Member Airline in the total number of all Member Airlines.
- (d) Collection. Without limiting the WCAA's rights, DANTeC is authorized to pursue against the defaulting Member Airline monies due the WCAA or DANTeC, as the case may be, for Consortium Facilities, Systems and Equipment Fees, the DANTeC Services Fees or Other DANTeC Charges. Any such monies due to the WCAA under the Use Agreement will be treated as Revenues in accordance with Use Agreement. Monies due DANTeC from this Member shall be repaid pro-rata to the non-defaulting Member Airlines as moneys are collected from the defaulting Member Airline. Any interest collected from the defaulting Member Airline by DANTeC shall be paid to the non-defaulting Member Airlines pro rata, according to the amount and time of each payment made by each of the non-defaulting Member Airlines. Further, the defaulting Member Airline shall be liable for all reasonable costs and expenses, including attorneys' fees and disbursements at trial or on appeal, expended in order to collect the delinquent payment. Any amount due from a

**APPENDIX 6. A.**

defaulting Member Airline hereunder may be off-set against any amounts otherwise payable to such defaulting Member Airline by DANTeC.

**ARTICLE 11****Admission of Additional Member Airlines**

- 11.01 Open Admission Policy. The Member Airlines intend that admission to DANTeC and use of the DANTeC Facilities, Systems and Equipment and DANTeC Services be open to all Air Carriers using the Airport.
- 11.02 Requirement for Admission of Additional Member Airlines. Any Air Carrier using the Airport shall be admitted as a Member Airline if the Air Carrier meets the conditions of Section 3.01 and meets the following additional conditions.
- (a) Has issued a statement to DANTeC of the estimate of Passengers for the Fiscal Year.
  - (b) Has entered into any other agreement required by the Board of Directors at that time to be executed.
  - (c) Has purchased a Membership at the price set by the Board of Directors pursuant to Section 11.03 hereof.
  - (d) Has been determined by the Board of Directors as being creditworthy, and of such reputation and status in keeping with the nature or class of Member Airlines. For purposes of this paragraph, an Air Carrier shall be determined to be not creditworthy if such Air Carrier:
    - (1) has been in default under any agreement with the WCAA in the past eighteen (18) months; or
    - (2) failed to make payments in a timely fashion to the WCAA or DANTeC; or
    - (3) is currently in default under any agreement with other airports; or
    - (4) is otherwise unable to demonstrate an ability to pay fees projected hereunder.
- 11.03 Purchase of Membership. An Air Carrier that desires to become a Member Airline after the Date of Capitalization shall be required to purchase a Membership interest by purchasing an equity interest in the Reserve Fund. The purchase price of such interest shall be determined as follows:
- (a) divide the product of:
    - (1) the current value of the Reserve Fund as determined by the Board of Directors; and
    - (2) the projected DANTeC Services Fees to be paid by such Member Airline for the subsequent twelve (12) month period;
  - (b) by the total projected DANTeC Services Fees to be paid by all Member Airlines (including the proposed Member Airline) over the same twelve (12) month period.

**APPENDIX 6. A.**

- 11.04 Ownership Interest in DANTeC. Each Member Airline's ownership interest in DANTeC and the DANTeC Reserve Fund shall be based on its accrued DANTeC Services Fees in the most recent twelve (12) calendar months as that amount relates to the total of all accrued DANTeC Services Fees of all Member Airlines in the most recent twelve (12) calendar months.
- 11.05 Procedure for Admission. Any Air Carrier which desires to become a Member Airline shall give notice to the Chairperson of the Board of Directors of its request to be accepted as a Member Airline, together with:
- (a) evidence of the execution of a Use Agreement by such Air Carrier and the WCAA and the approval of such agreement by the Board of the WCAA; and
  - (b) a statement of estimated Passengers as provided in Section 11.02 (a) above; and
  - (c) a requested Acceptance Date.

If such material is in compliance with this Article 11, and upon determination of the Board of Directors that such Air Carrier has met all other requirements of Section 3.01 and Section 11.02, the Chairperson of the Board of Directors shall provide a copy of this Agreement, as amended or supplemented at the time, a statement of the purchase price of Membership Interest calculated pursuant to Section 11.03, and such additional documents for signature as may be reasonably required. Upon execution of all requisite documents and payment of the Membership price, an applicant Airline shall, except as otherwise provided herein, have the same rights and obligations under this Agreement as all other Member Airlines.

- 11.06 Acceptance Date. The Acceptance Date at which time an applicant Airline shall be deemed to be a Member Airline, shall be at 12:01 a.m. Detroit time on the date following written acknowledgment and acceptance by the Chairperson of the Board of Directors of all required signed documents and payments.

**ARTICLE 12**  
**Withdrawal of Member Airline**

- 12.01 Withdrawal from this Agreement.
- (a) Expiration of Use Agreement. Upon termination of the Use Agreement, a Member Airline that is not in default hereunder shall withdraw from this Agreement, effective upon the later of:
    - (1) thirty (30) days following the date that such Member Airline provides written notice of its withdrawal to the Chairperson of the Board of Directors; or
    - (2) the date of withdrawal specified in such written notice; provided, however, that in the event that no written notice is provided by the Member Airline, such withdrawal shall be effective thirty (30) days after the date of termination of the Use Agreement.



**APPENDIX 6. A.**

- (b) Limitation. Notwithstanding the foregoing, no Member Airline shall withdraw from this Agreement under any of the following circumstances:
- (1) Prior to December 31, 2012.
  - (2) During any period of time when substantially all of the North Terminal is shut down or inoperable for any reason.
  - (3) If a default exists, or by reason of such withdrawal would exist under a trust indenture or related documents utilized in connection with financing the capital costs of the DANTeC Facilities, Systems and Equipment.

12.02 Liabilities and Credits of Withdrawing Airlines. A Withdrawing Airline shall receive its ownership interest, as determined at the end of the Fiscal Year prior to its withdrawal, or deemed withdrawal, as a payment from the Reserve Fund within sixty (60) days of its withdrawal. Except as set forth in Section 6.03, Section 6.05, Section 10.02, the last sentence of this Section 12.02, and Section 14.14 which sections shall survive any termination of this Agreement, a Withdrawing Airline will not be liable for obligations to DANTeC with respect to this Agreement. In the event that all Member Airlines have withdrawn from DANTeC and this Agreement, then each Air Carrier that has been a Member Airline during the five (5) year period preceding such withdrawal shall be liable for obligations to DANTeC with respect to this Agreement, incurred prior to withdrawal of all Member Airlines to the extent that such Air Carriers aggregate DANTeC Services Fees paid during such five (5) year period bears to the total of all such Air Carriers' aggregate DANTeC Services Fees paid during such five (5) year period or such shorter period of actual operation; provided however that in the calculation of such liability the provisions of Article 10 shall be applicable in the event of a default.

**ARTICLE 13**  
**Board of Directors**

- 13.01 Establishment. There shall be a Board of Directors as set forth in the Bylaws attached hereto. The Board of Directors may amend the bylaws; provided however that any such amendment is not inconsistent with the provisions of this Agreement and provided that such amendment is coordinated with and approved by the WCAA.
- 13.02 WCAA Membership. The WCAA CEO shall be entitled to appoint one (1) Director and the appointment of a Director by the WCAA CEO shall be deemed to be certification by the WCAA of the authority of such Director to act on behalf of the WCAA as a Director of DANTeC. The term of the WCAA CEO appointed Director shall be unlimited and the WCAA CEO may replace such director at any time based solely upon its own discretion. The Director appointed by the WCAA CEO shall have the right and the power to veto any decision by the DANTeC Board of Directors if the WCAA CEO reasonably determines that such decision would have an adverse affect on the North Terminal or the Airport.
- 13.03 Powers. Subject to the procedures of this Article 13, and the Bylaws attached hereto, the Board of Directors shall establish policy and make all decisions relating to the planning, installation, expansion, contraction, operation, and management of the DANTeC Facilities,

**APPENDIX 6. A.**

Systems and Equipment. Actions to be taken by the Board shall include, but shall not be limited to the following.

- (a) Certification and evidencing of any approvals by a Member Vote.
- (b) Approval of Consortium O&M Expenses budgets prior to submission to the WCAA
- (c) Approval of DANTeC Services budgets and estimated DANTeC Services Fees.
- (c) Management of the DANTeC Operating Agreement.
- (d) Enforcement of the rights of the Member Airlines and DANTeC under this Agreement and the Consortium Agreement.
- (e) Creation of standing committees for DANTeC.
- (f) Action on all matters referred to in this Agreement to be done by the Board of Directors or by a Majority-In-Interest.
- (g) Assessment of the pro rata amount to be paid by each Member Airline to provide for any additional funding or reserve requirement.
- (h) Assessment of Other DANTeC Charges.
- (i) Enforcement of all DANTeC Agreements.

13.03 Participation by Telephone. Members of the Board of Directors may participate in a meeting through the use of conference telephone or similar communication equipment so long as all members participating in such meeting can hear one another.

13.04 Action Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if members of the Board of Directors representing a Member Vote majority consent in writing to such action after solicitations of such written consents have been provided to all members of the Board of Directors and confirmed by written letter. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

13.05 Notice.

- (a) Twenty (20) Day Notice Requirement. Notwithstanding provisions herein or with the Bylaws attached hereto, when any of the following items are to be the subject of the meeting, at least twenty (20) calendar days prior written notice shall be given to all the Members of the Board of Directors.
  - (1) Selection of a General Manager and the approval of a DANTeC Operating Agreement, amendments thereto or termination thereof.
  - (2) Amendments to or termination of this Agreement.
  - (3) Action relating to a defaulting Member Airline as provided for in Article 10 herein.
  - (4) Approval of any alterations and improvements to the DANTeC Facilities, Systems and Equipment that require expenditure of over fifty thousand dollars (\$50,000).
  - (5) Approval of the terms and conditions of any general plan of financing that may be required relating to the DANTeC Facilities, Systems and Equipment.

**APPENDIX 6. A.**

- (b) Waiver of Notice in Emergency. In case of an emergency, the Chairperson of the Board of Directors shall have the power to call a meeting of the Board of Directors without adequate notice, provided that the Chairperson of the Board of Directors shall give written notice by facsimile, teletype, e-mail or similar electronic transmission.
- (c) Agenda. The meeting notice shall, whenever expenditure of money in excess of twenty thousand dollars (\$20,000) is to be proposed for approval, include a statement describing such proposed expenditures. The meeting notice shall be accompanied by, or promptly followed by, an agenda of items to be discussed at the meeting. The unintentional failure of any item to appear on the agenda shall not, however, prevent either discussion or voting on the item.

13.06 Voting. Any action of the Board of Directors shall be effective if made at a properly called meeting, at which a quorum is present, and voted upon by voice or hand vote by:

- (a) a numerical majority of the Directors of DANTeC; or
- (b) such other percentage of Member Airlines as may be specifically provided for in this Agreement for a particular action.

The Director appointed by the WCAA shall have the right and the power to veto any decision by the DANTeC Board of Directors if the WCAA CEO reasonably determines that such decision would have an adverse affect on the North Terminal or the Airport.

**ARTICLE 14****Miscellaneous**

14.01 Covenant to Sign Documents. Each Member Airline and DANTeC covenants, on behalf of itself, its successors and assigns, to execute, with acknowledgment or affidavit if required, any and all documents and writings which may be necessary or expedient in the implementation of this Agreement (including any amendments to this Agreement) and the purchase, construction, leasing, financing, and operation of the DANTeC Facilities, Systems and Equipment as contemplated by this Agreement.

14.02 Execution of Certain Documents.

- (a) Execution of this Agreement. With the approval of the Board of Directors, the Chairperson of the Board of Directors may execute from time to time on behalf of DANTeC any and all documents and writings, including counterparts of this Agreement which may be necessary or expedient in the implementation of this Agreement and the purchase, construction, installation, leasing, financing, and operation of the DANTeC Facilities, Systems and Equipment or the provision of the DANTeC Services as contemplated by this Agreement.
- (b) Documents Approved by the Board of Directors. The Member Airline hereby constitutes and appoints the Chairperson of the Board of Directors as the true and

**APPENDIX 6. A.**

lawful agent for DANTeC to execute on behalf of DANTeC such documents as are approved by a Members Vote and each Member Airline hereby ratifies and confirms all acts taken by such agent and attorney-in-fact as herein authorized and hereby agrees to indemnify, defend and hold harmless the Chairperson of the Board of Directors (and the Air Carrier by whom the Chairperson is employed) from and against any and all claims, actions, damages, losses, or expenses arising out of or connected with the execution by the Chairperson of the Board of Directors of supplements to this Agreement and any other documents the Chairperson may be authorized to execute; provided, however, that, in any such event, a Members Vote shall have approved the execution of such supplement or agreement.

(c) Effect of Authorization. The execution and delivery of documents, by the Chairperson of the Board of Directors, when acting in his or her capacity as Chairperson pursuant to this Section 14.02, shall be binding upon and inure to the benefit of DANTeC.

14.03 Headings. The titles and headings of the various paragraphs herein are intended solely for convenience of reference and are not intended for any purpose whatsoever to explain, modify, or place any construction upon any of the provisions herein.

14.04 Dispute Resolution Cost Recovery. In the event any dispute between the parties hereto should result in arbitration or litigation, the prevailing party shall be reimbursed for all reasonable costs including, but not limited to, reasonable attorneys' fees.

14.05 Counterparts. This Agreement may be executed in any number of counterparts and by the various Member Airlines or Additional Member Airlines on separate counterparts and all of which taken together shall constitute one and the same instrument. A signed counterpart shall be as binding as an original.

14.06 Applicable Law. This Agreement shall be governed by and construed under the laws of the State of Michigan, U. S. A.

14.07 Amendments. This Agreement may be amended or terminated with the written consent of Member Airlines constituting seventy-five percent (75.0%) or more in number of all Member Airlines and having accounted for seventy-five percent (75.0%) or more of the Passengers processed by all Member Airlines for the preceding Fiscal Year. An amendment will be effective only if evidenced in writing which sets forth the text of the amendment and which is signed by those Member Airlines approving of the amendment. Notwithstanding the foregoing;

(a) Each party hereto, by execution of a counterpart of this Agreement, consents to the addition of Member Airlines from time to time pursuant to Article 11; and

(b) If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be deemed amended to the extent necessary to render it enforceable and this Agreement shall thereafter be interpreted as if such

**APPENDIX 6. A.**

provision were so amended and shall be enforceable in accordance with its terms. Notwithstanding the foregoing, no amendment of or supplement to this Agreement shall be enforceable if such amendment or supplement is contrary to the provisions and requirements of the Use Agreement or the Consortium Agreement.

- 14.08 Assignment. The rights and obligations of the Member Airlines hereunder may not be assigned or transferred, except as provided in Section 3.05. The obligations hereunder shall be binding on the successors and assigns of each Member Airline. Notwithstanding the foregoing, DANTeC may, and the Member Airlines may, assign their respective rights hereunder to a trustee or other third person to the extent the Board of Directors deems appropriate to facilitate financing the DANTeC Facilities, Systems and Equipment.
- 14.09 No Abatement or Set-Off. No Member Airline shall abate, suspend, postpone, set-off, or discontinue any payments of Consortium Facilities, Systems and Equipment Fees, DANTeC Services Fees or Other DANTeC Charges which it is obligated to pay hereunder. Nothing contained in this Section 14.09 shall release DANTeC from the performance of any of its obligations under this Agreement.
- 14.10 Notices. Any notice, consent, or approval which may be or is required to be given or delivered under this Agreement shall, unless otherwise stated herein, be given:
- (a) by teletype, facsimile or e-mail; or
  - (b) by oral communication by telephone or in person, followed promptly by additional notice by teletype, telegraph, telegram, facsimile, e-mail, cable, hand delivered writing, overnight delivery service, prepaid first class mail (air mail if international); or
  - (c) by announcement at a properly noticed meeting followed by mention of the notice in the minutes of the meeting.

Each Member Airline or Director, as the case may be, shall provide to the Chairperson by written notice from time to time, the name of the person or persons to whose attention notice shall be addressed, together with appropriate teletype, telegraph, telegram, facsimile, e-mail, cable, overnight delivery service address, mailing address information and notice shall be properly given if directed to such number or address by one of the means of transmission set forth above or, if no such address information is available as to any person, then to the principal executive office of the Member Airline. Any notice or other communication teletyped, e-mailed or delivered orally or personally shall be deemed to have been received on the date dispatched or given or on the first business day thereafter if dispatch is made on a non-business day generally recognized as such in Detroit, Michigan.

Any notice or other communication sent by mail shall be deemed to have been received on the fifth (5th) business day following the date of mailing; provided, however, in the event of actual or apprehended interruption of normal mail service by strike, slowdown, force majeure or other cause, the person sending the notice or other communication shall utilize such means of transmission not so interrupted or susceptible to interruption.

**APPENDIX 6. A.**

- 14.11 Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed, and whenever held, shall be as valid as though had at a meeting duly called, noticed, and held if a quorum be present and if either before or after the meeting each of the persons entitled to vote but not present, signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the minutes thereof. All such waivers, consents, or approval shall be made a part of the minutes of the meetings.
- 14.12 U. S. Currency. Any payments required by this Agreement from one party to any other shall be made with U. S. Dollars in locally collectible funds.
- 14.13 Limitation of Liability. Except as set forth in this Section 14.13 and in Article 9 hereof, with respect to the:
- (a) Consortium Facilities, Systems and Equipment Fees; and
  - (b) DANTeC Services Fees; and
  - (c) Other DANTeC Charges; and
  - (d) Costs chargeable pursuant to Article 3; and
  - (e) Costs chargeable pursuant to Article 10;

each Member Airline shall be liable only for its share of such costs. Neither this Agreement nor the relationship of the Member Airlines as a consequence of their participation hereunder in the operation of the DANTeC Consortium Facilities, Systems and Equipment or the DANTeC Services creates a partnership, joint venture, or other similar relationship between the parties thereto. No Member Airline may commit any other Member Airline to any debt or obligation of any type whatsoever other than as expressly provided or permitted herein or in other documents signed by or binding on a Member Airline. Should a claim be made against one or more Member Airlines, but less than all Member Airlines, based upon alleged acts or omissions of DANTeC, each of the Member Airlines shall share in and be liable for, any loss, cost, damage, or expense resulting from such claim to the extent that each Member Airline's pro rata share of DANTeC Services Fees bears to the total of all then-existing Member Airlines' pro rata share of all DANTeC Services Fees over the immediately preceding five (5) years or such shorter period of actual operation. Except as specifically stated in this Section 14.13, nothing contained herein shall be construed to mean that any Member Airline is liable for the acts or omissions of any other Member Airline. Nothing contained herein shall serve to limit the liability of DANTeC for the payment of such claim. For purposes of this Section 14.13, the term Member Airline shall mean an Air Carrier that is a Member Airline at the time a claim is filed.

- 14.14 Survival of Agreements and Obligations. In the event a Member Airline becomes a Withdrawing Airline or if this Agreement terminates as to any or all of the Member Airlines for any reason, those agreements and obligations as set forth in Sections 6.03, 6.05, 10.02, and 12.02 hereof, shall survive such withdrawal or termination.
- 14.15 Third Party Rights. Except with respect to the rights of and obligations to the WCAA set forth in Sections 9.02, 14.07, and 14.14 hereof; the right of the WCAA to specifically enforce the provisions of such Sections and the right of the WCAA to approve and be a party

## APPENDIX 6. A.

to the DANTeC Facilities, Systems and Equipment Access Agreement, nothing contained in this Agreement will or is intended to create or will be construed to create any right in or any duty or obligation to any third party.

- 14.16 Capacity to Execute. The individuals executing this Agreement warrant that they have full authority to execute this Agreement on behalf of the Member Airline, Additional Member Airline, or DANTeC as the case may be.
- 14.17 Binding Effect. The terms, conditions, and covenants of this Agreement shall inure to the benefit of, and be binding upon, the parties hereto and upon their successors, assigns, and sublessees, if any. This provision shall not constitute a waiver of any conditions regarding assignment or subletting contained in this Agreement.

#####

**APPENDIX 6. A.**

IN WITNESS WHEREOF, DANTeC has caused this Agreement to be executed on its behalf by its Chairperson pursuant to due Authorization of its Board of Directors and attested by its Secretary, and Member Airline has caused this Agreement to be executed on its behalf by its \_\_\_\_\_, pursuant to due Authorization of its Board of Directors, all as of the day and year first above written.

Attest: Detroit Airlines North Terminal Consortium, Inc.

By: \_\_\_\_\_ By: \_\_\_\_\_

As Its: \_\_\_\_\_ As Its: \_\_\_\_\_

Address for notice to DANTeC:

Detroit Airlines North Terminal Consortium, Inc.  
North Terminal  
Detroit Metropolitan County Airport  
Detroit, MI 48242

Attest: Airline

By: \_\_\_\_\_ By: \_\_\_\_\_

As Its: \_\_\_\_\_ As Its: \_\_\_\_\_



## APPENDIX 6. A.

### Addresses for Notice to Member Airlines:

EXHIBIT A

ARTICLES OF INCORPORATION OF DANTeC

10/19/2007 10:14:07 AM

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PAGE 2 OF 5

*Michigan Department of Labor & Economic Growth*

*Filing Endorsement*

*This is to Certify that the ARTICLES OF INCORPORATION - NONPROFIT  
for*

*DETROIT AIRLINES NORTH TERMINAL CONSORTIUM, INC.*

*ID NUMBER: 70219Y*

*received by facsimile transmission on October 18, 2007 is hereby endorsed  
Filed on October 19, 2007 by the Administrator.*

*The document is effective on the date filed, unless a  
subsequent effective date within 90 days after  
received date is stated in the document.*



Scal In Facsimile Transmission 07202

*In testimony whereof, I have hereunto set my  
hand and affixed the Seal of the Department,  
in the City of Lansing, this 19TH day  
of October, 2007.*

*Director*

*Bureau of Commercial Services*

**APPENDIX 6. A.**

10/18/2007 10:14:47 AM FAXCOM PAGE 5 OF 5  
 No. 739 P. 176

MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH BUREAU OF COMMERCIAL SERVICES	
Date Received	(FOR BUREAU USE ONLY)
This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.	
Name	Kenneth H. Gold
Address	400 Monroe, Ste. 220
City	Detroit
State	MI
Zip Code	48228
EFFECTIVE DATE:	

Document will be returned to the name and address you enter above.  
 If left blank document will be mailed to the registered office.

**ARTICLES OF INCORPORATION**  
**For use by Domestic Nonprofit Corporations**  
 (Please read information and instructions on the last page)

Pursuant to the provisions of Act 162, Public Acts of 1952, the undersigned corporation executes the following Articles:

**ARTICLE I**

The name of the corporation is: Detroit Airlines North Terminal Consortium, Inc.

**ARTICLE II**

The purpose or purposes for which the corporation is organized are:  
to operate and maintain certain facilities, systems and equipment on behalf of, and provide and maintain administrative common passenger processing services to, member and non-member airlines of the corporation in connection with Detroit Metropolitan Wayne County Airport, North Terminal.

**ARTICLE III**

1. The corporation is organized upon a nonstock basis.  
 (Stock/nonstock)

2. If organized on a stock basis, the total number of shares which the corporation has authority to issue is \_\_\_\_\_ If the shares are, or are to be, divided into classes, the designation of each class, the number of shares in each class, and the relative rights, preferences and limitations of the shares of each class are as follows:

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APPENDIX 6. A.

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Oct 19, 2007 9:33 AM

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PAGE 4 OF 8  
Oct 2007 P. 3/6

ARTICLE III (cont.)

3. a. If organized on a nonstock basis, the description and value of its real property assets are: (if none, insert "none")  
 none

b. The description and value of its personal property assets are: (if none, insert "none")  
 none

c. The corporation is to be financed under the following general plan: by assessing member salaries and charging non member airlines fees and charges necessary to operate the corporation none of which will be for personal gain.

d. The corporation is organized on a membershio base.  
(Memberships or Other Basis)

ARTICLE IV

1. The address of the registered office is:  
400 Monroe Suite 220 Detroit Michigan 48228  
(Street Address) (City) (State) (ZIP Code)

2. The mailing address of the registered office, if different than above:  
 \_\_\_\_\_ Michigan \_\_\_\_\_  
(Street Address or P.O. Box) (City) (State) (ZIP Code)

3. The name of the resident agent at the registered office is:  
Kenneth H. Gold

ARTICLE V

The name(s) and address(es) of the incorporator(s) is (are) as follows:

Name	Residence or Business Address
<u>Kenneth H. Gold</u>	<u>400 Monroe, Ste. 220, Detroit, MI 48226</u>

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APPENDIX 6. A.

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PAGE 6 OF 8  
No. 539 P. 476

Use space below for additional Articles or for continuation of previous Articles. Please identify any Article being continued or added. Attach additional pages if needed.

ARTICLE VI

Any action required or permitted by the Michigan Nonprofit Corporation Act to be taken at an annual or special meeting of members may be taken without a meeting, without prior notice, and without a vote, if a consent in writing, setting forth the actions so taken, is signed by the members having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all members entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to members who have not consented in writing.

ARTICLE VII

When a compromise or arrangement or a plan of reorganization of this corporation is proposed between this corporation and its creditors or any class of them or between this corporation and its members, a court of equity jurisdiction within the state, on application of this corporation or of a creditor or member of the corporation, or an application of a receiver appointed for the corporation, may order a meeting of the creditors or class of creditors or of the members to be affected by the proposed compromise or arrangement or reorganization, to be summoned in such manner as the court directs. If a majority in number representing 9/16 in value of the creditors or class of creditors or members to be affected by the proposed compromise or arrangement or a reorganization, agree to a compromise or arrangement or reorganization of this corporation as a consequence of the compromise or arrangement, the compromise or arrangement and the reorganization, if sanctioned by the court to which the application has been made, shall be binding on all the creditors or class of creditors or on all the members and also on this corporation.

ARTICLE VIII

Liability of Directors

No director of the corporation shall be personally liable to the corporation or its members for monetary damages for a breach of the director's fiduciary duty; however, the foregoing provision does not eliminate or limit the liability of a director for any of the following:

1. a breach of the director's duty of loyalty to the corporation or its members;
2. acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law;
3. a violation of Section 551(1) of the Act; or
4. transaction from which the director derived an improper personal benefit.

I, (We), the incorporator(s) sign my (our) name(s) this \_\_\_\_\_

October

2007

*Kenneth H. Balda*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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**APPENDIX 6. A.**

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PAGE # 05 H  
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**ATTACHMENT TO ARTICLES OF INCORPORATION OF  
 DETROIT AIRLINES NORTH TERMINAL CONSORTIUM, INC.**

**ARTICLE IX**

**Indemnification of Directors, Officers, Employees, Agents and Others, and  
 Advancement of Expenses**

**1. Indemnification of Directors.**

The corporation shall indemnify a person (including the heirs, personal representatives, and administrators of such person) who was or is a party to, or who is threatened to be made a party to, a threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, including, without limitation, an action by or in the right of the corporation, by reason of the fact that he or she is or was a director of the corporation, or is or was serving at the request of the corporation as a director (or in a similar capacity) of another foreign or domestic corporation or any other entity, whether for profit or not, against expenses, including attorneys' fees, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit, or proceeding. This Section 1 is intended to grant the persons herein described the fullest protection not prohibited by existing law in effect as of the effective date of these Articles of Incorporation or such greater protection as may be permitted or not prohibited under succeeding provisions of law.

**2. Indemnification of Officers, Employees, Agents and Others.**

The corporation has the power to indemnify a person (including the heirs, personal representatives, and administrators of such person) who was or is a party to, or who is threatened to be made a party to, a threatened, pending, or completed action, suit or proceeding, whether civil or criminal, administrative, or investigative and whether formal or informal, including, without limitation, an action by or in the right of the corporation, by reason of the fact that he or she is or was an officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as an officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses, including attorneys' fees, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit, or proceeding, if the person acted in good faith in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders, and with respect to a criminal action or proceeding, if the person had no reasonable cause to believe his or her conduct was unlawful. An indemnification under this Section 2, unless ordered by a court, shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the officer, employee, or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in this Section 2 and upon an evaluation of the reasonableness of expenses and amounts paid in settlement. This determination and evaluation shall be made in any of the following ways: (i) by a majority vote of a quorum of the board consisting of directors who are not parties or threatened to be made parties to the action, suit, or proceeding; (ii) by independent legal counsel in a written opinion; or (iii) by the shareholders who are not parties or threatened to be made parties to the action, suit or proceeding.

**3. Advancement of Expenses.**

The corporation shall pay or reimburse the reasonable expenses incurred by a person described in Section 1 of this Article IX in defending an action, suit, or proceeding described in such Section 1 in advance of the final disposition of the proceeding. The corporation shall pay or reimburse the reasonable expenses incurred by a person described in Section 2 of this Article IX in defending an action, suit, or proceeding described in such Section 2 in advance of the final disposition of the proceeding upon receipt of a written undertaking by or on behalf of such person, executed personally or on his or her behalf, to repay the advance if it is ultimately determined that the person is not entitled to be indemnified by the corporation. Such undertaking shall be by unlimited general obligation of the person on whose behalf advances are made but need not be secured.

10/18/2007 4:42PM

APPENDIX 6. A.

*Michigan Department of Labor & Economic Growth*

*Filing Endorsement*

*This is to Certify that the CERTIFICATE OF ASSUMED NAME*

*for*

*DETROIT AIRLINES NORTH TERMINAL CONSORTIUM, INC.*

*ID NUMBER: 702197*

*to transact business under the assumed name of*

*DANTEC*

*received by facsimile transmission on October 19, 2007 is hereby endorsed*

*Filed on October 19, 2007 by the Administrator.*

*The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.*

*Expiration Date: December 31, 2012*



*In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 19TH day of October, 2007.*

*, Director*

*Bureau of Commercial Services*

*Sent by Facsimile Transmission 07/192*

APPENDIX 6. A.

10/19/2007 10:45AM 10/19/2007 10:45AM 2

**MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH  
BUREAU OF COMMERCIAL SERVICES**

Date Received: \_\_\_\_\_ (FOR BUREAU USE ONLY)

This document is effective on the date filed, unless a subsequent effective date within 30 days after received date is stated in the document.

Name: **Kenneth H. Gold**

Address: **400 Monroe, Ste. 220**

City: **Detroit** State: **MI** Zip Code: **48226**

EXPIRATION DATE: **DECEMBER 31, 2007**

Document will be returned to the name and address you enter above. If left blank document will be mailed to the registered office.

**CERTIFICATE OF ASSUMED NAME**  
For use by Corporations, Limited Partnerships and Limited Liability Companies

(Please read instructions and instructions on reverse side)

Pursuant to the provisions of Act 284, Public Acts of 1972 (profit corporations), Act 162, Public Acts of 1982 (nonprofit corporations), Act 213, Public Acts of 1982 (limited partnerships), or Act 23, Public Acts of 1993 (limited liability companies), the corporation, limited partnership, or limited liability company in item one executes the following Certificate:

1. The name of the corporation, limited partnership, or limited liability company is:  
**Detroit Airlines North Terminal Consortium, Inc.**

2. The identification number assigned by the Bureau is:  
**70219X**

3. The assumed name under which business is to be transacted is:  
**DANTeC**

4. This document is hereby signed as required by the Act.

COMPLETE ITEM 5 ON LAST PAGE IF THIS NAME IS ASSUMED BY MORE THAN ONE ENTITY.

Signed this \_\_\_\_\_ day of **October**, 2007  
By *Kenneth H. Gold*  
**Kenneth H. Gold** authorized signatory  
(Print full name) (Type or Print Title or Position)

Domestic Partnerships Only - (Print Name of General Partner if the State of Partner is a jurisdiction of the US or 1952)

10/19/2007 11:54AM



**APPENDIX 6. A.**

**EXHIBIT B**

**BYLAWS OF**

**DETROIT AIRLINES NORTH TERMINAL CONSORTIUM, INC.**

**ARTICLE I**

**NAME**

**Section 1 – NAME**

The name of this Corporation is Detroit Airlines North Terminal Consortium, Inc., the “Company” or “DANTEC”.

**ARTICLE II**

**MEMBERS**

**Section 1 – REQUIREMENT FOR ADMISSION OF MEMBER AIRLINES**

Any person or entity (an “Air Carrier”) in the air transportation business which is operating at the Detroit Metropolitan Wayne County Airport (the “Airport”) shall be admitted as a Member if such Air Carrier meets the following conditions:

- (a) has a fully executed Use and Lease Agreement (the “Use Agreement”) with the Wayne County Airport Authority (the “WCAA”) (Prior to June 1, 2008, however, an Air Carrier may become a Member Airline without a fully executed Use Agreement with the WCAA, provided that such Air Carrier must have a fully executed Use Agreement with the WCAA no later than June 1, 2008, or such Air Carrier shall be deemed to be in default under the provisions of Article 10 of the Agreement);
- (b) has executed the Detroit Airlines North Terminal Consortium Members Agreement (the “Agreement”);
- (c) has issued a statement to DANTEC of the estimate of passengers for the fiscal year as established by the Board of Directors;
- (d) has entered into any other agreement required by the Board of Directors at that time to be executed; and
- (e) has been determined by the Board of Directors as being creditworthy, and of such reputation and status in keeping with the nature or class of Members. For purposes of this paragraph, an Air Carrier shall be determined to be not creditworthy if such Air Carrier:
  - 1. has been in default under any agreement with the WCAA in the past eighteen (18) months; or
  - 2. has failed to make payments in a timely fashion to the WCAA or DANTEC; or
  - 3. is currently in default under any agreement with other airports; or
  - 4. is otherwise unable to demonstrate an ability to pay fees projected hereunder.

**APPENDIX 6. A.****Section 2 – PURCHASE OF MEMBERSHIP**

Each Member, in accordance with Section 8.01 of the Agreement, shall purchase a Membership in DANTeC (the “Membership”).

**Section 3 – TRANSFERABILITY OF MEMBERSHIP**

A Membership shall not be transferable. Notwithstanding the foregoing, a Member may transfer its Membership without first obtaining DANTeC’s consent to a wholly owned subsidiary or to another Air Carrier, with which it merges, or into which it consolidates; provided, however, that the resulting or transferee entity, as the case may be, meets the requirements of Section 1 hereof.

**ARTICLE III  
DIRECTORS**

**Section 1 – AUTHORITY**

The final authority in the direction and control of the affairs of the Company shall rest with the Board of Directors, except as may be provided by law or these Bylaws requiring Member authorization or approval for a particular action.

**Section 2 - DIRECTORS - NUMBER, TENURE AND ELECTION**

The authorized number of Directors shall be an indeterminate number which shall be deemed equal to the number of Members of the Corporation from time to time without further action of the Board of Directors or the Members; provided, however, the authorized number of Directors shall be not less than three (3) nor more than one hundred (100). Directors shall be elected by the Members with each Member who is entitled to vote being entitled to appoint one (1) Director and the election of a Director by a Member shall be deemed to be certification by such Member of the authority of such Director to act on behalf of such Member. Each Member, upon becoming a Member, shall appoint a Director to serve until the next annual meeting of the Members or until his successor has been appointed and has qualified. One Director shall be selected by simple majority vote at each annual meeting to serve as Chairperson of the Board until the next annual meeting. Directors shall hold office until the next annual meeting of Members or until their respective successors are elected.

In addition to the above, the WCAA Chief Executive Officer (the “WCAA CEO”) shall also be entitled to appoint one (1) Director and the appointment of a Director by the WCAA CEO shall be deemed to be certification by the WCAA of the authority of such Director to act on behalf of the WCAA as a Director of the Company. The term of the WCAA CEO appointed Director shall be unlimited and the WCAA CEO may replace such director at any time based solely upon its own discretion. The Director appointed by the WCAA CEO shall have the right and the power to veto any decision by the DANTeC Board of Directors if the WCAA CEO reasonably determines that such decision would have an adverse affect on the North Terminal or the Airport.

**Section 3 – REMOVAL OF DIRECTORS**

**APPENDIX 6. A.**

Any Member may remove the Director elected by that Member with or without cause.

**Section 4 - POWERS OF THE BOARD OF DIRECTORS**

Except as may otherwise be determined by written agreement signed by at least 75% of the Members, the Board of Directors shall have the power to establish policies and procedures for the operation of the Company as it determines to be in the best interest of the Company. Such power shall include, but not be limited to: (i) the establishment of policies and procedures for qualifying, admitting, and expelling Members, (ii) the setting of membership dues which the Board may modify from time to time as it deems appropriate, and (iii) the establishment of policies and procedures to determine which Members are in good standing and to limit the privileges and/or voting rights of Members based on such status.

The Director appointed by the WCAA shall have the right and the power to veto any decision by the DANTeC Board of Directors if the WCAA CEO reasonably determines that such decision would have an adverse affect on the North Terminal or the Airport.

**ARTICLE IV  
OFFICERS**

**Section 1 – OFFICERS**

The Officers of the Company shall be a Chairperson of the Board, a Vice Chairperson, a Secretary and a Treasurer, each of which shall be elected by the Board of Directors, provided, however, that representatives or employees of the WCAA may not be elected to any Officer position. All Officers shall be elected at such time and serve for such terms and on such conditions as the Board of Directors shall deem advisable. All Officers shall serve for the term elected or be deemed to have been elected to serve until his Successor shall have been elected and taken office. The terms of all Officers shall, however, be subject to the right of the Board of Directors to remove any such Officer at any time whenever, in its judgment, the best interest of the Company will be served thereby.

In addition, the Board of Directors may appoint such other Officers as may be deemed expedient for the proper conduct of the business of the Corporation, each of whom shall have such authority and perform such duties as the Board of Directors may from time to time determine.

**Section 2 – OFFICERS HOLDING MORE THAN ONE OFFICE**

Any two or more offices may be held by the same person, but no Officer shall execute, witness, acknowledge or verify any instrument in more than one capacity.

**Section 3 – VACANCIES**

In the event that any office becomes vacant for any reason, the Board of Directors shall act within

**APPENDIX 6. A.**

thirty (30) days to elect a new Officer to fill the vacancy.

**ARTICLE V  
MEMBER MEETINGS****Section 1 – ANNUAL MEETING**

The annual meeting of the Members shall be held each year on the second Thursday of September at the principal office of the Company or at such other place as may be determined by the Board of Directors. If the annual meeting of the Members is not held as herein prescribed, the election of Directors may be held at any meeting thereafter called pursuant to these Bylaws. The Director appointed by the WCAA shall be entitled to attend the annual meeting of the Members as an observer.

**Section 2 – SPECIAL MEETINGS**

Special meetings of the Members, for any purpose whatsoever, unless otherwise prescribed by statute, may be called at any time by the Chairperson of the Board, by the Board of Directors, or by Members constituting not less than ten percent (10%) of the Members. The Director appointed by the WCAA shall be entitled to attend any annual or special meeting of the Members as an observer.

**Section 3 - NOTICE**

Notice of meetings of the Members shall be sent to all Members at least ten (10) days nor more than sixty (60) days prior to the meeting date. Notice of special meetings shall include a general list of the subjects to be discussed at the meeting. Notice for the annual meeting of the Members need only include the date, time and place of the meeting.

**Section 4 - ACTION**

Except as may otherwise be determined by written agreement of Members constituting at least seventy-five percent (75%) of all Members, action shall be taken at any meeting at which there is a quorum present (in person, via telecommunication or by proxy) by a vote of a numerical majority of all of the Members.

**Section 5 - QUORUM**

The presence in person or by proxy of one half plus one of the total number of Members, or such number as may otherwise be determined by written agreement of no less than seventy-five percent (75%) of all of the Members, at any meeting shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of the Members may be adjourned by the vote of a majority of the Members who are present at the meeting either in person or by proxy but no other business may be transacted.

## **APPENDIX 6. A.**

### **Section 6 – COST OF ATTENDING MEETINGS**

Unless otherwise determined by the Board of Directors, each Member shall bear its own costs of attending, in person, via telecommunication or by proxy, any meeting of the Members.

### **Section 7 – VOTING BY PROXY**

Voting by proxy is permissible.

## **ARTICLE VI MEETINGS OF THE BOARD OF DIRECTORS**

### **Section 1 – ANNUAL MEETING**

A regular annual meeting of the Board of Directors shall be held without other notice than by these Bylaws immediately after, and at the same place as, the annual meeting of Members. The Board of Directors may provide for other regular meetings from time to time by resolution.

### **Section 2 - SPECIAL MEETINGS**

Special meetings of the Board of Directors may be called at any time by the Chairperson of the Board or by the Directors constituting not less than a numerical majority of the Directors of the Company, and shall be held at the registered office of the Company, or at such other place as designated in the notice of the meeting, at any time; and no special form of notice shall be required as long as each Director is served with advance notice of such meeting pursuant to these Bylaws, or waives such notice.

### **Section 3 - NOTICE**

Notice of meetings of the Board of Directors shall be sent to all Directors at least ten (10) days nor more than sixty (60) days prior to the meeting date. Notice of special meetings shall include a general list of the subjects to be discussed at the meeting. Notice for the annual meeting of the Board of Directors need only include the date, time and place of the meeting.

### **Section 4 - ACTION**

Except as may otherwise be determined by written agreement of Members constituting at least seventy-five percent (75%) of all Members, action shall be taken at any meeting at which there is a quorum present (in person, via telecommunication or by proxy) by a vote of a numerical majority of all of the Directors.

### **Section 5 - QUORUM**

## APPENDIX 6. A.

The presence in person or by proxy of one half plus one of the membership of the Board of Directors, or such number as may otherwise be determined by written agreement of no less than seventy-five percent (75%) of all of the Members, shall constitute a quorum at all meetings of the Board. In the absence of a quorum, any meeting of the Board of Directors may be adjourned by the vote of a majority of the Directors who are present at the meeting either in person or by proxy but no other business may be transacted.

### **Section 6 – COST OF ATTENDING MEETINGS**

Unless otherwise determined by the Board of Directors, each Director (or his or her employer) shall bear his own or her own costs of attending, in person, via telecommunication or by proxy, any meeting of the Board of Directors

### **Section 7 – PARTICIPATION BY TELEPHONE**

Members of the Board of Directors may participate in a meeting through the use of conference telephone or similar communication equipment so long as all members participating in such meeting can hear one another.

### **Section 8 – ACTION WITHOUT MEETING**

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if members of the Board of Directors representing a majority of the Directors majority consent in writing to such action after solicitations of such written consents have been provided to all members of the Board of Directors and confirmed by written letter. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

### **Section 9 – VOTING BY PROXY**

Voting by proxy is permissible.

### **Section 10 – WAIVER OF NOTICE**

The transactions of any meeting of the Board of Directors, however called and noticed, and whenever held, shall be as valid as though had at a meeting duly called, noticed, and held if a quorum be present and if either before or after the meeting each of the persons entitled to vote but not present, signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the minutes thereof. All such waivers, consents, or approval shall be made a part of the minutes of the meetings.

## **ARTICLE VII LIQUIDATION**

## APPENDIX 6. A.

### Section 1 – POWER TO LIQUIDATE

The Corporation shall be liquidated upon: (i) the sale, transfer, or other disposition of all of the assets of the Corporation; and (ii) a seventy-five percent (75%) vote of the Members, or (iii) an order to liquidate given by a court of competent jurisdiction.

## ARTICLE VIII MISCELLANEOUS PROVISIONS

### Section 1 – FISCAL YEAR

The fiscal year shall end on the 31st of December or such date as may be fixed by the Board of Directors.

### Section 2 - AMENDMENTS

These Bylaws may be amended by the affirmative vote or written consent of at least seventy-five percent (75%) of all Members which, in the aggregate, paid at least seventy-five percent (75%) of the total fees and charges paid by all Members for the preceding fiscal year.

### Section 3 - NOTICE

Any notice, consent or approval which may be or is required to be given or delivered under these Bylaws shall, unless otherwise stated herein, be deemed to be properly made if given by any of the following methods: (i) by telefax; (ii) by e-mail; (iii) by oral communication by telephone or in person, followed promptly by additional notice by telefax, telegram, cable, e-mail, hand-delivered writing, or prepaid first class mail (air mail if international); or, (iv) by announcement at a properly noticed meeting followed by mention of the notice in the minutes of the meeting. Each Member or Director, as the case may be, shall provide to the Secretary from time to time as necessary the name of the person or persons to whose attention notice shall be addressed, together with appropriate telefax, e-mail, telegram, cable, and mailing address information and notice shall be properly given if directed to such Member or address by one of the means of transmission set forth above or, if no such address information is available as to any person, then to the principal executive office of the Member. Any notice or other communication telefaxed, e-mailed or delivered orally or personally shall be deemed to have been received on the date dispatched or given or on the first business day thereafter if dispatch is made on a non-business day generally recognized as such in Detroit, Michigan. Any notice or other communication sent by mail shall be deemed to have been received on the fifth (5<sup>th</sup>) business day following the date of mailing.

**APPENDIX 6. A.**

**EXHIBIT C**  
**LIST OF MEMBER AIRLINES**



## APPENDIX 6. A.

### EXHIBIT D

#### DANTEC FACILITIES, SYSTEMS AND EQUIPMENT

##### C1. DANTEC Facilities

- .1 North Terminal (non-public areas)
- .2 North Terminal Triturator
- .3 North Terminal GSE Fuel Load Rack

##### C2. DANTEC Systems

- .1 Baggage Handling System (excluding EDS Machines)
- .2 Common Use Passenger Processing System (CUPPS)
- .3 Multi-User Flight Information Display System (MUFIDS)
- .4 Local Area Network/Premise Distribution System
- .5 Distributed Antenna System/Master Clock System
- .6 Building Management System
- .7 Paging System

##### C3. DANTEC Equipment

- .1 Passenger Boarding Bridges (PBBs)
- .2 Preconditioned Air Units
- .3 Ground Power Units (400Hz and 28.5VDC)
- .4 Potable Water Cabinets
- .5 Hydrant Fueling Carts/Trucks
- .6 Moving Walkways
- .7 Elevators
- .8 Escalators
- .9 Automatic Doors

**APPENDIX 6. A.**

**EXHIBIT E**

**CALCULATION FORMULAS**

**FORMULA E-1**

**DANTEC SERVICES FEE  
RATE CALCULATION**

- P = Total Number of Member Enplaned Plus Deplaned Passengers for a Given Fiscal Year
- C = Total Annual Estimated Cost of the Sum of All DANTEC Services Expenses
- S = Total Amount of Estimated Surcharge Payments for DANTEC Services by Non-Members
- M = DANTEC Services Fee Rate for DANTEC Members
- N = Surcharged DANTEC Services Fee Rate for Non-Members

DANTEC Services Fee Rate for DANTEC Members

$$M = \frac{C - S}{P}$$

Surcharged DANTEC Services Fee Rate for Non-Members

$$N = M \times 125\%$$

**APPENDIX 6. A.****FORMULA E-2****SAMPLE CALCULATION OF THE PURCHASE PRICE  
OF AN ADDITIONAL MEMBER'S EQUITY INTEREST**

## Definition of Variables

RF = The current net value of the Reserve Fund.

UC<sub>a</sub> = The projected User Charges to be paid by the Applicant Airline for the next 12 months.

UC<sub>t</sub> = The projected User Charges to be paid by all Member Airlines (including the proposed Additional Member) for the next 12 months.

AME = The purchase price of the Applicant Airline's equity share.

For example:

Let    RF = \$1,000,000  
        UC<sub>a</sub> = \$100,000  
        UC<sub>t</sub> = \$500,000

$$AME = \frac{RF \times UC_a}{UC_t}$$

$$AME = \frac{\$1,000,000 \times \$100,000}{\$500,000} = \$200,000$$

**APPENDIX 6. A.****FORMULA E-3****MEMBER AIRLINES' OWNERSHIP INTEREST**

Example of the calculation of the Member Airlines' ownership interest upon the addition of an Additional Member Airline under Section 11.03.

Member Airline ownership interest is based on each airline's share of User Charges paid as of the date the ownership share is calculated. For example, if there are five Member Airlines prior to the admitting an Additional Member Airline with the following ownership interest (based on \$7,500,000 User Charges in a fiscal year):

Airline 1 paid \$3,750,000 which equals 50% of the ownership interest,  
 Airline 2 paid \$1,875,000 which equals 25% of the ownership interest,  
 Airline 3 paid \$ 937,500 which equals 12.5% of the ownership interest,  
 Airline 4 paid \$ 562,500 which equals 7.5% of the ownership interest,  
 Airline 5 paid \$ 375,000 which equals 5% of the ownership interest.

If an Additional Member Airline had joined DANTeC mid-year, and paid \$200,000 in User Charges for that portion of the fiscal year, then the new ownership interest would be calculated as follows (assumes that total costs rise by \$200,000):

Airline 1 paying \$3,750,000 has a 48.7% ownership interest,  
 Airline 2 paying \$1,875,000 has a 24.4% ownership interest,  
 Airline 3 paying \$ 937,500 has a 12.2 % ownership interest,  
 Airline 4 paying \$ 562,500 has a 7.3% ownership interest,  
 Airline 5 paying \$ 375,000 has a 4.9% ownership interest,  
 Additional Member paying \$ 200,000 has a 2.6% ownership interest.

The ownership interest is then used to calculate each airline's share of the Reserve Fund to determine any adjustments in the airline's payment to or refund from the Reserve Fund.

**APPENDIX 6. B.**

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**MIDWAY AIRLINES' TERMINAL CONSORTIUM  
MEMBERS AGREEMENT**

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**MATCO Agreement**

**Execution Copy**

**APPENDIX 6. B.****MIDWAY AIRLINES' TERMINAL CONSORTIUM  
MEMBERS AGREEMENT****Table of Contents**

<b><u>Article</u></b>	<b><u>Title</u></b>	<b><u>Page</u></b>
ARTICLE 1	Definitions	2
ARTICLE 2	Term	8
ARTICLE 3	Admission of Initial Member Airlines	9
ARTICLE 4	Use of the MATCO Equipment and the Fuel System	10
ARTICLE 5	Non-Member Airline Aircraft	10
ARTICLE 6	Obligations Relating to Use of the MATCO Equipment and Fuel System	12
ARTICLE 7	Owners' Representative, Project Manager, Executive Director, and MATCO Operating Agreement	14
ARTICLE 8	Capitalization of MATCO	16
ARTICLE 9	Cost Centers; Calculation of User Charges	16
ARTICLE 10	Payments of User Charges	17
ARTICLE 11	Construction and Financing of the MATCO Equipment and the Fuel System	18
ARTICLE 12	Default	19
ARTICLE 13	Admission of Additional Member Airlines	21
ARTICLE 14	Withdrawal of Member Airline	23
ARTICLE 15	Board of Directors	24
ARTICLE 16	Management Committee	25
ARTICLE 17	Miscellaneous	26
	EXHIBIT A Articles of Incorporation of MATCO	A-1
	EXHIBIT B Bylaws of MATCO	B-1
	EXHIBIT C List of Member Airlines	C-1
	EXHIBIT D Description of MATCO Equipment	D-1
	EXHIBIT E Description of Fuel System	E-1
	EXHIBIT F Project Design, Procurement, and Construction Procedures	F-1
	EXHIBIT G Formulas for the Calculation of User Charges	G-1

**APPENDIX 6. B.**

**MIDWAY AIRLINES' TERMINAL CONSORTIUM  
MEMBERS AGREEMENT**

THIS AGREEMENT is made and entered into on \_\_\_\_\_, by and among the Air Carriers that execute this Agreement as Member Airlines as named on the signature page hereof, and Midway Airlines' Terminal Consortium, an Illinois not-for-profit corporation ("MATCO"), all of whom acknowledge entering into this Agreement on the basis of the following facts and understandings:

**W I T N E S S E T H:**

WHEREAS, the City of Chicago, a municipal corporation and home rule unit of local government organized and existing under the laws of the State of Illinois ("City"), has initiated the Midway Airport Terminal Development Program ("Program") to develop, design, and construct a new passenger terminal and related terminal facilities ("New Terminal") at Chicago Midway Airport ("Airport") which the Member Airlines intend to use; and

WHEREAS, the Member Airlines intend to develop, provide, and operate certain equipment and systems ("MATCO Equipment") at the Airport and to operate and provide certain operations, maintenance, and other support services at the Airport as approved by the City; and

WHEREAS, the Member Airlines intend to design, construct, and operate a fuel system ("Fuel System") at the Airport; and

WHEREAS, the Member Airlines have agreed to form MATCO with Articles of Incorporation as set forth in Exhibit A hereto and Bylaws as set forth in Exhibit B hereto, to accomplish the foregoing and enter this Agreement for purposes of setting forth their rights and obligations with respect to each other, MATCO, the MATCO Equipment, the Fuel System, and the Program; and

WHEREAS, the Member Airlines plan to cause MATCO to enter into a MATCO Project Management Agreement with a Project Manager to provide for the design, procurement, construction, installation, start-up, and turnover of the MATCO Equipment and the Fuel System; and

WHEREAS, the Member Airlines plan to cause MATCO to enter into a MATCO Airline Representative Agreement with a MATCO Airline Representative for purposes of providing a liaison between MATCO and the City during the design, procurement, construction, installation, start-up, and turnover of the Program, the MATCO Equipment, and the Fuel System; and

WHEREAS, the Member Airlines plan to cause MATCO to enter into a MATCO Operating Agreement with an Executive Director for purposes of coordinating the operation and maintenance of the MATCO Equipment and the Fuel System and to provide the operations, maintenance, and other support services at the New Terminal as approved by the City; and

**APPENDIX 6. B.**

WHEREAS, the Member Airlines plan to cause MATCO to enter into that certain Agreement by and between the City of Chicago and MATCO, dated as of January 1, 1998 (“Consortium Agreement”) to provide for the design, procurement, construction, installation, start-up, operation, and maintenance of the MATCO Equipment and the Fuel System by MATCO and to provide other operations, maintenance, and other support services at the Airport; and

WHEREAS, the Member Airlines have each entered into a Chicago Midway Airport Amended and Restated Use Agreement and Facilities Lease (“Use Agreement”) with the City which provides for invoicing through and payment to the City of Equipment Fees and Fueling Fees by each Member Airline; and

WHEREAS, MATCO and each Member Airline have executed this Agreement on the date first written above; however, this Agreement shall be effective and binding upon the parties hereto as of January 1, 1998, herein referred to as the “Commencement Date”.

NOW, THEREFORE, in consideration of the mutual premises, and of the mutual covenants and agreements, rights and obligations set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, MATCO and the Member Airlines agree as follows:

**ARTICLE 1**  
**Definitions**

The following words, terms, and phrases wherever used in this Agreement shall have the meaning set forth in this Article 1:

- 1.01 “Acceptance Date” means the date on which an Air Carrier becomes a Member Airline pursuant to Section 3.03 or Article 13.
- 1.02 “Additional Facilities” means any addition to the MATCO Equipment or Fuel System which is financed other than through the issuance by the City of Midway Airport Revenue Bonds, needed by the Member Airlines, as determined by the Board of Directors and approved by a Majority-In-Interest pursuant to Article 11.
- 1.03 “Agreement” or “Member Agreement” means this Midway Airlines’ Terminal Consortium Members Agreement, by and between MATCO and the Member Airlines, as hereinafter amended or supplemented from time to time in accordance with its terms.
- 1.04 “Air Carrier” means any person or entity in the Air Transportation Business which is operating at the Airport.
- 1.05 “Airline Representative” means the organization or entity, designated by MATCO pursuant to the Airline Representative Agreement to act as a liaison between MATCO and the City with respect to the coordination of the administrative and project procedures during the



**APPENDIX 6. B.**

design, procurement, construction, installation, start-up, and turnover of the Program, the MATCO Equipment, and the Fuel System.

- 1.06 “Airline Representative Agreement” means the agreement between MATCO and the Airline Representative that sets out the rights and obligations of MATCO and Member Airlines with respect to the Airline Representative and sets out the duties and compensation of the Airline Representative.
- 1.07 “Airport” means Chicago Midway Airport, located in the City of Chicago, State of Illinois, United States of America. “Air Transportation Business” means the carriage by aircraft of persons or property, as a carrier for compensation or hire, or the carriage of mail, by aircraft in commerce as defined in the Federal Aviation Act of 1958, as hereinafter amended or supplemented.
- 1.08 “Base Equipment Fee Rate” means the base equipment fee rate calculated pursuant to Article V of the Consortium Agreement.
- 1.09 “Base Fuel Fee Rate” means the base fueling fee rate calculated pursuant to Article V of the Consortium Agreement.
- 1.10 “Board” or “Board of Directors” means the Board of Directors of MATCO established pursuant to Article 15 hereof.
- 1.11 “Bylaws” means the Bylaws of MATCO, a copy of which is attached hereto as Exhibit B.
- 1.12 “Capital Costs” - means the cost of designing, procuring, constructing and purchasing the MATCO Equipment and the Fuel System (including all costs for the Work as that term is defined in the Consortium Agreement) plus the cost of financing including, but not limited to, points, fees, and interest during construction, (but not after construction), and any other incidental and related costs.
- 1.13 “Chairperson” means the Chairperson of the MATCO Board of Directors.
- 1.14 “City” means the City of Chicago, Department of Aviation, or any governmental agency succeeding such entity in its role as operator of the Airport.
- 1.15 “Commencement Date” means January 1, 1998, the date on which this Agreement shall be effective and binding upon the parties hereto.
- 1.16 “Commissioner” means the Commissioner of the Department of Aviation, City of Chicago.
- 1.17 “Consortium Agreement” means that certain Agreement by and between MATCO and the City, dated as of January 1, 1998, as such agreement may be amended or supplemented, from time to time.

**APPENDIX 6. B.**

- 1.18 “Date of Capitalization” means the date on which the Initial Member Airlines deposited with MATCO the amount necessary as determined by the Board of Directors to initially capitalize the MATCO Reserve Fund.
- 1.19 “Debt Service” shall have the meaning set forth in the Use Agreement.
- 1.20 “Equipment Cost Center” shall have the meaning set forth in the Use Agreement.
- 1.21 “Equipment Fees” means the fees calculated pursuant to Article V of the Consortium Agreement and charged to Member Airlines and Non-Members for use of the MATCO Equipment.
- 1.22 “Equipment Project Account” shall have the meaning set forth in Section 4.02 of the Consortium Agreement.
- 1.23 “Executive Director” means the operator hired pursuant to the MATCO Operating Agreement to operate the MATCO Equipment and Fuel System.
- 1.24 “Fiscal Year” means January 1 through December 31 of any year or such other fiscal year as the City may adopt for the Airport.
- 1.25 “Fixed Base Operator or "FBO"” shall have the meaning set forth in the Interline Agreement.
- 1.26 “Fuel” means jet fuel, aviation gasoline, automotive gasoline, and any other materials stored in or put through the Fuel System for use in connection with the use of aircraft or service vehicles.
- 1.27 “Fuel Committee” means the Fuel Committee of MATCO established pursuant to the Interline Agreement.
- 1.28 “Fuel Member” means a Member Airline that is also a signatory to the Interline Agreement.
- 1.29 “Fuel Member Per Capita Fee” shall mean the Fueling Cost Center Per Capita Fee calculated pursuant to Article V of the Consortium Agreement which is charged equally to all Fuel Members.
- 1.30 “Fuel System” means the fuel storage and distribution facility for the storage and distribution of fuel, described in Exhibit E. Any revision to Exhibit E shall be approved by the Commissioner, which revision shall not be deemed to be an amendment to this Agreement.
- 1.31 “Fueling Cost Center” shall have the meaning set forth in the Use Agreement.
- 1.32 “Fueling Fees” means the fees calculated pursuant to Article V of the Consortium Agreement and charged to Fuel Members and Non-Fuel Members for use of the Fuel System.

## APPENDIX 6. B.

- 1.33 “Fuel Project Account” shall have the meaning set forth in Section 4.02 of the Consortium Agreement.
- 1.34 “Gallon” means a U.S. gallon.
- 1.35 “Gallonage” means the total number of gallons of fuel delivered to a Member Airline or Non-Member during the relevant period at the Airport from the Fuel System.
- 1.36 “Handling Company” means any person or entity, that has been authorized or approved by the City and has executed a Terminal Access Agreement or System Access Agreement, as the case may be, and has been approved by the Member Airlines to have limited access to the MATCO Equipment and Fuel System for the purpose of providing services to the Member Airlines or Non-Members.
- 1.37 “Initial Member Airlines” means Southwest Airlines, Northwest Airlines, American Trans Air and Continental Airlines.
- 1.38 “Interline Agreement” means the agreement between MATCO and the Members, including subsequent Member Airlines and Non-Members, governing certain arrangements with respect to access, charges, and use of the Fuel System.
- 1.39 “Into-Plane Agent” means any person or entity, including a Member Airline or a Handling Company, authorized by the City to provide into-plane fuel at the Airport for aircraft operators and which has entered into a System Access Agreement with MATCO and the City for access to the Fuel System.
- 1.40 “Landed Weight” means the gross landing weight of an aircraft type as certified by the Federal Aviation Administration.
- 1.41 “Majority-In-Interest” means during any Fiscal Year, any numerical majority of the Member Airlines which, in the aggregate, paid fifty percent (50%) or more of the total Equipment Fees and Fueling Fees calculated pursuant to Article V of the Consortium Agreement, paid by all Member Airlines for the preceding twelve calendar months, except that in order to approve a MATCO expenditure of over \$50,000 (other than for the Capital Costs of the MATCO Equipment and the Fuel System), Majority-in-Interest means any numerical majority of the Member Airlines which, in the aggregate, paid sixty-seven percent (67%) or more of all Equipment Fees and Fueling Fees paid by all Member Airlines for the preceding twelve calendar months.

For purposes of determining a Majority-In-Interest of Member Airlines, no Air Carrier shall be deemed a Member Airline so long as an Event of Default (as defined in Article 12 hereof) with respect to such Member Airline has occurred and is continuing, and the Board of Directors has given written notice of such Event of Default to such Member Airline. Whenever approval of or action by a Majority-In-Interest is required hereunder, it shall be

**APPENDIX 6. B.**

evidenced in writing by the Chairperson of the Board of Directors. For purposes of calculating a Majority-In-Interest of Member Airlines for any Fiscal Year prior to the first full Fiscal Year following the Commencement Date, such calculation will be done by reference to the fees and charges paid by all Member Airlines to the City for the use of the Airport during the preceding Fiscal Year.

- 1.42 “Management Committee” means the management committee of MATCO, established pursuant to Article 16.
- 1.43 “MATCO” means the Midway Airlines’ Terminal Consortium, an Illinois Not For Profit Corporation, formed by the Member Airlines at Midway Airport to perform the various functions outlined in this Agreement.
- 1.44 “MATCO Debt Service” means the amounts payable as a result of any borrowing by MATCO, as may be permitted herein.
- 1.45 “MATCO Equipment” means collectively the structures, improvements, equipment, and other systems, plus any Additional Facilities all as described in Exhibit D, as may be amended from time to time.
- 1.46 “MATCO Equipment Per Capita Fee” shall mean the Equipment Cost Center Per Capita Fee as calculated pursuant to Article V of the Consortium Agreement.
- 1.47 “MATCO Equipment Project Account” shall have the meaning set forth in Section 4.02 of the Consortium Agreement.
- 1.48 “MATCO Operating Agreement” means the agreement, in effect between the Executive Director and MATCO, from time to time, as provided for in Section 7.05 herein.
- 1.49 “MATCO Project Manager(s)” or “Project Manager(s)” means the person(s) appointed by MATCO pursuant to the MATCO Project Manager Agreement to oversee and coordinate the technical aspects of the MATCO Equipment and the Fuel System.
- 1.50 “MATCO Project Manager Agreement” means the agreement between MATCO and the Project Manager which sets out MATCO’s and the Member Airlines’ rights and responsibilities with respect to the Project Manager and sets out the duties and compensation of the Project Manager.
- 1.51 “MATCO Reserve Fund” or “Reserve Fund” means a fund established by MATCO to provide a source of operating capital. Initial capitalization of the Reserve Fund shall be determined by the Board of Directors.
- 1.52 “Maximum Approved Gross Landing Weight” or “Landed Weight” shall have the meaning set forth in the Use Agreement.

**APPENDIX 6. B.**

- 1.53 “Member Airline”, “MATCO Member”, or “Member(s)” means any Air Carrier which is, at the time in question, a party to this Agreement.
- 1.54 “Memberships” means the memberships in MATCO.
- 1.55 “Midway Airport Revenue Bonds” or “MARBS” shall mean airport revenue bonds issued by the City of Chicago for purposes of financing certain projects at Midway Airport, including the MATCO Equipment and the Fuel System as set forth in the Use Agreement.
- 1.56 “New Terminal and New Terminal Project” means the new terminal building and related terminal facilities and improvements to be constructed at the Airport for use by Air Carriers.
- 1.57 “Non-Fuel Members” means any air carrier, including MATCO Members, that has not executed the Interline Agreement.
- 1.58 “Non-Member” means any Air Carrier or other entity that is not a member of MATCO.
- 1.59 “Other MATCO Charges” shall mean charges to Member Airlines, not included in Equipment Fees and Fueling Fees, calculated by the Board of Directors pursuant to this Agreement.
- 1.60 “Premium Equipment Fee Rate” means the premium rate calculated pursuant to Article V of the Consortium Agreement and used to determine amounts charged to Non-Members for use of the MATCO Equipment.
- 1.61 “Premium Fueling Fee Rate” shall mean the premium rate calculated pursuant to Article V of the Consortium Agreement charged to Non-Fuel Members using the Fuel System.
- 1.62 “System Access Agreement” means an Agreement among MATCO, the City, and an Into-Plane Agent for use of and access to the Fuel System.
- 1.63 “Terminal Access Agreement” means an agreement among the City, a Handling Company or a Non-Member Airline, and MATCO, as developed by MATCO, from time to time, for the use of and access to the MATCO Equipment.
- 1.64 “Use Agreement” means collectively the Chicago Midway Airport Amended and Restated Use Agreement and Facilities Leases, entered into between each of the Member Airlines and the City as hereafter amended, restated, or supplemented from time to time in accordance with their terms.
- 1.65 “User” means any Member Airline, Non-Member Airline, FBO, Into-Plane Agent, or Handling Company which uses the MATCO Equipment or the Fuel System.
- 1.66 “Withdrawal Date” means the date specified when a Member Airline gives written notice to the Chairperson of the Board of Directors of its withdrawal pursuant to Article 14 hereof.

## APPENDIX 6. B.

- 1.67 “Withdrawing Airline” means any Air Carrier that has ever been a Member Airline, or the successor or assignee thereof, and that has withdrawn from this Agreement pursuant to Article 14 or is treated as a Withdrawing Airline under Section 12.02 for purposes of Section 14.02.
- 1.68 Interpretation. In this Agreement, unless the context otherwise requires:
- (a) the terms “hereby”, “herein”, “hereof”, “hereto”, “hereunder” and any similar terms used in this Agreement, refer to this Agreement; and
  - (b) all Article and Section references, unless otherwise expressly indicated, are to Articles and Sections of this Agreement; and
  - (c) words importing persons shall include firms, associations, partnerships, trusts, corporations, and other legal entities, including public bodies, as well as natural persons; and
  - (d) any headings preceding the text of the Articles and Sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction, or effect; and
  - (e) words importing the singular shall include the plural and vice versa unless the context precludes otherwise.
- 1.69 Incorporation of Exhibits. The following Exhibits attached hereto are hereby made a part of this Agreement:
- EXHIBIT A- Articles of Incorporation of MATCO
  - EXHIBIT B- Bylaws of MATCO
  - EXHIBIT C- List of Member Airlines
  - EXHIBIT D- Description of MATCO Equipment
  - EXHIBIT E- Description of Fuel System
  - EXHIBIT F- Project Design, Procurement, and Construction Procedures
  - EXHIBIT G- Formulas for the Calculation of User Charges

**APPENDIX 6. B.****ARTICLE 2****Term**

- 2.01 Commencement. This Agreement shall be effective and binding upon the parties hereto as of the Commencement Date.
- 2.02 Term of Agreement. Unless terminated as provided herein, this Agreement shall continue in effect until the withdrawal of all Member Airlines. This Agreement may be terminated with respect to an individual Member Airline if such Member Airline withdraws from this Agreement or is deemed a Withdrawing Airline, in accordance with the provisions of Articles 12 or 14 herein. Upon withdrawal of all Member Airlines, the liabilities herein shall be allocated as set forth in Section 14.02 hereof and MATCO may be liquidated in accordance with its Bylaws.

**ARTICLE 3****Admission of Member Airlines**

- 3.01 Requirement for Admission of Member Airlines. Any Air Carrier shall be admitted as a Member Airline if such Air Carrier meets the following conditions:
- (a) has been authorized to operate at the Airport;
  - (b) has a fully executed Use Agreement with the City;
  - (c) has executed this Agreement; and
  - (d) the Air Carrier has met all the requirements for admissions set forth in Section 13.02.
- 3.02 Purchase of Membership. Each Member Airline, in accordance with Section 8.01 hereof, shall purchase a Membership in MATCO, payable in cash, debt obligation, or in consideration for cancellation of indebtedness for moneys previously advanced, as is fixed by the Board of Directors from time to time. By execution hereof, each Member Airline represents and warrants to MATCO that it is acquiring a Membership solely for its own account and not with a view to resale and that it understands that the Membership is subject to the restrictions imposed by law, MATCO's Articles of Incorporation, MATCO's Bylaws, the Consortium Agreement, and this Agreement.
- 3.03 Acceptance Date. The Acceptance Date at which time an Air Carrier shall be deemed to be a Member Airline, shall be at 12:01 a.m. Chicago time on the date following written acknowledgment of satisfaction by the Air Carrier of all requirements of Section 3.01 above, and acceptance by the Chairperson of the Board of Directors of all required executed documents and payments.
- 3.04 Exception for Transfer to Subsidiary or in Connection with Merger. Notwithstanding Section 3.02 above, a Member may transfer its Membership without first obtaining MATCO's consent to a wholly owned subsidiary or to another Air Carrier, with which it

**APPENDIX 6. B.**

merges, or into which it consolidates; provided, however, that the resulting or transferee entity, as the case may be, meets the requirements of Section 3.01 hereof.

- 3.05 Right of Set-Off. If MATCO or its assignee repurchases a Membership from a Member, MATCO may set-off against the amount of consideration to be paid for such Membership any and all amounts owed to either MATCO, the Executive Director, the City with respect to and limited to only those amounts owed pursuant to this Agreement, by such Member, as determined by the Board of Directors.

**ARTICLE 4****Use of the MATCO Equipment and the Fuel System**

- 4.01 Use by Member Airlines. For all its operations at the Airport, each Member Airline agrees to use the MATCO Equipment in order to provide such services and equipment to process its passengers, baggage, and aircraft, except as provided for in Section 4.02 herein. The use of the Fuel System by Fuel Members is subject to the requirements of the Interline Agreement.
- 4.02 Restrictions Regarding the Fuel System. Each Member hereby agrees that the use and operation of the Fuel System by a Member shall not unreasonably interfere with the operation of the Airport. Each Member hereby covenants and agrees that at all times during the term of this Agreement it will comply with all laws, regulations and ordinances applicable to its use of the Fuel System. Each Member agrees on behalf of itself and its permitted assignees, agents and contractors, that it and they shall not make use of the Fuel System in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event that this foregoing covenant is breached, the City and MATCO may cause the abatement of such interference at the expense of the breaching party.

**ARTICLE 5****Non-Member Airline Aircraft**

- 5.01 Requirement for Use by Non-Members. Any Air Carrier using the Airport may use the MATCO Equipment and the Fuel System as a Non-Member if such Air Carrier meets the following conditions:
- (a) has been authorized by City to operate at the Airport; and
  - (b) if using the MATCO Equipment has contracted for the services of a Member Airline or a Handling Company that has signed a Terminal Access Agreement; and
  - (c) if using the Fuel System has contracted for the services of an authorized Into-Plane Agent; and
  - (d) has issued a statement to the Board of Directors of an estimate of its projected Landed Weight, if using the MATCO Equipment, and total Gallonage of Fuel to be consumed, if using the Fuel System for the Fiscal Year; and



**APPENDIX 6. B.**

(e) is not in default with any agreements with the City or MATCO.

5.02 Operation of MATCO Equipment and Fuel System. The Member Airlines shall allow Non-Members to use the MATCO Equipment and the Fuel System, but such use will be allowed only on terms established by the Board of Directors, as reviewed and approved by the City pursuant to the Consortium Agreement. Non-Members shall allow only properly trained and qualified Handling Companies and Into-Plane Agents, that have executed a Terminal Access Agreement or a System Access Agreement, to perform services within and make use of the MATCO Equipment or the Fuel System, respectfully, or shall contract with a Member Airline to perform such services.

5.03 Charges for Using MATCO Equipment. Charges to Non-Members will be as follows.

- (a) Established pursuant to Article V of the Consortium Agreement.
- (b) Based upon, inter alia, use of the MATCO Equipment and will be greater than corresponding charges to Member Airlines; provided, however, that in no event shall such charges exceed one hundred fifty percent (150%) of corresponding charges to Member Airlines.
- (c) Billed by the City pursuant to a Terminal Access Agreement either to the Handling Company or directly to the Non-Member.
- (d) If a Non-Member operates under the airline code of a Member Airline, the Non-Member will pay the same Equipment Fees and Fueling Fees as are paid by Member Airlines, provided:
  - (1) the Non-Member operates only with the airline code of the Member and does not sell seats or display schedules under its own airline code on any flights to and from the Airport; and
  - (2) the Non-Member is fully handled by the Member Airline whose airline code it operates under or that Member Airline's Handling Company if the Member Airline does not self-handle; and
  - (3) the Member Airline is responsible for the collection and payment of all Equipment Fees incurred by the Non-Member airline that is operating under that Member Airline's code; and
  - (4) the Member Airline submits to MATCO a signed indemnification agreement by the Non-Member airline providing the same indemnification to MATCO as is required of Member Airlines as specified in Section 6.03 herein.

5.04 Charges for Using the Fuel System. Members that have not executed an Interline Agreement and Non-Members are considered Non-Fuel Members. Charges to Non-Fuel Members will be:

- (a) Established pursuant to Article V of the Consortium Agreement.
- (b) Based upon, inter alia, use of the Fuel System, and will be greater than corresponding charges to Fuel Members; provided, however, that in no event shall such charges

**APPENDIX 6. B.**

exceed one hundred twenty-five percent (125%) of corresponding charges to Fuel Members.

- (c) Billed by the City pursuant to a System Access Agreement to the Into-Plane Agent.
- (d) If a Non-Fuel Member operates under the airline code of a Member Airline, the Non-Fuel Member will pay the same Fueling Fees as are paid by Members, provided:
  - (1) the Non-Fuel Member operates only with the airline code of the Member and does not sell seats or display schedules under its own airline code on any flights to and from Midway Airport; and
  - (2) the Non-Fuel Member is fully handled by the Member whose airline code it operates under or that Member's handling company if the Member does not self-handle; and
  - (3) the Member is responsible for the collection and payment of all Fueling Fees incurred by the Non-Member that is operating under that Member's code; and
  - (4) the Fuel Member submits to MATCO a signed indemnification agreement by the Non-Fuel Member providing the same indemnification to MATCO as is required of Fuel Member as specified in Section 6.03 herein.

5.05 Deposit Requirement. Each of the Terminal Access Agreements and System Access Agreements, will provide as applicable, that Non-Members and Non-Fuel Members will be required to furnish a cash deposit to the City prior to starting service in an amount equivalent to two (2) months of its expected total Equipment Fees and Fueling Fees. The amount of this deposit shall be reviewed and adjusted as necessary to maintain the two (2) months balance. In the event of the Non-Members or Non-Fuel Member's failure to pay its Equipment Fees and Fueling Fees to the City in a timely manner, the deposit shall be forfeited and must be replenished along with full payment of all past due amounts before the Non-Member or Non-Fuel Member is allowed to use the MATCO Equipment or the Fuel System. The deposit shall be paid directly to the City and not to a company handling a Non-Member or Non-Fuel Member flights. This provision shall not apply to Non-Members operating under the airline code of a Member Airline pursuant to Sections 5.03(d) and 5.04(d) above.

**ARTICLE 6****Obligations Relating to Use of the MATCO Equipment and the Fuel System**

- 6.01 Personnel. Except as may be otherwise provided for in the MATCO Operating Agreement, each Member Airline shall operate those portions of the MATCO Equipment and the Fuel System utilized by it from time to time with its own employees and/or employees of an entity under contract to provide such services to such Member Airline. Each Member shall be responsible for providing adequate numbers of properly trained personnel for its needs.
- 6.02 Standard of Care. Each Member Airline shall take all appropriate steps to assure that its operation of equipment constituting part of the MATCO Equipment and the Fuel System is in accordance with the standard of care established by MATCO.

**APPENDIX 6. B.**

6.03 Indemnification By Member Airlines. Each Member Airline (“Indemnitor”) hereby agrees to indemnify MATCO and each other Member Airline (“Indemnitees”) and agrees to protect, defend, save, and keep harmless each of the Indemnitees from and against all liabilities, obligations, losses, disbursements, including legal fees and expenses, of whatsoever kind of nature, including, but not limited to, payments of claims or liability resulting from any injury to or death of any person or loss or damage of any property (collectively, “Liability”) imposed on, incurred by or asserted against any Indemnitees in any way relating to or arising out of:

- (a) the negligence or willful misconduct in the use of the MATCO Equipment or the Fuel System by the Indemnitor, its officers, directors, employees, or agents; and
- (b) any Liability arising from the failure of the Indemnitor to fulfill any of its duties and obligations under this Agreement, the MATCO Operating Agreement or the Use Agreement;

provided, however, that the foregoing indemnity shall not apply with respect to any Indemnitee for any liability resulting from the negligence or willful misconduct of such Indemnitee. Indemnitor’s obligations under this paragraph shall survive any termination of this Agreement for any acts or omissions by Indemnitor occurring prior to such termination.

6.04 Indemnification By MATCO. MATCO hereby agrees to indemnify each Member Airline, its officers, directors, employees, and agents (collectively, and for purposes of this subsection, referred to as the “Member Airline”) and agrees to protect, defend, save, and keep harmless each Member Airline from and against all liabilities, obligations, losses, disbursements, including legal fees and expenses, of whatever kind and nature, including, but not limited to, payments of claims or liability resulting from any injury to or death of any person or loss or damage of any property (collectively “Liability”) imposed on, incurred by or asserted against any Member Airline in any way relating to or arising out of:

- (a) MATCO’s breach of the Consortium Agreement, the MATCO Airline Representative Agreement, the MATCO Project Manager Agreement, the MATCO Operating Agreement, or any Terminal Access Agreement or System Access Agreement; or
- (b) the termination of an Airline Representative, Project Manager, or Executive Director; or
- (c) the withdrawal or removal of a Member Airline;

provided, however, that the foregoing indemnity shall not apply with respect to any Member Airline for any Liability resulting from the negligence or willful misconduct of such Member Airline. MATCO’s obligations under this paragraph shall survive any termination of this Agreement for any acts or omissions of MATCO occurring prior to such termination.

6.05 Insurance Maintained by Member Airlines. At all times during the term of this Agreement, each Member Airline shall maintain, or cause to be maintained, at its own expenses,

**APPENDIX 6. B.**

insurance with respect to the liabilities and obligations arising out of Section 6.03 and any casualties and contingencies (including, but not limited to, Airline Liability and Comprehensive General Liability Insurance) in which they are liable in accordance with Section 6.03 in such amounts as are customary in the case of similarly situated persons in the Air Transportation Business, but not less than those amounts required to be maintained by the Use Agreement.

- 6.06 Insurance Maintained by MATCO. At all times during the term of this Agreement, MATCO shall maintain, or cause to be maintained, at its own expense, insurance with respect to the requirements of the Consortium Agreement.

**ARTICLE 7****Airline Representative, Project Manager, Executive Director, and MATCO Operating Agreement**

- 7.01 Appointment of Airline Representative. For:

- (a) purposes of providing a liaison between MATCO and the City during the design, construction, installation, start-up and turnover of the New Terminal, the MATCO Equipment, and the Fuel System; and
- (b) other purposes as may be established by the Board of Directors;

an Airline Representative shall be appointed from time to time by the Board of Directors pursuant to an Airline Representative Agreement which will set out the Airline Representative's duties and compensation and MATCO's and Member Airlines' rights and obligations with respect to the Airline Representative and the use of the MATCO Equipment and Fuel System. The Airline Representative shall serve as a liaison between MATCO and the City during the design, construction, installation, start-up and turnover of the New Terminal, the MATCO Equipment, and the Fuel System; and other purposes as may be established by the Board of Directors.

- 7.02 Airline Representative. The Airline Representative will act for and on behalf of MATCO as MATCO's interface with the City related to the following items.

- (a) Administration of the Program Procedures contained in the Consortium Agreement including accounting for and approvals of payment for MATCO Equipment, Fuel System, and other allowable MATCO costs from the MATCO Equipment Project Account and MATCO Fuel Project Account (as described in Section 4.02 of the Consortium Agreement); and
- (b) Administration of MATCO's affairs during the design, procurement, installation, start-up, and turnover of the MATCO Equipment and Fuel System as directed by the Board of Directors including annual accounting, tax filings, status reports, insurance claims, lawsuits, project oversight, and other such functions.

**APPENDIX 6. B.**

The Airline Representative's primary duties will be to protect MATCO's interests with the City, its agents, and others who are performing work on the Program, the MATCO Equipment, and the Fuel System.

7.03 Appointment of Project Manager(s). For:

- (a) purposes of design, procurements, installation, start-up, and turnover of the MATCO Equipment and the Fuel System; and
- (b) coordination of (a) above with the New Terminal Project; and
- (c) other purposes as may be established by the Board of Directors;

a Project Manager(s) shall be appointed from time to time by the Board of Directors pursuant to a MATCO Project Manager Agreement which will set out the Project Managers(s) duties and compensation and MATCO's and the Member Airlines' rights and obligations with respect to the Project Manager(s) and the use of the MATCO Equipment and the Fuel System.

7.04 Project Manager(s). The Project Manager(s) will act for and on behalf of MATCO and be responsible for the design, procurement, installation, start-up, and turnover of the MATCO Equipment and the Fuel System as defined in the MATCO Project Manager Agreement, as described in the Project Design, Procurement, and Construction Procedures in Exhibit F or as directed by the Board of Directors, the Airline Representative, or the Executive Director.

7.05 Appointment of Executive Director. For:

- (a) purposes of managing the initial testing, operation, and management of the MATCO Equipment and the Fuel System; and
- (b) the day-to-day management, operation, and maintenance of the MATCO Equipment and the Fuel System; and
- (c) the day-to-day management of certain New Terminal operations, maintenance, and other support services as approved by the City; and
- (d) other purposes as may be established by the Board of Directors;

an Executive Director shall be appointed from time to time by the Board of Directors pursuant to a MATCO Operating Agreement which will set out the Executive Director's duties and compensation and MATCO's and the Member Airlines' rights and obligations with respect to the Executive Director.

7.06 Executive Director. The Executive Director will act for and on behalf of MATCO in maintaining and operating the MATCO Equipment and the Fuel System, conducting MATCO's accounting functions, approving contractors invoices, allocating indirect costs to the Equipment Fees and Fuel Cost Center for the City, managing Terminal Access Agreements and System Access Agreement, interfacing with the City on the calculation of Equipment and Fueling Fees, and monitor payments of Equipment Fees and Fueling Fees to the City and all other functions required pursuant to this Agreement. The Executive Director

**APPENDIX 6. B.**

will prepare, submit, and collect payment for invoices issued pursuant to Article X for other charges due MATCO.

- 7.07 Limitation of Liability. A Member Airline or Member Airlines shall not be liable to the Airline Representative, the Project Manager(s), the Executive Director, to any other of the Member Airlines, or to MATCO for any services performed by the Airline Representative, the Project Manager(s), or the Executive Director, to any other of the Member Airlines, or to MATCO for the specific benefit of another Member Airline or other Member Airlines. The Member Airlines(s) requesting and receiving such special services shall be solely liable therefor.
- 7.08 Changing Executive Director. The Executive Director and the MATCO Operating Agreement may be changed from time to time as determined by the Board of Directors.

**ARTICLE 8**  
**Capitalization of MATCO**

- 8.01 Capitalization of MATCO. Members that purchased a Membership in MATCO on or prior to the Date of Capitalization each have paid \$5,000. The price of a Membership in MATCO that is purchased after the Date of Capitalization shall be determined pursuant to Section 13.03.

Membership Fees will be deposited in the Reserve Fund and may be used to fund expenses of MATCO; provided however that any expenditure of funds will be subject to all the requirements of this Agreement.

**ARTICLE 9**  
**Equipment and Fueling Fees**

- 9.01 Calculation of Equipment Fees and Fueling Fees. Fees charged to the Users of MATCO Equipment and Fuel System will be calculated pursuant to Article V of the Consortium Agreement. The calculation will be based on the Equipment Cost Center and the Fueling Cost Center requirements under Article VIII of the Use Agreement, and MATCO Equipment and Fuel Systems utilization information provided to the City by the Member Airlines and MATCO.
- 9.02 Other MATCO Charges. From time to time, if approved by the Board of Directors, MATCO may charge the Member Airlines directly for other MATCO costs not included in the Equipment Cost Center requirement or the Fueling Cost Center requirement, herein referred to as "Other MATCO Charges." The pro rata share of these Other MATCO Charges payable by Member Airlines will be determined by the Board of Directors provided that any such pro rata allocation reasonably reflects actual usage and benefit, and is not discriminatory.

**APPENDIX 6. B.**

- 9.03 Calculation of Equipment Fees and Fueling Fees. Throughout the term of this Agreement, Equipment Fees and Fueling Fees shall be charged to Members and Non-Members, which, notwithstanding the provisions of Section 8.10 and Section 8.11 of the Use Agreement, shall be calculated as set forth in Article V of the Consortium Agreement. Upon the execution of the Consortium Agreement, MATCO will prepare and send to the Members the provisions in the Consortium Agreement setting forth the methodology for calculating the Equipment Fees and Fueling Fees, together with a sample calculation demonstrating the methodology for determining the Equipment Fees and Fueling Fees.

**ARTICLE 10**  
**Payments of User Charges**

- 10.01 Information on Member Airline Activity. Not later than one hundred eighty (180) days prior to the end of each Fiscal Year, each Member Airline shall furnish MATCO with:
- (a) an estimate of the total Maximum Approved Gross Landing Weight of all aircraft to be landed by the Member Airline for the ensuing Fiscal Year; and
  - (b) the total number of Gallons of Fuel to be distributed from the Fuel System to the Member during the next ensuing Fiscal Year

Unless MATCO reasonably believes the information submitted to MATCO pursuant to this Section to be unreasonable or inaccurate, MATCO shall submit to the City the Member Airlines' activity statistics for a preliminary projection of Equipment Fees and Fueling Fees. MATCO shall also submit to the City a projection of activity for Non-Members and Non-Fuel Members.

- 10.02 Payment of Fees and Charges. Members and Non-Members shall pay to the City their respective Equipment Fees and Fueling Fees for use of the MATCO Equipment and Fuel System in accordance with Article IX of the Use Agreement. Each month Members and Non-Members will pay directly to MATCO respective fees and charges for Other MATCO Charges, as determined by the Board of Directors. All amounts payable to MATCO by Member Airlines under this Agreement shall be paid as MATCO shall designate. Any amount due MATCO which is not paid when due shall bear interest at a rate determined by MATCO but not more than the maximum interest rate allowed by law.
- 10.03 MATCO Annual Reports.
- (a) MATCO Annual Audit Report. Within sixty (60) days after the close of each Fiscal Year, MATCO shall furnish each Member Airline with a copy of an annual audit report, covering the corporate activities of MATCO, prepared in accordance with generally accepted accounting principles and approved by the Board of Directors, covering the operations of MATCO for such preceding Fiscal Year as information is

**APPENDIX 6. B.**

known by MATCO. Other MATCO Charges due and paid by Members will also be included in the Annual Audit Report.

- (b) Annual Members Report. Within sixty (60) days after the close of each Fiscal Year, MATCO shall furnish a report to each Member Airline and to the City which will contain a calculation based on actual data of the aggregate Equipment Fees and Fueling Fees for the preceding Fiscal Year and shall set forth the aggregate Equipment Fees and Fueling Fees actually paid by the Member Airlines for such period.

**ARTICLE 11****Construction and Financing of MATCO Equipment and Fuel System**

- 11.01 Approval of the MATCO Equipment and Fuel System. Each Member Airline hereby approves of the MATCO Equipment and the Fuel System as described in Exhibit D and Exhibit E hereto, which are subject to changes pursuant to Exhibit F hereof. Such approval includes approval of the:
- (a) Project Scope, Description and Schedule for each item in Exhibit D and Exhibit E;
  - (b) The estimated Capital Cost of each item in Exhibit D and Exhibit E; and
  - (c) the Project Design, Procurements, and Construction Procedures described in Exhibit F hereto.
- 11.02 Capital Costs. Exhibit D and Exhibit E list by item the estimated Capital Costs of each item of the MATCO Equipment and the Fuel System respectively. Each Member Airline approves of the expenditure by MATCO of up to the estimated Capital Cost of each item and agrees that MATCO may approve line item costs changes pursuant to Exhibit F; provided, however, that MATCO will not approve of any line item cost changes that in the aggregate, together with other changes, would exceed \$500,000 of the total amount of all line items in either Exhibit C or D, without first obtaining Majority-in-Interest approval.
- 11.03 Financing of Capital Costs. MATCO intends to pay the Capital Costs of the MATCO Equipment and Fuel System with the proceeds of MARBs issued by the City in accordance with the Use Agreement and deposited into the MATCO Equipment Project Account and the MATCO Fuel Project Account. Additional funds, if required, shall be obtained pursuant to Section 11.05 herein. The debt service, associated with the portion of the MARBs that are used to pay Capital Costs, will be allocated directly to either the Equipment Cost Center or the Fueling Cost Center in accordance with the Use Agreement.
- 11.04 Additional Facilities. Equipment and facilities in addition to the MATCO Equipment listed on Exhibit C, from time to time ("Additional Facilities") may be constructed, leased and financed by MATCO upon a finding by a Majority-in-Interest that such Additional Facilities are necessary and upon obtaining approval by a Majority-in-Interest of the financing, of the construction, acquisition and installation of such Additional Facilities. Financing of the



**APPENDIX 6. B.**

costs of such Additional Facilities may be through the issuance of MARB(s) by the City (if the City agrees to do so), by a direct borrowing by MATCO or by a one time assessment of an additional charge to the Member Airlines. If financing of such Additional Facilities is from the proceeds of MARBs, the debt service on such MARBs will be allocated to the applicable Cost Center pursuant to the Use Agreement and the Consortium Agreement. If the costs of such Additional Facilities are to be financed by MATCO through a direct borrowing by MATCO or by a one time assessment of additional fees to the Member Airlines, such additional costs shall be treated as Other MATCO Charges and such charges shall be allocated to each Member Airline by the Board of Directors pursuant to Section 9.02.

11.05 Additional Funding for MATCO Equipment and Fuel System. Each Member Airline hereby agrees that to the extent that:

- (a) the MATCO Equipment Project Account and the MATCO Fuel Project Account, as defined in the Consortium Agreement, are insufficient to pay the Capital Costs of the MATCO Equipment and the Fuel System, respectively, (such insufficiency to be referred to as the “Equipment Shortfall” or the “Fuel System Shortfall”); and
- (b) MARBs are not issued to fund the entire Equipment Shortfall or the Fuel System Shortfall; and
- (c) alternative means of financing the Shortfall are not mutually agreed upon by the parties to the Consortium Agreement,

then such Member Airline shall contribute its pro rata share of the amount necessary to fund the Equipment Shortfall or the Fuel System Shortfall; provided however that in the case of a Fuel System Shortfall only Fuel Members will be required to contribute a pro rata share. Each Member Airline’s pro rata share shall be determined as follows:

Each Member Airline's pro rata share in the case of an Equipment Shortfall will equal to the product of (i) the Member Airline's accrued Equipment Fees in the most recent 12 calendar months divided by all accrued Equipment fees for all the Member Airlines in the most recent 12 calendar months; and (ii) the amount of the Equipment Shortfall.

Each Fuel Member's pro rata share in the case of a Fuel System Shortfall will equal the product of (i) the Fuel Member's accrued Fuel Fees in the most recent 12 calendar months divided by all accrued Fuel Fees of all Fuel Members in the most recent 12 calendar months; and (ii) the amount of the Fuel System Shortfall.

**ARTICLE 12****Default**

12.01 Events of Default. In the event that any of the following events shall occur with respect to a Member Airline, such Member Airline shall be deemed to be in default under this Agreement.

**APPENDIX 6. B.**

- (a) Failure to make any payment owed to MATCO or the City under this Agreement or the Consortium Agreement within ten (10) days following written notice from MATCO or the City of such failure.
- (b) Failure to perform any other obligation under this Agreement or any other agreement, contract, or lease with MATCO or the City relating to the MATCO Equipment or the Fuel System, within thirty (30) days following written notice from MATCO or the City of such failure, or if such defaults cannot be cured within such thirty (30) days, if Member Airline is not diligently pursuing a cure of such default.
- (c) Becoming the subject of a bankruptcy proceeding under the U. S. Bankruptcy Code or similar foreign proceeding or the institution of similar proceedings for the reorganization, liquidation, dissolution or winding up of such Member Airline or the failure or admission in writing by such Member Airline of its inability to pay its debts generally as they mature.
- (d) An "Event of Default" pursuant to Article XVI of the Use Agreement.

**12.02 Consequences of Default.**

- (a) Report to MATCO. If any Member Airline knows of an event of default or knows of facts that lead it to believe an event of default has occurred, then it shall immediately notify the MATCO Chairperson of the Board of Directors, but shall not be liable for any damages for failure to so notify.
- (b) Notice of Defaulting Member Airline. Promptly after receipt of notice from any source that a Member Airline is in default, and if default is found, the Chairperson of MATCO shall give notice to:
  - (1) the Board of Directors; and
  - (2) any trustee, the City, or other third person entitled thereto with copies to the defaulting Member Airline.
- (c) Meeting of the Board of Directors. The Board of Directors shall, upon the default of any Member Airline, determine whether the explanation given for default by the defaulting Member Airline is sufficient to excuse the default. If the Board of Directors is not persuaded that the default is excusable, or if the default is not cured within a time set out herein or established by the Board of Directors, then the Board of Directors shall provide notice to the City of the change in status from Member to Non-Member, and the defaulting Member Airline shall be retroactively billed as a Non-Member from the date of the default, but shall remain subject to all obligations hereunder as a Member Airline. A defaulting Member Airline that has been retroactively invoiced as a Non-Member, as provided for above, shall not be included as a Member Airline unless, for a period of twelve (12) months from the date the determination was made to retroactively invoice the defaulting Member Airline as a Non-Member, such Member Airline has paid in full when due all moneys owed to a trustee, the City, and MATCO. As an additional remedy, the Board of Directors may treat a defaulting Member Airline as a Withdrawing Airline for purposes of Section

**APPENDIX 6. B.**

14.02. Notwithstanding anything to the contrary contained in this Agreement, calculation of a Majority-In-Interest in voting, with respect to a defaulting Member Airline, shall not include such defaulting Member Airline in the total number of all Member Airlines or the Equipment Fees and Fueling Fees of such defaulting Member Airline in the aggregate Equipment Fees and Fueling Fees of all Member Airlines.

- (d) Collection. Without limiting the City's rights, MATCO is authorized to pursue against the defaulting Member Airline monies due the City or MATCO, as the case may be, for Equipment Fees, Fueling Fees, or Other MATCO Charges. Any such monies, excepting Other MATCO Charges, collected by the City or MATCO will be treated as Revenues in accordance with Use Agreement. Monies due MATCO for Other MATCO Charges shall be repaid pro-rata to the non-defaulting Member Airlines as moneys are collected from the defaulting Member Airline. All delinquent Other MATCO Charges due from a defaulting Member Airline shall bear interest from the due date at the "prime rate" charged from time to time by the largest commercial bank in Chicago plus four percent (4.0%) but not more than the maximum interest rate allowed by law. Any interest collected from the defaulting Member Airline shall be paid to the non-defaulting Member Airlines pro rata, according to the amount and time of each payment made by each of the non-defaulting Member Airlines. Further, the defaulting Member Airline shall be liable for all reasonable costs and expenses, including attorneys' fees and disbursements at trial or on appeal, expended in order to collect the delinquent payment. Any amount due from a defaulting Member Airline hereunder with respect to Other MATCO Charges may be off-set against any amounts otherwise payable to such defaulting Member Airline by MATCO.

**APPENDIX 6. B.**

**ARTICLE 13**  
**Admission of Additional Member Airlines**

- 13.01 Open Admission Policy. The Member Airlines intend that admission to MATCO and use of the MATCO Equipment and the Fuel System be open to all Air Carriers using the Airport.
- 13.02 Requirement for Admission of Additional Member Airlines. Any Air Carrier using the Airport shall be admitted as a Member Airline if the Air Carrier meets the conditions of Section 3.01 and meets the following additional conditions.
- (a) Has issued a statement to MATCO of the estimate of the Maximum Approved Gross Landing Weight for the Fiscal Year.
  - (b) Has issued a statement to MATCO of the estimate of the total Gallonage of fuel to be distributed for the Fiscal Year.
  - (c) Has entered into any other agreement or financing instruments required by the Board of Directors at that time to be executed.
  - (d) Has purchased a Membership at the price set by the Board of Directors pursuant to Section 13.03 hereof.
  - (e) Has been determined by the Board of Directors as being creditworthy, and of such reputation and status in keeping with the nature or class of Member Airlines. For purposes of this paragraph, an Air Carrier shall be determined to be not creditworthy if such Air Carrier:
    - (1) has been in default under any agreement with the City in the past eighteen (18) months; or
    - (2) failed to make payments in a timely fashion to the City or MATCO; or
    - (3) has been in default under any agreement with other airports in the past 18 months; or
    - (4) is otherwise unable to demonstrate an ability to pay Equipment Fees and Fueling Fees projected hereunder.
- 13.03 Purchase of Membership. An Air Carrier that desires to become a Member Airline after the Date of Capitalization shall be required to purchase a Membership interest by purchasing an equity interest in the Reserve Fund. The purchase price of such interest shall be determined as follows:
- (a) divide the product of:
    - (1) the current value of the Reserve Fund as determined by the Board of Directors; and
    - (2) the projected Equipment Fees and Fueling Fees to be paid by such Member Airline for the subsequent twelve (12) month period;

## APPENDIX 6. B.

- (b) by the total projected Equipment Fees and Fueling Fees to be paid by all Member Airlines (including the proposed Member Airline) over the same twelve (12) month period. Sample calculations are provided in Exhibit G.

13.04 Ownership Interest in MATCO. Each Member Airline's ownership interest in MATCO and MATCO Reserve Fund shall be based on its accrued Equipment Fees and Fueling Fees in the most recent twelve (12) calendar months as that amount relates to the total of all accrued Equipment Fees and Fueling Fees of all Member Airlines in the most recent twelve (12) calendar months.

13.05 Procedure for Admission. Any Air Carrier which desires to become a Member Airline shall give notice to the Chairperson of the Board of Directors of its request to be accepted as a Member Airline, together with:

- (a) written evidence of approval by the City to operate at the Airport and its execution of a Use Agreement, as provided in Section 13.02 above; and
- (b) a statement of estimated Maximum Approved Gross Landing Weight and Gallons of Fuel to be distributed as provided in Section 13.02 (c) and (d) above; and
- (c) a requested Acceptance Date.

If such material is in compliance with this Article 13, and upon determination of the Board of Directors that such Air Carrier has met all other requirements of Section 3.01 and Section 13.02, the Chairperson of the Board of Directors shall provide a copy of this Agreement, as amended or supplemented at the time, a statement of the purchase price of Membership Interest calculated pursuant to Section 13.03, and such additional documents for signature as may be reasonably required. Upon execution of all requisite documents and payment of the Membership price, an applicant Airline shall, except as otherwise provided herein, have the same rights and obligations under this agreement as all other Member Airlines.

13.06 Acceptance Date. The Acceptance Date at which time an applicant Airline shall be deemed to be a Member Airline, shall be at 12:01 a.m. Chicago time on the date following written acknowledgment and acceptance by the Chairperson of the Board of Directors of all required signed documents and payments.

### **ARTICLE 14** **Withdrawal of Member Airline**

14.01 Withdrawal from this Agreement.

- (a) Expiration of Use Agreement. Upon termination of the Use Agreement pursuant to Section 2.01 thereof a Member Airline that is not in default hereunder shall withdraw from this Agreement, effective upon the later of:

**APPENDIX 6. B.**

- (1) thirty (30) days following the date that such Member Airline provides written notice of its withdrawal to the Chairperson of the Board of Directors; or
  - (2) the date of withdrawal specified in such written notice; provided, however, that in the event that no written notice is provided by the Member Airline, such withdrawal shall be effective thirty (30) days after the date of termination of the Use Agreement.
- (b) Limitation. Notwithstanding the foregoing, no Member Airline shall withdraw from this Agreement under any of the following circumstances:
- (1) Prior to December 31, 2012.
  - (2) During any period of time when substantially all of the MATCO Equipment or Fuel System is shut down or inoperable for any reason.
  - (3) If a default exists, or by reason of such withdrawal would exist under a trust indenture or related documents utilized in connection with financing the Capital Costs of the MATCO Equipment or the Fuel System.

14.02 Liabilities and Credits of Withdrawing Airlines. A Withdrawing Airline shall receive its ownership interest, as determined at the end of the Fiscal Year prior to its withdrawal, or deemed withdrawal, as a payment from the Reserve Fund within sixty (60) days of its withdrawal. Except as set forth in Section 6.03, Section 6.05, Section 6.06, Section 11.04, Section 11.05, Section 12.02, the last sentence of this Section 14.02, and Section 17.14 which sections shall survive any termination of this Agreement, a Withdrawing Airline will not be liable for obligations to MATCO with respect to this Agreement. In the event that all Member Airlines have withdrawn from MATCO and this Agreement, then each Air Carrier that has been a Member Airline during the five (5) year period preceding such withdrawal shall be liable for obligations to MATCO with respect to this Agreement, incurred prior to withdrawal of all Member Airlines to the extent that such Air Carriers' aggregate Equipment Fees and Fueling Fees paid during such five (5) year period bears to the total of all such Air Carriers' aggregate Equipment Fees and Fueling Fees paid during such five (5) year period or such shorter period of actual operation; provided however that in the calculation of such liability the provisions of Article 12 shall be applicable in the event of a default.

**ARTICLE 15**  
**Board of Directors**

- 15.01 Establishment. There shall be a Board of Directors as set forth in the Bylaws attached hereto. The Board of Directors may amend the bylaws; provided however that any such amendment is not inconsistent with the provisions of this Agreement.
- 15.02 Powers. Subject to the procedures of this Article 15, and the Bylaws attached hereto, the Board of Directors shall establish policy and make all decisions relating to the planning, installation, expansion, contraction, operation, and management of the MATCO Equipment

**APPENDIX 6. B.**

and Fuel System. Actions to be taken by the Board shall include, but shall not be limited to the following.

- (a) Certification and evidencing of any approvals by a Majority-In-Interest.
- (b) Analysis and implementation of Equipment Fees and Fueling Fees calculated by and payable to the City.
- (c) Management of the MATCO Operating Agreement.
- (d) Enforcement of the rights of the Member Airlines and MATCO under this Agreement and the Consortium Agreement.
- (e) Creation of standing committees for MATCO.
- (f) Action on all matters referred to in this Agreement to be done by the Board of Directors or by a Majority-In-Interest.
- (g) Assessment of the pro rata amount to be paid by each Member Airline to provide for any additional funding requirement pursuant to Section 11.05 herein and Section 4.02 of the Consortium Agreement.
- (h) Assessment of Other MATCO Charges pursuant to Section 9.02.
- (i) Enforcement of all MATCO Agreements.

15.03 Participation by Telephone. Members of the Board of Directors may participate in a meeting through the use of conference telephone or similar communication equipment so long as all members participating in such meeting can hear one another.

15.04 Action Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if members of the Board of Directors representing a Majority-In-Interest consent in writing to such action after solicitations of such written consents have been provided to all members of the Board of Directors and confirmed by letter. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

15.05 Notice.

- (a) Twenty (20) Day Notice Requirement. Notwithstanding provisions herein or with the Bylaws attached hereto, when any of the following items are to be subject of the meeting, at least twenty (20) working days prior written notice shall be given to all the Members of the Board of Directors.
  - (1) Selection of an Executive Director and the approval of a MATCO Operating Agreement, amendments thereto or termination thereof.
  - (2) Amendments to or termination of this Agreement.
  - (3) Action relating to a defaulting Member Airline as provided for in Article 12 herein.
  - (4) Approval of any alterations and improvements to the MATCO Equipment and Fuel System that require expenditure of over fifty thousand dollars (\$50,000).

## APPENDIX 6. B.

- (5) Approval of the terms and conditions of any general plan of financing that may be required relating to the MATCO Equipment and Fuel System.
- (b) Waiver of Notice in Emergency. In case of an emergency, the Chairperson of the Board of Directors shall have the power to call a meeting of the Board of Directors without adequate notice, provided that the Chairperson of the Board of Directors shall give written notice by facsimile, teletype, or similar electronic device.
- (c) Agenda. The meeting notice shall, whenever expenditure of money in excess of twenty thousand dollars (\$20,000) is to be proposed for approval, include a statement describing such proposed expenditures. The meeting notice shall be accompanied by, or promptly followed by, an agenda of items to be discussed at the meeting. The unintentional failure of any item to appear on the agenda shall not, however, prevent either discussion or voting on the item.
- 15.06 Voting. Any action of the Board of Directors shall be effective if made at a properly called meeting, at which a quorum is present, and voted upon by voice or hand vote by:
- (a) a numerical majority of the Directors of MATCO; or
- (b) such other percentage of Member Airlines as may be specifically provided for in this Agreement for a particular action; provided however that the Board of Directors may not take any action for which a Majority-in-Interest approval is required without first obtaining such approval.

### ARTICLE 16 Management Committee

- 16.01 Committee. The Membership desires that a Management Committee be established by the Board of Directors. This Committee shall have one (1) member from each Member Airline and shall function in a manner established by the Board of Directors. The Chairperson of the Board of Directors shall also serve on the Management Committee and shall act as its Chairperson. The method of election of the Members of the Management Committee, their duties, and the meeting procedures shall be as specified in the Bylaws.

### ARTICLE 17 Miscellaneous

- 17.01 Covenant to Sign Documents. Each Member Airline and MATCO covenants, on behalf of itself, its successors and assigns, to execute, with acknowledgment or affidavit if required, any and all documents and writings which may be necessary or expedient in the implementation of this Agreement (including any amendments to this Agreement) and the purchase, construction, leasing, financing, and operation of the MATCO Equipment and Fuel System as contemplated by this Agreement.



**APPENDIX 6. B.****17.02 Execution of Certain Documents.**

- (a) Execution of this Agreement. With the approval of the Board of Directors, the Chairperson of the Board of Directors may execute from time to time on behalf of MATCO any and all documents and writings, including counterparts of this Agreement which may be necessary or expedient in the implementation of this Agreement and the purchase, construction, installation, leasing, financing, and operation of the MATCO Equipment and the Fuel System as contemplated by this Agreement.
- (b) Documents Approved by the Board of Directors. The Member Airline hereby constitutes and appoints the Chairperson of the Board of Directors as the true and lawful agent for MATCO to execute on behalf of MATCO such documents as are approved by a Majority-In-Interest and each Member Airline hereby ratifies and confirms all acts taken by such agent and attorney-in-fact as herein authorized and hereby agrees to indemnify, defend and hold harmless the Chairperson of the Board of Directors (and the Air Carrier by whom the Chairperson is employed) from and against any and all claims, actions, damages, losses, or expenses arising out of or connected with the execution by the Chairperson of the Board of Directors of supplements to this Agreement and any other documents the Chairperson may be authorized to execute; provided, however, that, in any such event, a Majority-In-Interest shall have approved the execution of such supplement or agreement.
- (c) Effect of Authorization. The execution and delivery of documents, by the Chairperson of the Board of Directors, when acting in his or her capacity as Chairperson pursuant to this Section 17.02, shall be binding upon and inure to the benefit of MATCO.

17.03 Headings. The titles and headings of the various paragraphs herein are intended solely for convenience of reference and are not intended for any purpose whatsoever to explain, modify, or place any construction upon any of the provisions herein.

17.04 Dispute Resolution Cost Recovery. In the event any dispute between the parties hereto should result in arbitration or litigation, the prevailing party shall be reimbursed for all reasonable costs including, but not limited to, reasonable attorneys' fees.

17.05 Counterparts. This Agreement may be executed in any number of counterparts and by the various Member Airlines or Additional Member Airlines on separate counterparts and all of which taken together shall constitute one and the same instrument. A signed counterpart shall be as binding as an original.

17.06 Applicable Law. This Agreement shall be governed by and construed under the laws of the State of Illinois, U. S. A.

17.07 Amendments. This Agreement may be amended or terminated with the written consent of Member Airlines constituting seventy-five percent (75.0%) or more in number of all

**APPENDIX 6. B.**

Member Airlines and having accounted for seventy-five percent (75.0%) or more of both the Maximum Approved Gross Landing Weight and Fuel System Gallonage consumed by all Member Airlines for the preceding Fiscal Year. An amendment will be effective only if evidenced in writing which sets forth the text of the amendment and which is signed by those Member Airlines approving of the amendment. Notwithstanding the foregoing;

- (a) each party hereto, by execution of a counterpart of this Agreement, consents to the addition of Member Airlines from time to time pursuant to Article 13; and
- (b) Section 11.05 and Article 13 of this Agreement shall not be amended without the prior written consent of the City. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be deemed amended to the extent necessary to render it enforceable and this Agreement shall thereafter be interpreted as if such provision were so amended and shall be enforceable in accordance with its terms. Notwithstanding the foregoing, no amendment of or supplement to this Agreement shall be enforceable if such amendment or supplement is contrary to the provisions and requirements of the Use Agreement or the Consortium Agreement.

17.08 Assignment. The rights and obligations of the Member Airlines hereunder may not be assigned or transferred, except as provided in Section 3.05. The obligations hereunder shall be binding on the successors and assigns of each Member Airline. Notwithstanding the foregoing, MATCO may, and the Member Airlines may, assign their respective rights hereunder to a trustee or other third person to the extent the Board of Directors deems appropriate to facilitate financing the MATCO Equipment and Fuel System.

17.09 No Abatement or Set-Off. No Member Airline shall abate, suspend, postpone, set-off, or discontinue any payments of Equipment Fees and Fueling Fees or Other MATCO Charges which it is obligated to pay hereunder. Nothing contained in this Section 17.09 shall release MATCO from the performance of any of its obligations under this Agreement.

17.10 Notices. Any notice, consent, or approval which may be or is required to be given or delivered under this Agreement shall, unless otherwise stated herein, be given:

- (a) by teletype/facsimile; or
- (b) by oral communication by telephone or in person, followed promptly by additional notice by teletype, telegraph, telegram, facsimile, cable, hand delivered writing, overnight delivery service, prepaid first class mail (air mail if international); or
- (c) by announcement at a properly noticed meeting followed by mention of the notice in the minutes of the meeting.

Each Member Airline, Director, or [Member of the Management Committee,] as the case may be, shall provide to the Chairperson on the signature page hereof, the name of the person or persons to whose attention notice shall be addressed, together with appropriate teletype, telegraph, telegram, facsimile, cable, overnight delivery service address, mailing

**APPENDIX 6. B.**

address information and notice shall be properly given if directed to such number or address by one of the means of transmission set forth above or, if no such address information is available as to any person, then to the principal executive office of the Member Airline. Any notice or other communication teletyped or delivered orally or personally shall be deemed to have been received on the date dispatched or given or on the first business day thereafter if dispatch is made on a non-business day generally recognized as such in Chicago, Illinois. Any notice or other communication sent by mail shall be deemed to have been received on the fifth (5th) business day following the date of mailing; provided, however, in the event of actual or apprehended interruption of normal mail service by strike, slowdown, force majeure or other cause, the person sending the notice or other communication shall utilize such means of transmission not so interrupted or susceptible to interruption.

- 17.11 Waiver of Notice. The transactions of any meeting of the Management Committee, or Board of Directors, however called and noticed, and whenever held, shall be as valid as though had at a meeting duly called, noticed, and held if a quorum be present and if either before or after the meeting each of the persons entitled to vote but not present, signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the minutes thereof. All such waivers, consents, or approval shall be made a part of the minutes of the meetings.
- 17.12 U. S. Currency. Any payments required by this Agreement from one party to any other shall be made with U. S. Dollars in locally collectible funds.
- 17.13 Limitation of Liability. Except as set forth in this Section 17.13 and in Article 9 hereof, with respect to the:
- (a) Equipment Fees and Fueling Fees ; and
  - (b) Other MATCO Charges; and
  - (c) costs chargeable pursuant to Article 3; and
  - (d) costs chargeable pursuant to Article 12;

each Member Airline shall be liable only for its share of such costs. Neither this Agreement nor the relationship of the Member Airlines as a consequence of their participation hereunder in the operation of the MATCO Equipment and Fuel System creates a partnership, joint venture, or other similar relationship between the parties thereto. No Member Airline may commit any other Member Airline to any debt or obligation of any type whatsoever other than as expressly provided or permitted herein or in other documents signed by or binding on a Member Airline. Should a claim be made against one or more Member Airlines, but less than all Member Airlines, based upon alleged acts or omissions of MATCO, each of the Member Airlines shall share in and be liable for, any loss, cost, damage, or expense resulting from such claim to the extent that each Member Airline's pro rata share of Equipment Fees and Fueling Fees bears to the total of all then-existing Member Airlines' pro rata share of all Equipment Fees and Fueling Fees over the immediately preceding five (5) years or such shorter period of actual operation. Except as specifically stated in this Section 17.13, nothing contained herein shall be construed to mean that any Member Airline is liable for the acts or omissions of any other Member Airline. Nothing contained herein shall serve to limit

**APPENDIX 6. B.**

the liability of MATCO for the payment of such claim. For purposes of this Section 17.13, the term Member Airline shall mean an Air Carrier that is a Member Airline at the time a claim is filed.

- 17.14 Survival of Agreements and Obligations. In the event a Member Airline becomes a Withdrawing Airline or if this Agreement terminates as to any or all of the Member Airlines for any reason, those agreements and obligations as set forth in Sections 6.03, 6.04, 11.04, 11.05, 12.02, and 14.02 hereof, shall survive such withdrawal or termination.
- 17.15 Third Party Rights. Except with respect to the rights of and obligations to the City set forth in Sections 10.02, 11.05, 17.07, and 17.14 hereof; the right of the City to specifically enforce the provisions of such Sections and the right of the City to approve and be a party to the System Access Agreement and the Terminal Access Agreement, nothing contained in this Agreement will or is intended to create or will be construed to create any right in or any duty or obligation to any third party.
- 17.16 Capacity to Execute. The individuals executing this Agreement warrant that they have full authority to execute this Agreement on behalf of the Member Airline, Additional Member Airline, or MATCO as the case may be.
- 17.17 Binding Effect. The terms, conditions, and covenants of this Agreement shall inure to the benefit of, and be binding upon, the parties hereto and upon their successors, assigns, and sublessees, if any. This provision shall not constitute a waiver of any conditions regarding assignment or subletting contained in this Agreement.

**APPENDIX 6. B.**

IN WITNESS WHEREOF, MATCO has caused this Agreement to be executed on its behalf by its Chairperson pursuant to due Authorization of its Board of Directors and attested by its Secretary, and Member Airline has caused this Agreement to be executed on its behalf by its \_\_\_\_\_, pursuant to due Authorization of its Board of Directors, all as of the day and year first above written.

Attest: Midway Airlines' Terminal Consortium

By: \_\_\_\_\_ By: \_\_\_\_\_

As Its: \_\_\_\_\_ As Its: \_\_\_\_\_

Address for notice to MATCO:

Midway Airlines' Terminal Consortium  
Chicago Midway Airport  
5757 S. Cicero Avenue  
Chicago, IL 60038

Attest: Airline

By: \_\_\_\_\_ By: \_\_\_\_\_

As Its: \_\_\_\_\_ As Its: \_\_\_\_\_

**APPENDIX 6. B.**

**Addresses For Notice to Member Airlines (*Revised October 25, 2001*):**

Dave Aschenbach  
Vice President  
**American Trans Air**

For US Mail:  
PO Box 51609  
Indianapolis, IN 46251-0609

For Overnight Delivery:  
7337 West Washington Street  
Indianapolis, IN 46231

John DeCoster  
Regional Director-Airport Affairs  
**Northwest Airlines**

For US Mail:  
Department A1135  
5101 Northwest Drive  
St. Paul MN 55111-3034

For Overnight Delivery:  
2700 Lone Oak Parkway  
Dept. A1135  
Egan, MN 55121

Pete Houghton  
Manager of Properties  
**Southwest Airlines**

For US Mail:  
2702 Love Field Drive  
P. O. Box 36611  
Dallas TX 75235-1611

For Overnight Delivery:  
2702 Love Field Drive  
Dallas TX 75235-1611

Tom Harris

Daniel Benzon  
**Continental Airlines, Inc.**

For US Mail:  
1600 Smith, 33<sup>rd</sup> Floor  
Dept. HQSPF  
Houston, TX 77002

For Overnight Delivery  
1600 Smith, 33<sup>rd</sup> Floor  
Dept. HQSPF  
Houston, TX 77002

Lawrence Beckstead  
Director, Properties & Facilities  
**National Airlines**

For US Mail:  
6020 S. Spencer  
Las Vegas, NV 89119

For Overnight Delivery:  
6020 S. Spencer  
Las Vegas, NV 89119

Jim Eckart  
Vice President, Facilities & Ground Operations  
**Vanguard Airlines**

For US Mail:  
533 Mexico City Ave.  
Kansas City International Airport  
Kansas City, MO 64153

For Overnight Delivery:  
533 Mexico City Ave.  
Kansas City International Airport  
Kansas City, MO 64153

Ismael Nunez Aguilera

## APPENDIX 6. B.

Manager, Properties & Facilities  
**AirTran Airways**

For US Mail:

9955 AirTran Blvd.  
Orlando, FL 32827

For Overnight Delivery:

9955 AirTran Blvd.  
Orlando, FL 32827

Duty Manager  
**Mexicana Airlines**

For US Mail:

Terminal 5 Administration Office  
O'Hare International Airport  
Chicago, IL 60666

For Overnight Delivery:

Terminal 5 Administration Office  
O'Hare International Airport  
Chicago, IL 60666

**APPENDIX 6. B.**

**EXHIBIT A**

**ARTICLES OF INCORPORATION OF MATCO**



**APPENDIX 6. B.**

**EXHIBIT B**  
**BYLAWS OF MATCO**

**APPENDIX 6. B.**

*(Exhibit Revised October 25, 2001)*

**EXHIBIT C**

**LIST OF MEMBER AIRLINES**

Dave Aschenbach  
 Vice President  
**American Trans Air**  
 7337 West Washington Street  
 Indianapolis, IN 46231  
 317-240-7020p  
 317-243-4165f  
[dave.aschenbach@iflyata.com](mailto:dave.aschenbach@iflyata.com)

Daniel Benzon  
**Continental Airlines, Inc.**  
 1600 Smith, 33<sup>rd</sup> Floor  
 Dept. HQSPF  
 Houston, TX 77002  
 713-324-6904p  
 713-324-6954f  
[dbenzon@coair.com](mailto:dbenzon@coair.com)

John DeCoster  
 Regional Director-Airport Affairs  
**Northwest Airlines**  
 Department A1130  
 5101 Northwest Drive\*\*  
 St. Paul, MN 55111-3034  
 612-726-4780p  
 612-726-6599f  
[john.decoaster@nwa.com](mailto:john.decoaster@nwa.com)

Lawrence Beckstead  
 Director, Properties & Facilities  
**National Airlines**  
 6020 S. Spencer  
 Las Vegas, NV 89119  
 702-944-2800p  
 702-944-2855f  
[lbeckstead@nationalairlines.com](mailto:lbeckstead@nationalairlines.com)

Pete Houghton  
 Manager of Properties  
**Southwest Airlines**  
 2702 Love Field Drive  
 P. O. Box 36611  
 Dallas, TX 75235-1611  
 214-792-5280p  
 214-792-4086f  
[phoughto@wnco.com](mailto:phoughto@wnco.com)

Jim Eckart  
 Vice President, Facilities & Ground Operations  
**Vanguard Airlines**  
 533 Mexico City Ave.  
 Kansas City International Airport  
 Kansas City, MO 64153  
 816-243-2920p  
 816-243-2154f  
[jeckart@flyvanguard.com](mailto:jeckart@flyvanguard.com)

Tom Harris  
 Manager, Properties & Facilities  
**AirTran Airways**  
 9955 AirTran Blvd.  
 Orlando, FL 32827  
 407-251-5621p  
 407251-3797f  
[tharris@airtranairways.com](mailto:tharris@airtranairways.com)

Ismael Nunez Aguilera  
 Duty Manager  
**Mexicana Airlines**  
 Terminal 5 Administration Office  
 O'Hare International Airport  
 702-374-4371p  
 702-374-4388f  
[josterman@flyfrontier.com](mailto:josterman@flyfrontier.com)

**APPENDIX 6. B.***(Exhibit Revised October 1, 2001)***EXHIBIT D****DESCRIPTION OF MATCO EQUIPMENT**

<b><u>Baggage System</u></b>	<b>Estimated Cost:</b>	\$ 13,836,815
	<b>Contingency:</b>	\$ <u>1,749,430</u>
	<b>Total Cost:</b>	\$ 15,586,245

The baggage system consists of an outbound baggage sortation system and an inbound baggage claim system. The outbound baggage sortation system provides a series of conveyors which transfer departing passenger bags, packages, parcels, and other such items from the ticket counters onto baggage makeup devices located in the basement level outbound baggage makeup area. Each ticket counter group has a dedicated input belt to a common baggage makeup area. The inbound baggage claim system consists of eight (8) claim devices at ground level of the terminal building with dedicated input and feed conveyors, and two (2) oversize inbound belts; one serving the north side and one serving the south side of the claim area.

<b><u>Passenger Loading Bridges</u></b>	<b>Estimated Cost:</b>	\$ 11,036,742
	<b>Contingency:</b>	\$ <u>2,034,813</u>
	<b>Total Cost:</b>	\$ 13,071,555

Passenger loading bridges are moveable multi-tunnel devices which allow passenger access between holdroom areas and aircraft. A loading bridge is provided to serve each jet aircraft position (jet aircraft must have 75 seats or more) that is immediately adjacent to the terminal. Each loading bridge requires a caisson type of foundation, electrical power for operation and an upper level access door at each holdroom.

<b><u>Preconditioned Air System/Ground Power (400Hz) System</u></b>	<b>Estimated Cost:</b>	\$ 7,580,000
	<b>Contingency:</b>	\$ <u>750,000</u>
	<b>Total Cost:</b>	\$ 8,330,000

This system provides heating or cooling access at passenger loading bridge from a central heating/refrigerating plant. The system includes heat exchangers, pumps, chillers, piping, valves, air handling units, flexible ducting, temperature controls, insulation and system status monitoring. The preconditioned air system coupled with the 400 Hz ground power system described below enables aircraft heating or cooling and operation of the aircraft electrical system without use of the auxiliary power unit (APU).

**APPENDIX 6. B.***(Exhibit Revised October 1, 2001)*

This system also provides 400 Hz power (aircraft power) access at passenger loading bridge from one of two central generating plants in the terminal. The system includes motor generator sets, conduit and cabling to each loading bridge, disconnect switches, exterior cabling with aircraft jacks cable hoists and system status monitoring devices.

<b><u>Potable Water</u></b>	<b>Estimated Cost:</b>	\$ 334,680
	<b>Contingency:</b>	\$ <u>35,000</u>
	<b>Total Cost:</b>	\$ 369,680

Potable water filling stations are provided to serve each pair of aircraft parking positions. These stations, which consist of heated housings, piping, valves, and hoses, provide domestic water to the aircraft.

<b><u>Security Checkpoint Equipment</u></b>	<b>Estimated Cost:</b>	\$ 505,985
	<b>Contingency:</b>	\$ <u>25,000</u>
	<b>Total Cost:</b>	\$ 530,985

Security screening devices are provided to comply with current airline, FAA, and airport security requirements for passenger processing.

**Flight Information Display System (FIDS) Baggage Information Display System (BIDS)**

<b>Estimated Cost:</b>	\$ 1,550,252
<b>Contingency:</b>	\$ <u>150,000</u>
<b>Total Cost:</b>	\$ 1,700,252

These systems provide flight departure, arrival, and baggage claim information for all airlines operating at the airport to the public and operations personnel. The system consists of computer processor, conduit, cabling, video monitors, LEDS, and input stations. The system, which displays the information on video monitors, will meet ADA requirements and should be accessible either from a central control area or the inbound baggage drop-off area.

<b><u>GSE Battery Charging</u></b>	<b>Estimated Cost:</b>	\$ 925,100
	<b>Contingency:</b>	\$ <u>30,000</u>
	<b>Total Cost:</b>	\$ 955,100

Battery charging stations are provided in several locations on the apron level and basement level bag make-up. These charging stations are used to recharge batteries on battery powered ground service equipment.

**APPENDIX 6. B.***(Exhibit Revised October 1, 2001)*

<b><u>Ramp Striping</u></b>	<b>Estimated Cost:</b>	\$ 273,300
	<b>Contingency:</b>	\$ <u>20,000</u>
	<b>Total Cost:</b>	\$ 293,000

Temporary and permanent pavement striping of the ramp within the Service Road for aircraft parking and ground service equipment.

<b><u>Other MATCO Equipment</u></b>	<b>Estimated Cost:</b>	TBD
	<b>Contingency:</b>	TBD
	<b>Total Cost:</b>	TBD

In addition to the above, it may be determined during the course of design and construction of the New Terminal that other types of equipment and systems may be required as part of the new Terminal project for safe and efficient operation of the facility.

<b><u>Holdroom Seating</u></b>	<b>Estimated Cost:</b>	\$ 1,059,400
	<b>Contingency:</b>	\$ <u>50,000</u>
	<b>Total Cost:</b>	\$ 1,109,400

<b><u>Contractor Controlled Insurance Program (CCIP)</u></b>	<b>Estimated Cost:</b>	\$ 103,000
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<b><u>MATCO Offices</u></b>	<b>Estimated Cost:</b>	\$ 250,000
	<b>Contingency:</b>	\$ <u>50,000</u>
	<b>Total Cost:</b>	\$ 300,000

This provides for the buildout of MATCO's Executive Director office in the Terminal which is approximately 1,000 sq. ft. located on the apron level. The allowance includes, MEP systems, architectural finishes, millwork, furniture, communications equipment, and computer and office equipment.

<b><u>Stanchions</u></b>	<b>Estimated Cost:</b>	\$ 47,500
	<b>Contingency:</b>	\$ <u>2,500</u>
	<b>Total Cost:</b>	\$ 50,000

**APPENDIX 6. B.***(Exhibit Revised October 1, 2001)***EXHIBIT E****DESCRIPTION OF FUEL SYSTEM**

<b><u>Fuel System</u></b>	<b>Estimated Cost:</b>	\$ 32,247,265
	<b>Contingency:</b>	\$ <u>600,000</u>
	<b>Total Cost:</b>	\$ 32,847,265

Design and construction of a new fuel receipt, storage and distribution facility on the north side of 55th Street including required utilities, oil/water separator, storm water run-off control systems, lighting, pavement, security fencing, foam fire system, fire safety equipment, and other items/systems necessary to comply with industry, federal, state, local, and City of Chicago requirements. Fuel storage will be provided via two API-650 above ground tanks with a nominal capacity of 15,000 barrels each erected within a secondary concrete fuel retention system. The fuel facilities will incorporate the necessary pumps, filters, meters, piping, valves, and controls necessary to receive, transfer, and recirculate fuel along with required electrical power, system controls, leak detection systems, inventory control systems, and cathodic protection.

Also included is a building of approximately 1,500 square feet to house electrical equipment, system controls, mechanical equipment, fire protection equipment, and space for the facility operator.

Fuel will be received via a pipeline connecting the fuel storage area with the 7.5 mile Sanders Pipeline Company pipeline from the Kinder Morgan Storage Facility at Argo, Illinois. Fuel transmission and distribution within the Airport will be provided by a series of underground pipes routed through the airfield to the Terminal hydrant distribution system for delivery of Fuel directly to apron aircraft parking positions. In addition, there will be approximately 3,300 feet of underground pipe routed to the remote jet fuel FBO/Corporate loading position located at the southeast quadrant of the Airport. The hydrant system and the remote refueler position will include required utilities, oil/water separators, storm run-off controls, lighting, pavement, meters, valves, piping, controls, connectors, and an UV/IR fire detection system.

A fuel truck unloading area will be developed adjacent to the fuel storage area with facilities necessary to accommodate the unloading of over-the-road transport trucks in the event the Sanders Pipeline Company pipeline or Kinder Morgan Fuel Storage Facility are not operational.

Also included in the project scope is the repair/modification/upgrade of existing underground fuel storage tanks to comply with the USEPA underground storage tank requirements which become effective on December 22, 1998. Only those tanks which are necessary to provide adequate commercial and general aviation jet fuel storage at the Airport are to be modified. Once the new fuel receipt, storage and distribution facility is operational, the existing underground storage tanks will be removed.

**APPENDIX 6. B.****EXHIBIT F****PROJECT DESIGN, PROCUREMENT, AND CONSTRUCTION PROCEDURES**

MATCO is responsible for the design, procurement, construction, installation, and acceptance of the MATCO Equipment and the Fuel System, which are described in Exhibit D and Exhibit E of this Agreement, respectively. At all times throughout the process MATCO shall follow, and cause all its representatives to follow, certain design, procurement and construction procedures as described herein. MATCO shall at all times follow and comply with Exhibit F - Program Procedures and Exhibit G - Required Provisions for Contracts for Work and Operations and Maintenance Services in the Consortium Agreement.

F.1 MATCO Representation. MATCO has entered or will enter into a professional services contract with the MATCO Project Manager pursuant to which the Project Manager shall provide or cause to be provided design, procurement, construction, and management services and shall act on behalf of MATCO with respect to certain matters related to the design, procurement, installation, and acceptance of the MATCO Equipment and Fuel System as described in Exhibit D and Exhibit E hereto. The Project Manager shall ensure that MATCO is at all times in compliance with Exhibit F and Exhibit G of the Consortium Agreement and all City, State, and Federal codes or laws whether specifically listed in Exhibit F and Exhibit G of the Consortium Agreement or otherwise.

F.2 Design Related Services.

- (a) The Project Manager shall provide, among other items, the following services during the Design of the MATCO Equipment and Fuel System projects:
  - (1) Refine technical requirements, scope, and estimated costs.
  - (2) Develop the proposed design, procurement, construction, and installation schedule for the MATCO Equipment and Fuel System (“Schedule”).
  - (3) Submit the Schedule to the City for review and approval prior to the start of procurement for each component or bid package.
  - (4) Submit drawings and specifications for the MATCO Equipment and Fuel System to the City for review and approval.
  - (5) Review and approve the City’s Master Schedule and Construction Operations Plan (as those terms are defined in the Construction Manager’s contract documents).
  - (6) Review construction documents and prepare revisions to Exhibit D and Exhibit E if required. Coordinate with the City for approval of any revisions.
  - (7) Administer MATCO Equipment and Fuel System project contracts.
  - (8) Comply with any additional procedures or requirements promulgated from time to time by the City or MATCO.
- (b) During Design, the following items will require approval of the Management Committee and the City.

**APPENDIX 6. B.**

- (1) Project Manager subconsultant contracts.
- (2) Contract and technical documentation prior to advertisement or solicitation for bids or proposals.
- (3) Construction documents and revisions to Exhibit D and Exhibit E, if required.

**F.3 Procurement of Related Services.**

- (a) The Project Manager shall provide, among other items, the following services during the Procurement of the MATCO Equipment and Fuel System Project.
  - (1) Advertise and solicit bids or proposals.
  - (2) Administer pre-bid conferences.
  - (3) Issue addenda and answer inquiries.
  - (4) Analyze bids or proposals.
  - (5) Submit bid tabulations to the City and coordinate with the City on any comments.
  - (6) Recommend contract awards.
  - (7) Submit necessary documentation to the City for approval of contracts.
  - (8) Administer contract awards.
  - (9) Prepare revisions to Exhibit D and Exhibit E, if required.
  - (10) Ensure that MBE/WBE requirements and all other requirements of Exhibit G in the Consortium Agreement are met.
  
- (b) The Project Manager shall, on behalf of the Management Committee, review bids or proposals to determine if they are consistent and compatible with Exhibit D and Exhibit E. If the selected bid or proposal exceeds the respective budget for the projects in Exhibit D or Exhibit E, the Project Manager shall submit the bid or proposal to the Management Committee and the City with a recommendation to:
  - (1) revise the bid package or proposal in order to achieve the Exhibit D or Exhibit E budget; or
  - (2) reallocate Exhibit D or Exhibit E budget to provide an adequate budget for such award; or
  - (3) secure additional funding in an amount adequate to pay for the MATCO Equipment and Fuel System, as necessary.
  - (4) Any combination of the above.
  
- (c) The Management Committee, upon coordination with the City, shall direct the Project Manager to complete the Procurement Phase for such bid package or proposal based on a selected alternative pursuant to (b)(1) or (b)(2) above. Where additional funding is not required, contract awards up to Five Hundred Thousand Dollars (\$500,000) will not require Majority-In-Interest approval by the Board of Directors. In the event that alternate (b)(3) is selected and funding is required, the



**APPENDIX 6. B.**

Board of Directors must obtain a Majority-In-Interest approval and City approval to secure such additional funding prior to directing the Project Manager to complete the Procurement Phase for such bid package or proposal. Direction by the Management Committee or its Board of Directors shall be provided in a timely manner according to the requirements of the City's Master Schedule.

- (d) During the Procurement Phase, the following items will require approval of the Management Committee and the City
- (1) Contract awards.
  - (2) Revisions to Exhibit D or Exhibit E.
  - (3) Changes to contract and technical documentation.

**F.4 Construction Related Services.**

- (a) The Project Manager shall provide, among other items, the following services during the Construction Phase of the MATCO Equipment and Fuel System:
- (1) Issue notices to proceed.
  - (2) Site supervision and inspection.
  - (3) Coordinate inspections by City and resolve variances.
  - (4) Coordinate installation of the MATCO Equipment and Fuel System with City activities related to Exhibit E to the Use Agreement.
  - (5) Coordinate installation of the MATCO Equipment and Fuel System with Airport operations.
  - (6) Receive all project notices, change order notifications, claims, or other communications.
  - (7) Coordinate the issuance of bulletins.
  - (8) Review, recommend, and approve (as authorized by MATCO and the City) claims, contract modifications, or change orders.
  - (9) Comply with Standards of Performance in Exhibit F of the Consortium Agreement.
  - (10) Determine substantial completion date.
  - (11) Establish completion date pursuant to the Consortium Agreement.
  - (12) Coordinate the assembly of operations, maintenance, and contract close-out documentation.
  - (13) Coordinate completion of punch list activities.
  - (14) Coordinate testing, start-up, training, and the final acceptance by MATCO.
  - (15) Contract administration (including the processing of payments for goods and services).
  - (16) Prepare revisions to Exhibit D and Exhibit E, if required. Coordinate with the City on the same.
  - (17) Pursue all reasonable remedies against architects, engineers and contractors for defective or delayed design work with respect to the MATCO Equipment and the Fuel System.

**APPENDIX 6. B.**

- (b) The Project Manager shall submit, or cause to be submitted, to the City, for review and information and record purposes, copies of the following.
- (1) Surveys, soil borings, and field and factory test reports.
  - (2) MATCO Equipment and Fuel System purchase orders reflecting a cost in excess of One Hundred Thousand Dollars (\$100,000).
  - (3) Material certificates and samples.
  - (4) Approved shop drawings.
  - (5) Lien waivers, payrolls and requests for payment by contractors of any tier.
  - (6) Progress reports.
  - (7) Notification of substantial completion of the work.
  - (8) As-built drawings.
  - (9) Executed purchase and installation contracts.
  - (10) Warranties
  - (11) Test and start-up results
  - (12) Any other documents related to the MATCO Equipment and Fuel System which may be reasonably requested by the City.
- (c) The Project Manager shall also, on behalf of MATCO, review and coordinate with the City for approval of the following.
- (1) Proposed changes to contract or technical documents.
  - (2) Proposed contract modifications.
  - (3) Claims for additional compensation.
  - (4) Proposed Schedule changes to determine if they are consistent and compatible with Exhibit D and Exhibit E.

If pursuant to such review, the Project Manager determines that the changes described above are inconsistent or incompatible with Exhibit D or Exhibit E, the Project Manager shall submit the proposed change or claim to the Management Committee and the City with a recommendation to:

- (A) revise the proposed change or claim in order to be consistent and compatible with Exhibit D or Exhibit E; or
  - (B) add to, delete, or modify in some manner the scope of the projects described in Exhibit D or Exhibit E; or
  - (C) secure additional funding; or
  - (D) take other action necessary to comply with Exhibit D or Exhibit E or existing contracts.
- (d) MATCO, upon consultation with the City, shall then direct the Project Manager to proceed based on a selected alternative pursuant to (c)(A), (c)(B), or (c)(D) above. Where additional funding is not required, contract modifications or claims, as described above up to five hundred thousand dollars (\$500,000) will not require a

**APPENDIX 6. B.**

Majority-In-Interest approval by the Board of Directors. In the event that alternative (c)(C) is selected and funding is required or an action pursuant to (c)(D) above required a Majority-In-Interest approval, the Board of Directors must obtain a Majority-In-Interest approval and City approval prior to directing the Project Manager to proceed. Direction by the Board of Directors or the Management Committee shall be provided in a timely manner according to the requirements of the City's Master Schedule.

- (e) During the Construction Phase, the following items will require approval by MATCO and the City.
  - (1) Material contract modifications.
  - (2) Material changes to contract or technical documentation.
  - (3) Completion dates.
  - (4) Contract close-out documentation.
  - (5) Revisions to Exhibit D or Exhibit E.

F.5 Management Services. During each phase of the MATCO Equipment and Fuel System projects, the Project Manager will develop and implement systems and procedures as required to monitor, coordinate, and expedite completion of the MATCO Equipment and Fuel System. The Project Manager will develop a cost reporting system that monitors and reports projected final costs against available funds. If at any time the Project Manager determines that the total projected final costs of the MATCO Equipment and Fuel System are in excess of available funding, the Project Manager will report to the Management Committee, who then shall report to the Board of Directors and the City with a recommendation to:

- (a) revise the MATCO Equipment and Fuel System scope in order to achieve funding limitations; or
- (b) request that the Member Airlines seek to reallocate available funding to provide adequate funding for the MATCO Equipment and Fuel System; or
- (c) secure additional funding; or
- (d) any combination of the above.

Direction shall be provided to the Project Manager by the Management Committee, upon consultation with the City, in a timely manner according to the requirement of the City's Master Schedule.

In addition to the above, the Project Manager will develop and coordinate the implementation of an Equal Opportunity and Affirmative Action Program as required in Exhibit T of the Use Agreement.

**APPENDIX 6. B.**

**EXHIBIT G**  
**CALCULATION FORMULAS**

**FORMULA G-1**

**SAMPLE CALCULATION OF THE PURCHASE PRICE  
OF AN ADDITIONAL MEMBER'S EQUITY INTEREST**

## Definition of Variables

RF = The current net value of the Reserve Fund.

UCa = The projected User Charges to be paid by the Applicant Airline for the next 12 months.

UCt = The projected User Charges to be paid by all Member Airlines (including the proposed Additional Member) for the next 12 months.

AME = The purchase price of the Applicant Airline's equity share.

Let    RF = \$1,000,000  
          UCa = \$100,000  
          UCt = \$500,000

$$AME = \frac{RF \times UCa}{UCt}$$

$$AME = \frac{\$1,000,000 \times \$100,000}{\$500,000} = \$200,000$$

**APPENDIX 6. B.****FORMULA G-2****MEMBER AIRLINES' OWNERSHIP INTEREST**

Example of the calculation of the Member Airlines' ownership interest upon the addition of an Additional Member Airline under Section 13.03.

Member Airline ownership interest is based on each airline's share of User Charges paid as of the date the ownership share is calculated. For example, if there are five Member Airlines prior to the admitting an Additional Member Airline with the following ownership interest (based on \$7,500,000 User Charges in a fiscal year):

Airline 1 paid \$3,750,000 which equals 50% of the ownership interest,  
Airline 2 paid \$1,875,000 which equals 25% of the ownership interest,  
Airline 3 paid \$ 937,500 which equals 12.5% of the ownership interest,  
Airline 4 paid \$ 562,500 which equals 7.5% of the ownership interest,  
Airline 5 paid \$ 375,000 which equals 5% of the ownership interest.

If an Additional Member Airline had joined MATCO mid-year, and paid \$200,000 in User Charges for that portion of the fiscal year, then the new ownership interest would be calculated as follows (assumes that total costs rise by \$200,000):

Airline 1 paying \$3,750,000 has a 48.7% ownership interest,  
Airline 2 paying \$1,875,000 has a 24.4% ownership interest,  
Airline 3 paying \$ 937,500 has a 12.2 % ownership interest,  
Airline 4 paying \$ 562,500 has a 7.3% ownership interest,  
Airline 5 paying \$ 375,000 has a 4.9% ownership interest,  
Additional Member paying \$ 200,000 has a 2.6% ownership interest.

The ownership interest is then used to calculate each airline's share of the Reserve Fund to determine any adjustments in the airline's payment to or refund from the Reserve Fund.

**APPENDIX 6. C.**

**SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLC  
MEMBER AGREEMENT**

## APPENDIX 6. C.

### TABLE OF CONTENTS

<b>ARTICLE 1. DEFINITIONS.....</b>	<b>1</b>
1.1 DEFINITIONS.....	1
1.2 ARTICLE AND SECTION HEADINGS, GENDER AND REFERENCES, DEFINED TERMS.....	6
<b>ARTICLE 2. FORMATION AND TERM.....</b>	<b>7</b>
2.1 FORMATION.....	7
2.2 NAME.....	7
2.3 REGISTERED AGENT AND OFFICE.....	7
2.4 PRINCIPAL PLACE OF BUSINESS.....	8
2.5 QUALIFICATION IN OTHER JURISDICTIONS.....	8
2.6 TERM.....	8
2.7 TERMINATION OF EQUIPMENT MAINTENANCE AND OPERATING AGREEMENT.....	8
2.8 SURVIVAL OF CERTAIN PROVISIONS.....	8
2.9 LIQUIDATION.....	8
<b>ARTICLE 3. PURPOSES AND POWERS OF THE COMPANY.....</b>	<b>8</b>
3.1 PURPOSES.....	8
3.2 POWERS OF THE COMPANY.....	9
3.3 MERGER OF THE COMPANY.....	10
<b>ARTICLE 4. ADMISSION OF INITIAL MEMBERS.....</b>	<b>10</b>
4.1 ELECTION OF AIR CARRIER ON APPENDIX A TO BECOME MEMBER AND EXECUTE MEMBER AGREEMENT.....	10
4.2 ELECTION OF AIR CARRIER TO BECOME ADDITIONAL MEMBER AND EXECUTE MEMBER AGREEMENT.....	11
<b>ARTICLE 5. ADDITIONAL MEMBERS.....</b>	<b>11</b>
5.1 ADMISSION OF ADDITIONAL MEMBERS.....	11
5.2 REQUIREMENTS.....	11
5.3 PROCEDURE.....	11
5.4 ACCEPTANCE DATE.....	12
5.5 USAGE.....	12
<b>ARTICLE 6. CAPITAL CONTRIBUTIONS AND ACCOUNTS, INTERESTS, DISTRIBUTIONS AND TAX MATTERS.....</b>	<b>13</b>
6.1 CAPITAL CONTRIBUTIONS.....	13
6.2 MEMBER'S INTEREST.....	13
6.3 STATUS OF CAPITAL CONTRIBUTIONS.....	13
6.4 CAPITAL ACCOUNTS.....	13
6.5 TAX ELECTION.....	14
<b>ARTICLE 7. MEMBER INTERESTS.....</b>	<b>14</b>
7.1 POWERS OF MEMBERS.....	14
7.2 REIMBURSEMENTS.....	14
7.3 PARTITION.....	14
7.4 TRANSFER VOID.....	14
7.5 EXCEPTION FOR TRANSFER TO SUBSIDIARY OR IN CONNECTION WITH MERGER.....	14
7.6 ASSOCIATED AIRLINES.....	15
7.7 TERMINATION AS MEMBER UPON WITHDRAWAL OR DEFAULT.....	15
7.8 TERMINATION OF INTEREST UPON MERGERS OR ACQUISITIONS.....	15
7.9 COMPANY'S INABILITY TO TERMINATE.....	16

## APPENDIX 6. C.

<b>ARTICLE 8. MANAGEMENT AND MEETINGS.....</b>	<b>16</b>
8.1 MEMBER COMMITTEE .....	16
8.2 MEETINGS .....	16
8.3 CHAIRPERSON .....	18
8.4 CHAIRPERSON TO EXECUTE CONTRACTS .....	18
8.5 EXECUTIVE COMMITTEE .....	18
8.6 OPERATIONS COMMITTEE .....	19
8.7 MEMBERS' CONSENT .....	20
8.8 NOT A PARTNERSHIP OR JOINT VENTURE .....	20
<b>ARTICLE 9. BOOKS AND RECORDS.....</b>	<b>21</b>
9.1 BOOKS, RECORDS AND FINANCIAL STATEMENTS .....	21
9.2 ACCOUNTING METHOD .....	21
9.3 ANNUAL AUDIT .....	21
<b>ARTICLE 10. ACCESS TO EQUIPMENT .....</b>	<b>22</b>
10.1 USE .....	22
10.2 NON-MEMBER USERS .....	22
10.3 NON-MEMBER USE AGREEMENT .....	22
10.4 HANDLERS .....	22
10.5 FACILITIES ACCESS AGREEMENT .....	22
10.6 ACCESS BY USERS .....	22
<b>ARTICLE 11. OPERATOR .....</b>	<b>23</b>
11.1 OPERATOR .....	23
11.2 RESPONSIBILITIES.....	23
11.3 PAYMENTS .....	23
<b>ARTICLE 12. CALCULATION OF FEES AND CHARGES .....</b>	<b>23</b>
12.1 TOTAL FACILITY CHARGE AND NET FACILITY CHARGE .....	23
12.2 LIABILITY FOR NET FACILITY CHARGE AND EXTRAORDINARY COSTS .....	24
12.3 TEMPORARY SHUT-DOWN.....	24
12.4 INVOICING.....	25
12.5 PAYMENTS .....	25
12.6 OPERATING RESERVE ACCOUNT .....	26
12.7 OPERATING RESERVE ACCOUNT CHARGE .....	26
<b>ARTICLE 13. DEFAULT .....</b>	<b>27</b>
13.1 EVENTS OF DEFAULT AND TERMINATION.....	27
13.2 CONSEQUENCES OF DEFAULT.....	28
13.3 REIMBURSEMENT .....	29
13.4 COSTS .....	29
<b>ARTICLE 14. EQUIPMENT; COMPANY PROPERTY; START-UP COSTS.....</b>	<b>29</b>
14.1 EQUIPMENT .....	29
14.2 ADDITIONAL EQUIPMENT.....	29
14.3 SPECIAL EQUIPMENT.....	29
14.4 COMPANY PROPERTY.....	29
14.5 START-UP COSTS .....	30



## APPENDIX 6. C.

<b>ARTICLE 15. LIABILITY, EXCULPATION AND INDEMNIFICATION.....</b>	<b>30</b>
15.1 MEMBER LIABILITY RELATED TO EQUIPMENT USE.....	30
15.2 COMPANY LIABILITIES.....	31
15.3 EXCULPATION.....	31
15.4 FIDUCIARY DUTY.....	31
15.5 INDEMNIFICATION BY THE COMPANY.....	32
15.6 EXPENSES.....	32
15.7 INSURANCE.....	32
15.8 OUTSIDE BUSINESSES.....	32
<b>ARTICLE 16. WITHDRAWAL .....</b>	<b>33</b>
16.1 CESSATION OF OPERATIONS.....	33
16.2 WITHDRAWAL COMMITMENT AND DEPOSITS.....	33
16.3 TERMINATION.....	33
16.4 LIMITATION ON WITHDRAWAL.....	33
<b>ARTICLE 17. DISSOLUTION, LIQUIDATION AND TERMINATION .....</b>	<b>34</b>
17.1 NO DISSOLUTION.....	34
17.2 EVENTS CAUSING DISSOLUTION.....	34
17.3 LIQUIDATION.....	34
17.4 TERMINATION.....	34
17.5 CLAIMS OF THE MEMBERS.....	35
17.6 LIMITATIONS ON DISTRIBUTION.....	35
<b>ARTICLE 18. MISCELLANEOUS.....</b>	<b>35</b>
18.1 COVENANT TO SIGN DOCUMENTS.....	35
18.2 ATTORNEYS' FEES.....	35
18.3 NOTICES.....	35
18.4 COUNTERPARTS.....	35
18.5 APPLICABLE LAW.....	35
18.6 NOT A PARTNERSHIP.....	36
18.7 AMENDMENTS.....	36
18.8 ASSIGNMENT.....	36
18.9 U.S. CURRENCY.....	36
18.10 ENTIRE AGREEMENT.....	36
18.11 SEVERABILITY.....	36
18.12 FAILURE TO PURSUE REMEDIES.....	37
18.13 LIMITATION OF RIGHTS.....	37
18.14 AIRPORT APPROVAL RIGHTS.....	37
18.15 AIRPORT BENEFICIARY RIGHTS.....	37

<b>DOCUMENTS FOR NEW INTERNATIONAL TERMINAL OPERATIONS.....</b>	<b>2</b>
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### SCHEDULES

### VOTING REQUIREMENTS

### SCHEDULE C

## APPENDIX 6. C.

### SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLC

#### MEMBER AGREEMENT

THIS MEMBER AGREEMENT ("Member Agreement") is made and entered into and effective as of the 1<sup>st</sup> day of January, 1999 by and among the Members and San Francisco Terminal Equipment Company, LLC, a Delaware limited liability company (the "Company").

WHEREAS, the Members have formed the Company to operate and maintain equipment systems for handling of passengers and flights ("Equipment") at the new international terminal complex ("International Terminal") and elsewhere at the Airport, providing reasonable and nonpreferential access to all Air Carriers, as more fully described in Articles 3 and 10 hereof; and

WHEREAS, the Company desires to acquire certain other property and systems in addition to the Equipment ("Company Property") for use in its operations and operations at the International Terminal and elsewhere at the Airport; and

WHEREAS, the Company and the City are parties to the Equipment Maintenance and Operating Agreement pursuant to which the City grants to the Company and the Company undertakes the right and responsibility to use, operate and maintain the Equipment; and

WHEREAS, the Company and the City may establish standards, practices and fees relating to the use, operation and maintenance of the Equipment; and

WHEREAS, the Company and the Operator will be parties to the Operator Agreement, pursuant to which the Company will engage the Operator to maintain and operate the Equipment and Company Property and to provide maintenance, operation and management services; and

WHEREAS, the Members desire to execute this Member Agreement among themselves to provide for the rights and duties of the Members as among themselves relating to: (i) the Company; (ii) the use, operation and maintenance of the Equipment and Company Property; (iii) the allocation of costs and revenues thereof; and (iv) other matters related to the foregoing.

NOW, THEREFORE, in consideration of these premises and of the mutual covenants and agreements herein contained, the Members and the Company agree as follows:

#### ARTICLE 1. DEFINITIONS

##### 1.1 Definitions.

All capitalized terms used but not otherwise defined in this Member Agreement shall have the respective meanings set forth below:

"Acceptance Date" means the date on which an Air Carrier becomes an Additional Member pursuant to Article 5 herein.

"Additional Equipment" has the meaning set forth in Section 14.2 of this Member Agreement.

## APPENDIX 6. C.

“Additional Fees” means any additional fees paid by the Company to the City pursuant to the Equipment Maintenance and Operating Agreement.

“Additional Member” means an Air Carrier that becomes a party to this Member Agreement on or after DBO.

“Affiliate” means with respect to a specified person, any person that directly or indirectly controls, is controlled by, or is under common control with, the specified person. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise.

“Air Carrier” means any "air carrier" or "foreign air carrier" as such terms are defined in 49 U.S.C. §1301 and which is operating at the Airport.

“Airport” means San Francisco International Airport, including the North Terminal, Central Terminal, South Terminal and International Terminal Building; together with connecting concourses, piers, boarding areas and extensions thereof, and satellite buildings now or hereafter constructed, located in the County of San Mateo, State of California, United States of America.

“Airport Director” means the chief executive officer of the Airport, as appointed by the Commission or his or her duly appointed designee.

“Associated Airline” means any Air Carrier designated as such by the Member Committee, as set forth in Section 7.6 of this Member Agreement.

“Auditor” means the accounting firm selected annually by a Majority-In-Interest of the Member Committee to audit the financial records of the Company.

“Business day” means any day other than Saturday, Sunday, or legal holidays in San Francisco, California.

“Capital Account” means, with respect to any Member, the account maintained for such Member in accordance with the provisions of Section 6.4 hereof.

“Capital Contribution” means, with respect to any Member, the aggregate amount of money contributed to the Company pursuant to Section 6.1 hereof with respect to such Member's Interest.

“Certificate” means the Certificate of Formation of the Company and any and all amendments thereto and restatements thereof filed on behalf of the Company with the office of the Secretary of State of the State of Delaware pursuant to the Delaware Act.

“Chairperson” means the Chairperson of the Member Committee appointed by the Member Committee in accordance with Section 8.3 of this Member Agreement.

“City” means the City and County of San Francisco, California, acting by and through the Commission, or any governmental agency succeeding such entity in its role as operator of the Airport.

## APPENDIX 6. C.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding federal tax statute enacted after the date of this Member Agreement. A reference to a specific section (§) of the Code refers not only to such specific section but also to any corresponding provision of any federal tax statute enacted after the date of this Member Agreement, as such specific section or corresponding provision is in effect on the date of application of the provisions of this Member Agreement containing such reference.

“Commission” means the Airport Commission of the City and County of San Francisco, California.

“Company” means San Francisco Terminal Equipment Company, LLC, a Delaware limited liability company.

“Company Property” means equipment and systems owned or leased by the Company, other than the Equipment, and used by the Company or the Users in their operations at the International Terminal, including, for example, X-ray security systems, metal detectors and Company office equipment and furniture.

“Covered Person” means a Member, any Affiliate of a Member, any officers, directors, managers, trustees, members, shareholders, partners, employees, representatives or agents of a Member, or their respective Affiliates, or any employee or agent of the Company or any of its Affiliates, or any members of the Member Committee or the Executive Committee.

“DBO” means the date upon which the Company and the first Air Carrier begin operations at the International Terminal.

“Delaware Act” means the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, et seq., as amended from time to time.

“Equipment” means the equipment and systems, including loading bridges, baggage handling systems, centralized aircraft power system, pre-conditioned air system, aircraft guide-in system, flight information display system and common use terminal equipment, as more fully described on Exhibit A attached to the Equipment Maintenance and Operating Agreement, as Exhibit A may be amended from time to time, which Equipment is located at the International Terminal and elsewhere at the Airport and used, operated and maintained by the Company pursuant to the provisions of the Equipment Maintenance and Operating Agreement.

“Equipment Fees” means all operating fees paid by the Company to the City pursuant to the Equipment Maintenance and Operating Agreement.

“Equipment Maintenance and Operating Agreement” means that certain International Terminal Equipment Maintenance and Operating Agreement by and between the City and the Company, and any other related agreements, as amended from time to time, by which the City grants authority for use, operation and maintenance of the Equipment to the Company.

“Executive Committee” means the subcommittee of the Member Committee, authorized by the Member Committee pursuant to Section 8.5 of this Member Agreement to manage the day-to-day operations of the Company.

“Extraordinary Cost” means a non-recurring expenditure or obligation of the Company that: (a) is not a part of the normal and regular ongoing expense of operating the Equipment or

## APPENDIX 6. C.

Company Property; and (b) the cost of which is recovered in a manner and over a period determined by the Company. Extraordinary Cost shall not include the obligation of non-defaulting Members to provide funds to the Company in the event of a default by a Member.

“Facilities Access Agreement” means an agreement between a Handler and the Company, giving the Handler access to the Equipment and the Company Property on behalf of certain Users of the International Terminal.

“Fiscal Year” means (i) the period commencing upon the formation of the Company and ending on December 31, 1999, and (ii) any subsequent twelve (12) month period commencing on January 1 and ending on December 31.

“Flight” means a Member’s flight to be included in calculating a Member’s Usage, as defined in Schedule C to this Agreement.

“Handler” means any person that: (i) executes a Facilities Access Agreement; and (ii) obtains all necessary approvals and permits from the City to perform flight and passenger handling services for Users at the Airport.

“Initial Member” means an Air Carrier who becomes a Member of the Company on or before DBO pursuant to Section 4.1 hereof.

“Interest” means a Member’s interest in the Company in accordance with the provisions of this Member Agreement.

“International Terminal” means the international terminal complex at San Francisco International Airport, comprising the international terminal building, new Boarding Area A, new Boarding Area G, and the shoulder buildings, as the same may be modified and expanded from time to time.

“Limited Funding Agreement” means the agreement approved by Airport resolution on November 17, 1998, between the City and San Francisco Foreign Flag Carriers Corporation, in which the City agrees to advance Transitional Expenses (as defined therein) for airline equipment and other expenses related to the International Terminal.

“Majority-In-Interest” means, with respect to a vote for or against any matter arising under or related to this Member Agreement, the votes of those Member Representatives of Members entitled to vote and not then in default collectively representing more than: (a) fifty percent (50%) in number of the Members; and (b) fifty percent (50%) of the total Usage of the Members for the twelve months prior to the month in which the vote is taken. In the event that an action is to be taken and the vote required is not specified, a Majority-In-Interest shall be the vote required.

“Member” means each of the Initial Members and includes any Air Carrier admitted as an Additional Member pursuant to the provisions of this Member Agreement, in such Air Carrier’s capacity as a member of the Company, and “Members” means two (2) or more of such Air Carriers when acting in their capacities as members of the Company. For purposes of the Delaware Act, the Members shall constitute one (1) class or group of members.

## APPENDIX 6. C.

"Member Agreement" means this Member Agreement, and all amendments or modifications thereto, among the Company and the Members.

"Member Committee" means the committee established to manage the Company pursuant to this Member Agreement.

"Member Representative" means the person appointed by a Member to be that Member's representative on the Member Committee, as that person may be changed from time to time by the Member.

"Monthly Usage" means the Usage of a Member for the previous calendar month or the average monthly Usage of the Member during the preceding twelve (12) months, whichever is greater.

"Non-Member Use Agreement" means the agreement between the Company and any Air Carrier, other than a Member, desirous of using the Equipment and the Company Property. Such Non-Member Use Agreement shall contain the terms, obligations and restrictions upon such usage, and appropriate insurance and indemnification provisions.

"Non-Member User" means an Air Carrier who is not a Member, who wishes to use the Equipment and the Company Property and who has executed a Non-Member Use Agreement.

"Passenger" means a Member's passenger to be included in calculating the Member's Usage, as defined in Schedule C.

"Operating Reserve Account" means the account established by the Company pursuant to Section 12.6, the costs of which, if financed by the Company or a Company-held line of credit, will be included in Total Operating Cost and paid by the Members as part of the Total Facility Charge.

"Operator" means a qualified independent contractor selected by the Company with the approval of the Airport Director to operate and maintain the Equipment and Company Property, as specified and agreed from time to time, and who is delegated authority to act on behalf of the Company in exercising certain specified rights and obligations of the Company, including those arising under the Equipment Maintenance and Operating Agreement, this Member Agreement, and the Non-Member Use Agreements, as more particularly described in the Operator Agreement.

"Operator Agreement" means the Maintenance, Operation and Management Services Agreement as in effect from time to time between the Company and the Operator for the maintenance, operation and management of the Equipment and Company Property, as specified and agreed from time to time.

"Special Equipment" has the meaning set forth in Section 14.3 of this Member Agreement.

"Start-Up Costs" means all operational and non-operational costs of organizing the Company and the other business arrangements related to this Member Agreement and the Equipment Maintenance and Operating Agreement; making the Equipment operational; acquiring or leasing Company Property; arranging for funding of the Operating Reserve Account, and preparing this Member Agreement and all agreements related to the Equipment

## APPENDIX 6. C.

and Company Property, including attorneys' fees and expenses, and costs and expenses of other consultants that were incurred by or on behalf of any Member or the Company or any agent or consultant of either of them prior to DBO and are reimbursable in accordance with Section 14.5 hereof. Start-Up Costs include Transitional Expenses as defined in the Limited Funding Agreement, but may also include expenses that are funded by the Members other than through the Limited Funding Agreement.

“Subsidiary” means a company controlling or controlled by a Member. Control, for purposes of this Agreement, means owning 51% or more of the voting rights of the company in question.

“Super Majority-In-Interest” means, with respect to a vote for or against any matter arising under or related to this Member Agreement, the votes of those Member Representatives of Members entitled to vote and not then in default that collectively represent more than: (a) seventy-five percent (75%) in number of the Members; and (b) seventy-five percent (75%) of the total Usage of the Members for the twelve months prior to the month in which the vote is taken.

“Total Facility Charge” has the meaning ascribed to that term in Section 12.1 herein.

“Total Operating Cost” means the Operator's Total Operating Cost as defined in the Operator Agreement or otherwise determined by the Company.

“Usage” means the Usage of any Member as determined in accordance with Schedule C to this Member Agreement, as Schedule C may be amended from time to time by a Super Majority-In-Interest.

“User” means any Member or Non-Member User that uses the Equipment and Company Property in connection with air transportation.

“Vice Chairperson” means the Vice Chairperson of the Member Committee appointed by the Member Committee in accordance with Section 8.3 of this Member Agreement.

“Withdrawal Commitment” has the meaning ascribed to that term in Section 16.2 herein.

“Withdrawal Date” means the date when a Majority-In-Interest approves of the withdrawal of a Member from this Member Agreement, if such approval is necessary; and, if not, then the date specified when the Withdrawing Airline gives written notice to the Company of its withdrawal (which date shall be the last day of a calendar month and may not be earlier than the date of such notice), subject to the satisfaction of all the conditions to withdrawal specified in Article 17 hereof.

“Withdrawal Deposits” has the meaning ascribed to that term in Section 16.2 herein.

“Withdrawing Airline” means any Member that has withdrawn from this Member Agreement pursuant to Article 17 herein.

### 1.2 Article and Section Headings. Gender and References. Defined Terms.

The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and

**APPENDIX 6. C.**

construed to include all genders. Unless otherwise indicated, all references herein to "Article", "Section" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words 'hereby', 'herein', 'hereof', 'hereto', 'herewith', 'hereunder' and other words of similar import refer to this Member Agreement as a whole and not to any particular article, section, subdivision or clause hereof. The terms defined herein shall include the plural as well as the singular and the singular as well as the plural. Except as otherwise indicated, all the agreements or instruments herein defined shall mean such agreements or instruments as the same may from time to time be supplemented or amended or the terms thereof waived or modified to the extent permitted by, and in accordance with, the terms thereof. References to statutes, sections or regulations are to be construed as including all statutory or regulatory provisions consolidating, amending, replacing, succeeding or supplementing the statute, section or regulation referred to. References herein to "day" or "days" shall mean calendar day or days, and if any event is scheduled or required to occur on a day which is not a business day in San Francisco, California, then the event shall be scheduled or required to occur on the next following business day in San Francisco, California. The words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation" or "but not limited to" or words of similar import. References to a person include any individual, corporation, association, partnership, joint venture, trust, estate, limited liability company, or other legal entity or organization, and such person's successors and permitted assigns.

**ARTICLE 2. FORMATION AND TERM****2.1 Formation.**

(a) The Members hereby form the Company as a limited liability company under and pursuant to the provisions of the Delaware Act and agree that the rights, duties and liabilities of the Members shall be as provided in the Delaware Act, except as otherwise provided herein.

(b) Upon the execution of this Member Agreement or a counterpart of this Member Agreement and the fulfillment of the requirements of Section 4.1, the Initial Members shall be deemed admitted as Members of the Company.

(c) The name and mailing address of each Member and the amount contributed to the capital of the Company shall be listed on Schedule A attached hereto. The Members shall be required to update Schedule A from time to time as necessary to accurately reflect the information therein. Any amendment or revision to Schedule A made in accordance with this Member Agreement shall not be deemed an amendment to this Member Agreement. Any reference in this Member Agreement to Schedule A shall be deemed to be a reference to Schedule A as amended and in effect from time to time.

**2.2 Name.**

The name of the Company formed hereby is San Francisco Terminal Equipment Company, LLC. The business of the Company may be conducted, upon compliance with all applicable laws, under any other name designated by the Members.

**2.3 Registered Agent and Office.**

The Company's registered agent and office in Delaware shall be The Corporation Trust Company, 1209 Orange Street, Wilmington, County of New Castle, Delaware, 19801. At any time, the Members may designate another registered agent and/or registered office.



## APPENDIX 6. C.

### 2.4 Principal Place of Business.

The principal place of business of the Company shall be at San Francisco International Airport, San Francisco, CA. at the following address: International Terminal, San Francisco International Airport (Mailing address: P.O. Box 250400, San Francisco International Airport, San Francisco, CA 94125-0400). At any time, the Members may change the location of the Company's principal place of business.

### 2.5 Qualification in Other Jurisdictions.

The Members shall cause the Company to be qualified, formed or registered under assumed or fictitious name statutes, foreign entity statutes, or similar laws in any jurisdiction in which the Company transacts business as required by such laws. The Chairperson or Vice Chairperson of the Member Committee, as an authorized person within the meaning of the Delaware Act, shall execute, deliver and file any certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction in which the Company may wish to conduct business.

### 2.6 Term.

(a) The term of the Company shall commence on the date the Certificate is filed in the office of the Secretary of State of the State of Delaware and the Company shall have perpetual existence, unless the Company is dissolved in accordance with the provisions of this Member Agreement. The existence of the Company as a separate legal entity shall continue until the cancellation of the Certificate.

(b) This Member Agreement shall become legally binding upon the Company and each Member as of February 29, 2000, and shall continue in effect throughout, and may not be terminated (i) during the term of the Equipment Maintenance and Operating Agreement, including any extension or renewal thereof, (ii) so long as any payment obligations of a Member to the Company or to another Member hereunder are outstanding or (iii) so long as any debts or liabilities of the Company remain unsatisfied.

### 2.7 Termination of Equipment Maintenance and Operating Agreement.

If the Equipment Maintenance and Operating Agreement is terminated, this Member Agreement may be terminated at any time by the Members which constitute a Majority-In-Interest, subject, however to the limitations in Section 2.6 above and Section 2.8 below.

### 2.8 Survival of Certain Provisions.

The payment and indemnity provisions set forth in Section 7.7 and Articles 10,12, 13, 15, 16 and 17 shall survive the termination of this Member Agreement as to any one or as to all Members for events occurring prior to the termination.

### 2.9 Liquidation.

Upon termination, the Company may be liquidated in accordance with this Member Agreement.

## **ARTICLE 3. PURPOSES AND POWERS OF THE COMPANY**

### 3.1 Purposes.

(a) The Company is formed for the object and purposes of, and the nature of the business to be conducted and promoted by the Company is (i) to use, operate and maintain

## APPENDIX 6. C.

certain terminal equipment and systems at the Airport and (ii) to engage in any and all legal activities necessary, related, convenient, desirable or incidental to the foregoing, including acquiring, holding, managing, operating and disposing of interests in real and personal property and contracting for personal services, but only if such activities are permitted to limited liability companies under the Delaware Act.

(b) In fulfilling its functions, the Company shall not operate to derive a financial profit from providing services to Members or non-Members; provided that nothing herein stated, omitted or implied shall preclude or prohibit the Company from charging Non-Member Users fees that are in excess of the fees and charges payable by Members. To this end, monies received by the Company from its Members for ordinary operations shall be sufficient only to fulfill the Members' obligations resulting from the Company's ordinary operations. Any amounts received for ordinary operations that are in excess of the Members' annual obligations for ordinary operations shall be credited to the current Members not then in default pro rata in accordance with each Member's Usage for the previous twelve months. Monies received by the Company from its Members for extraordinary items, such as capital improvements shall be sufficient only to fund the cost of such extraordinary items, and any excess shall be refunded to the current Members not then in default, pro rata in accordance with each Member's contribution, either (at the sole discretion of the Member Committee) in cash or through a credit to the Members.

### 3.2 Powers of the Company.

The Company shall have the power and authority, and is authorized, to take any and all actions necessary, appropriate, proper, advisable, incidental or convenient to or for the furtherance of the purposes set forth in Section 3.1, including the power, authority and authorization:

(a) to conduct its business, carry on its operations and have and exercise the powers granted to a limited liability company by the Delaware Act in any state, territory, district or possession of the United States, or in any foreign country that may be necessary, convenient or incidental to the accomplishment of the purposes of the Company;

(b) to acquire Company Property by purchase, lease, contribution of property or otherwise, own, hold, operate, maintain, finance, improve, lease, sell, convey, mortgage, transfer, demolish or dispose of any real or personal property and loans secured by such real and personal property that may be necessary, convenient or incidental to the acquisition of Company Property and the accomplishment of the purposes of the Company;

(c) to enter into, perform and carry out contracts of any kind, including contracts with any Member, any Affiliate thereof, or any agent of the Company necessary to, in connection with, convenient to, or incidental to the accomplishment of the purposes of the Company;

(d) to purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in or obligations of domestic or foreign corporations, associations, general or limited partnerships (including the power to be admitted as a partner thereof and to exercise the rights and perform the duties created thereby), trusts, limited liability companies (including the power to be admitted as a member or appointed as a manager thereof and to exercise the rights and perform the duties created thereof), or individuals or direct or indirect obligations of the United States or of any government, state, territory, governmental district or municipality or of any instrumentality of any of them;

## APPENDIX 6. C.

(e) to lend money for its proper purpose, to invest and reinvest its funds, to take and hold real and personal property for the payment of funds so loaned or invested;

(f) to sue and be sued, complain and defend, and participate in administrative or other proceedings, in its name;

(g) to appoint employees, officers and agents of the Company, establish their offices and titles, and define their power, authority and duties and fix their compensation;

(h) to indemnify any person in accordance with the Delaware Act and to obtain any and all types of insurance;

(i) to cease its activities and cancel its Certificate;

(j) to negotiate, enter into, renegotiate, extend, renew, terminate, modify, amend, waive, execute, acknowledge or take any other action with respect to any lease, contract or security agreement in respect of any assets or obligations of the Company;

(k) to borrow money and issue evidences of indebtedness and guaranties, and to secure the same by a mortgage, pledge or other lien on the assets of the Company;

(l) to pay, collect, compromise, litigate, arbitrate or otherwise adjust or settle any and all other claims or demands of or against the Company or to hold such proceeds against the payment of contingent liabilities;

(m) to perform any other action that the Member Committee determines is necessary, convenient or incidental to the accomplishment of the purposes of the Company; and

(n) to make, execute, acknowledge and file any and all documents or instruments necessary, convenient or incidental to the accomplishment of the purposes of the Company.

### 3.3 Merger of the Company.

The Company may merge with, or consolidate or convert into, another Delaware limited liability company or other business entity (as defined in Section 18-209(a) of the Delaware Act), as permitted under the Delaware Act, upon the approval of a Super Majority-In-Interest.

## ARTICLE 4. ADMISSION OF INITIAL MEMBERS

### 4.1 Election of Air Carrier on Appendix A To Become Member and Execute Member Agreement.

Air Carriers on Appendix A have been invited to become Initial Members of the Company and given the opportunity to become Members of the Company on or before February 29, 2000 by executing a copy of this Member Agreement. In addition, each such Air Carrier shall pay a discounted membership fee of \$5,000, which represents the membership fee of \$20,000 discounted 75% in recognition of each such Air Carrier's assumption of the

## APPENDIX 6. C.

responsibilities for formation of the Company, arranging for debt related to Start-Up Costs through the Limited Funding Agreement and timely return of the signed Member Agreement. Any Air Carrier on Appendix A who elects to become a Member on or after March 1, 2000 but prior to DBO, and any other Air Carrier who becomes an Initial Member prior to DBO shall pay the entire \$20,000 membership fee and execute a copy of this Member Agreement. Any Air Carrier that elects to become a Member after DBO shall become an Additional Member in accordance with Section 4.2 below.

### 4.2 Election of Air Carrier To Become Additional Member and Execute Member Agreement.

Air Carriers who elect to become members after DBO shall have the opportunity to become Additional Members of the Company in accordance with Article 5 of this Member Agreement. Each such Air Carrier shall pay a membership fee of \$25,000. After DBO, such membership fee may be escalated annually, by the affirmative vote of a Majority-In-Interest, effective on each anniversary of DBO, to equal an amount not to exceed the product of \$25,000 and a fraction, the numerator of which is the CPI (as defined below) published immediately prior to such anniversary, and the denominator of which is the CPI published immediately prior to the DBO. As used herein, the term "CPI" means the Consumer Price Index/All Urban Consumers – U.S. City Average (All Items – 1982-84 = 100) published by the U.S. Bureau of Labor Statistics, or if such index is not available or discontinued, such other index as is reasonably determined by the Member Committee.

## **ARTICLE 5. ADDITIONAL MEMBERS**

### 5.1 Admission of Additional Members.

The use of the Equipment and Company Property and the opportunity to become a Member of the Company shall be open to all Air Carriers using the International Terminal with reasonable history of creditworthiness. Admission of an Air Carrier to this Member Agreement as an Additional Member shall be open to all Air Carriers who are approved by the City to operate at the International Terminal, subject to satisfaction of all requirements for admission as a party to this Member Agreement. Subject to the foregoing, the Company is authorized to admit any Air Carrier as an additional member of the Company (each, an "Additional Member" and collectively, the "Additional Members").

### 5.2 Requirements.

In order to become an Additional Member, an Air Carrier must

- (a) Submit to the Company a written notice, which includes written evidence of approval by the City to operate at the International Terminal, a statement of estimated Monthly Usage for each month following the requested Acceptance Date, and the requested Acceptance Date;
- (b) Execute a counterpart copy of this Member Agreement with the Company and submit it to the Company;
- (c) Pay amounts as specified by the Company pursuant to Section 5.3 below.
- (d) Submit evidence of creditworthiness.

### 5.3 Procedure.

If the material submitted pursuant to section 5.2(a) is found by the Company to comply with this Article 5, then the Company shall provide a notice of eligibility to the requesting Air

## APPENDIX 6. C.

Carrier with a copy of the Member Agreement, a written statement of the requirements for membership, a written statement of the fees and other payments required for membership, consistent with Section 4.2 hereof, and such other documents for signature as may reasonably be required. The Air Carrier shall then have 30 days from the date of the notice in which to return all required signed documents and payments. If all requirements outlined in the notice from the Company are appropriately fulfilled within 30 days, the requesting Air Carrier shall become an Additional Member on the Acceptance Date and thereafter shall have the same rights and obligations under this Member Agreement as all other Members. The Company shall reissue Schedule A to all Members upon the admission of any Additional Member.

### 5.4 Acceptance Date.

The Acceptance Date for any Additional Member shall be the first day of the month (commencing at 12:01 a.m. San Francisco time) following the date of notification by the Company of all required signed documents and payments.

### 5.5 Usage.

For purposes of computing a Majority-In-Interest and Super Majority-In-Interest, for the first twelve (12) months following the Acceptance Date, the Monthly Usage of an Additional Member shall be the greater of: (a) the estimated Monthly Usage as submitted pursuant to Section 5.2(a) above; or (b) the actual Monthly Usage for the previous month, where available, multiplied by twelve (12).

## APPENDIX 6. C.

### **ARTICLE 6. CAPITAL CONTRIBUTIONS AND ACCOUNTS, INTERESTS, DISTRIBUTIONS AND TAX MATTERS**

#### **6.1 Capital Contributions.**

(a) Concurrently with becoming a Member, each Member must contribute to the capital of the Company the membership fee amount set forth in Articles 4 and 5, as such amount may be increased or decreased from time to time upon the vote of a Majority-In-Interest. Capital contributions shall be returned to Members, if at all, only upon dissolution of the Company in accordance with Article 18 and only to Members who are Members not in default under this Member Agreement at the time of dissolution.

(b) Except as provided in Section 6.1(a) and by the Delaware Act, no Member shall be required to make any additional capital contribution to the Company. No Member shall have any personal liability for the repayment of any Capital Contribution of any other Member. Notwithstanding the foregoing or any other provision of this Member Agreement, however, each Member shall be obligated to make all payments due and payable by such Member in connection with the Total Facility Charge and to perform all obligations of such Member as a Member pursuant to the terms of this Member Agreement.

#### **6.2 Member's Interest.**

A Member's Interest shall for all purposes be personal property. A Member has no interest in specific Company property.

#### **6.3 Status of Capital Contributions.**

(a) Except for withdrawal or termination in connection with a dissolution of the Company, upon withdrawal or other termination of a Member's interest in the Company, the amount of a Member's Capital Contributions shall not be returned to it.

(b) No Member shall receive any interest, salary or drawing with respect to its Capital Contributions or its Capital Account or for services rendered to or on behalf of the Company or otherwise in its capacity as a Member, Member Representative, Chairperson or Vice Chairperson, except as otherwise specifically provided in this Member Agreement.

#### **6.4 Capital Accounts.**

(a) An individual Capital Account shall be established and maintained for each Member.

(b) The Capital Account of each Member shall be maintained in accordance with the following provisions:

(i) to such Member's Capital Account there shall be credited such Member's Capital Contribution; and

## APPENDIX 6. C.

(ii) to such Members Capital Account there shall be debited the amount of cash and the fair market value of property distributed by the Company to such Member pursuant to this Member Agreement (net of liabilities secured by such distributed property which the Member is considered to assume or take subject to under Section 752 of the Code); provided, however, no debit shall be made in respect of any amounts paid or credited to a Member in connection with its share of the Total Facility Charge.

### 6.5 Tax Election.

The Company will elect to be treated as an association taxable as a corporation for United States federal income tax purposes, pursuant to Treas. Reg. Section 301.7701-3(a). This election will be made by timely filing a properly completed federal form 8832 with the Internal Revenue Service indicating that the Company will be taxed as a corporation from the date of inception.

## ARTICLE 7. MEMBER INTERESTS

### 7.1 Powers of Members.

The Member Representatives, on behalf of the Members, shall have the power to exercise any and all rights or powers granted to the Members pursuant to the express terms of this Member Agreement and the Delaware Act.

### 7.2 Reimbursements.

Subject to proper documentation and prior approval of a Majority-in-Interest, the Company shall reimburse the Members for all ordinary and necessary out-of-pocket expenses incurred by the Members on behalf of the Company. Such reimbursement shall be treated as an expense of the Company and shall not be deemed to constitute a distribution or return of capital to any Member.

### 7.3 Partition.

To the fullest extent permitted by applicable law, each Member waives any and all rights that it may have to maintain an action for partition of the Company's property.

### 7.4 Transfer Void.

A Member shall not sell, assign, transfer, pledge or otherwise dispose of or encumber (collectively, for purposes of this Article 7, a "transfer") all or any part of its Interest in the Company to any Air Carrier or other person unless the Company shall give its prior written consent to such transfer, which consent shall not be unreasonably withheld, delayed or conditioned. The Company may only approve such a transfer to an Air Carrier who is concurrently becoming a Member and a party to this Member Agreement in accordance with the terms and conditions of this Agreement. In approving or disapproving any request for transfer, the Company shall not discriminate against any one or more Member(s).

### 7.5 Exception for Transfer to Subsidiary or in Connection with Merger.

Notwithstanding Section 7.4, a Member may transfer all or any part of its Interest in the Company, without first obtaining the Company's consent, to a Subsidiary of such Member or to another corporation with which such Member merges or into which such Member consolidates if the transferee is concurrently becoming a Member and a party to this Member Agreement; provided, that such Subsidiary or other corporation is not a Member of the Company immediately prior to the time of transfer.

## APPENDIX 6. C.

### 7.6 Associated Airlines.

Each Member shall have the right to request that the Members consider an Air Carrier in which it has at least a 95% financial interest as an Associated Airline. The Member shall provide the Member Committee with a written request to admit the Air Carrier in question as an Associated Airline, along with evidence that the Member has at least a 95% financial interest in the Air Carrier. The Member Committee shall review the evidence of financial interest of the Member in the Air Carrier proposed as an Associated Airline, and if the evidence is satisfactory, shall approve an Air Carrier as an Associated Airline. The Chairperson of the Member Committee shall advise the Operator and the Members of acceptance of any Air Carrier as an Associated Airline. Upon designation as an Associated Airline, the Air Carrier so designated shall have the same rights and obligations with respect to use of the Equipment and Company Property as the Member with which it is associated. The Member with which it is associated shall be responsible for any liabilities incurred by the Associated Airline. Usage of the Associated Airline shall be included as Usage of the Member with which it is associated. Only the Member may vote.

### 7.7 Termination as Member upon Withdrawal or Default.

Upon the occurrence of any of the following events: (a) the withdrawal of a Member from this Member Agreement, (b) the occurrence of an Event of Default by a Member under Section 13.1 of this Member Agreement, or (c) any event specified in 6 Del. C. § 18-304 with respect to a Member, the Company has the right to terminate the Interest of such Member in the Company, effective as of a date specified by the Company by written notice to such Member. From and after the occurrence of any of the events specified above, such Member shall have no rights to vote as a Member, nor shall its Member Representative have any right to vote on the Member Committee. If its Member Representative is serving on the Executive Committee, its Member Representative shall be removed from the Executive Committee. Such Member's Usage shall not be counted, individually or as part of aggregate Usage, respecting a Majority-In-Interest, a Super Majority-In-Interest or otherwise in connection with any voting. Notwithstanding the foregoing, such Member shall not cease to be, and shall remain, a Member of the Company unless the Company elects to terminate such Member. Such Member shall not be relieved of any of the responsibilities, liabilities or obligations of a Member hereunder because of the occurrence of any of the events specified above. If the Company elected to terminate such Member, such Member shall remain liable for all of its obligations hereunder arising up to and including the effective date of its termination as a Member of the Company, and those obligations shall survive the termination of the Member under this Agreement.

### 7.8 Termination of Interest upon Mergers or Acquisitions.

In the event of any merger, consolidation, conversion, acquisition, or contractual arrangement as a result of which any Member becomes the beneficial owner of more than one Interest (whether directly or through control of one or more other Members), the Company has the right to terminate Interests such that no Member owns, directly or through control of other Members, more than one Interest. Such Member shall remain liable for all of its obligations hereunder arising up to and including the effective date of any termination of any Interests in the Company.



## APPENDIX 6. C.

### 7.9 Company's Inability To Terminate.

In the event that the Company has a right to terminate a Member or a Member's Interest pursuant to this Article 7, but is prevented from doing so, the Company may deliver written notice to that effect to the Member whose status as a Member or Interest in the Company would otherwise terminate whereupon all of such Member's Interest shall become a nonvoting Interest, and such Member shall not be entitled to vote as a Member or have its Member Representative sit on the Executive Committee, until such time as the Company is permitted to and does effect the termination. Such Member shall remain liable for all of its obligations hereunder arising up to and including the effective date of its termination as a Member of the Company.

## ARTICLE 8. MANAGEMENT AND MEETINGS

### 8.1 Member Committee.

(a) Powers. The business and affairs of the Company shall be conducted and managed through a Member Committee composed of one Member Representative appointed by each Member. A meeting of the Member Committee shall be the same as a meeting of the Members for purposes of satisfying any requirements of the Delaware Act for meetings of members of limited liability companies. The Member Committee shall have the power and authority, acting in accordance with the procedures of this Article 8, to do or cause to be done any and all acts necessary, convenient or incidental to or for the furtherance of the purposes described in Section 3.1 of this Member Agreement, including all powers, statutory or otherwise, possessed by managers and/or members of a limited liability company under the laws of the State of Delaware. The Member Committee shall act on all matters that are referred to in this Member Agreement to be done by (i) the Members; (ii) a Majority-In-Interest or Super Majority-In-Interest; (iii) a Majority-In-Interest or Super Majority-In-Interest of the Member Representatives; or (iv) a Majority-In-Interest or Super Majority-In-Interest of the Members.

(b) Appointment of Member Representatives. Each Member Representative shall be a regular salaried employee (or retired employee with no conflicting employment) of the Member appointing him or her unless the Member Committee approves, in its sole discretion, appointment of a Member Representative who is not a regular salaried employee (or retired employee with no conflicting employment) of such Member. Each Member shall appoint its Member Representative in writing in a letter addressed to the Company and delivered to the Company at its address for notice in Section 2.4. Each Member may, in writing, designate one or more alternate Member Representatives who shall, if attending a Member Committee meeting in the absence of the designated representative, have the full authority to vote and speak for the designating Member; provided however, only one such alternate representative may exercise the Member's rights at any meeting. Member Representatives and alternates shall serve until the Company receives written notice of the appointment of a new Member Representative or alternates from a Member.

(c) Proxies. A Member Representative may give to any other Member Representative a proxy, in writing, provided that the Chairperson or Vice Chairperson, if presiding, of the Member Committee may refuse to recognize a proxy if there exist any indications of fraud or other material uncertainty about its terms. Any such proxy must be submitted to and approved or disapproved by the Chairperson or Vice Chairperson, if presiding, prior to the Member Committee meeting.

### 8.2 Meetings.

## APPENDIX 6. C.

Meetings of the Member Committee shall be held at least annually at such time and place as determined by the Chairperson of the Member Committee or requested by Member Representatives representing at least twenty-five percent (25%) of the Usage of all Members for the twelve (12) months prior to the month in which the request is made. A complete list of Members entitled to vote at any meeting of the Member Committee, arranged in alphabetical order showing the address of each such Member and the name of its Member Representative, shall be made available to any Member upon request.

(a) Participation by Telephone. Member Representatives may participate in a meeting of the Member Committee through use of conference telephone or similar communication equipment so long as all representatives participating in such meeting can hear one another.

(b) Action Without Meeting. Any action of the Member Committee may be taken without a meeting if Member Representatives constituting a Majority-In-Interest, Super Majority-In-Interest or all of the Member Representatives, as applicable to the subject action, consent in writing to such action after solicitations of such written consents have been provided to all Member Representatives by teletype, facsimile or letter. Unless otherwise specified in this Member Agreement, any action of the Member Committee may be taken if approved by a Majority-In-Interest. All written consent or consents shall be filed with the minutes of the proceedings of the Member Committee.

(c) Notice. All notices of meetings of the Member Committee must be received by the Member Representatives at least ten (10) business days prior to the meeting. Notices sent by certified mail shall be deemed received on the date of delivery as indicated on the return receipt; notices sent by telegram, telecopy, facsimile, or telex shall be deemed received on the date transmitted, if transmitted prior to 4:00 p.m. time of recipient, otherwise on the next business day.

(d) Twenty-Day Notice Requirement. Notwithstanding Section 8.2(c), when any of the following items is to be the subject of a meeting of the Member Committee, at least twenty (20) business days prior notice is required:

- (i) Selection of an Operator for the Equipment and Company Property by competitive proposal or other procedure approved by a Majority-In-Interest;
- (ii) The approval of an agreement with an Operator, amendments thereto or termination thereof;
- (iii) Amendments to or termination of the Equipment Maintenance and Operating Agreement or this Agreement;
- (iv) Approval of any non-budgeted single expenditure or obligation over One Hundred Thousand Dollars (\$100,000);
- (v) Approval of the terms and conditions of any general plan of financing that may be required relating to the Equipment, Company Property or the Operating Reserve Account; or
- (vi) Determination to dissolve the Company.

## APPENDIX 6. C.

(e) Waiver of Notice in Emergency. In case of an emergency, the Chairperson of the Member Committee has the power to call a meeting of the Members without notice as required above; provided, that the Chairperson of the Member Committee uses his or her best efforts to give notice verbally or by teletype or facsimile.

(f) Form of Notice. The notice of any meeting of the Member Committee shall be directed to the place and in the manner set forth in Section 18.3 herein.

(g) Waiver of Notice. Any meeting of the Member Committee, however called and noticed and whenever held, and the transaction of business at such meeting, shall be valid as though duly called, noticed and held if a quorum is present and if either before or after the meeting each of the persons entitled to vote, but not present, signs: (i) a written waiver of notice; or (ii) a consent to the holding of the meeting; or (iii) an approval of the minutes thereof. All such waivers, consents, or approvals shall be made a part of the minutes of the meetings.

(h) Quorum. A quorum consists of Member Representatives, or their alternates or assigned proxies, representing a Majority-In-Interest.

(i) Voting. Other than as provided in Section 8.2(b), any action of the Member Committee shall be effective only if made at a properly called meeting at which a quorum is present and upon the affirmative voice or hand vote of a Majority-In-Interest or such other percentage as may be specifically provided for in this Member Agreement for a particular action.

### 8.3 Chairperson.

The Member Committee shall elect a Chairperson and may elect a Vice Chairperson from among its representatives. Election shall be held annually and the term of the Chairperson and Vice Chairperson shall be one year. Members may serve as Chairperson or Vice Chairperson for an unlimited number of consecutive terms. The Chairperson of the Member Committee shall preside at all meetings of the Member Committee and in his or her absence the Vice Chairperson shall preside. In the absence of both the Chairperson and the Vice Chairperson, a meeting chairperson may be elected by a Majority-In-Interest in attendance at the meeting. The Chairperson of the Member Committee shall have the power and authority to authorize non-budgeted single expenditures or obligations by and on behalf of the Company of Ten Thousand Dollars (\$10,000) or less without the approval of the Member Committee; provided, however, if for any reason it is not practical to call for a vote of the Executive Committee for approval of a non-budgeted single expenditure of \$50,000 or less, the Chairperson may authorize such expenditure if failure to take such immediate action would adversely impact the operational and/or financial well-being of the Company.

### 8.4 Chairperson To Execute Contracts.

Each Member and the Company hereby authorizes and empowers the Chairperson of the Member Committee to execute and deliver, for and on behalf of the Member Committee and the Company, the Equipment Maintenance and Operating Agreement and all documents contemplated therein, amendments and counterparts to this Member Agreement accepting Additional Members, and/or any construction, service agreements, financing arrangements, guaranties and related agreements, or other contracts authorized by a Majority-In-interest in accordance with the terms of this Member Agreement.

### 8.5 Executive Committee.

## APPENDIX 6. C.

(a) Committee. An Executive Committee may be established by a Majority-In-Interest of the Member Committee consisting of the Chairperson of the Member Committee, who shall also serve as Chairperson of the Executive Committee, and a maximum of six (6) other Member Representatives elected by the Member Committee. The term of the members of the Executive Committee shall be the later of one year or until their successors are elected, unless removed by a Majority-In-Interest.

(b) Authority. The Executive Committee, subject to control of the Member Committee, shall be delegated responsibility for the day-to-day management and operation of the Company, the Equipment and the Company Property. It shall perform such other duties as are delegated and assigned to the Executive Committee from time to time by the Member Committee. The Executive Committee shall have the power and authority to authorize non-budgeted single expenditures or obligations by and on behalf of the Company up to the amount of One Hundred Thousand Dollars (\$100,000) or less without the approval of the Member Committee. The Executive Committee shall in no event have any authority greater than the Member Committee or be authorized to take any actions which the Member Committee could not take.

(c) Quorum and Voting. A quorum for the transaction of business at a regular or special meeting of the Executive Committee shall consist of a majority of the members of the Executive Committee. The act of at least a majority of the members of the Executive Committee shall constitute the act of the Executive Committee.

(d) Meetings. Meetings of the Executive Committee may be called by the Chairperson of the Executive Committee or members of the Executive Committee constituting at least one-third of the members of such Executive Committee. Notice must be given in accordance with the procedures to be established by the Executive Committee.

(e) Participation by Telephone. Members of the Executive Committee may participate in a meeting of the Executive Committee through use of conference telephone or similar communication equipment, so long as all members participating in such meeting can hear one another.

(f) Waiver of Notice. Any meeting of the Executive Committee, however called and noticed and whenever held, and the transaction of business at such meeting, shall be as valid as though had at a meeting duly called, noticed, and held if a quorum is present and if either before or after the meeting each of the persons on the Executive Committee entitled to vote but not present signs: (i) a written waiver of notice; or (ii) a written consent to the holding of the meeting; or (iii) an approval of the minutes thereof. All such waivers, consents, or approvals must be made a part of the minutes of the meetings.

(g) Action Without a Meeting. Any action to be taken by the Executive Committee may be taken without a meeting if all members of the Executive Committee consent in writing to such action. Such written consent(s) shall be filed with the minutes of proceedings of the Executive Committee

### 8.6 Operations Committee.

(a) Committee. An Operations Committee shall be established by a Majority-In-Interest of the Member Committee. The Operations Committee shall consist of the Chairperson of the Member Committee, who shall also serve as Chairperson of the Operations Committee, and a

## APPENDIX 6. C.

local representative appointed by each Member. Each local Member representative on the Operations Committee shall serve until his or her successor is appointed.

(b) Authority. The Operations Committee, subject to control of the Member Committee and the Executive Committee, shall be delegated responsibility for resolving any day-to-day operational concerns at the Airport. It shall perform such other duties as may be delegated to it by the Executive Committee or the Member Committee. The Operations Committee may make recommendations to the Executive Committee or the Member Committee, but it shall have no authority to authorize expenditures or to commit any funds of the Company.

(c) Quorum and Voting. A quorum for the transaction of business at a regular or special meeting of the Operations Committee shall consist of representatives constituting at least a Majority-In-Interest of the Members. The act of at least a Majority-In-Interest of the representatives present at a meeting of the Operations Committee, so long as a quorum is in attendance, shall constitute the act of the Operations Committee.

(d) Meetings. Meetings of the Operations Committee may be called by the Chairperson of the Operations Committee or representatives on the Operations Committee constituting at least one-third of the representatives. Notice must be given in accordance with the procedures to be established by the Operations Committee.

(e) Participation by Telephone. Representatives on the Operations Committee may participate in a meeting of the Operations Committee through use of conference telephone or similar communication equipment, so long as all representatives participating in such meeting can hear one another.

(f) Waiver of Notice. Any meeting of the Operations Committee, however called and noticed and whenever held, and the transaction of business at such meeting, shall be as valid as though had at a meeting duly called, noticed, and held if a quorum is present and if either before or after the meeting each of the representatives on the Operations Committee entitled to vote but not present signs: (i) a written waiver of notice; or (ii) a written consent to the holding of the meeting; or (iii) an approval of the minutes thereof. All such waivers, consents, or approvals must be made a part of the minutes of the meetings.

(g) Action Without a Meeting. Any action to be taken by the Operations Committee may be taken without a meeting if all representatives on the Operations Committee consent in writing to such action. Such written consent(s) shall be filed with the minutes of proceedings of the Operations Committee.

### 8.7 Members' Consent.

Each of the Members, by signing this Member Agreement, specifically consents to the authority given herein to the Member Committee, the Executive Committee, the Operations Committee and the Chairperson and Vice Chairperson and hereby certifies (and upon request of the Company shall promptly deliver further assurance of its certification) that the persons designated from time to time by such Member as a Member Representative and as a representative on the Operations Committee are duly authorized to act for and on behalf of such Member.

### 8.8 Not a Partnership or Joint Venture.

Except as expressly provided herein, neither this Member Agreement nor the relationship of the Members as a consequence of their participation in the Company or this

## APPENDIX 6. C.

Member Agreement creates a partnership, joint venture or agency relationship between the parties to this Member Agreement. No Member shall have power or authority to bind the Company. No Member may commit any other Member or the Company to any debt or obligation of any type whatsoever other than as specifically provided in and pursuant to the procedures set forth in this Member Agreement or in other documents signed by or binding on a Member or the Company.

### ARTICLE 9. BOOKS AND RECORDS

#### 9.1 Books, Records and Financial Statements.

(a) At all times during the continuance of the Company, the Company shall maintain, at its principal place of business, separate books of account for the Company that shall show a true and accurate record of all costs and expenses incurred, all charges made, all credits made and received and all income derived in connection with the operation of the Company's business in accordance with generally accepted accounting principles consistently applied, and, to the extent inconsistent therewith, in accordance with this Member Agreement. Such books of account, together with a copy of this Member Agreement and of the Certificate, shall at all times be maintained at the principal place of business of the Company and shall be open to inspection and examination at reasonable times by each Member and its duly authorized representative for any purpose reasonably related to such Member's Interest.

(b) The Members shall prepare and maintain, or cause to be prepared and maintained, the books of account of the Company. The Company shall prepare and file, or cause to be prepared and filed, all applicable federal and state tax returns.

#### 9.2 Accounting Method.

For both financial and tax reporting purposes, the books and records of the Company shall be kept on the accrual method of accounting applied in a consistent manner and shall reflect all Company transactions and be appropriate and adequate for the Company's business.

#### 9.3 Annual Audit.

The financial statements of the Company may be audited annually by an independent certified public accountant, selected by the Company, with such audit to be accompanied by a report of such accountant containing its opinion. The cost of such audits will be an expense of the Company. A copy of any such audited financial statements and accountant's report will be made available for inspection by the Members.

**APPENDIX 6. C.****ARTICLE 10. ACCESS TO EQUIPMENT****10.1 Use.**

The Equipment and Company Property shall be managed, maintained, and operated to provide for the handling of departing and arriving flights and passengers at the International Terminal and such other locations at the Airport as may be determined by the Company and the Airport. The Company and the Members covenant and agree that the Company may establish standards and practices and, subject to the approval of the Airport Director, fees for access to and the operation and maintenance of the Equipment and the Company Property and any other costs associated with the operations of the Company and the use of the International Terminal. The covenant and agreement of each Member set forth in this Section 10.1 shall survive any withdrawal by such Member from this Member Agreement.

**10.2 Non-Member Users.**

The Company shall allow any Air Carrier who does not become a party to this Member Agreement as a Member to use the Equipment and the Company Property for its flights and passengers upon execution by that Air Carrier of the then-current Non-Member Use Agreement.

**10.3 Non-Member Use Agreement.**

The Company shall, by the vote of Majority-In-Interest of the Members, approve from time to time the form of a Non-Member Use Agreement, which also shall be subject to the approval of the Airport Director, which shall be consistent with this Member Agreement, and which shall contain, inter alia, the terms and conditions governing use of the Equipment and Company Property, deposits, use fees and charges, and indemnification and insurance provisions. The Non-Member Use Agreement shall provide that, so long as the Non-Member User abides by the terms of that agreement and pays the fees and charges provided therein, its access to and use of the Equipment and Company Property otherwise shall be nondiscriminatory. The Company may approve separate forms of the Non-Member Use Agreement for use of the Equipment and Company Property. Notwithstanding anything to the contrary in this Member Agreement, the Company may charge fees to Non-Member Users which differ from those charged to other Users, subject to Airport Director approval.

**10.4 Handlers.**

The Company may allow a Handler to access the Equipment and Company Property to provide passenger and flight handling services, subject to the requirements of this Section 10.4. Each such Handler: (a) must have entered into an agreement with a Member or a Non-Member User to provide handling services at those Airport locations where the Equipment or Company Property may be situated; (b) must execute a Facilities Access Agreement; and (c) must comply with all of the terms and conditions of the Facilities Access Agreement.

**10.5 Facilities Access Agreement.**

The Company shall, by the vote of Majority-In-Interest of the Members, approve from time to time the form of a Facilities Access Agreement, which also shall be subject to the approval of the Airport Director, which shall be consistent with this Member Agreement, and which shall contain, inter alia, the terms and conditions governing access to and use of the Equipment and Company Property, Handler requirements, procedures and documentation, deposits, fees and charges, qualification and training, and indemnification and insurance provisions.

**10.6 Access by Users.**

## APPENDIX 6. C.

Except as provided for herein with respect to allocation of the Total Facility Charge and otherwise as provided herein, access to the Equipment and Company Property by all Members shall be on an equal and nondiscriminatory basis, with no Members being afforded priority or preferential treatment over another.

### ARTICLE 11. OPERATOR

#### 11.1 Operator.

The Company shall, by the vote of Majority-In-Interest of the Members, select an Operator to maintain, operate and manage the Equipment and Company Property. The Company shall, by the vote of Majority-In-Interest of the Members, approve the form of the Operator Agreement, which also shall be subject to approval by the Airport Director, and which shall be consistent with this Member Agreement. The Operator shall execute the Operator Agreement with the Company, which shall specify the Operator's duties, responsibilities and compensation, as well as the rights and obligations of the Company and the Members with respect to the Operator. Each Member hereby agrees to execute and/or deliver such documents, if any, as may be reasonably requested by the Company to confirm its individual obligation for payment of its share of the Operator's fees. Payment of the Operator's fees and expenses under the Operator Agreement shall be included as part of the Total Facility Charge.

#### 11.2 Responsibilities.

The Operator Agreement shall require the Operator to, inter alia, maintain, operate and manage the Equipment and Company Property, to establish standards and practices for the operation and maintenance of the Equipment and Company Property; to monitor and require compliance with this Member Agreement, the Equipment Maintenance and Operating Agreement, the Non-Member Use Agreements and the Facilities Access Agreements; and to invoice, collect and pay monies on behalf of the Company. The Company shall require the Operator to provide such bookkeeping, accounting, invoicing, filing of the Company's tax returns and other reports to governmental bodies and to perform such other services as are necessary to accomplish the requirements of this Member Agreement and to comply with all applicable laws, this Member Agreement and the Equipment Maintenance and Operating Agreement.

#### 11.3 Payments.

Each of the Members acknowledges that, in accordance with the Operator Agreement, (a) the Operator may act for and on behalf of the Company in accounting, billing, and collecting monies and (b) at the time they become due, the Operator shall remit payments as directed by the Company of all the items included in the Total Facility Charge.

### ARTICLE 12. CALCULATION OF FEES AND CHARGES

#### 12.1 Total Facility Charge and Net Facility Charge.

(a) The "Total Facility Charge" is the sum of all charges, fees, costs, rents, and expenses incurred by the Company in relation to the organization, management, administration and operation of the Company, the use, maintenance, operation and management of the Equipment and the Company Property, and the lease or other acquisition costs related to Company Property. The Total Facility Charge shall include the Total Operating Cost, the Equipment Fees, any Additional Fees and all other amounts owed by the Company pursuant to the Equipment Maintenance and Operating Agreement, the Limited Funding Agreement, and all other charges, fees, costs, rents and expenses incurred by the Company in relation to the Equipment, the Company Property and the Company's operations.



## APPENDIX 6. C.

(b) Notwithstanding the foregoing, the following costs incurred by the Company or the Operator shall not be part of the Total Facility Charge, but shall instead be charged directly to the applicable Member, Non-Member User or other responsible Air Carrier by the Operator:

(i) costs incurred for the sole benefit of the Air Carrier being charged;

(ii) costs incurred as a result of the negligence, intentional wrongdoing or breach of its contract obligations under this Member Agreement by the Air Carrier being charged; and

(iii) costs incurred to repair damage to the Equipment caused by the Air Carrier or its agents.

(c) The “Net Facility Charge” shall be the Total Facility Charge minus any payments received from Non-Member Users and any other payments received from persons other than Members for use of the Equipment or otherwise.

(d) Each Member shall be liable for its share of the Net Facility Charge as determined under this Article 12.

### 12.2 Liability for Net Facility Charge and Extraordinary Costs.

(a) Allocation. The Net Facility Charge shall be allocated among the Members in accordance with Schedule C, as Schedule C may be amended from time to time by a Super Majority-In-Interest of the Members. Not later than 90 days prior to the end of each fiscal year of the Company, each Member shall provide the Company with a projection of Flights and Passengers, defined in accordance with Schedule C, for the next Fiscal Year. Unless the Member Committee reasonably believes the information submitted to be unreasonable or inaccurate, the Operator shall use the information to prepare a schedule of fees and charges for the next fiscal year, which shall be used by the Operator in calculating each Member’s projected monthly share of the Net Facility Charge. The Operator shall provide the schedule to each Member no later than 30 days prior to the beginning of the fiscal year to which the schedule applies. In the event that the Member Committee determines that a recalculation of the schedule should be accomplished other than at the end of a fiscal year, the Member Committee shall also determine the deadlines for submissions of projections and a schedule to the Members.

(b) Extraordinary Costs. The Company may allocate, on the basis of each Member’s actual Usage for the preceding twelve months, or such shorter period as the Member has been a party to this Member Agreement, or on such other reasonably equitable basis as it may determine in its sole and absolute discretion, Extraordinary Costs that would otherwise be part of the Total Facility Charge on a basis other than that provided in Section 12.2(a) above and may instruct the Operator as to the allocation and collection thereof. In the absence of agreement on allocation by the Company, Extraordinary Costs shall be billed and paid as provided in Section 12.2(a) as part of the Total Facility Charge.

### 12.3 Temporary Shut-Down.

In the event that there have been no operations at the International Terminal for a period of thirty (30) consecutive days, then the Net Facility Charge shall be allocated among the Members on the basis of average Monthly Usage for the twelve months ending immediately

## APPENDIX 6. C.

prior to the cessation of operations at the International Terminal (or, if shorter, the period that the Member has been a party to this Member Agreement).

### 12.4 Invoicing.

(a) Members shall report to the Operator no later than the 5<sup>th</sup> business day of the month all Flight and Passenger activity for the preceding month. The Operator shall calculate each Member's share of the Net Facility Charge, based on the schedule prepared pursuant to Section 12.1 above. Beginning with the month that is estimated to be two months prior to DBO, and for each subsequent month, on or about the 10<sup>th</sup> day of the month, the Operator will invoice each Member for the period two months in the future, based on the Company's estimated operating expense budget and each Member's projected Flight schedule and Passenger forecast (the "Advance Billing"). At the same time, beginning with the month following DBO, each Member will be invoiced for the preceding month, based on the Member's reported Flight and Passenger activity and the Company's actual operating expenses. Concurrently, each Member's account will be reconciled and adjusted in accordance with the actual Flight and Passenger activity for the month to which the billing applies versus the estimates of activity used for the Advance Billing.

(b) All costs and fees relating to use of the Equipment and Company Property by Non-Member Users shall be invoiced to such persons in accordance with the Non-Member Use Agreements and Facilities Access Agreements. Costs incurred: (i) for the sole benefit of one or more particular User(s) or (ii) as the result of the negligence of, or damage to the Equipment or Company Property, caused by any User or its Handler, shall be charged to and paid only by the persons causing such costs to be incurred.

(c) Subject to the proviso at the end of this sentence, not more than three times during any fiscal year, if a current schedule based on the most recently available projections and other information indicates that payments of the Net Facility Charge at the then-existing rates would result in an overpayment or underpayment by more than five percent of the amount required to be collected by the Company, then the Executive Committee may revise the schedule and adjust the rates for the remainder of such year to conform to its current projections; provided that, notwithstanding the foregoing, the Executive Committee may revise and adjust the rates at any time based upon an adjustment of rentals, fees and charges by the City pursuant to the Equipment Maintenance and Operating Agreement. The Executive Committee shall notify the Members at least 30 days in advance of its intention to adjust the schedule, providing revised charges in sufficient detail to allow a Member to make informed comments thereon. A Member may submit written comments on such revised schedule to the Executive Committee within 30 days following delivery of the notice to the Member. The Executive Committee shall give due consideration to any comments submitted in a timely manner by a Member. If requested by a Majority-In-Interest, the Executive committee shall convene a meeting with the Members to discuss the revision and adjustments.

(d) As soon as practicable after the end of each calendar year, the Company shall render an itemized accounting (which itemized accounting shall be audited by the Company's Auditor) to each Member for the actual Net Facility Charge incurred by and allocable to each Member during the preceding calendar year, based on each Member's actual Usage and reflecting any adjustments permitted hereunder.

### 12.5 Payments.

## APPENDIX 6. C.

(a) Each Member shall make payments to the Company when due at the office of the Operator. Any invoice submitted to a Member by the Company shall have the due date stated thereon. The amount of any delinquent payment shall bear interest at a rate equal to two percent (2%) per month (or the maximum rate permitted by law, whichever is lower), from the date such amount is due until paid in full.

(b) If a Member fails to pay its share of the Net Facility Charge within 30 days of the date payment was due (including any amounts due after such Member has withdrawn from this Member Agreement pursuant to Article 17 hereof), and the amount of the Operating Reserve Account is not sufficient to make such payment, each non-defaulting Member must pay, within ten (10) days of demand, its pro rata share of the amount in default, determined by the Company in accordance with the allocations set forth in Section 12.2(a) above, but calculated assuming that the defaulting Member was not a Member for the period in question. Such payments shall be deemed to be loans to the defaulting Member and shall bear interest at the rate set forth in Section 12.5(a) hereof. In the event of default in the payment of any of its share of the Net Facility Charge by a Member or its pro rata share of an amount in default from another Member, which default shall continue for thirty (30) days, the amount of such defaulted charges shall be payable as provided in Article 13 below.

(c) Each Member must make payments to the Company in accordance with the terms of this Member Agreement with no defense or right of set-off, reduction, counterclaim (other than a compulsory counterclaim or one that would be lost if not asserted) or recoupment for any reason, including the unenforceability or invalidity of this Member Agreement, the bankruptcy, insolvency, liquidation or reorganization of the Company, any Event of Default or withdrawal under this Member Agreement by any other Member, any breach by the Company or any other party of any obligation to the Member, whether under this Member Agreement, the Operator Agreement or otherwise, or any indebtedness or liability at any time owing to the Member by the Company, or any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, or the destruction by fire or other casualty of the Equipment or Company Property or any portion thereof, commercial frustration of purpose, any change in the tax or other laws or administrative rulings or administrative actions by the United States of America or the State of California or any political subdivision of either, the taking of title thereto or the use thereof by the exercise of the power of eminent domain or the termination of the Equipment Maintenance and Operating Agreement.

### 12.6 Operating Reserve Account.

To secure the prompt payment by each Member of the amounts due from it each month under this Member Agreement, the Company shall establish and maintain an Operating Reserve Account in an amount determined by the Member Committee. The Company may draw upon the Operating Reserve Account immediately upon and at any time after a failure by a Member to pay or perform its obligation to cover such payment or performance obligation of such Member under this Member Agreement. A defaulting Member shall not be entitled to prior notice of or have the right to consent to any draw from the Operating Reserve Account, and shall immediately replenish the Operating Reserve Account and reimburse the Company and the non-Defaulting Members, if applicable, for any costs and penalties associated with the draw therefrom. The Company may establish the Operating Reserve Account by actual Member deposits, letters of credit, loans or other credit facilities or by securing a line of credit. In the event that the Operating Reserve Account is established with Member deposits, it shall be held by such institutions, and the monies therein invested, as the Company shall determine.

### 12.7 Operating Reserve Account Charge.

## APPENDIX 6. C.

The costs associated with the establishment and maintenance of the Operating Reserve Account, other than the costs associated with a Member's default, shall be part of the Total Facility Charge.

### ARTICLE 13. DEFAULT

#### 13.1 Events of Default and Termination.

An Event of Default with respect to a Member shall exist if any one or more of the following events shall occur:

(a) The failure of the Member to pay any amount when due under this Member Agreement in accordance with the terms hereof, which failure continues unremedied for 10 days following a Member's receipt of written notice of the amount overdue; or

(b) The failure by the Member punctually and properly to perform any covenant, agreement, obligation, term or condition contained herein which is not cured within 30 days of notice from the Company; or

(c) The Member shall (i) commence a voluntary case under any chapter of the Federal Bankruptcy Code (11 U.S.C. § 101, et seq., as amended) as now or hereafter in effect, or shall consent to (or fail to controvert in a timely manner) the commencement of an Involuntary case against the Member under said Code; (ii) institute proceedings for liquidation, termination, dissolution, rehabilitation, readjustment or composition (or for any related or similar purpose) under any law (other than the Federal Bankruptcy Code as now or hereafter in effect) relating to financially distressed debtors, their creditors or property, or shall consent to (or fail to controvert in a timely manner) the institution of any such proceedings against the Member; (iii) make an assignment for the benefit of creditors or enter into any arrangement for the adjustment or composition of debts or claims; (iv) apply for or consent to the appointment of, or the taking possession by, a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of itself or any of its property; or (v) take corporate action for the purpose or with the effect of authorizing, acknowledging or confirming the taking or existence of any action or condition specified in clause (i), (ii), (iii) or (iv) above; or

(d) The Member shall be insolvent (within the meaning of any applicable law), or shall be unable, or shall admit in writing its inability, to pay its debts as they become due, or take corporate action for the purpose or with the effect of authorizing or confirming the taking or existence of any action or condition specified in this Section 13.1(d); or

(e) A court or other governmental authority or agency having jurisdiction shall enter a decree or order (i) for the appointment of a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Member of any part of its property, or for the winding-up or liquidation of its affairs, and such decree or order shall remain in force undischarged and unstayed for a period of more than thirty (30) days or (ii) for the sequestration or attachment of any material part of the property of the Member without its unconditional return to the possession of the Member or its unconditional release from such sequestration or attachment within thirty (30) days thereafter; or

(f) A court having jurisdiction shall enter an order for relief in any involuntary case commenced against the Member under the Federal Bankruptcy Code as now or hereafter in effect, and such order shall remain in force undischarged and unstayed for a period of more than thirty (30) days; or

## APPENDIX 6. C.

(g) A court or other governmental authority or agency having jurisdiction shall enter a decree or order approving or acknowledging as properly filed or commenced against the Member a petition or proceedings for liquidation, rehabilitation, readjustment or composition (or for any related or similar purpose) under any law (other than the Federal Bankruptcy Code as now or hereafter in effect) relating to financially distressed debtors, their creditors or property, and such petition or proceedings shall not be dismissed within thirty (30) days of the date of filing or commencement.

### 13.2 Consequences of Default.

(a) Report to Company. If any Member knows of an Event of Default or of facts that lead it to believe an Event of Default has occurred, then it shall use its best efforts immediately to provide notice in writing to the Company.

(b) Notice of Defaulting Member. The Company shall give notice to the defaulting Member and any other person entitled thereto as soon as practicable after receipt of notice from any credible source that there has been an Event of Default under this Member Agreement. Such Member shall have ten (10) days (or such longer period as is permitted under this Member Agreement) from the date of such notice in which to cure such Event of Default. If such Event of Default has not been cured within the ten (10) day (or longer, if permitted by this Member Agreement) period, the defaulting Member shall be retroactively billed by the Company as a Non-Member User from the date of the Event of Default and shall continue to be billed as a Non-Member User until one (1) month after the defaulting Member has cured the Event of Default if, during such one (1) month period, the Member has paid when due all monies owed the Company and has otherwise cured the Event of Default and performed all of its obligations hereunder. As an additional remedy hereunder, the Company may terminate the membership of such defaulting Member pursuant to this Member Agreement, and thereupon, the defaulting Member shall cease to be a Member hereunder. In the event that a Member has filed for protection under the laws protecting creditors, such Member shall have 60 days in which to assume this Member Agreement, and if such assumption is not made within 60 days, such defaulting Member shall be treated as a Non-Member User. Such defaulting Member, during the period of any Event of Default under this Member Agreement, shall remain subject to all obligations herein as a Member but shall have no rights to vote as a Member nor shall its Member Representative vote as a Member with respect to the Company or hold a seat on the Executive Committee nor shall its Usage be counted respecting a Majority-In-Interest, a Super Majority-In-Interest or otherwise in connection with any voting. Notwithstanding anything to the contrary contained in this Member Agreement, calculation of a Majority-In-Interest or Super Majority-In-Interest in voting with respect to a defaulting Member shall not include the Usage of such defaulting Member in the aggregate Usage of all Members nor count such defaulting Member as a Member. A Member which has defaulted under this Article 13 shall not be relieved of any of the responsibilities, liabilities or obligations of a Member hereunder because of its default.

(c) Collection. The Company shall have a claim, which the Operator is authorized to pursue and collect, against any defaulting Member in an amount equal to any payment due, together with costs associated with any draw on the Operating Reserve Account, interest on the defaulted payment amount from the date it was due, and expenses of collection as provided herein, including amounts due or owed to non-defaulting Members as provided in Section 12.5(b) hereof. Such claim may be enforced, immediately upon the occurrence of and after any default of a Member, by: (i) terminating the defaulting Member's right to use the Equipment and

## APPENDIX 6. C.

the Company Property; and (ii) pursuing any and all other legal or equitable remedies available to the Company or the Operator.

### 13.3 Reimbursement.

In the event that the Members have been required to pay on behalf of a defaulting Member, the Members shall be reimbursed by the Company, pro rata, according to the respective amounts advanced as monies are collected from a defaulting Member. Pursuant to Section 12.5(a), amounts due from a defaulting Member shall bear interest from the due date at two percent (2%) per month (or the maximum rate permitted by law, whichever is lower).

### 13.4 Costs.

The defaulting Member shall be liable for all reasonable costs and expenses, including reasonable attorneys' fees and disbursements at trial or on appeal, expended in order to collect or attempt to collect any amounts due or owed. Any amounts due from or owed by a defaulting Member hereunder may be offset against any amounts otherwise payable to such defaulting Member by the Company.

## **ARTICLE 14. EQUIPMENT; COMPANY PROPERTY; START-UP COSTS**

### 14.1 Equipment.

The Company shall use, operate and maintain the Equipment in accordance with the provisions of the Equipment Maintenance and Operating Agreement.

### 14.2 Additional Equipment.

The Company and Members may collectively, through this Member Agreement and the Operator Agreement and with prior written approval of the Airport Director, cause any equipment (other than the Equipment) to be designed, constructed, modified, leased, purchased, acquired or financed by the Airport or by the Company, as appropriate ("Additional Equipment"). Such equipment shall be classified by the Member Committee as Equipment or Company Property, as appropriate, at the time it is added; provided, however, that the acquisition of any Company Property shall require the vote of a Super Majority-In-Interest if involving an expenditure of more than \$100,000 and by a Majority-In-Interest if involving an expenditure of \$100,000 or less.

### 14.3 Special Equipment.

One or more Members may, with the prior written approval of the Company and the Airport Director, construct Equipment that may operate alone or in conjunction with the Equipment, but be used by less than all of the Members ("Special Equipment"). Any such Special Equipment shall be reviewed and approved-in advance by the Company and the City and must be fully compatible with the Equipment. The costs of designing, constructing, and maintaining such Special Equipment shall be borne solely by those Members using the Special Equipment shall not be charged as part of the Total Facility Charge and shall not become part of the Equipment or Company Property without approval of the Airport Director and a Super Majority-In-Interest.

### 14.4 Company Property.

The Company shall arrange for the lease or other acquisition of equipment to be used for Company operations as well as equipment to be used in the operations of the Company and the Members at the International Terminal (the "Company Property"). The Members agree to the lease or acquisition of the initial Company Property. Company Property in addition to the

## APPENDIX 6. C.

initial Company Property may be acquired by agreement of a Super Majority-In-Interest if involving an expenditure of more than \$100,000 and by a Majority-In-Interest if involving an expenditure of \$100,000 or less.

### 14.5 Start-Up Costs.

Certain Start-Up Costs that were incurred prior to DBO, up to a total of \$3.5 million, have been advanced by the Airport to the Company pursuant to the Limited Funding Agreement. By becoming a Member under this Agreement, each Member agrees that the Company shall succeed to the obligations of the San Francisco Foreign Flag Carriers under the Limited Funding Agreement and shall be responsible for the repayment of the advances in accordance with the terms of the Limited Funding Agreement.

## ARTICLE 15. LIABILITY, EXCULPATION AND INDEMNIFICATION

### 15.1 Member Liability Related to Equipment Use.

Each Member (the "Indemnitor") shall defend, indemnify, and hold harmless Covered Persons against and from any and all liability, claims, suits, judgments, losses, damages, settlements or costs (including reasonable attorneys' fees and expenses) for injuries to or deaths of persons or loss of or damage to property (including financial loss) arising from: (i) the use of the Equipment by the Indemnitor or its employees, agents, contractors, or invitees; or (ii) any failure by the Indemnitor to pay all amounts when due or any other breach by the Indemnitor of this or any related agreement. The Indemnitor shall accept and defend all such claims and suits regardless of the merit thereof (including investigation, pleading, discovery, motions, trial and appeal) at Indemnitor's sole cost and expense, and including any settlement thereof. The Covered Persons shall cooperate in the defense as reasonably requested by the Indemnitor at the Indemnitor's expense. Indemnitor's obligation and Covered Persons' rights under this Section 15.1 shall survive the withdrawal of Indemnitor as a Member or the termination of this Member Agreement.

## APPENDIX 6. C.

### 15.2 Company Liabilities.

(a) Except as otherwise provided by the Delaware Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Covered Person shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Covered Person.

(b) To the fullest extent permitted by applicable law, but without limiting the provisions of Sections 15.1 and 15.5, a Member, in its capacity as Member, shall have no liability in excess of (a) the amount of its Capital Contributions, (b) its share of any assets and undistributed profits, if any, of the Company, (c) its obligation to make other payments expressly provided for in this Member Agreement, and (d) the amount of any distributions wrongfully distributed to it.

(c) In the event that one or some but not all Members or Covered Persons are named in an action against the Company related to Company debts, liabilities or obligations, the named Covered Persons shall have the right to interplead all Members of the Company in the action and shall be entitled to indemnification by the Company for any loss, cost, liability or expense related to being so named pursuant to Section 15.5 and 15.6 below.

### 15.3 Exculpation.

(a) No Covered Person shall be liable to the Company or any other Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company or as a Member Representative to the Member Committee or the Executive Committee and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by or pursuant to this Member Agreement or as a Member Representative to the Member Committee or the Executive Committee, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's negligence or willful misconduct.

(b) A Covered Person shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company or such Covered Person by any Person as to matters the Covered Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company or such Covered Person, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

### 15.4 Fiduciary Duty.

To the extent that, at law or in equity, a Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the Company or to any other Covered Person, a Covered Person acting under this Member Agreement shall not be liable to the Company or to any other Covered Person for its good faith reliance on the provisions of this Member Agreement and, to the fullest extent permitted by law, shall not be liable for monetary damages for breach of any such duties. Duties (including fiduciary duties) and liabilities, whether existing at law or in equity, of Covered Persons, are hereby restricted to the fullest extent permitted by



## APPENDIX 6. C.

law. The parties hereby agree that the provisions of this Member Agreement that restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity (including the provisions of the foregoing sentence) are intended by the parties hereto to replace and restrict such other duties and liabilities of such Covered Person.

### 15.5 Indemnification by the Company.

To the fullest extent permitted by applicable law a Covered Person shall be entitled to indemnification from the Company for any loss, expense (including reasonable attorneys' and other professionals' fees), damage or claim incurred by such Covered Person by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this Member Agreement, except that no Covered Person shall be entitled to be indemnified in respect of any such loss, expense, damage or claim incurred by such Covered Person by reason of such Covered Person's own negligence or willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Section 15.5 shall be provided out of and to the extent of Company assets only, and no Covered Person shall have any personal liability on account thereof.

### 15.6 Expenses.

To the fullest extent permitted by applicable law, expenses (including legal fees) incurred by a Covered Person in defending any claim, demand, action, suit or proceeding, other than a claim, demand, action, suit or proceeding under Section 15.1, shall be advanced by the Company from time to time prior to the final disposition of such claim, demand, action, suit or proceeding upon request therefor by such Covered Person and receipt by the Company of an undertaking by or on behalf of the Covered Person to repay such amount if it shall be determined by a court of competent jurisdiction that the Covered Person is not entitled to be indemnified as authorized in Section 15.5 hereof.

### 15.7 Insurance.

The Company may purchase and maintain insurance, to the extent and in such amounts as a Majority-In-Interest may, in its sole discretion, deem reasonable, on behalf of Covered Persons and such other persons as a Majority-In-Interest may determine, against any liability that may be asserted against or expenses that may be incurred by any such person in connection with the activities of the Company or indemnities, regardless of whether the Company would have the power to indemnify such person against such liability under the provisions of this Member Agreement. The Company may enter into indemnity contracts with Covered Persons and such other persons as a Majority-In-Interest shall determine and adopt written procedures pursuant to which arrangements are made for the advancement of expenses and the funding of obligations under Section 15.5 hereof and containing such other procedures regarding indemnification as are appropriate.

### 15.8 Outside Businesses.

Any Member or Affiliate thereof may engage in or possess an interest in other business ventures of any nature or description, independently or with others, similar or dissimilar to the business of the Company, and the Company and the Members shall have no rights by virtue of this Member Agreement in and to such independent ventures or the income or profits derived therefrom, and the pursuit of any such venture, even if competitive with the business of the Company, shall not be deemed wrongful or improper. No Member or Affiliate thereof shall be obligated to present any particular investment opportunity to the Company even if such opportunity is of a character that, if presented to the Company, could be taken by the Company, and any Member or Affiliate thereof shall have the right to take for its own account (individually

**APPENDIX 6. C.**

or as a partner or fiduciary) or to recommend to others any such particular investment opportunity. A Member shall, however, disclose to the other Members any benefits or advantages that may accrue to it on account of a decision or action to be taken by the Company (other than any benefits or advantages accruing because of its Membership in the Company).

**ARTICLE 16. WITHDRAWAL****16.1 Cessation of Operations.**

If a Member decides to withdraw from this Member Agreement (subject to the limitations set forth in Section 16.6 hereof), that Member (hereinafter "Withdrawing Airline") may submit a written Notice of Withdrawal to the Company no less than sixty (60) days prior to the date on which such Member shall withdraw, which Notice of Withdrawal shall specify the desired Withdrawal Date.

**16.2 Withdrawal Commitment and Deposits.**

The Withdrawing Airline shall pay an amount equal to two times its average monthly share of the Net Facility Charge for the 24 months preceding the month in which notice of withdrawal is given (the "Withdrawal Commitment"). The Withdrawing Airline shall deposit its Withdrawal Commitment with the Company (the "Withdrawal Deposit"). No withdrawal shall be allowed until all amounts due and owing by the Withdrawing Airline for use of the Equipment and Company Property are paid in full, including the Withdrawal Deposit. No return or refund of any part of the Withdrawal Deposit shall be made by the Company. A Withdrawing Airline shall continue to be liable after the Withdrawal Date for such Withdrawing Airline's allocated share (calculated in accordance with Article 12 hereof) for any claim or liability for matters which occurred or accrued during the time such Withdrawing Airline was a Member up to and including the Withdrawal Date. In the event that all Members except one have withdrawn from this Member Agreement, then each Withdrawing Airline that has been a Member at any time during the five-year period preceding the withdrawal of all Members except one shall be liable for obligations to the Company and the City incurred prior to the withdrawal of all Members except one, to the extent that such Withdrawing Airline's aggregate Usage during such five-year period bears to the total of all such Withdrawing Airlines' and the one remaining Member's aggregate Usage during such five-year period or such shorter period of actual operation. The obligations of each Member set forth in the last two sentences of this Section 16.2 shall survive any withdrawal by such Member from this Member Agreement.

**16.3 Termination.**

Upon payment of the Withdrawal Commitment to the Company, and upon payment of all other amounts payable by the Withdrawing Airline, this Member Agreement shall terminate as to the Withdrawing Airline only.

**16.4 Limitation on Withdrawal.**

Notwithstanding anything herein to the contrary, no Member may withdraw from this Member Agreement under any of the following circumstances:

- (a) during any period of time when the Airport or the International Terminal is shut down or inoperable for any reason; or
- (b) if an Event of Default exists or by reason of such withdrawal would exist under the Equipment Maintenance and Operating Agreement; or

## APPENDIX 6. C.

- (c) if immediately after such withdrawal, no Members would be a party to this Member Agreement.

### **ARTICLE 17. DISSOLUTION, LIQUIDATION AND TERMINATION**

#### **17.1 No Dissolution.**

The Company shall not be dissolved by, and the Company shall continue without dissolution or the winding up of its affairs in the event of the occurrence of any one or more of the following events (or any other event except as set forth in Section 18.1): the admission of one or more Additional Members; the termination or withdrawal of one or more Members; any Member ceasing to be a Member of the Company; or the bankruptcy, insolvency or dissolution of one or more Members.

#### **17.2 Events Causing Dissolution.**

Subject to the restrictions on dissolution found in Article 2 of this Agreement and in the Delaware Act, the Company shall be dissolved and its affairs shall be wound up only upon the occurrence of any of the following events:

- (a) the written consent of a Super Majority-In-Interest of Members to such dissolution;  
or

- (b) the entry of a decree of judicial dissolution under Section 18-802 of the Delaware Act.

#### **17.3 Liquidation.**

Upon dissolution of the Company, the Members shall carry out the winding up of the Company and shall immediately commence to wind up the Company's affairs; provided, however, that a reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the satisfaction of liabilities to creditors so as to enable the Members to minimize the normal losses attendant upon a liquidation. The proceeds of liquidation shall be distributed in the following order and priority:

- (a) to creditors of the Company, including Members who are creditors, to the extent otherwise permitted by law, in satisfaction of the liabilities of the Company (whether by payment or the making of reasonable provision for payment thereof) other than liabilities for distributions to Members and former Members under § 18-601 or § 18-604 of the Delaware Act; and

- (b) to the then-Members pro rata in accordance with their Capital Account balance;  
and

- (c) after the foregoing distributions, any remaining balance as follows: 10% per capita among the then-Members and the remaining 90% according to the proportion that each then-Member's Usage bears to the total of all then-existing Members' Usage, with Usage determined as the aggregate amount of Usage for the two (2) years immediately preceding the month of such distribution (or such shorter period of actual operation of the Company). Notwithstanding the foregoing, there shall be set off against the amount otherwise distributable to any Member any and all amounts owed to the Company by such Member.

#### **17.4 Termination.**

The Company shall terminate when all of the assets of the Company, after payment of or due provision for all debts, liabilities and obligations of the Company, shall have been

## APPENDIX 6. C.

distributed to the Members in the manner provided for in this Article 18 and the Certificate shall have been canceled in the manner required by the Delaware Act.

### 17.5 Claims of the Members.

The Members and former Members shall look solely to the Company's assets for the return of their Capital Contributions in accordance with Section 17.3, and if the assets of the Company remaining after payment of or due provision for all debts, liabilities and obligations of the Company are insufficient to return such Capital Contributions, the Members and former Members shall have no recourse against the Company or any other Member.

### 17.6 Limitations on Distribution.

Notwithstanding any provision to the contrary contained in this Member Agreement, the Company shall not make a distribution to any Member on account of its Interest if such distribution would violate Section 18-607 of the Delaware Act or other applicable law.

## ARTICLE 18. MISCELLANEOUS

### 18.1 Covenant To Sign Documents.

Each Member covenants, on behalf of itself, its successors and assigns, to execute, with acknowledgment or affidavit if required, any and all documents and writings, and any opinions, which may be necessary or expedient in the implementation of this Member Agreement and the leasing, financing and operation of the Equipment as contemplated by this Member Agreement.

### 18.2 Attorneys' Fees.

In the event any dispute among the parties hereto should result in litigation, the prevailing party shall be reimbursed for all reasonable costs including reasonable attorneys' fees.

### 18.3 Notices.

All notices provided for in this Member Agreement shall be in writing, duly signed by the party giving such notice, and shall be delivered by hand, mailed via an overnight courier service, telecopied or mailed by registered or certified mail, as follows:

(a) if given to the Company at the address specified in Section 2.4 of this Member Agreement as such address may be changed from time to time pursuant to this Section 18.3; or

(b) if given to any Member at the address set forth on Schedule A, or at such other address as such Member may hereafter designate from time to time by written notice to the Company.

All such notices shall be deemed to have been given when received.

### 18.4 Counterparts.

This Member Agreement may be executed in any number of counterparts and by the various Members on separate counterparts, all of which taken together constitute one and the same Instrument. A signed counterpart is as binding as an original.

### 18.5 Applicable Law.

This Member Agreement is to be governed by and construed under the laws of the State of Delaware with regard to the organization and internal affairs of the Company and the liability

## APPENDIX 6. C.

and authority of its Members and any managers. In all other respects, this Member Agreement is to be governed by and construed under the laws of the State of California.

### 18.6 Not a Partnership.

Except to the extent expressly provided by this Member Agreement, neither this Member Agreement nor the relationship of the Members as a consequence of their participation in the lease and operation of the Equipment and the Company Property creates a partnership, joint venture or agency relationship between the parties to this Member Agreement. No Member may commit any other Member to any debt or obligation of any type whatsoever other than as specifically provided herein or in other documents signed by or binding on a Member.

### 18.7 Amendments.

(a) Except as described in Subsection (b) below or otherwise expressly indicated herein, this Member Agreement may be amended only by the Company and the Members constituting a Super Majority-In-Interest. An amendment shall be effective only if evidenced by a writing which sets forth the text of the amendment and which is signed by the Company and the requisite number of Members approving the amendment.

(b) Each party hereto, by execution of a counterpart of this Member Agreement, consents to the addition of other Members from time to time pursuant to Article 5.

### 18.8 Assignment.

The rights and obligations of any Member hereunder may not be pledged, encumbered, assigned or transferred in any way, except to a transferee of such Member's Interest in the Company. Subject to this restriction on assignment, the obligations hereunder are binding on the successors and assigns of each Member. Notwithstanding the foregoing, the Company may assign its rights hereunder to a third person to the extent the Company deems appropriate for the financing of any Additional Equipment or other general purposes. In connection therewith, each of the Members consents to the pledge, collateral assignment and grant of security interest in the Company's rights under, and claims against each of the Members, pursuant to this Member Agreement.

### 18.9 U.S. Currency.

Any payments required by this Member Agreement from one party to any other shall be made with U.S. Dollars in locally collectible funds.

### 18.10 Entire Agreement.

This Member Agreement represents the parties' entire agreement. There are no other agreements or promises, written or oral, incorporated herein except as specifically set forth in this Member Agreement.

### 18.11 Severability.

If any provision of this Member Agreement is declared by a court of competent jurisdiction to be illegal, unenforceable or void against the Company or one or more Members (including in the event of a bankruptcy of any Member), that provision, to the extent necessary shall be modified so as to be enforceable and as nearly as possible reflect the original intention of the parties hereto, it being agreed and understood by the parties hereto that (a) this Member Agreement and all the provisions hereof shall be enforceable in accordance with their respective terms to the fullest extent permitted by law, and (b) the remainder of this Member Agreement shall remain in full force and effect.

**APPENDIX 6. C.**

**18.12 Failure to Pursue Remedies.**

The failure of any party to seek redress for violation of, or to insist upon the strict performance of, any provision of this Member Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

**18.13 Limitation of Rights.**

Nothing in this Member Agreement expressed or implied is intended or shall be construed to give to any person other than the Company and the Members any legal or equitable right, remedy or claim under or in respect of this Member Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Company and the Members.

**18.14 Airport Approval Rights.**

Without limiting other provisions herein, the Operator Agreement, the Non-Member Use Agreement, this Member Agreement and all amendments thereto and hereto shall be subject to the prior approval of the Airport Director, which approval shall not be unreasonably withheld or delayed.

**18.15 Airport Beneficiary Rights.**

The City shall be a third-party beneficiary of each Member's obligation for the repayment of Funds, as defined in and pursuant to the Limited Funding Agreement.

SIGNED AND AGREED:

**SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLC**

By:

\_\_\_\_\_  
Chairman of the Member Committee

**MEMBER:** \_\_\_\_\_,

A \_\_\_\_\_ organized under the laws of \_\_\_\_\_

By: \_\_\_\_\_

Name and Title:

Member Address for Notices:

**SCHEDULES AND DOCUMENTS**

Schedule A: Names and Notice Addresses of Members  
Amount Contributed to Capital  
(to be delivered when Initial Members determined)

Schedule B: Voting Requirements

Schedule C: Formulas for Calculation of Usage

## APPENDIX 6. C.

Appendix A: Air Carriers Invited To Become Members

### DOCUMENTS FOR NEW INTERNATIONAL TERMINAL OPERATIONS

Member Agreement (combination of Interline and LLC Agreement)  
Equipment Maintenance and Operating Agreement (with Airport)  
Operator Agreement  
Non-Member Use Agreement (For Non-Member Users)  
Facilities Access Agreement (for Handlers)

## APPENDIX 6. C.

### SCHEDULE B TO MEMBER AGREEMENT

#### VOTING REQUIREMENTS

##### Majority-In-Interest

Section	Action
Definitions	Approve Withdrawal
2.6	Terminate Member Agreement if Equipment Maintenance and Operating Agreement Terminated
4.2	Escalation of membership fee
6.1	Amount of Capital Contribution
7.2	Reimburse Members for Incurring Company Expenses
8.2(b)	Anything Not Specified
8.2(d)	Select Operator
8.2(h)	Requirement for Quorum
8.3	Select Chairperson and Vice-Chairperson
8.4	Authorize Contracts
8.5(a)	Select and Remove Executive Committee
10.3	Approve Non-Member Use Agreement
10.5	Approve Facilities Access Agreement
11.1	Approve Operator Agreement and selection of Operator
14.4	Acquire Company Property for less than \$100,000
16.6	Obtain Insurance

##### Super Majority-In-Interest

Section	Action
Definitions	Calculate Usage
3.3	Merge into or with Another Company
6.1	Change Capital Contribution
6.4	Distribute Capital
14.2	Acquire Additional Equipment
14.3	Acquire Special Equipment
14.4	Acquire Company Property for more than \$100,000
18.7	Amend Member Agreement
17.2	Vote to Dissolve (absent termination of Equipment Maintenance and Operating Agreement)
Schedule C	Amend Schedule C



## APPENDIX 6. C.

### SCHEDULE C TO MEMBER AGREEMENT

#### DETERMINATION OF USAGE

Until changed by a Super Majority-In-Interest, each Member's Usage shall be determined as follows:

- A. Voting. The vote of the Members, whether representing a Majority-in-Interest or a Super Majority-In-Interest, requires both the affirmative votes of a certain number of Members and the affirmative votes of Members representing a certain percentage of the Usage. Each Member's Usage for purposes of determining a Majority-In-Interest or a Super Majority-In-Interest under the Member Agreement shall be determined as follows:

50% shall be based upon each Member's number of Flights Handled at the International Terminal in the preceding twelve (12) calendar months.

50% shall be based upon each Member's Passengers enplaned and deplaned at the International Terminal in the preceding twelve (12) calendar months.

- B. Payments. Each Member's Usage for purposes of payments required to be made pursuant to Article 12 of the Member Agreement or otherwise shall be determined as follows:

10% shall be based upon equal per capita sharing among all Members.

45% shall be based upon each Member's number of Flights.

45% shall be based upon each Member's Passengers enplaned and deplaned.

- C. Definitions.

"Handled" shall mean the loading or unloading of passengers, freight or mail.

"Flights" shall mean the number of aircraft of a Member Handled at the International Terminal in any month, counted so that an inbound Flight equals  $\frac{1}{2}$ , an outbound Flight equals  $\frac{1}{2}$ , and a turnaround Flight at the International Terminal equals 1. In the event that there are gates available at the International Terminal but a Member chooses to have its international flight Handled at another terminal at the Airport, any such Flight shall be counted and assessed as if it had been Handled at the International Terminal, unless:

1) an international Flight is prohibited from operating at the International Terminal by the Airport Director, or 2) approved by a Super Majority in-Interest.

"Passengers" shall mean the number of a Member's passengers, both enplaned and deplaned at the International Terminal in any month, including non-revenue passengers and infants, but excluding crew and deadhead crew. . In the event that there are gates available at the International Terminal but a Member chooses to have its international flight Handled at another terminal at the Airport, passengers on any such Flight shall be counted and assessed as if the Flight had been Handled at the International Terminal, unless: 1) an international Flight is prohibited from operating at the International Terminal by the Airport Director, or 2) approved by a Super Majority in-Interest.

"Member" shall mean a Member and any Associated Airlines associated with that Member.

## **APPENDIX 6. C.**

### **APPENDIX A**

#### **AIR CARRIERS INVITED TO BECOME MEMBERS November 17, 1999**

Air France  
Alaska Airlines  
Asiana Airlines  
British Airways  
Canadian Airlines  
China Airlines  
Delta Air Lines, Inc.  
EVA Airways  
Japan Airlines  
KLM Royal Dutch Airlines  
Korean Air  
Virgin Atlantic Airways  
Lufthansa German Airlines  
Mexicana Airlines  
Northwest Airlines  
Philippine Airlines  
Qantas Airways  
Ryan International Airlines  
Singapore Airlines  
SwissAir  
United Airlines

## **APPENDIX E**

### **Airport–Consortium Agreements (web-only)**

**APPENDIX 7. A.**

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**AGREEMENT BY AND BETWEEN THE**  
**DETROIT AIRLINES NORTH TERMINAL CONSORTIUM**  
**AND THE**  
**WAYNE COUNTY AIRPORT AUTHORITY**

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**APPENDIX 7. A.**

**TABLE OF CONTENTS**

Article 1 - Incorporation of Recitals and Definitions ..... 3

Article 2 - Grant of Rights ..... 7

Article 3 - Term ..... 12

Article 4 - DANTeC Facilities, Systems and Equipment ..... 12

Article 5 – Other DANTeC Costs and Expenses ..... 17

Article 6 - Record-Keeping and Reporting ..... 17

Article 7 - Indemnity and Insurance ..... 18

Article 8 - Additional Obligations of DANTeC ..... 24

Article 9 - Airport Matters ..... 29

Article 10 - Default and Termination ..... 32

Article 11 - Notice ..... 36

Article 12 - Miscellaneous ..... 37

Article 13 - Authority ..... 40

- Exhibits
- A. DANTeC Facilities
  - B. DANTeC Operations Areas
  - C. DANTeC Facilities, Systems and Equipment
  - D. Minimum Service Levels
  - E. Members of DANTeC

**APPENDIX 7. A.**

**AGREEMENT BY AND BETWEEN THE  
DETROIT AIRLINES NORTH TERMINAL CONSORTIUM  
AND THE  
WAYNE COUNTY AIRPORT AUTHORITY**

THIS AGREEMENT, dated as of April 16, 2008, by and between the Wayne County Airport Authority, a Michigan public body corporate with principal offices located at the Detroit Metropolitan Wayne County Airport (“WCAA”), and Detroit Airlines North Terminal Consortium, a limited liability company duly organized and acting under the law of the State of Michigan (“DANTEC”).

**WITNESSETH:**

WHEREAS, the WCAA operates Detroit Metropolitan Wayne County Airport (“Airport”), and has the power to grant rights and privileges with respect thereto; and

WHEREAS, the WCAA has undertaken the North Terminal Redevelopment Project (“Project”), which includes the development, design and construction of a new passenger terminal and related facilities at the north end of the Airport (“North Terminal”); and

WHEREAS, DANTEC was organized by certain air carriers operating at the Airport to operate and maintain certain equipment, areas and facilities in and about the North Terminal on behalf of the Members of DANTEC; and

WHEREAS, the WCAA desires to grant DANTEC the authority to operate and maintain equipment, systems and facilities in and about the North Terminal, provided that DANTEC achieves or exceeds certain service levels specified by the WCAA;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants set forth in this Agreement, the WCAA and DANTEC agree as follows:

**ARTICLE 1  
INCORPORATION OF RECITALS AND DEFINITIONS**

**Section 1.01 - Incorporation of Recitals**

The recitals set forth above are incorporated by reference as if fully set forth here.

**Section 1.02 - Definitions**

The following words, terms and phrases shall, for purposes of this Agreement, have the following meanings:

“**Agreement**” means this Agreement and all exhibits, amendments and supplements hereto.

**APPENDIX 7. A.**

**“Chairperson of DANTeC”** means the individual elected as the chairperson of the board of directors of DANTeC in accordance with the terms and conditions of the Members Agreement.

**“Claims”** means claims, liens, demands, obligations, actions, suits, judgments or settlements, proceedings or causes of action of every kind, nature and character.

**“Consortium O&M Expenses”** means the costs incurred by DANTeC to operate and maintain the DANTeC Facilities, Systems and Equipment.

**“Contractors”** means persons or firms hired by DANTeC to act as its agents or as independent contractors for the operation and maintenance of the DANTeC Facilities, Systems and Equipment.

**“Contracts”** means all agreements DANTeC enters into with any supplier of materials, furnisher of services, contractors, subcontractors or any labor organization which furnishes skilled, unskilled and craft union skilled labor, or which may perform any such labor, services or work in connection with this Agreement.

**“Costs of Enforcement”** means all actual and reasonable attorneys’ fees and out-of-pocket expenses incurred by the WCAA and all actual and reasonable costs and expenses associated with travel on behalf of the WCAA, which costs and expenses are directly related to the efforts of the WCAA to enforce the obligations under this Agreement, or any of the rights, remedies, powers, privileges or discretion of the WCAA against or with respect to DANTeC hereunder (whether or not suit is instituted in connection with the foregoing).

**“DANTeC Facilities”** means the areas in and about the North Terminal described on Exhibit C and depicted on Exhibit A, as such exhibits may be amended from time to time, for which DANTeC has maintenance and operation responsibilities and obligations hereunder.

**“DANTeC Facilities, Systems and Equipment”** means the North Terminal facilities,, systems and equipment to be operated and maintained by DANTeC pursuant to the terms and conditions of this Agreement. The DANTeC Facilities, Systems and Equipment are described on Exhibit C, as such exhibit may be amended from time to time.

**“DANTeC Facilities, Systems and Equipment Access Agreement”** means that certain agreement that must be entered into by an airline or handling company that is a not a Member to gain access to the DANTeC Facilities, Systems and Equipment.

**“DANTeC Operations Area”** means certain office and other space at the North Terminal which DANTeC shall have the right to use to performs tasks hereunder, including administrative tasks. The DANTeC Operations Area is depicted on Exhibit B, provided that such exhibit may be revised from time to time at the sole discretion of the WCAA CEO without need for an amendment to this Agreement; provided, however, that the WCAA CEO shall provide DANTeC with no less than sixty (60) days notice of any intended change to DANTeC’s Operations Areas.

**APPENDIX 7. A.**

“**Days**” means calendar days, unless otherwise expressly provided for herein.

“**Documents**” means all documents and data, including but not limited to, studies, reports, drawings, models, specifications, manuals, estimates, maps, calculations and instruments of service prepared pursuant to or in connection with this Agreement.

“**Environmental Laws**” means, collectively, any applicable federal, state, or local law (including common law), rule, or regulation (whether now existing or hereafter enacted or promulgated, as they may be amended from time to time), including any regulations or directives of the Authority, pertaining to environmental regulations, spill prevention, contamination, clean-up or disclosures, and fines, orders, injunctions, penalties, damages, contribution, cost recovery, compensation, losses or injuries resulting from the release or threatened release of Hazardous Materials, Special Wastes or other contaminants into the environment and to the generation, use, storage, transportation, or disposal of solid wastes, Hazardous Materials, Special Wastes or other contaminants and any judicial or administrative interpretations thereof, including any judicial or administrative orders or judgments, including, without limitation, the Comprehensive Environmental Response and Compensation Liability Act (42 USC § 9601 *et seq.*), the Hazardous Material Transportation Act (49 USC § 1801 *et seq.*), the Resource Conservation and Recovery Act of 1976 (42 USC § 6901 *et seq.*), the Clean Water Act (33 USC § 1251 *et seq.*), the Clean Air Act (42 USC § 7401 *et seq.*), the Toxic Substances Control Act of 1976 (15 USC § 2601 *et seq.*), the Safe Drinking Water Act (42 USC § 300f), the Occupational Safety and Health Act of 1970 (29 USC § 651 *et seq.*), and the Emergency Planning and Community Right-to-Know Act (42 USC § 11001 *et seq.*), or any other analogous future or present applicable local, federal or State statute or city or county ordinance promulgated under or pursuant to the foregoing, and any other present or future Law regulating the generation, storage, use, containment or disposal of any Hazardous Material or providing for the protection, preservation or enhancement of the natural environment, any rules or regulations promulgated pursuant to any of the foregoing statutes or ordinances, including but not limited to laws relating to groundwater and surface water pollution, air pollution, transportation, storage and disposal of oil and hazardous wastes, substances and materials, storm water drainage, and underground and above ground storage tanks; and any amendments, modifications or supplements of any such statutes, ordinances, directives, rules and regulations.

“**FAA**” means the Federal Aviation Administration or any successor agency thereto.

“**Fiscal Year**” means the WCAA’s fiscal year, which commences on October 1st of each year and ends on September 30th of the following year.

“**Hazardous Materials and Special Wastes**” means, but shall not be limited to, any oil, petroleum product and any hazardous or toxic waste or substance, any substance which because of its quantitative concentration, chemical, radioactive, flammable, explosive, infectious or other characteristics, constitutes or may reasonably be expected to constitute or contribute to a danger or hazard to public health, safety or welfare or to the environment, including without limitation any asbestos (whether or not friable) and any asbestos-containing materials, lead paint, waste oils, solvents and chlorinated oils, polychlorinated biphenyls (PCBs), toxic metals, etchants,



**APPENDIX 7. A.**

pickling and plating wastes, explosives, reactive metals and compounds, pesticides, herbicides, radon gas, urea formaldehyde foam insulation and chemical, biological and radioactive wastes or materials, or any other similar materials which now or becomes included under, prohibited, limited or regulated by or under or under any Environmental Law.

**“Laws”** means all present and future laws, rules, regulations, directives, permits, executive orders, other governmental orders and conditions of any permits or other governmental approvals applicable to DANTeC or the DANTeC Facilities, Systems and Equipment or the use thereof, or any of them from time to time, foreseen, unforeseen, and whether or not the same necessitate structural or other extraordinary changes to the DANTeC Facilities, Systems and Equipment or interfere with DANTeC’s use thereof, including Environmental laws.

**“Liabilities”** means liabilities, losses, penalties, damages, settlements, costs, expenses, charges, professional fees or other expenses or liabilities of every kind, nature and character.

**“Member”** means an airline that is a member of DANTeC, pursuant to the terms of the Members Agreement, each of which is listed on Exhibit E hereto, as such Exhibit E may be revised from time to time without need for an amendment hereto.

**“Members Agreement”** means that certain Detroit Airlines North Terminal Members Agreement, pursuant to which the Members have joined DANTeC.

**“Members Vote”** means, during any Fiscal Year, a valid vote of the Members as defined in the Members Agreement.

**“Minimum Service Levels”** means the mandatory service levels for the operation and maintenance of the DANTeC Facilities, Systems and Equipment as set forth in Exhibit D, as such exhibit may be revised from time to time by the WCAA CEO in accordance with Section 2.02(B).

**“Person”** means a corporation, association, partnership, limited partnership, limited liability partnership, limited liability company, joint venture, trust, organization, business, individual or government or any governmental agency or political subdivision thereof.

**“Term”** means the period of time during which this Agreement is in effect, as described in Article 3 herein.

**“Use Agreements”** means, collectively, the Airport Use and Lease Agreements – North Terminal Agreement, each between the WCAA and the airline named in such agreement, as such agreements may be amended or restated from time to time.

**“WCAA CEO”** means the Chief Executive Officer of the WCAA (or any successor to the duties of such official), or any representative designated by the WCAA Board to perform the obligations and responsibilities of the WCAA CEO hereunder.

**APPENDIX 7. A.**

“**WCAA CFO**” means the Chief Financial Officer of the WCAA (or any successor to the duties of such official), or any representative designated by the WCAA CEO to perform the obligations and responsibilities of the WCAA CFO hereunder.

**Section 1.03 - Interpretation**

**A.** The terms “hereby,” “herein,” “hereof,” “hereunder” and any similar term used in this Agreement refer to this Agreement.

**B.** Any capitalized term not defined herein shall have the meaning ascribed to such term in the Use Agreements.

**C.** The term “including” shall be construed to mean “including, without limitation.”

**D.** All references in this Agreement to Articles, Sections or Exhibits, unless otherwise expressed or indicated, are to Articles, Sections or Exhibits of this Agreement.

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

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

**G.** Words importing the singular shall include the plural and vice versa. Words of the masculine gender shall be deemed to include the correlative words of the feminine and neuter genders.

**ARTICLE 2  
GRANT OF RIGHTS**

**Section 2.01 - Rights with Respect to DANTeC Facilities, Systems and Equipment**

Subject to the terms and provisions contained in this Agreement and all rules, regulations, laws, ordinances, codes and orders of any federal, state or local government or subdivision thereof applicable to the conduct of DANTeC’s activities at the Airport, the WCAA hereby grants DANTeC the rights set forth below.

**A. Operations and Maintenance.** DANTeC will have the right to operate and maintain the DANTeC Facilities, Systems and Equipment and perform all tasks related thereto, and in connection therewith and in furtherance thereof, DANTeC will have the non-exclusive right to access the DANTeC Facilities. In connection with the performance of DANTeC’s responsibilities and obligations hereunder, DANTeC also shall have the right to use the DANTeC Operations Area.

## APPENDIX 7. A.

**B. Ingress and Egress.** The WCAA hereby grants DANTeC the right and privilege (i) of ingress to and egress from the DANTeC Facilities and DANTeC Operations Areas, as well as the public areas of the Airport, for its employees, agents, guests, patrons and invitees, suppliers of materials, furnishers of services, and its equipment, vehicles and machinery and (ii) to provide transportation of its employees to, from, and within the Airport. DANTeC shall neither block nor otherwise obstruct the common use taxiways, taxilanes or service roads at any time, nor in any other manner impair or adversely affect the use and operation of taxiways, taxilanes or service road areas by WCAA or other Airport users.

**C. DANTeC Facilities, Systems and Equipment Warranties.** The WCAA hereby grants DANTeC the right, privilege, authority and responsibility to enforce manufacturer and contractor warranties for the DANTeC Facilities, Systems and Equipment for any period such warranties are enforceable. The WCAA will assign all manufacturer and contractor warranties for the DANTeC Facilities, Systems and Equipment to DANTeC upon acceptance of the individual components of the DANTeC Facilities, Systems and Equipment, provided that no Event of Default, as defined in Article 10 of this Agreement, has occurred and is continuing. If this Agreement is terminated, DANTeC will relinquish such warranties to the WCAA.

**D. Additional Rights.** In addition to the above-described rights, and subject to the approval of the WCAA CEO, DANTeC shall have the right to perform and conduct such other activities and operations consistent with the rights, privileges and responsibilities granted to DANTeC hereunder, provided that such activities and operations do not unreasonably interfere or conflict with the rights granted by the WCAA to others at the Airport.

### Section 2.02 - Conditions to the Grant of Rights

In addition to the terms and provisions contained in this Agreement, and all applicable rules, regulations, laws, ordinances, codes and orders of any federal, state or local government or subdivision thereof, the grant of rights by the WCAA to DANTeC set forth in Section 2.01 above is expressly subject to the conditions set forth below.

**A. Other Government Entities or Agencies.** DANTeC's rights hereunder are subject to any and all easements, licenses and other rights with respect to the Airport granted to or vested in any other governmental entities or agencies, such as the FAA, Customs and Border Protection (CBP) and the Transportation Security Administration (TSA).

**B. Minimum Service Levels.** DANTeC shall operate and maintain the DANTeC Facilities, Systems and Equipment in a manner to meet or exceed the Minimum Service Levels. The WCAA, through the WCAA CEO, reserves the right to review the Minimum Service Levels from time to time, and to adjust, modify or otherwise change the Minimum Service Levels by delivering to DANTeC a revised Exhibit D hereto, which will automatically be incorporated herein without any further approvals. DANTeC will implement such adjustments, modifications or other changes as soon as reasonably practical thereafter.

**C. Utilities.** DANTeC acknowledges that there currently exist, and that the WCAA may grant in the future, easements and access rights to, on, over and/or under the DANTeC Facilities

**APPENDIX 7. A.**

and the DANTeC Operations Areas for the benefit of suppliers and/or owners of utilities that service the Airport. DANTeC hereby consents to any such easements and access rights whether now in existence or granted during the term of this Agreement.

**D. WCAA's Right of Entry.** The WCAA hereby reserves such rights as may be necessary to enter the DANTeC Operations Areas or the DANTeC Facilities for the purpose of conducting any operations related to the function of the Airport, including, without limitation, the right to service any antennae or utilities, and to inspect and/or conduct testing on any part of the DANTeC Facilities, Systems and Equipment. WCAA agrees to not unreasonably interfere with DANTeC's operation and maintenance of the DANTeC Facilities, Systems and Equipment, when exercising its rights under this Section 2.02.D.

**E. Restrictions on DANTeC's Use of the Airport.** Nothing stated in this Agreement shall permit or be construed to permit DANTeC to engage in any activity or operation other than those activities and operations necessary for the operation and maintenance of the DANTeC Facilities, Systems and Equipment.

In the event that DANTeC desires to engage in any activity beyond those permitted by this Agreement, DANTeC must obtain the prior written consent of the WCAA CEO, such consent to be given or withheld in each case in the sole and absolute discretion of the WCAA CEO; provided, however, that in an emergency situation, the oral approval and consent of the WCAA CEO will be sufficient.

**F. Limitation of the WCAA's Obligations.** By executing this Agreement, DANTeC accepts the DANTeC Operations Area and the DANTeC Facilities, Systems and Equipment "AS IS." DANTeC shall be responsible for the compliance of the DANTeC Operations Areas and the DANTeC Facilities, Systems and Equipment with all applicable Federal, State and local laws, statutes, codes, ordinance, rules, regulations and orders, including any and all requirements set forth in Section 8.08 hereof. Other than what may be explicitly provided for herein, the WCAA shall have no obligation or responsibility whatsoever to furnish improvements of any kind to the DANTeC Facilities, Systems and Equipment or DANTeC Operations Areas, or to perform any maintenance or repairs on the DANTeC Facilities, Systems and Equipment or DANTeC Operations Areas. WCAA makes no warranty to DANTeC as to the environmental conditions on the Airport. WCAA makes no warranty, either express or implied, as to the condition of the Airport or that the Airport shall be suitable for DANTeC's purposes or needs. WCAA shall not be responsible to DANTeC for any latent defect in any structure, improvement, facility or equipment at the Airport. By its entry onto the Airport, DANTeC accepts the DANTeC Operations Areas as being free and clear from all defects and in good, safe, clean and orderly condition and repair. DANTeC waives any and all claims against the WCAA regarding the condition of the Airport which may currently exist or which may arise in the future, whether such claim arises under contract, at common law, in equity or under statute, now or then currently in effect, including those which relate to environmental conditions on, under or near DANTeC's operations areas; provided, however, that such waiver does not extend to (i) DANTeC's right to contribution from the WCAA as may be provided under environmental law, and (ii) fines and penalties for which the WCAA would be liable, and DANTeC would not be liable, under any environmental law.

## APPENDIX 7. A.

### **G. WCAA Does Not Warranty DANTeC Facilities, Systems and Equipment.**

DANTeC acknowledges and agrees that the WCAA's grant of rights to DANTeC with respect to the DANTeC Facilities, Systems and Equipment and the DANTeC Operations Areas is "AS IS" without any representation or warranty either express or implied by the WCAA as to:

1. The fitness for any particular purpose or merchantability of any item or items of the DANTeC Facilities, Systems and Equipment;
2. WCAA's title;
3. DANTeC's right to the quiet enjoyment of the DANTeC Operations Areas the DANTeC Facilities, Systems and Equipment, except as otherwise provided herein; or
4. The design or condition of, or the quality of the material, equipment or workmanship in the DANTeC Operations Areas and the DANTeC Facilities, Systems and Equipment.

### **H. Access to and Use of DANTeC Facilities, Systems and Equipment by Non-Members.**

1. DANTeC shall operate the DANTeC Facilities, Systems and Equipment so that both Members and non-Members including, without limitation, those airlines using the North Terminal common use gates, shall have full and complete access to and use of the DANTeC Facilities, Systems and Equipment.

2. Any Air Carrier using the Airport may use the DANTeC Facilities, Systems and Equipment as a Non-Member if such Air Carrier meets the following conditions:

- (a) Has entered into an Operating Agreement with the WCAA pursuant to which the Non-Member agrees to pay landing fees to the WCAA in order to operate at the Airport; and
- (b) Has contracted for the services of a Handling Company that has signed a DANTeC Facilities, Systems and Equipment Access Agreement; and
- (c) Is not in default with any agreements with the WCAA.

3. No item of DANTeC Facilities, Systems and Equipment shall be located in the premises in the North Terminal leased to or otherwise devoted to use by any single Member without the approval of the WCAA CEO.

**APPENDIX 7. A.**

4. DANTeC may, by a Members Vote, and subject to review and approval of the WCAA, establish reasonable rules and regulations regarding access to and use of the DANTeC Facilities, Systems and Equipment by non-Members, including rules and regulations providing that non-Member airlines access to and use of the DANTeC Facilities, Systems and Equipment be provided through ground handling arrangements that have been approved by DANTeC, such approval not to be unreasonably withheld or denied. DANTeC may further require in such rules and regulations that, as a condition to access to and use of the DANTeC Facilities, Systems and Equipment, a non-Member must execute an agreement with DANTeC, the form and substance of which shall be subject to the review and approval of the WCAA.

**I. WCAA Approval of Members Agreement.** The WCAA has the right to review and approve the Members Agreement and all amendments thereto, such approval not to be unreasonably withheld, delayed or denied.

**J. WCAA Consortium Board Member.** The WCAA CEO shall be entitled to appoint one (1) Director to the DANTeC Board, and the appointment of a Director by the WCAA CEO shall be deemed to be certification by the WCAA of the authority of such Director to act on behalf of the WCAA as a Director of DANTeC. The term of the WCAA CEO appointed Director shall be unlimited and the WCAA CEO may replace such Director at any time based solely upon its own discretion.

**K. Membership in DANTeC.** An airline is entitled to become a member of DANTeC by entering into a Use Agreement with the WCAA, and by becoming a party to the Members Agreement. DANTeC may establish reasonable rules and regulations regarding admission of airlines as Members, including the purchase of memberships, which rules and regulations shall be subject to the review and approval of the WCAA. DANTeC agrees that so long as an airline is a party to a Use Agreement, in no event shall the approval of the Members be required for such airline to become a Member. DANTeC shall notify the WCAA of all new Members, and Exhibit E shall thereafter be amended by DANTeC to include such new Members without any further official action by the WCAA or DANTeC.

**L. DANTeC to Maintain Legal Existence.** DANTeC warrants that it is, and shall be throughout the Term of this Agreement, qualified to do business in the State of Michigan. DANTeC shall maintain its existence as a limited liability company, shall not assign or otherwise transfer all or substantially all of its assets, and shall not consolidate or merge with another corporation or permit one or more other corporations to consolidate or merge into it, unless the surviving, resulting or transferee corporation, as the case may be, (i) expressly assumes in writing all of the obligations of DANTeC hereunder and the WCAA CEO consents thereto, and (ii) if such corporation is not organized and existing under the laws of the United States of America or any State or Territory thereof or the District of Columbia, delivers to the WCAA an irrevocable consent to service of process and jurisdiction.

**M. Inconsistent Provisions.** DANTeC shall not amend its Articles of Organization or by-laws in any manner that would cause such Articles of Organization or by-laws to be

**APPENDIX 7. A.**

inconsistent with the terms and provisions of this Agreement. DANTeC shall promptly provide copies of any such amendments to the WCAA.

**N. Covenant Against Waste.** DANTeC will not do or permit or suffer any waste, damage, impairment or injury to or upon the Airport or any part thereof.

**ARTICLE 3  
TERM**

This Agreement will be effective and the Term hereof shall commence on the date this Agreement is executed by the WCAA CEO. This Agreement will expire, unless sooner terminated pursuant to the other provisions hereof (including Article 10), on the fifth (5th) anniversary of the date of beneficial occupancy of the North Terminal, unless the WCAA extends the term of this Agreement for an additional five (5) year period. The WCAA shall notify DANTeC in writing not less than six months prior to the expiration of the initial Term of this Agreement as to whether the WCAA will extend the Term of this Agreement for an additional five-year period. DANTeC shall have the right to decline such Term extension by notifying WCAA in writing within thirty (30) days of such notice.

**ARTICLE 4  
DANTEC FACILITIES, SYSTEMS AND EQUIPMENT**

**Section 4.01 - Ownership of the DANTeC Facilities, Systems and Equipment**

All DANTeC Facilities, Systems and Equipment, as listed in Exhibit C, as such exhibit may be amended from time to time, purchased by or with funds provided by the WCAA are and shall remain the property of the WCAA. DANTeC hereby acknowledges that neither DANTeC nor any user of such DANTeC Facilities, Systems and Equipment will own or have title to such DANTeC Facilities, Systems and Equipment, and agrees that it will not treat itself or authorize any other User to treat itself as the owner of any DANTeC Facilities, Systems and Equipment.

**Section 4.02 - Operation and Maintenance of the DANTeC Facilities, Systems and Equipment**

**A. DANTeC's Obligations.** DANTeC shall at all times be responsible for, and shall perform or cause to be performed, the operation, maintenance and repair of the DANTeC Operations Area and the DANTeC Facilities, Systems and Equipment. DANTeC shall, at all times:

- i) keep all fixtures, equipment and personal property in clean and orderly condition and appearance;
- ii) maintain all fixtures, equipment and personal property in good condition, reasonable wear and tear excepted;
- iii) perform all repairs, replacements and painting for the DANTeC Facilities, Systems and Equipment in full compliance with any and all standards established by the WCAA for such repairs, replacement and painting at the Airport;

**APPENDIX 7. A.**

- iv) perform all repairs, replacements and painting for the DANTeC Facilities, Systems and Equipment in full compliance with any and all standards established by the WCAA to assure that at the conclusion of the Term the fair market value of such equipment and its remaining useful life will, under current tax law, be consistent with, and sufficient to establish ownership of such equipment by the WCAA; and
- v) meet or exceed the Minimum Service Levels.

**B. Standard of Care.** DANTeC shall operate and maintain the DANTeC Facilities, Systems and Equipment in accordance with reasonably prudent engineering and safety standards in the public transportation industry and in accordance with all applicable federal, state and local laws, statutes, ordinances, regulations and executive orders.

**C. DANTeC Vehicular Traffic.** DANTeC shall at all times control all of its vehicular traffic at the Airport, taking all precautions reasonably necessary to preserve the safety of passengers, customers, business visitors and other persons at the Airport, and employing such means as may be necessary to direct movement of its vehicular traffic.

**D. Title to Replacement Parts, Components and Equipment.** Title to any replacement parts, components or items of the DANTeC Facilities, Systems and Equipment which was purchased or funded by the WCAA shall immediately vest in the WCAA without further action by any party. Title to any parts, components or items of the DANTeC Facilities, Systems and Equipment removed by DANTeC and not replaced shall be retained by the WCAA.

**E. Non-Interference with Airport Operations.** The operations of DANTeC and its officials, agents, employees, Contractors, guests, patrons, and invitees on the Airport shall be conducted in an orderly and proper manner and shall not otherwise annoy, disturb, or be offensive to others at the Airport. In the event that DANTeC is not in compliance with this Section, at the written request of the WCAA CEO, DANTeC shall immediately conform the demeanor or conduct of DANTeC or its officials, agents, employees, contractors, guests, patrons, and invitees to the standard set forth in this Section.

**F. Access by WCAA.** DANTeC shall allow WCAA, its officers, agents or employees, free access to the DANTeC Operations Areas and the DANTeC Facilities, Systems and Equipment for the purposes of inspection to ascertain if DANTeC is performing its obligations under this Agreement, and for conducting such other activities deemed reasonably necessary by the WCAA.

**G. WCAA's Right to Perform DANTeC Functions.** In the event that DANTeC fails to perform any of its obligations under this Article 4 within thirty (30) days of its receipt of notice from the WCAA to so perform, the WCAA may perform such obligations without such performance causing or constituting a termination of this Agreement or an interference with any of DANTeC's rights under this Agreement. The WCAA may do all things necessary to perform such obligation and charge the cost and expense of such performance as an O&M Expense of the North Terminal Cost Center in the calculation of airline fees and charges under the Use Agreement. If, in the sole determination of the WCAA CEO, any failure of DANTeC to perform



## APPENDIX 7. A.

its obligations under this Article 4 endangers the health and safety of the public or employees of the WCAA, the WCAA may perform any such obligation after providing oral notice to DANTeC and may charge its costs for such performance as an O&M Expense of the North Terminal Center under the Use Agreement.

**H. WCAA's Right to Use DANTeC Equipment.** The WCAA retains the right, as owner of the DANTeC Facilities, Systems and Equipment, to use the DANTeC Facilities, Systems and Equipment in accordance with such rules and regulations as DANTeC may adopt, subject to the WCAA's review and approval, for users of the DANTeC Facilities, Systems and Equipment.

**I. Replacement of the DANTeC Facilities, Systems and Equipment by the WCAA.** The WCAA may replace the DANTeC Facilities, Systems and Equipment, or any portion thereof, with facilities, system or equipment similar in function and condition to the equipment to be replaced.

**J. Gate Control.** DANTeC may contract for an operator to perform gate coordination activities at the North Terminal. The selection of such operator shall be subject to the review and approval of the WCAA CEO. Such operator shall at all times observe, implement and comply with such rules, regulations and procedures for gate allocation as may be promulgated from time to time by the WCAA CEO. The WCAA reserves and retains the right to direct DANTeC to dismiss such operator with or without cause. DANTeC shall dismiss such operator immediately upon direction of the WCAA.

### Section 4.03 – DANTeC Contracting

DANTeC may contract with third parties for the operation and maintenance of the DANTeC Facilities, Systems and Equipment. The WCAA CEO has the right to review and approve the form of DANTeC's contracts for the operation and maintenance of the DANTeC Facilities, Systems and Equipment. The WCAA CEO will provide written comments, approval, or disapproval, or will advise in writing that DANTeC may proceed without WCAA approval, in a reasonably timely manner so as not to impede the business and obligations of DANTeC. DANTeC hereby expressly acknowledges and agrees that, with respect to the operations and maintenance of the DANTeC Facilities, Systems and Equipment, DANTeC and its Contractors are bound by all terms and conditions set forth herein, including, without limitation, those federal, state and local laws, statutes, ordinances, regulations, rules and executive orders referenced in this Agreement. DANTeC shall not contract for services of any nature with any person or entity barred from contracting with the WCAA pursuant to any law, ordinance, rule or regulation.

DANTeC hereby expressly agrees that all contracts valued at \$50,000 (fifty thousand dollars) or more will be competitively solicited. DANTeC may publicly advertise competitively solicited contract requirements or may distribute requests for proposals to pre-qualified vendors. The WCAA CEO has the right to review all contract requirements, requests for proposals, bids, tabulations, analyses, recommendations and related documents. The WCAA CEO may waive

**APPENDIX 7. A.**

the \$50,000 competitive solicitation limit if the contract is being procured to resolve an emergency situation.

DANTEC expressly agrees that all such contracts for the operations and maintenance of the DANTEC Facilities, Systems and Equipment shall contain provisions for assessment of liquidated damages in the event of failure of complete and satisfactory performance of the operations and maintenance services. Further, all such contracts shall include a performance guarantee, the value of which shall be reasonably related to the service contemplated in any such contract, to guarantee the full, faithful and satisfactory performance by a contractor of its obligations under such contract, which will be used by DANTEC to off-set costs incurred by DANTEC as a result of a contractor's failure to perform or unsatisfactory performance of any required service.

All such contracts for the operations and maintenance of the DANTEC Facilities, Systems and Equipment shall contain provisions making them assignable to the WCAA. Upon the occurrence of an Event of Default under this Agreement, the WCAA shall have the right to require that DANTEC complete the assignment to WCAA of any and all contracts. Such assignment shall be in writing and acceptable in form and substance to the WCAA CEO. All such contracts shall also contain terms providing that in the event that such contract is assigned to the WCAA, the Contractor shall be deemed to have waived any and all claims, suits or causes of action arising out of or relating to the performance of such contract prior to the effective date of such assignment unless the Contractor notifies the WCAA in writing of such claim, suit or cause of action prior to the effective date of such assignment. The WCAA shall not be responsible or liable for any claims relating to such contracts arising from or related to any fraud, misrepresentation, negligence or willful or intentionally tortuous conduct by DANTEC, its officials, employees, agents, Members or Contractors.

**Section 4.04 - Payment for the Operation and Maintenance of the DANTEC Facilities, Systems and Equipment**

DANTEC shall submit to the WCAA, not later than 180 days prior to the end of each Fiscal Year, a preliminary estimate of the Consortium O&M Expenses for the next Fiscal Year. DANTEC shall submit to the WCAA, not later than 120 days prior to the end of each Fiscal Year, a final estimate of the Consortium O&M Expenses for the next Fiscal Year.

The WCAA will establish and maintain a ledger account solely for Consortium O&M Expenses in its general accounting system and associated banking system. The WCAA will provide DANTEC access to the MUNIS system to enter data and request vendor payments through the submission of electronic vouchers completed by an authorized signer of DANTEC. The DANTEC authorized signers are to be approved in advance by the WCAA CEO. The WCAA will use its best efforts to promptly process all vendor payment requests properly submitted by DANTEC.

DANTEC will be responsible for maintaining complete supporting documentation for all vendor payments. The WCAA CEO and the WCAA CFO will have full access to all the supporting documentation maintained by DANTEC related to the Consortium O&M Expenses, budgets and

## APPENDIX 7. A.

vendor payments and will have the right, but not the obligation, to review and audit all such the supporting documentation. The WCAA CEO or the WCAA CFO shall provide reasonable notice to DANTeC of any inadequacies in the supporting documentation.

The WCAA shall have no obligation or liability under this Section 4.04 to any third party whatsoever, including but not limited to any Contractor. The WCAA's obligations hereunder are solely to DANTeC and no party shall be a third party beneficiary with respect to anything contained herein.

Consortium O&M Expenses paid hereunder shall be deemed to be O&M Expenses of the North Terminal Cost Center, as defined in the Use Agreements. As such, Consortium O& M Expenses will be included in the calculation of rentals, fees and charges payable under the Use Agreements.

**Section 4.05 - Additional Equipment.** In addition to the DANTeC Facilities, Systems and Equipment identified on Exhibit C, DANTeC, by Members Vote approval, or any Member of DANTeC, may from time to time, at its own expense, install additional equipment, facilities and improvements, or modify, replace or expand existing equipment, facilities, and improvements at the North Terminal. Any such installation, modification, replacement or expansion is subject to the review and approval of the WCAA CEO.

The WCAA may agree to finance, in whole or in part, any such additional equipment, facilities, improvements, modifications, replacements or expansions of the existing equipment, facilities and improvements. Notwithstanding any request by DANTeC to do the same, the WCAA shall not be obligated to provide financing for any such additional equipment, facilities, improvements, modifications, replacements or expansions of the existing equipment, facilities and improvements. Any equipment, facilities and improvements financed by the WCAA shall be deemed to be DANTeC Facilities, Systems and Equipment, as appropriate. Further, any equipment, facilities or improvements which are not removable without causing material damage to the DANTeC Facilities, Systems and Equipment shall also be deemed to be DANTeC Facilities, Systems and Equipment, as appropriate.

**APPENDIX 7. A.**

**ARTICLE 5  
OTHER DANTeC COSTS AND EXPENSES**

**Section 5.01 – Other DANTeC Costs and Expenses.** In the event that DANTeC incurs costs and expenses for the provision of services or otherwise that are not a component of the Consortium O&M Expenses for such Fiscal Year, DANTeC will be solely responsible for allocations to and collections from the Members and non-Members for any such amounts, and the WCAA shall have no obligation or liability to DANTeC related to any such costs and expenses. The WCAA acknowledges that in charging non-Members for such services, DANTeC may impose a surcharge on the fees and charges paid by non-Members, provided that DANTeC covenants and agrees that charges to non-Members will be fair and reasonable, and not unjustly discriminatory under the circumstances.

**ARTICLE 6  
RECORD-KEEPING AND REPORTING**

**Section 6.01 - DANTeC's Records.**

**A. Ownership of Documents.** All Documents are the property of the WCAA. DANTeC is responsible for any loss or damage to Documents while such Documents are in DANTeC's possession or the possession of its Contractors. DANTeC is wholly responsible for the cost of restoration of lost or damaged Documents. DANTeC shall deliver all Documents to the WCAA upon the request of the WCAA. If DANTeC fails to deliver such Documents to the WCAA, DANTeC shall pay to the WCAA all damages the WCAA may incur due to such failure.

**B. Confidentiality.** All Documents and all reports, information or data provided to DANTeC under this Agreement are confidential. DANTeC agrees, and shall cause its officers, officials, employees and Contractors to agree, that except as specifically authorized herein, DANTeC shall not make available Documents, reports, information or data to any individual or organization other than the WCAA without the prior written approval of the WCAA CEO. In the event that DANTeC is served with a request for Documents by a government agency or with a *subpoena duces tecum* regarding any Documents or any reports, information or data which may be in DANTeC's possession by reason of this Agreement, DANTeC will immediately provide notice to the WCAA CEO and the WCAA's General Counsel such that the WCAA will have the opportunity to contest such process by any means available to it before such Documents, reports, information or data are submitted to a court or other third party; provided, however, that DANTeC will not withhold delivery beyond the time ordered by a court or government agency unless the *subpoena* or request is quashed, or the deadline for such delivery is otherwise extended.

**C. Records of the Operation and Maintenance of the DANTeC Facilities, Systems and Equipment.** DANTeC shall furnish to the WCAA CEO such information as may be requested pertaining to the Minimum Service Levels and the operation and maintenance of the DANTeC Facilities, Systems and Equipment. DANTeC shall maintain, or cause to be maintained, records showing actual time expended and cost incurred in such operation and

## APPENDIX 7. A.

maintenance of the DANTeC Facilities, Systems and Equipment. All such books, records and accounts shall be maintained according to generally accepted accounting principles. The WCAA, and its designated representatives shall have the right to inspect, audit, duplicate or otherwise review all books, records and accounts in any way pertaining to the operation and maintenance of the DANTeC Facilities, Systems and Equipment. DANTeC shall maintain all such books, records and accounts in a safe location, make them available to the WCAA upon request, and retain all such books, records and accounts for inspection, audit, duplication or other related use by the WCAA for at least five (5) years.

**Section 6.02 - DANTeC Reports - Reports Pertaining to the Operation and Maintenance of the DANTeC Facilities, Systems and Equipment.** DANTeC shall provide the WCAA CEO with activity reports of its operations and maintenance of the DANTeC Facilities, Systems and Equipment in form and substance reasonably acceptable to the WCAA CEO, in accordance with the Minimum Service Level requirements as set forth herein.

### ARTICLE 7 INDEMNITY AND INSURANCE

#### Section 7.01 - Indemnity.

**A. Indemnity.** DANTeC agrees to protect, defend, indemnify, keep, save and hold the WCAA, its Board members, officers, officials, employees and agents (collectively "Indemnified Parties") free and harmless from and against any and all Liabilities arising from or relating to (1) any and all Claims, including but not limited to those for death of or injury to persons and for loss of or damage to property by or on behalf of any Person, in connection with, arising, or alleged to arise, either directly or indirectly, out of (a) the use or occupancy of the DANTeC Facilities, Systems and Equipment or the conduct of any operations of DANTeC, or (b) the performance or failure to perform hereunder by DANTeC, or any of its members, officials, agents, employees, contractors and subcontractors (the "DANTeC Parties"), or (c) any breach or default by DANTeC of any of its obligations under this Agreement, or (d) any act, omission or negligence of DANTeC or any DANTeC Party with respect to the DANTeC Facilities, Systems and Equipment, or the operation and maintenance thereof, or (e) the failure of DANTeC or any DANTeC Party to comply with any Law now or hereafter on force of any governmental agency or public authority, to the extent the same are related to the DANTeC Facilities, Systems and Equipment, or the use, operation or maintenance thereof; (2) any and all losses, costs, reasonable attorneys' fees, investigation costs or any other Liabilities incurred in connection with any such Claim or any action or proceeding brought thereon (including but not limited to, reasonable costs and fees of any experts in connection therewith); and (3) Costs of Enforcement. Notwithstanding the foregoing to the contrary, DANTeC shall not be responsible or liable for any loss, damage or injury shown by final judgment to have been caused solely by or solely attributable to the Indemnified Parties' negligence, in which event the WCAA shall contribute to the payment of damages decreed by judgment, and the actual costs of defense borne by DANTeC not otherwise covered by insurance, to the extent the Indemnified Parties are found liable by such judgment. Without limiting the foregoing, any and all Claims relating to personal injury, death, damage to property, defects in materials or workmanship, actual or alleged infringement of any patent, trademark, copyright or of any other tangible or intangible personal property right,

## APPENDIX 7. A.

actual or alleged employment discrimination or wrongful discharge, or any actual or alleged violation of any applicable statute, ordinance, order, rule or regulation, or decree of any court, shall be included in the indemnity hereunder. DANTeC further agrees to investigate, handle, respond to, provide defense for and defend all suits for any and all Claims, at its sole expense, and agrees to bear all other costs and expenses related thereto, even if the Claims are considered groundless, false or fraudulent.

The Indemnified Parties shall have the right, at their respective options and cost, to participate in the defense of any suit, without relieving DANTeC of any of its obligations under this indemnity provision, provided that the Indemnified Parties and their respective attorneys shall coordinate and cooperate with DANTeC's attorneys. DANTeC further expressly understands and agrees that the requirements set forth in this indemnity to protect, defend, indemnify, keep, save and hold the Indemnified Parties free and harmless are separate from and not limited by DANTeC's responsibility to obtain insurance pursuant to other Articles in this Agreement. Further, the indemnities contained in this Article shall survive the expiration or termination of this Agreement.

### **B. Release of WCAA.**

1. The WCAA shall not be responsible or liable to DANTeC, or to DANTeC Parties, for any injury to, or death of, any of them or of any other person, or for any damage to any of DANTeC's property, or loss of revenue caused by any third person in the maintenance, construction, or operation of facilities at the Airport, or caused by WCAA or any third person using the Airport or navigating any aircraft on or over the Airport, except where there has been a final determination by a court of competent jurisdiction that any injury, death, or damage is due solely to the negligence or willful misconduct of WCAA, and only to the extent DANTeC or any of the above described parties is not covered by insurance.

2. The WCAA shall not be liable to DANTeC for damage to property of DANTeC or any loss of revenues to DANTeC resulting from WCAA's acts or omissions in the maintenance and operation of the Airport, except where there has been a final determination by a court of competent jurisdiction that such damage or loss has been caused by the negligence or willful misconduct of WCAA, and then only to the extent DANTeC is not reimbursed by insurance.

3. Notwithstanding any reference herein to DANTeC's release and indemnification being ineffective in certain instances where WCAA or its Board members, officers, agents, employees or representatives have been negligent, nothing herein shall be construed to make WCAA liable in any case or instance where WCAA would otherwise be immune from any tort liability.

**C. Non-Liability of Public Officials.** No Board member, officer, official, employee, or agent of WCAA shall be charged personally by DANTeC, or by any assignee or contractor of DANTeC, with any liability or expenses of defense, or be held personally liable to them under

**APPENDIX 7. A.**

any term or provision of this Agreement, or because of WCAA's execution or attempted execution hereof, or because of any breach hereof.

**D. Non-Liability of DANTeC Officials.** No Board member, officer, official, employee, or agent of DANTeC shall be charged personally solely by reason of holding such position by the WCAA, or by any assignee or contractor of the WCAA, with any liability or expenses of defense, or be held personally liable to them under any term or provision of this Agreement, or because of DANTeC's execution or attempted execution hereof, or because of any breach hereof.

**E. WCAA Approvals Do Not Limit DANTeC's Obligations.** Nothing herein is intended nor shall it be construed to provide any limitation upon DANTeC's obligation to comply with the terms and conditions of this Agreement. No WCAA review or approval of any act of DANTeC or document provided by DANTeC, including, but not limited to, plans and specifications, shall in any way serve to attenuate, diminish or otherwise limit DANTeC's obligations hereunder, nor shall any such review or approval constitute a waiver by the WCAA of any non-compliance with the terms and conditions of this Agreement.

**F. Survival Beyond Termination of this Agreement.** DANTeC's obligations under Section 8.06 and this Article 7 shall survive the termination of this Agreement.

**Section 7.02 - Required Insurance Coverage.** DANTeC shall provide and maintain, or, as appropriate, shall cause its Contractors to provide and maintain, at all times, at DANTeC's own expense and in its own name and in the name of the WCAA, the County of Wayne, Michigan and each Member of DANTeC, during the term of this Agreement and during any period subsequent to the expiration of the Term if DANTeC is required to perform any activities to comply with any Environmental Law, the type of insurance specified below, with financially responsible insurance companies authorized to do business in the State of Michigan, covering all operations under this Agreement, whether performed by DANTeC, its Contractors or subcontractors, and insuring against all liabilities to the public for loss resulting from injury to persons or damages to property arising out of or caused by DANTeC's operations, acts or omissions or those of DANTeC's employees, agents or Contractors. The kinds and amounts of insurance required are as follows:

**A. Workers' Compensation and Occupational Disease Insurance -** Workers' Compensation and Employers Liability Insurance, as prescribed by applicable law, covering all employees of DANTeC, if any, with limits of not less than \$500,000 for each accident or illness. DANTeC shall require all of its Contractors to carry workers' compensation insurance as required by Law.

**B. Commercial Liability Insurance (Primary and Umbrella) –** Comprehensive broad form commercial liability insurance or equivalent coverage for the mutual benefit of the WCAA and DANTeC, and naming the WCAA, the County of Wayne, Michigan and each Member of DANTeC as an additional insured on a primary basis, with limits of not less than \$5,000,000 per occurrence, for claims for pollution, bodily injury, death, property damage liability, and personal injury, including claims arising from the use of all equipment, hoists, motor vehicles and aircraft on the Airport or in connection with hauling of materials and debris therefrom. Coverages shall

## APPENDIX 7. A.

include the following: all premises and operations, products and completed operations, explosion, collapse, underground, pollution (through a pollution legal liability policy with a limit of not less than \$5,000,000), independent contractors, broad form property damage, separation of insureds, defense and contractual liability coverages (with no limitation endorsement), including coverage for claims made by one insured against another. Identical coverages may be required of DANTeC's Contractors depending upon the subject matter of the contracted service to be performed.

**C. Automobile Liability Insurance** - When any motor vehicles are used in connection with work to be performed by or on behalf of DANTeC, DANTeC shall provide, or if applicable DANTeC shall require its Contractors to provide, Automobile Liability Insurance in accordance with the Laws of the State in the combined single limit of \$5,000,000 for all vehicles given airside access and \$2,000,000 for vehicles restricted solely to landside access, which policies of insurance shall be endorsed to include all owned, hired and non-owned vehicles used by DANTeC on or about the Airport and naming the WCAA and the County of Wayne, Michigan as an additional insured on a primary basis. If there are no DANTeC or Contractor-owned vehicles used in connection with work to be performed under this Agreement, and DANTeC or its Contractors do not use a vehicle in their business, including livery service, during the performance of this Agreement, then personal vehicle insurance of the Contractor employee(s) may be accepted in lieu of the business automobile liability insurance required pursuant to this section. If personal vehicle insurance is accepted by WCAA, such insurance shall provide Michigan no-fault automobile liability of \$300,000/\$100,000 Bodily Injury and Property Damage (BIPD).

**D. All Risk Builders Risk Insurance** - If DANTeC contracts to perform any work at the Airport, including improvements, betterments, or repairs, DANTeC shall require its Contractors, if applicable, to provide All Risk Builder's Risk Insurance, at 100% of the replacement cost, for the materials, supplies, equipment, machinery, and fixtures that are or will be part of the permanent facilities. Coverages shall include but not be limited to the following: right to partial occupancy, material stored off-site and in-transit, boiler and machinery, earth movement, flood (including surface water back-up), collapse, water damage, faulty workmanship or materials, testing and mechanical-electrical breakdown. The WCAA shall be named as an additional insured and loss payee.

**E. All Risk Property Insurance** - DANTeC and WCAA acknowledge that WCAA will maintain All Risk Commercial Property Insurance, which will include insuring the DANTeC Facilities, Systems and Equipment and DANTeC Operations Areas against all risk of direct physical loss or damage as may from time to time be included within the definition of an "All Risk Insurance Policy" with extended broad form coverage, including without limitation, loss or damage by fire, lightning, windstorm, hail, explosion, riot and civil commotion, damage from aircraft and vehicles, breakdown of boilers, machinery and electrical equipment, and such other risks as the WCAA may reasonably designate. DANTeC agrees that it will procure and maintain All Risk Property Insurance for all assets and personal property owned by DANTeC that are located at the Airport.



## APPENDIX 7. A.

**F. Professional Liability** - When any architects, engineers, or consulting firms perform work or services in connection with this Agreement, Professional Liability Insurance covering acts, errors and omissions shall be maintained with limits of \$1,000,000. Coverage shall include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with or precede the start of work under the contract.

### Section 7.03 - Additional Obligations of DANTeC Regarding Insurance.

**A.** DANTeC will furnish the WCAA with original Certificates of Insurance evidencing the coverage required to be in force on the date of this Agreement, and renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. DANTeC shall submit evidence of insurance prior to the execution of the Agreement by the WCAA. The receipt of any certificate does not constitute agreement by the WCAA that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all requirements of this Agreement. The failure of the WCAA to obtain certificates or other evidence of insurance from DANTeC shall not be deemed to be a waiver by the WCAA. DANTeC shall advise all of its insurers of the provisions of this Agreement pertaining to insurance. Non-conforming insurance shall not relieve DANTeC of its obligation to provide the insurance specified herein. Non-fulfillment of the insurance conditions may constitute a material breach of the Agreement, and the WCAA retains the right to suspend the Agreement until proper evidence of insurance is provided, or terminate the Agreement.

**B.** DANTeC shall provide for sixty (60) days written notice to WCAA prior to the effective date of any change, cancellation, or termination of such coverage. DANTeC shall require its contractors to provide for sixty (60) days written notice to DANTeC and WCAA prior to the effective date of any change, cancellation or termination of any coverage required.

**C.** Any and all deductibles or self-insured retentions on referenced insurance coverages shall be borne by DANTeC.

**D.** DANTeC shall require all Contractors to carry the insurance required herein, and DANTeC may provide the coverage for any or all Contractors or subcontractors, and, if so, the evidence of insurance submitted shall so stipulate. DANTeC agrees to coordinate insurance coverages requirements for each Contractor with the WCAA.

**E.** DANTeC expressly understands and agrees that any insurance coverages and limits furnished by DANTeC shall in no way limit DANTeC's liabilities and responsibilities specified within the Agreement, in equity, or at law.

**F.** DANTeC hereby waives, and shall cause each of its Contractors to waive, its rights of subrogation against the WCAA, including the WCAA's appointed and elected officials, agents, and employees. Inasmuch as this waiver will preclude the assignment of any claim by subrogation to an insurance company, DANTeC agrees to do the following and cause each Contractor and subcontractor to do the following: to give to each insurance company which has issued, or in the future may issue, to it policies of physical damage insurance, written notice of

**APPENDIX 7. A.**

the terms of this waiver, and to have said insurance policies properly endorsed, to prevent the invalidation of said insurance coverage by reason of said waiver.

**G.** DANTeC expressly understands and agrees that any insurance maintained by the WCAA shall apply in excess of and not contribute with insurance provided by DANTeC under this Agreement. The foregoing notwithstanding, that where the WCAA is liable hereunder, its insurance may be applied.

**H.** DANTeC shall not do or permit to be done anything, either by act or failure to act, which shall cause cancellation of any policy of insurance required hereunder or any policy maintained by the WCAA.

**I.** The required insurance shall not be limited by any limitations expressed in the indemnification language herein or any limitation imposed by law upon any indemnification provided herein.

**J.** The WCAA maintains the right to modify, delete, alter or change the requirements set forth under Section 7.02 above and this Section 7.03.

**Section 7.04 - Use of Insurance Proceeds.**

**A.** If the DANTeC Facilities, Systems and Equipment or DANTeC Operations Areas, or any portion thereof, is damaged or destroyed by fire or other casualty, the WCAA shall, to the extent of the proceeds of insurance actually received with respect to such damage, promptly repair, reconstruct and restore the damaged or destroyed DANTeC Facilities, Systems and Equipment and DANTeC Operations Areas to (i) substantially the same condition, utility and value as existed prior to such damage or destruction, or (ii) such other condition, character, utility and value as the WCAA shall determine.

**B.** If the proceeds of insurance are insufficient to restore or replace the DANTeC Facilities, Systems and Equipment or DANTeC Operations Areas as required by Section 7.04.A above, the WCAA, so long as it may have the right and authority to provide financing, may, but shall not be obligated to, provide financing, to cover costs resulting from the insufficiency of insurance proceeds and shall use the proceeds of such financing solely to restore or replace the DANTeC Facilities, Systems and Equipment and DANTeC Operations Areas.

**C.** If the proceeds of insurance are in excess of the amount necessary to restore or replace the DANTeC Facilities, Systems and Equipment and DANTeC Operations Areas as required by Section 7.04.A above, the excess amount shall be treated as a revenue allocable to the North Terminal Cost Center.

**APPENDIX 7. A.****ARTICLE 8  
ADDITIONAL OBLIGATIONS OF DANTeC**

**Section 8.01 - Taxes.** DANTeC shall pay such taxes or special assessments, if any, which may be levied or assessed upon DANTeC's interest in the DANTeC Operations Areas at the Airport. DANTeC shall provide the WCAA CEO with copies of all notices relating to such taxes within thirty (30) days of request and shall provide the WCAA CEO with a receipt indicating payment of such taxes. Nothing herein shall preclude DANTeC from contesting such charge or tax, including those taxes or charges enacted or promulgated by WCAA.

**Section 8.02 - Utilities.** DANTeC shall be responsible for payment of all costs of utilities for its operations, including, but not limited to, electrical service and telephone service.

**Section 8.03 - Permits, Licenses.** DANTeC shall be responsible for obtaining, at its own expense, all necessary governmental approvals, inspections, permits, or licenses needed in connection with the DANTeC's operations and the DANTeC Operations Areas, including any business conducted thereon.

**Section 8.04 - Compliance with All Laws.** DANTeC shall comply with all applicable Laws; provided, however, that DANTeC may, without being considered to be in breach hereof, contest any such laws so long as such contest is diligently commenced and prosecuted by DANTeC and does not jeopardize the health or safety of persons at the Airport or Airport operations.

**Section 8.05 - Compliance with WCAA/State Requirements.**

**A. Ethics.** DANTeC shall comply in all respects with the WCAA's Ethics Ordinance, and shall make no payment, gratuity, or offer of employment in connection with any WCAA contract, by or on behalf of a subcontractor to the prime contractor or higher tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order. Any contract negotiated, entered into, or performed in violation of this provision shall be voidable as to the WCAA.

**B. Inspections.** It shall be the duty of DANTeC and all officers, directors, agents, partners, and employees of DANTeC to cooperate with the WCAA in any investigation or hearing undertaken.

**C. Americans with Disabilities Act.** Any and all designs for improvements, modifications and alterations to the DANTeC Operations Area that will be designed and built by or on behalf of DANTeC shall comply with all Federal, State and local laws and regulations regarding accessibility standards for disabled or environmentally limited persons including, but not limited to, the following: Americans with Disabilities Act, P.L. 101-336 (1990), 42 U.S.C. 12101 *et seq.* and the Uniform Federal Accessibility Guidelines for Buildings and Facilities. In the event that the above-cited standards are inconsistent, DANTeC shall comply with the standard providing greater accessibility.

## APPENDIX 7. A.

All construction or alterations undertaken by DANTeC in connection with this Agreement shall be performed in compliance with all Laws regarding accessibility standards for disabled or environmentally limited persons including, but not limited to, the following: Americans with Disabilities Act, P.L. 101-336 (1990), 42 U.S.C. 12101 *et seq.* and the Uniform Federal Accessibility Guidelines for Buildings and Facilities.

**F. Conflicts of Interest.** DANTeC represents and warrants that no member of the WCAA Board or other unit of government and no other officer, employee or agent of the WCAA or other unit of government who exercises any functions or responsibilities in connection with this Agreement has any personal interest, direct or indirect, in this Agreement, or in DANTeC.

DANTeC further covenants that (i) no member of the WCAA Board and no officer, employee or agent of the WCAA or other unit of government exercising any functions or responsibilities in connection with this Agreement shall acquire any personal, financial or economic interest, direct or indirect, in DANTeC or this Agreement, and (ii) no member of or delegate to the Congress of the United States or the Michigan General Assembly and no official or employee of the WCAA shall be admitted to any share or part of this Agreement or any financial benefit to arise from it.

### Section 8.06 - Compliance With Environmental Laws

**A. Pre-Existing Conditions.** For the purposes of this Section 8.06, the presence of any Hazardous Material in the DANTeC Operations Areas that would give rise to liability to any person on the part of DANTeC or the WCAA, or violate any Environmental Law (as defined below), shall be known as an Environmental Condition. Any Environmental Condition existing on any portion of the DANTeC Operations Areas prior to the Effective Date is hereby designated a Pre-Existing Condition.

#### B. Compliance with Environmental Laws

1. DANTeC shall comply with all Environmental Laws.
2. If DANTeC is required pursuant to any Environmental Laws to file any notice or report of a release or threatened release of Hazardous Materials or Special Wastes on, under or about the DANTeC Operations Areas, DANTeC shall provide a copy of such report or notice to the WCAA. In the event of a release or threatened release of Hazardous Materials or Special Waste into the environment, or in the event of any claim, demand, action or notice is made against DANTeC regarding DANTeC's failure or alleged failure to comply with any Environmental Law, DANTeC shall immediately notify the WCAA.
3. The WCAA shall have reasonable access to the DANTeC Operations Areas to inspect the same to confirm that DANTeC is using the DANTeC Operations Areas in accordance with Environmental Laws. DANTeC, at the reasonable request of the WCAA and at DANTeC's expense, shall conduct such testing and analysis as is necessary to ascertain whether DANTeC is using the DANTeC Operations Areas in compliance with all

## APPENDIX 7. A.

Environment Laws. Any such tests shall be conducted by qualified independent environmental consultants chosen by DANTeC and subject to the approval of the WCAA CEO. Copies of any reports or test results shall be provided to WCAA.

4. In addition to any other remedy afforded at law, in equity or by the terms of this Agreement, if DANTeC fails to comply with any Environmental Law which results in, or may result in, a material adverse impact to the DANTeC Operations Areas or potential liability to the WCAA, the WCAA may (i) enter the DANTeC Operations Areas and take necessary measures to insure compliance with Environmental Laws, including, but not limited to, testing and soil sampling, all at DANTeC's expense, and/or (ii) terminate this Agreement in accordance with the default provisions of this Agreement.

5. DANTeC's liability and obligations under this Section 8.06 shall survive the termination of this Agreement. DANTeC hereby waives any right of action or claim pursuant to any Environmental Law against the WCAA, its officers, officials, agents or employees except for (i) Pre-Existing Conditions for which DANTeC is not accountable to the WCAA under this Agreement, and (ii) Post-Closing Conditions for which the WCAA is the direct and proximate cause. Any Environmental Condition arising on any portion of the DANTeC Operations Area after the Effective Date is hereby designated a Post-Closing Condition.

### C. Environmental Permits

1. DANTeC must show evidence of, and keep current throughout the term of this Agreement, all waste hauling, special waste hauling, disposal permits and insurance certificates required by Federal, state, WCAA or other local governmental body or agency pursuant to any Environmental Law.

2. When requested by the WCAA CEO, DANTeC shall submit copies of all hauling permits required by any Environmental Law. Copies of all permits and insurance certificates that require periodic renewal must be forwarded to the WCAA CEO throughout the duration of this Agreement. Non-compliance with this requirement may be cause for termination of this Agreement.

3. Environmental Records and Reports: DANTeC shall be required to prepare and maintain proper, accurate and complete records of accounts of all transactions related to the operations of this Agreement, including, but not limited to, the following:

- a. Vehicle maintenance records
- b. Safety and accident reports
- c. IEPA or OSHA manifests
- d. Disposal records, including disposal site used, date, truck number and disposal weight.
- e. Permit documentation and all other documentation and transactions pertaining to all Environmental Laws.

**APPENDIX 7. A.**

All such records and accounts shall be subject to review by the WCAA and shall be made available to the WCAA upon the request of the WCAA CEO. The WCAA's review of any such records and accounts shall in no way serve to limit DANTeC's obligations or liability under the terms and conditions of this Agreement or any Environmental Law.

**D. Disposal of Materials, Construction and Demolition Debris, Soil and Waste**

1. DANTeC shall be responsible for the proper disposal of all materials, construction and demolition debris, soil and other waste generated by DANTeC's business operations, or DANTeC's activities as set forth in this Section 8.06. Hauling and disposal by a subcontractor does not relieve DANTeC from responsibility for proper disposal. Disposal of all materials, construction debris, soil, and other wastes shall be at a disposal site that is properly licensed and permitted to accept the particular materials, construction debris, soil and other wastes delivered to it in accordance with all Environmental Laws. DANTeC shall identify the disposal site(s) or transfer station(s) to which it has contractual access and for which proper, sanitary landfill permits and/or licenses have been obtained. Failure to identify disposal site(s) for materials, construction debris, soil and other wastes or to submit such information when requested by the WCAA CEO may be cause to terminate this Agreement.

2. Upon request by the WCAA CEO, DANTeC shall provide the WCAA CEO with copies of all load tickets, manifests, bills of lading, scale tickets and other pertinent documents, including copies of all permits and/or licenses for the proposed transfer station and/or landfill. In the event that the transfer station and/or landfill proposed for use by DANTeC does not possess the necessary permits and/or licenses to accept the materials, construction debris, soil or other wastes, DANTeC will replace the transfer station and/or landfill submitted as part of their bid proposal at no additional cost to the WCAA. If DANTeC disposes of materials, construction debris, soil or other wastes at a site which is not properly permitted, DANTeC shall be responsible for all costs associated with the removal of the waste to a properly licensed/permitted landfill or disposal site.

3. DANTeC shall accept full responsibility for compliance with all Environmental Laws.

4. DANTeC shall notify the WCAA CEO within twenty-four (24) hours of receipt of any environmental complaints, fines, citations, violations or notices of violation ("Claim") by any governmental body or regulatory agency against DANTeC or by any third party relating to the loading, hauling or disposal of materials, construction debris, soil or other wastes. DANTeC will provide evidence to the WCAA CEO that any such Claim has been addressed to the satisfaction of the issuer or initiator of such Claim.

5. DANTeC shall notify the WCAA of any community meetings, media involvement or media coverage related to the loading, hauling or disposal of materials, construction debris, soil and other wastes under this Agreement in which DANTeC is asked to participate.

**APPENDIX 7. A.**

6. DANTeC shall verify, in writing, whenever requested by the WCAA CEO, that all materials, construction debris, and other waste accepted by DANTeC from the WCAA, have been disposed of in compliance with all Environmental Laws.

7. Non-compliance with these terms and conditions may affect DANTeC's eligibility for future contracts.

**E. Equipment and Environmental Control During Transport.** DANTeC shall haul materials, including but not limited to fuel of any nature, any construction debris, soil and other wastes in vehicles and/or containers complying with all applicable Environmental Laws. All equipment used to transfer materials, construction and demolition debris, soil and other wastes shall be designed to prevent spillage during the hauling operation. DANTeC's equipment shall fully comply with all WCAA, state and federal regulations, laws and ordinances pertaining to size, load weight, safety and any Environmental Law.

**F. Open Dumping Prohibited.** A form for identifying DANTeC's debris and waste disposal/handling site(s) and acknowledging terms and conditions relating thereto (the "Form") shall be executed by DANTeC and provided to the WCAA CEO before any debris or waste is removed from the DANTeC Operations Areas for disposal or handling elsewhere. In addition to the representations and requirements contained in the Form, DANTeC understands and agrees that DANTeC, unless otherwise authorized in writing by the WCAA CEO of Environment, shall not continue to use a disposal/handling site identified in the Form that (i) has been cited as being in violation of any environmental law or regulation or of any WCAA ordinance or (ii) does not have a necessary permit. If only one site was identified in the Form, DANTeC shall arrange for a substitute disposal/handling site which meets the requirements specified in the Form and provide a revised Form to the WCAA CEO of Environment. DANTeC further understands and agrees that any such substitution shall be at no additional cost to the WCAA, regardless of the reason necessitating such substitution.

**Section 8.07 - Contractors.** DANTeC agrees that all of the provisions set forth in Sections 8.03 through and including 8.06 of this Article 8 will be incorporated in all contracts entered into with any suppliers of materials, furnishers of services, contractors of any tier, and labor organizations which furnish skilled, unskilled, and craft union skilled labor, or which may provide any materials, labor, or services in connection with this Agreement for amounts of \$10,000 or more. DANTeC agrees to cause its Contractors to execute such certificates as may be necessary in furtherance of these provisions. Such certifications shall be attached and incorporated by reference in the contracts. In the event that any Contractor is a partnership or joint venture, DANTeC shall also include provisions in its contract insuring that the entities comprising such partnership or joint venture shall be jointly and severally liable for its obligations thereunder.

**Section 8.08 - Indemnification.** In addition to the indemnifications set forth in Article 7 hereof, DANTeC hereby indemnifies and agrees to defend and hold harmless the WCAA, its Board members, agents, partners, officers, representatives and employees, from all Claims to the extent arising from or attributable to: (a) the presence due to DANTeC's operations of Hazardous Materials and Special Wastes on the DANTeC Operations Areas or the subsurface thereof or the violation of any Environmental Laws due to DANTeC's operations (including, without limiting

**APPENDIX 7. A.**

the generality thereof, any cost, claim, liability, or defense expended in remediation required by a governmental authority, or by reason of any release of any Hazardous Material or Special Waste due to DANTeC's operations or violation of any Environmental Laws), or (b) any aggravation of any condition on the DANTeC Operations Areas caused, directly or indirectly, by DANTeC's operations, or (c) any breach by DANTeC of any of its warranties, representations or covenants in this Article 8. DANTeC's obligations hereunder shall survive the termination or expiration of this Agreement, and shall not be affected in any way by the amount of or absence in any case of covering insurance or by the failure or refusal of any insurance carrier to perform any obligation on its part under any insurance policies affecting the DANTeC Operations Areas or DANTeC's operations at the Airport.

**ARTICLE 9**  
**AIRPORT MATTERS**

**Section 9.01 - Airport Rules and Regulations.** DANTeC shall observe and obey all Authority rules and regulations governing the conduct and operations of the Airport, promulgated from time to time by the WCAA, including but not limited to the Authority's Airport Ordinance, provided, however, that such rules and regulations must be neither (i) inconsistent with the exercise by DANTeC of any right or privilege granted to it hereunder or under any other agreement between DANTeC and the WCAA relating to the Airport, nor (ii) inconsistent with the rules and regulations or orders of any Federal or State agency having jurisdiction over the Airport. Except in cases of emergency, no such rule or regulation shall be applicable to DANTeC unless it has been given fifteen (15) days prior written notice of the adoption thereof.

**Section 9.02 - Other Legal Requirements.** DANTeC shall comply, and shall cause its Contractors to comply, with all applicable Law, including, without limitation, those promulgated by the FAA, which shall include, but not be limited to, the following:

**A. Prohibition Against Exclusive Rights.** It is hereby specifically understood and agreed that nothing contained in this Agreement shall be construed to grant or authorize the grant to DANTeC of an exclusive right to use Airport facilities or to provide aeronautical services to the public as prohibited by Section 308(a) of the Federal Aviation Act of 1958, as amended, and WCAA reserves the right to grant to others at the Airport similar privileges and rights.

**B. Subordination of Agreement.** DANTeC covenants and agrees that this Agreement shall be subordinated to the provisions of any existing or future agreement between the WCAA and the United States Government, the execution of which has been or will be required as a condition precedent to the granting of Federal funds for the development of the Airport. DANTeC further agrees that it shall not cause the WCAA to violate any assurances made by the WCAA to the Federal government in connection with the granting of such Federal funds.

**C. Non-discrimination in the Use of the Airport.** This Agreement involves the use of or access to space on, over, or under real property acquired or improved under the Airport Development Aid Project of the Federal Aviation Administration, and therefore involves activity which serves the public. DANTeC, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree, as a covenant



**APPENDIX 7. A.**

running with the land, that (a) no person on the grounds of race, color, religion, gender, national origin, age, weight, marital status, political affiliation, familial status, physical or mental disability or sexual orientation shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of said facilities; (b) no person on the grounds of race, color, religion, age, weight, marital status, political affiliation, familial status, physical or mental disability or sexual orientation shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the construction of improvements on, over, or under such land and the furnishing of services thereon; and (c) DANTeC shall use the Airport in compliance with all other requirements imposed by or pursuant to regulations of the U.S. Department of Transportation. In the event of a breach of the above non-discrimination covenants by DANTeC, the WCAA shall have the right to terminate this Agreement and to reenter and repossess the DANTeC Operations Areas and the DANTeC Facilities, Systems and Equipment thereon, and hold the same as if this Agreement had never been executed.

**D. Non-Discrimination in Furnishing Services.** DANTeC agrees that it shall provide its services and products promptly, efficiently and adequately to meet all reasonable demands therefore, all on a fair and non-discriminatory basis to all users thereof.

**Section 9.03 - Other Non-Discrimination Covenants.**

A. With respect to DANTeC's exercise of all uses, rights and privileges granted in this Agreement, DANTeC hereby covenants and agrees as a covenant running with the land not to discriminate and to undertake equal opportunity and affirmative action measures, all as required by all Laws pertaining to civil rights and equal opportunity, including but not limited to 49 CFR Part 21; 49 CFR Parts 23 and 26; 14 CFR Part 152, Subpart E; and 41 CFR Part 60, Subpart C, Executive Orders 11246 and 11478, and Section 504 of the Rehabilitation Act of 1973, to the extent applicable, and as such laws, rules, regulations and orders may be amended.

B. DANTeC agrees that DANTeC shall comply with any affirmative action plans required pursuant to the directives of any federal agency and in accordance with federal law.

C. DANTeC covenants and agrees not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions or privileges of employment or a matter directly or indirectly related to employment because of race, color, religion, gender, national origin, age, weight, marital status, political affiliation, familial status, sexual orientation, or physical or mental disability that is unrelated to the individual's ability to perform the duties of a particular job or position and to require a similar covenant on the part of any Contractor employed in the performance of this Agreement. Breach of this covenant may be regarded as a material breach of this Agreement.

D. DANTeC and DANTeC's Contractors shall not discriminate by segregation or otherwise against any person, employee or applicant for employment because of race, color, religion, gender, national origin, age, weight, marital status, political affiliation, familial status, sexual orientation, physical or mental disability or veteran status in the use of the DANTeC Facilities, Systems and Equipment and DANTeC Operations Areas, including the hiring and

**APPENDIX 7. A.**

discharging of employees, providing and using of services and activities conducted thereon, and the selection of suppliers and contractors.

E. DANTeC and DANTeC's Contractors shall use diligent efforts to encourage recruitment of minorities, women, disabled persons and veterans.

F. DANTeC will provide all information and reports pertinent to applicable equal employment, anti-discrimination and affirmative action requirements reasonably requested by the WCAA.

G. DANTeC shall defend, indemnify and hold harmless the Authority from any claims and demands of third persons resulting from DANTeC's non-compliance with any of the provisions of this Section 9.03 and in case of termination or cancellation of this Agreement as a result of DANTeC's failure to comply with the requirements of this Section 9.03, DANTeC shall indemnify the Authority during what would have been the remainder of the Term against any loss or damage suffered by reason of such termination.

In the event of a breach of any of the above non-discrimination covenants, the Authority shall have the right to terminate this Agreement and to reenter and repossess the DANTeC Facilities, Systems and Equipment and DANTeC Operations Areas and hold the same as if this Agreement had never been made and issued.

**Section 9.04 - Airport Agreements.** DANTeC's use and occupancy of the DANTeC Operations Areas shall be and remain subject to (i) the provisions of any existing or future agreements between the WCAA and the United States government, FAA, TSA or other governmental authority, relative to the operation or maintenance of the Airport, the execution of which has been or will be required as a condition precedent to the granting of federal or other government funds, including, without limitation, grant agreements, and (ii) any use agreement heretofore or hereafter executed by the WCAA with airlines operating at the Airport, including, without limitation, the Use Agreements and any ordinance or indenture, or both, authorizing bond anticipation notes or bonds or other obligations adopted by the WCAA Board or the WCAA authorizing the issuance of notes, bonds or other obligations for the Airport and securing such obligations by a pledge of revenues or net revenues of the Airport and any ordinance or indenture supplemental thereto, which shall also include any master indenture.

**Section 9.05 - Airport Security.** In the performance of this Agreement, each of the parties will comply with all applicable statutes, regulations, directive, and approved programs with respect to security, including, in particular, those regulations, directives and programs issued and approved by the U.S. Department of Homeland Security and the WCAA.

**Section 9.06 - Airport Noise Restrictions.** DANTeC agrees to abide by any guidelines, rules or regulations for the Airport which result from any Part 150 study or any other restrictions imposed on noise and which are applicable to the use of the DANTeC Operations Areas.

**Section 9.07 - Regulating the Airport; Airport Operation.** The WCAA reserves the right to regulate, police and further develop, improve, reconstruct, modify or otherwise alter the Airport in the WCAA's sole discretion. The WCAA reserves the right, but shall not be obligated to

## APPENDIX 7. A.

DANTEC, to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport. The WCAA shall not have any obligation to continue to operate the Airport or any part as an airport for passenger or freight air transportation or at any particular level of operation and may at any time limit or discontinue use of the Airport or any means of access to or within the Airport in whole or in part. This provision shall not be interpreted to grant a right to limit or discontinue means of access to the DANTEC Operations Areas by DANTEC from outside the Airport from dedicated public streets.

**Section 9.08- Exercise by WCAA of Governmental Functions.** Nothing contained herein shall impair the right of the WCAA, in the exercise of its governmental functions, to require DANTEC to pay any tax or inspection fees or to procure necessary permits or licenses. Nothing herein shall be construed to prevent DANTEC from contesting in good faith any tax or inspection fee so long as such contest is diligently commenced and prosecuted by DANTEC.

### ARTICLE 10 DEFAULT AND TERMINATION

**Section 10.01 - Events of Default.** Each of the following shall be an event of default under this Agreement:

**A.** DANTEC shall become insolvent (as such terms is defined under Section 101 of the Federal Bankruptcy Code, 11 U.S.C. 101 *et seq.* (the "Code"), or any successor statute thereto); or shall fail to pay its debts generally as they mature; or shall take the benefits of any present or future Federal or State insolvency statute; or shall make a general assignment for the benefit of creditors.

**B.** DANTEC shall file a voluntary petition in bankruptcy or a petition or answer seeking an arrangement of its indebtedness under the Code or under any other law or statute of the United States or of any State thereof; or consent to the appointment of a receiver trustee, custodian, liquidator, or other similar official, of all or substantially all of its property; or an order for relief shall be entered by or against DANTEC under any chapter of the Code.

**C.** By order or decree of a court, DANTEC shall be adjudged a debtor or bankrupt, or an order shall be made approving a petition filed by any of its creditors or by any of its stockholders, seeking its reorganization or the restructuring of its indebtedness under the Code or under any other law or statute of the United States or any State thereof and such order or decree shall not be stayed or vacated within sixty (60) days of its issuance.

**D.** A petition under any chapter of the Code or an action under any Federal or State insolvency statute shall be filed against DANTEC and shall be dismissed or stayed within sixty (60) days after being filed thereof.

**E.** By or pursuant to, or under authority of any legislative act, resolution or rule, or order or decree of any court or governmental board, agency or officer, a receiver, trustee, custodian, liquidator, or other similar official shall take possession or control of all or substantially all of

**APPENDIX 7. A.**

the property of DANTeC and such possession or control shall continue in effect for a period of sixty (60) days.

**F.** DANTeC shall become a corporation in dissolution.

**G.** The letting, license, or other interest of or rights of DANTeC hereunder shall be transferred to, pass to, or devolve upon, by operation of law or otherwise, any other person, firm, corporation, or other entity, by, in connection with, or as a result of any bankruptcy, insolvency, trusteeship, liquidation or other proceedings or occurrence described in Subparagraphs (A) through (E) of this Section 10.01.

**H.** DANTeC shall fail to duly and punctually make any payment required to be paid hereunder or shall fail to make payment when due of any other sum required to be paid to the WCAA pursuant to this Agreement, for a period of five (5) days after written notice specifying such failure and requesting that it be remedied is given to DANTeC by the WCAA.

**I.** DANTeC shall fail to keep, perform, and observe any promise, covenant, or other provision of this Agreement, other than the obligation to make payment, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to DANTeC by the WCAA; provided, however, that any such failure which can be remedied, but which cannot with due diligence be remedied within such thirty (30) day period, shall not give rise to the WCAA's right to terminate this Agreement if sufficient corrective action, in the sole view of the WCAA CEO, is instituted by DANTeC within such thirty (30) day period and diligently pursued until the failure is remedied.

**J.** Any lien shall be filed against the DANTeC Facilities, Systems and Equipment or any portion thereof resulting from any act or omission of DANTeC, and shall not be discharged within thirty (30) days, unless DANTeC shall within the aforesaid thirty (30) days furnish the WCAA such security as the WCAA CEO in his/her discretion determines to be adequate to protect the interests of the WCAA.

**K.** DANTeC shall cease using or abandon substantially all of the DANTeC Operations Areas for a period of thirty (30) days.

**L.** DANTeC shall make any assignment of any of its interests, rights or obligations under this Agreement without the consent of the WCAA.

**M.** DANTeC shall fail to maintain its corporate existence, or to remain duly qualified to do business in the State of Michigan, or DANTeC shall dissolve or otherwise dispose of all or substantially all of its assets, or shall consolidate with or merge into another corporation or other entity.

**N.** DANTeC fails to receive authorization to conduct its operations at the Airport by any governmental entity.

**APPENDIX 7. A.**

**O.** DANTeC fails to achieve, perform or observe any of the Minimum Service Levels, or fails to reasonably respond to WCAA requests for adjustments, modifications or other changes to the Minimum Service Levels as required by Section 2.02 B herein for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to DANTeC by the WCAA; provided, however, that any such failure which can be remedied, but which cannot with due diligence be remedied within such thirty (30) day period, shall not give rise to the WCAA's right to terminate this Agreement if sufficient corrective action, in the sole view of the WCAA CEO, is instituted by DANTeC within such thirty (30) day period and diligently pursued until the failure is remedied.

**Section 10.02 - WCAA's Remedies.**

**A.** Whenever an Event of Default has occurred and is continuing, the WCAA may, at its option, immediately and without prior notice of such Event of Default:

1. terminate this Agreement and the licenses and other rights of DANTeC hereunder, without discharging any of DANTeC's obligations hereunder and, at the WCAA's further option, exclude DANTeC from the DANTeC Operations Areas; or
2. without terminating this Agreement, exclude DANTeC from the DANTeC Operations Areas and attempt to grant such DANTeC Operations Areas to another party for the account of DANTeC, holding DANTeC liable for any payments that may be due hereunder up to the effective date of such grant.

**B.** The remedies set forth in this Article, shall be in addition to all other remedies which are or may be available to the WCAA at law or in equity. In addition, the WCAA may, from time to time, take whatever action at law or in equity appears necessary or desirable to collect any amounts payable by DANTeC hereunder then due and thereafter to become due, and to enforce the performance and observance of any obligation, agreement, or covenant of DANTeC under this Agreement.

**C.** All rights and remedies hereinbefore given to the WCAA and all rights and remedies given to the WCAA by law, shall be cumulative and concurrent. No termination of this Agreement or the taking or recovering of the DANTeC Operations Areas shall deprive the WCAA of any of the WCAA's remedies or actions against DANTeC for any other sum required to be paid to the WCAA pursuant to this Agreement, or for damages or for the breach of any covenant herein contained, nor shall the bringing of any action for fees or breach of covenant, or the resort to any other remedy herein provided for the recovery of fees be construed as a waiver of the right to obtain possession of the DANTeC Operations Areas.

**D.** Any payment due the WCAA from DANTeC pursuant to the terms of this Agreement which is not paid by DANTeC and which, in the reasonable opinion of the WCAA pursuant to generally accepted accounting principles, is deemed by the WCAA to be uncollectible, shall become an expense of the North Terminal Cost Center, as applicable, and payable pursuant to the terms of the Use Agreements.

**APPENDIX 7. A.****Section 10.03 - Removal of DANTeC's Property.**

A. The personal property financed by DANTeC and placed or installed by DANTeC in the DANTeC Operations Areas shall remain the property of DANTeC and must be removed on or before the expiration of the term or the expiration of any extension or renewal thereof at DANTeC's sole risk and expense. The cost of repairs for any damage to the Airport, the DANTeC Operations Areas, or any fixtures located therein, or the DANTeC Facilities, Systems and Equipment, resulting from such removal shall be paid for by DANTeC. In the event of the termination of this Agreement, by default or otherwise, DANTeC shall have thirty (30) days after such termination during which to remove such property; provided, however, the WCAA shall have the right to assert such liens against said property as the WCAA may by law be permitted. So long as any such property remains in the DANTeC Operations Areas, DANTeC's obligation to pay the WCAA any sums which may be due the WCAA under the Agreement shall continue.

B. If DANTeC's property is not removed as herein provided, the WCAA may, at its option, deem such property abandoned and keep such property or, after written notice to DANTeC and at DANTeC's sole risk and expense, remove such property to a public warehouse for deposit, or retain the same in the WCAA's possession and after the expiration of thirty (30) days sell the same, with notice and in accordance with applicable law, the proceeds of which shall be applied first to the expenses of such removal and sale, second to any sum owed by DANTeC to the WCAA, and any balance remaining shall be paid to DANTeC.

**Section 10.04 - No Waiver by WCAA.** Failure by the WCAA to take any action with respect to any default or violation by DANTeC of any of the terms, covenants, or conditions of this Agreement shall not in any respect limit, prejudice, diminish, or constitute a waiver of any rights of the WCAA to act with respect to any prior, contemporaneous, or subsequent violation or default. The acceptance by the WCAA of payment for any period or periods after a default or violation of any of the terms, conditions, and covenants of this Agreement shall not constitute a waiver or diminution of, nor create any limitation upon any right of the WCAA pursuant to this Agreement to terminate this Agreement for subsequent violation or default, or for continuation or repetition of the original violation or default.

**Section 10.05 - WCAA's Right to Perform DANTeC's Obligations.** In the event that DANTeC fails to perform any of its obligations under this Agreement, the WCAA may, but is not obligated to, and without waiving or releasing DANTeC from any of its obligations hereunder, make any payment or perform any other act which DANTeC is obligated to make or perform under this Agreement in such manner and to such extent as the WCAA may deem desirable; and in so doing the WCAA shall also have the right to enter upon the DANTeC Operations Areas for any purpose reasonably necessary in connection therewith and to pay or incur any other necessary and incidental costs and expenses, including related attorneys' fees. Such costs shall be chargeable to the North Terminal Cost Center and payable from Airport revenues. The WCAA shall use reasonable efforts to give prior notice, which may be oral, of its performance, if reasonably feasible under the circumstances.

**APPENDIX 7. A.**

The performance of any such obligation by WCAA shall not constitute a waiver of DANTeC's default in failing to perform the same. Inaction of WCAA shall never be considered as a waiver of any right accruing to it pursuant to this Agreement. WCAA, in making any payment hereby authorized: (a) relating to taxes, may do so according to any bill, statement or estimate, without inquiry into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; (b) for the discharge, compromise or settlement of any lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted; or (c) in connection with the completion of construction or improvements to the DANTeC Operations Areas or the repair, maintenance or reconstruction of the DANTeC Operations Areas or payment of operating costs thereof, may do so in such amounts and to such persons as WCAA may reasonably deem appropriate. Nothing contained herein shall be construed to require the WCAA to advance monies for any purpose. WCAA shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business or other damage to DANTeC or any other occupant of the DANTeC Operations Areas or any part thereof, by reason of making repairs or the performance of any work on the DANTeC Operations Areas or on account of bringing materials, supplies and equipment into or through the DANTeC Operations Areas during the course thereof and the obligations of DANTeC under this Lease shall not thereby be affected in any manner. In doing so, however, WCAA shall use reasonable efforts not to interfere with DANTeC's operations.

**Section 10.06 - Attorneys' Fees and Expenses.** In the event DANTeC defaults under this Agreement and the WCAA employs attorneys or incurs other expenses for the collection of DANTeC fees or any other amounts due hereunder, or for the enforcement or performance or observance of any obligation or agreement on the part of DANTeC herein contained, the WCAA shall charge such fees and expenses of such attorneys and any such other related expenses incurred by WCAA as a result of such default to the North Terminal Cost Center.

**ARTICLE 11  
NOTICE**

Any notices or other communications pertaining to this Agreement shall be in writing and shall be deemed to have been duly given by a party if sent by nationally recognized commercial overnight courier or registered or certified mail, return receipt requested, postage prepaid and addressed to the other party. Notices shall be deemed given on the date of receipt if by personal service, or one day after deposit with a nationally recognized commercial overnight courier, three days after deposit in the U.S. mails, or otherwise upon refusal of receipt. All notices or communications intended for DANTeC shall be addressed to:

Detroit Airlines North Terminal Consortium  
Detroit Metro Airport  
Detroit, MI 48242  
Attn: General Manager

with a copy to:

Detroit Airlines North Terminal Consortium  
Detroit Metro Wayne County Airport

## APPENDIX 7. A.

Detroit, MI 48242  
Attn: Chairperson

All notices or communications intended for the WCAA shall be addressed to:

Chief Executive Officer  
Wayne County Airport Authority  
Detroit Metro Wayne County Airport  
Detroit, MI 48242

Either party may change its address or the individual to whom such notices are to be given by a notice given to the other party in the manner set forth above.

### ARTICLE 12 MISCELLANEOUS

**Section 12.01 - WCAA's Right of Entry.** The WCAA, its officers, employees, agents, representatives, contractors, and furnishers of utilities and other services, shall have the right at all reasonable times to enter the DANTeC Operations Areas for the purpose of inspecting the same, for emergency repairs to utilities systems, and for any other purpose necessary for, incidental to, or connected with the performance of the WCAA's obligations hereunder, or in the exercise of its governmental functions; and further, and without limiting the generality of the foregoing, the WCAA has the right to inspect DANTeC's records of its operations at the Airport. The WCAA shall, to the extent permitted under applicable law, preserve the confidentiality of all information obtained through such inspections, unless DANTeC has consented to disclosure or has publicly released such information.

**Section 12.02 - Force Majeure.** Neither party hereto shall be liable to the other for any failure, delay, or interruption in performing its obligations hereunder due to causes or conditions beyond its control, including, without limiting the generality hereof, strikes, boycotts, picketing, slow-downs, work stoppages, or other labor actions affecting the WCAA or DANTeC, their respective contractors or subcontractors, except to the extent that such failure, delay or interruption is the result of the negligence of that party; provided that nothing in this Section 12.02 is intended or shall be construed to abate, postpone, or in any respect diminish DANTeC's obligations to make any payments due the WCAA pursuant to this Agreement.

The WCAA shall be under no obligation to supply any service if and to the extent and during any period that the supplying of any such service or the use of any component necessary therefore shall be prohibited or rationed by any Federal, State, county, or municipal law, rule, regulation, requirement, order, or directive.

DANTeC shall not be liable for the performance of any obligation of DANTeC hereunder if such performance is prohibited or materially affected by the issuance of any order, rule, or regulation, or the taking of any action by the Federal Aviation Administration, Transportation Security Administration or other government authority substantially affecting for a period of at least sixty



## APPENDIX 7. A.

(60) days DANTeC's use of the Airport, provided, however, that none of the foregoing is due to any fault of DANTeC.

**Section 12.03 - Conflict of Interest.** DANTeC hereby represents and warrants that it is not, and, to the best of DANTeC's knowledge its Contractors are not involved in a conflict of interest. Any contract negotiated, entered into or performed that is in conflict of interest shall be invalid and without any force whatsoever.

**Section 12.04 - Representatives.** WCAA and DANTeC shall each designate a representative who, except as otherwise provided hereunder, shall be authorized to act for the WCAA and DANTeC, respectively, with respect to any actions to be taken by either of them under the terms of this Agreement. Except as specifically set forth herein, for the purposes of actions to be taken by it or by the WCAA CEO, the WCAA's representative shall be the WCAA CEO. DANTeC's representative shall be designated in a written notice delivered to the WCAA. Any party hereto may change its designated representative by notice to the other party pursuant to the provisions of Article 11.

**Section 12.05 - Entire Agreement.** This Agreement, and the exhibits attached hereto and incorporated hereby, shall constitute the entire agreement between the parties and no other warranties, inducements, considerations, promises, or interpretations shall be implied or impressed upon this Agreement that are not expressly addressed herein and therein.

**Section 12.06 - Counterparts.** This Agreement is comprised of several identical counterparts, each to be fully executed by the parties and each to be deemed an original having identical legal effect.

**Section 12.07 - Amendments.** No changes, amendments, modifications, cancellation, or discharge of this Agreement, or any part thereof, shall be valid unless in writing and signed by the parties hereto, or their respective successors and assigns. Except as otherwise provided herein, the WCAA CEO may execute amendments hereto without further approval of the WCAA Board.

**Section 12.08 - Governing Law.** This Agreement shall be governed in accordance with the laws of the State of Michigan. DANTeC hereby irrevocably submits, and shall cause its subcontractors to submit, to the original jurisdiction of those State or Federal courts located within Wayne County, State of Michigan, with regard to any controversy arising out of, relating to, or in any way concerning the execution or performance of this Agreement. DANTeC agrees that service of process on DANTeC may be made, at the option of WCAA, either by registered or certified mail addressed to the applicable office as provided for, in this Agreement, by registered or certified mail addressed to the office actually maintained by DANTeC, or by personal delivery on any officer, director, or managing or general agent of DANTeC.

**Section 12.09 - Consent to Service of Process and Jurisdiction.** All judicial proceedings brought by DANTeC with respect to this Agreement shall be brought in Wayne County, Michigan, and by execution and delivery of this Agreement, DANTeC accepts, for itself and in connection with its properties, generally and unconditionally, the nonexclusive jurisdiction of the

## APPENDIX 7. A.

aforesaid courts, and irrevocably agrees to be bound by any final judgment rendered thereby from which no appeal has been taken or is available. DANTeC irrevocably waives any objection (including without limitation any objection of the laying of venue or based on the grounds of forum nonconveniens) which it may now or hereafter have to the bringing of any action or proceeding with respect to this Agreement in the jurisdiction set forth above. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of WCAA to bring proceedings against DANTeC in the courts of any other jurisdiction.

**Section 12.10 - Severability.** If any provision of this Agreement shall be held or deemed to be or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all cases because it conflicts with any other provision or provisions hereof or of any constitution, statute, ordinance, rule of law, or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstances, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses, or sections contained in this Agreement shall not affect the remaining portions of this Agreement or any part thereof.

**Section 12.11 - No Assignment.** DANTeC may not assign any of its interests, rights or obligations under this Agreement without the express prior written consent of the WCAA. In the event that the WCAA approves any assignment, all of the terms and conditions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, transferees, and assigns. The WCAA may transfer its interests, rights and obligations hereunder at any time.

**Section 12.12 - Co-Operation by Parties.** The parties hereby agree to use good faith in the performance of this Agreement and to co-operate with each other. WCAA shall be expressly identified as a third party beneficiary in the Contracts and granted a direct right of enforcement thereunder. If this Agreement is terminated for any reason, or if it expires by its own terms, DANTeC shall make every reasonable effort to assure an orderly transition to another operator or provider of similar services, if any; orderly demobilization of its own operation; and the uninterrupted provision of operations and maintenance services for the DANTeC Facilities, Systems and Equipment. During any transition period DANTeC shall otherwise comply with the reasonable requests and requirements of the WCAA CEO in connection with the termination or expiration of this Agreement.

**Section 12.13 - Consents and Approvals.** Unless otherwise expressly stated herein, any consents and approvals to be given by WCAA shall be made by the WCAA CEO.

### ARTICLE 13 AUTHORITY

**Section 13.01 - WCAA's Authority.** Wherever this Agreement provides that an act is to be taken or performed, or approval or consent is to be given by the WCAA, such act may be taken or performed, or approval or consent may be given, by the WCAA CEO, without further action

## APPENDIX 7. A.

by the WCAA Board, as long as such act, approval or consent does not result in an extension of the Term beyond any permitted renewals. The WCAA CEO may execute an amendment to the Agreement provided that he or she is authorized to take or perform the act, or provide the consent or approval, giving rise to such amendment.

**Section 13.02 - DANTeC's Authority.** Execution of this Agreement by DANTeC is authorized by corporate resolution, and the signatures of each person signing on behalf of DANTeC have been made with complete and full authority to commit DANTeC to all terms and conditions of this Agreement, including each and every representation, certification, and warranty contained herein, attached hereto and collectively incorporated by reference herein, or as may be required by the terms and conditions hereof.

#####

**APPENDIX 7. A.**

**IN WITNESS WHEREOF**, WCAA has caused this Agreement to be executed, pursuant to due authorization of WCAA Board, and the Detroit Airlines North Terminal Consortium has caused this Agreement to be executed on its behalf by its Chairperson and witnessed by its Secretary pursuant to due authorization of its Members, all as of the day and year first above written.

WAYNE COUNTY AIRPORT AUTHORITY (WCAA)

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Lester Robinson  
Chief Executive Officer

DETROIT AIRLINES NORTH TERMINAL CONSORTIUM (DANTEC)

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Amy Weaver  
Chairperson

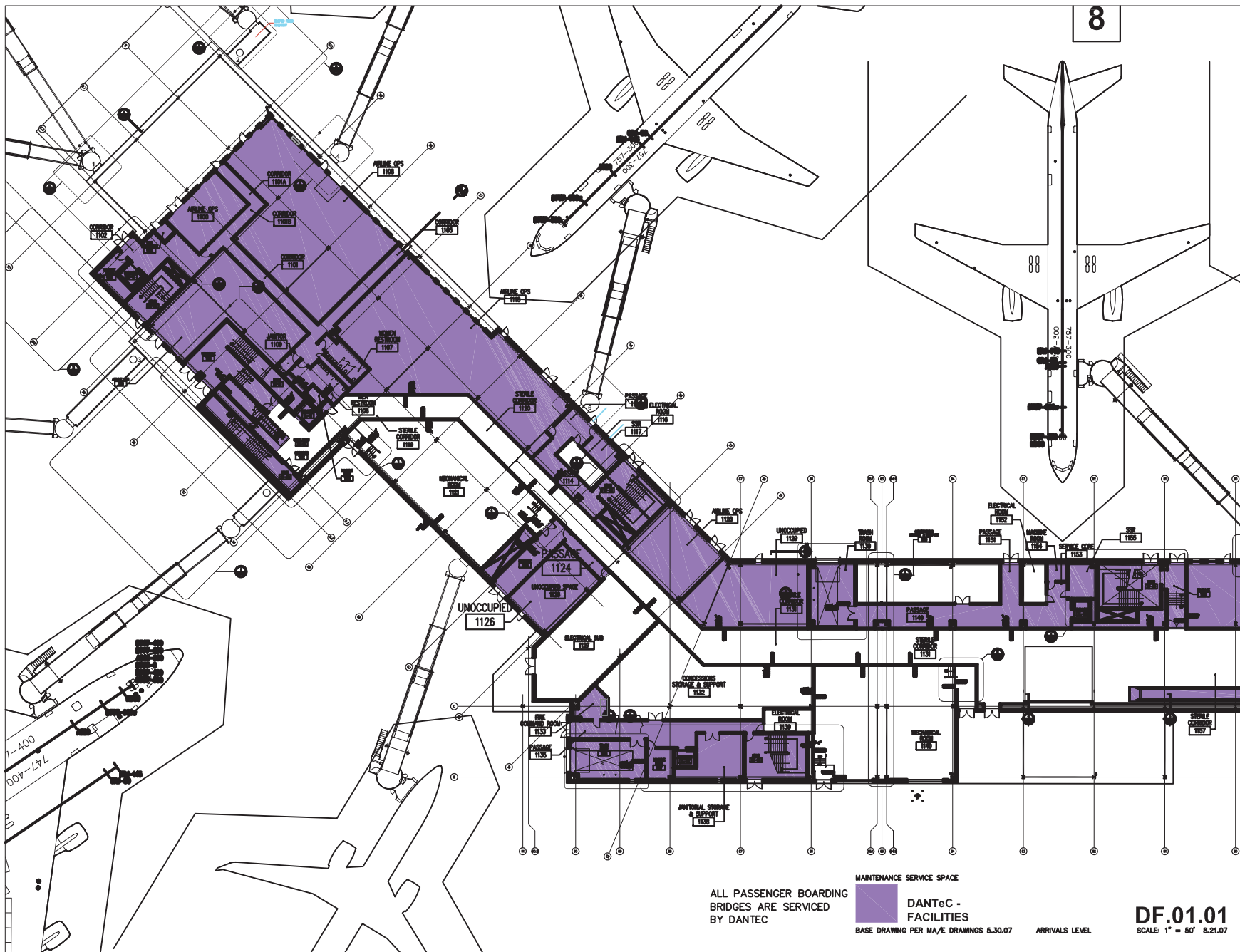
**APPENDIX 7. A.**

## Exhibit A DANTEC Facilities

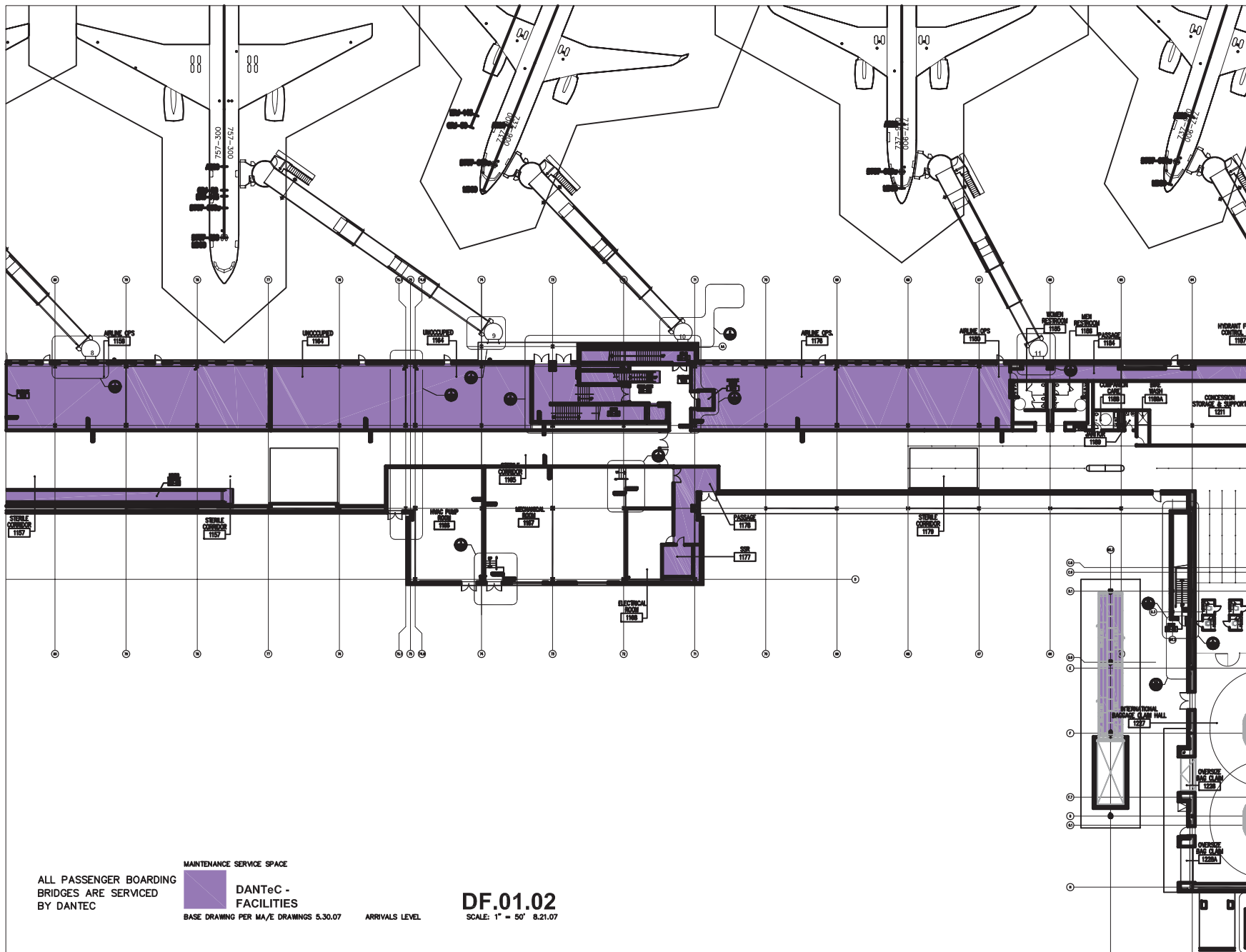
The DANTEC Facilities are depicted in the following drawings:

Drawing	Description	Date
DF.B1.01	Baggage Tunnel	August 21, 2007
DF.01.01	Arrivals Level	August 21, 2007
DF.01.02	Arrivals Level	August 21, 2007
DF.01.03	Arrivals Level	August 21, 2007
DF.01.04	Arrivals Level	August 21, 2007
DF.01.05	Arrivals Level	August 21, 2007
DF.01.06	Arrivals Level	August 21, 2007
DF.01.07	Arrivals Level	August 21, 2007
DF.02.01	Departures Level	August 21, 2007
DF.02.02	Departures Level	August 21, 2007
DF.02.03	Departures Level	August 21, 2007
DF.02.04	Departures Level	August 21, 2007
DF.02.05	Departures Level	August 21, 2007
DF.02.06	Departures Level	August 21, 2007
DF.02.07	Departures Level	August 21, 2007
DF.03.01	Pedestrian Bridge Level	August 21, 2007
DF.04.01	Roof Level	August 21, 2007
DF.SP.01	Triturator and Load Rack Concept Sketch	August 21, 2007

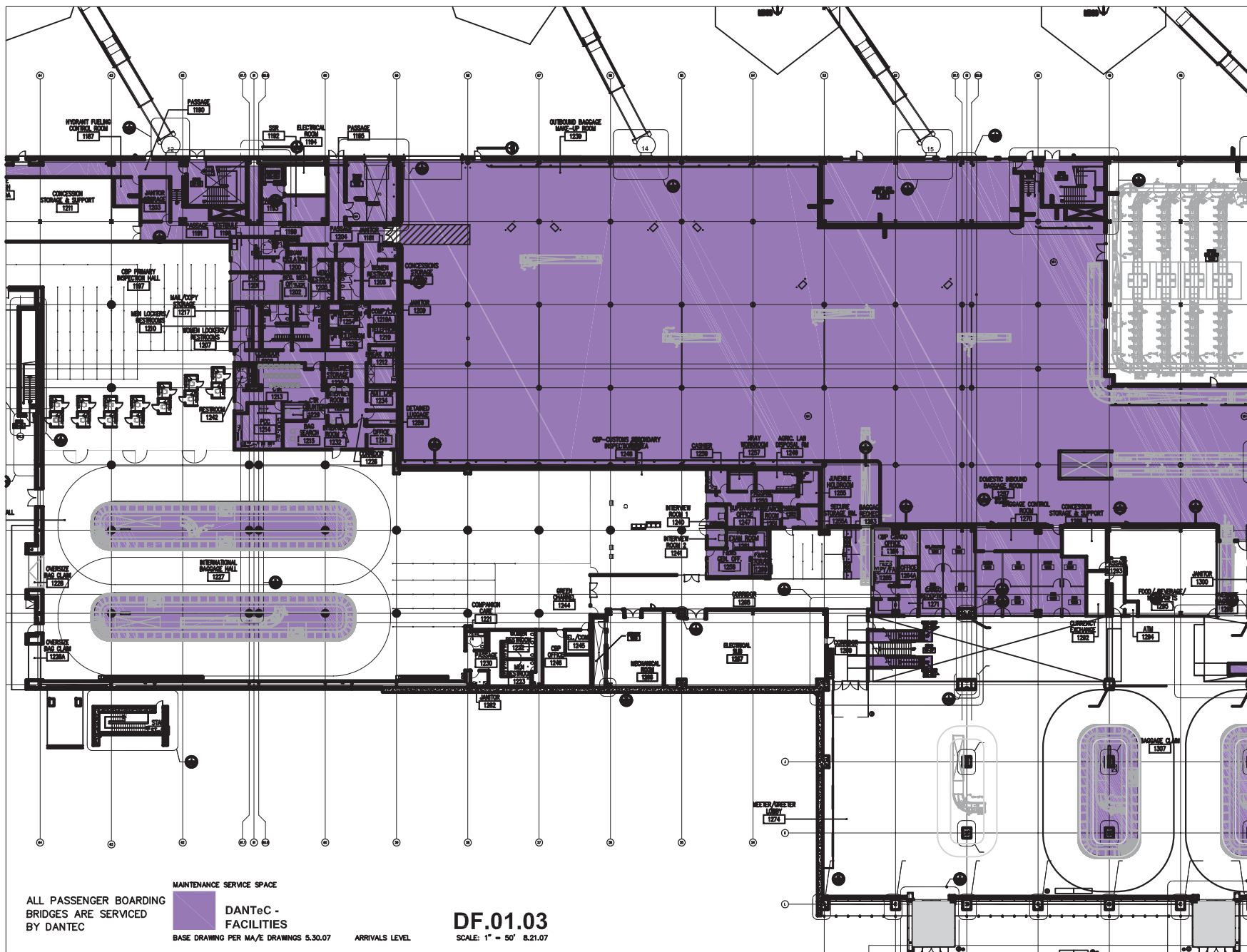
APPENDIX 7. A.



# APPENDIX 7. A.



APPENDIX 7.A.



ALL PASSENGER BOARDING BRIDGES ARE SERVICED BY DANTEC

MAINTENANCE SERVICE SPACE  
 DANTEC - FACILITIES

BASE DRAWING PER MA/E DRAWINGS 5.30.07

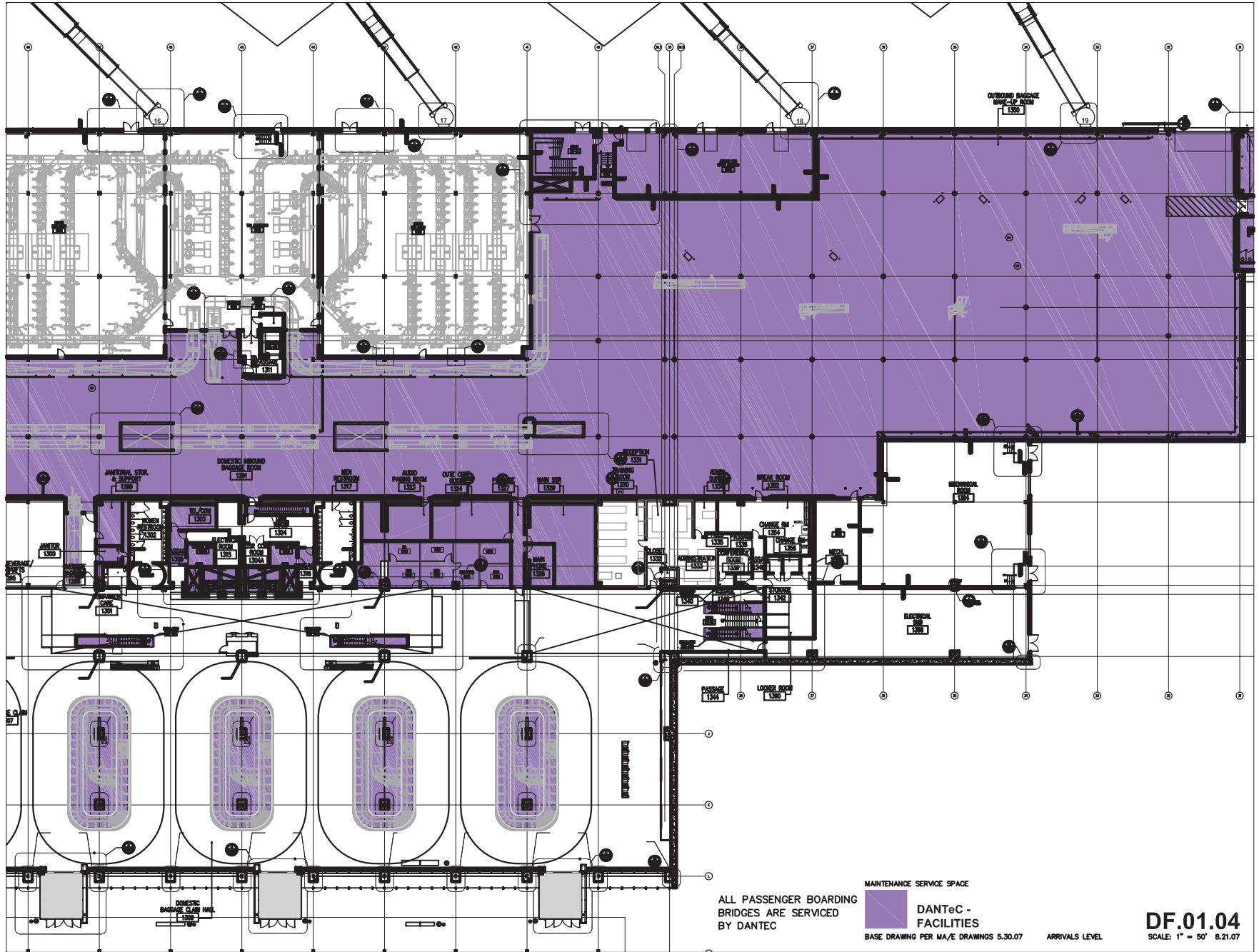
ARRIVALS LEVEL

DF.01.03

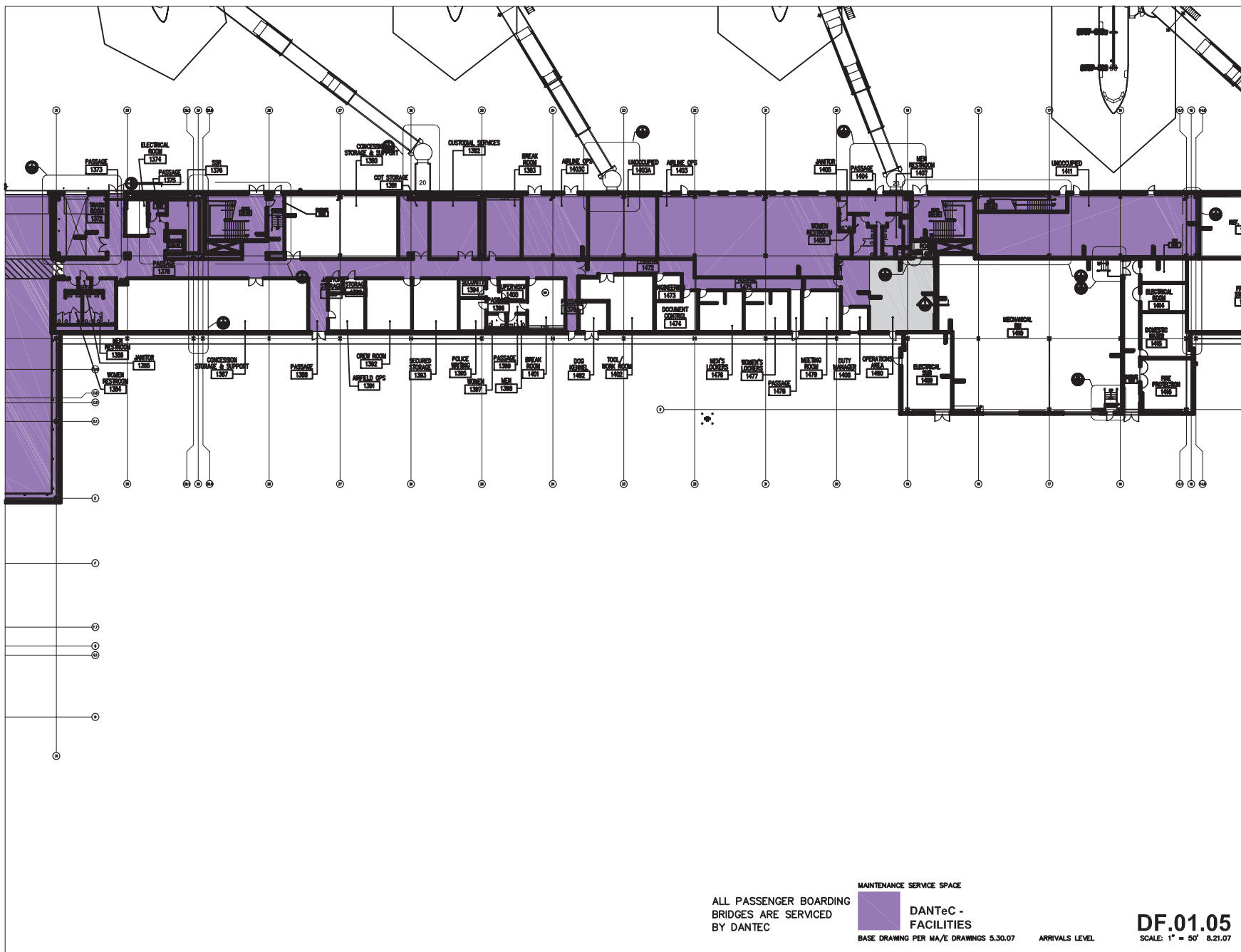
SCALE: 1" = 50' 8.21.07



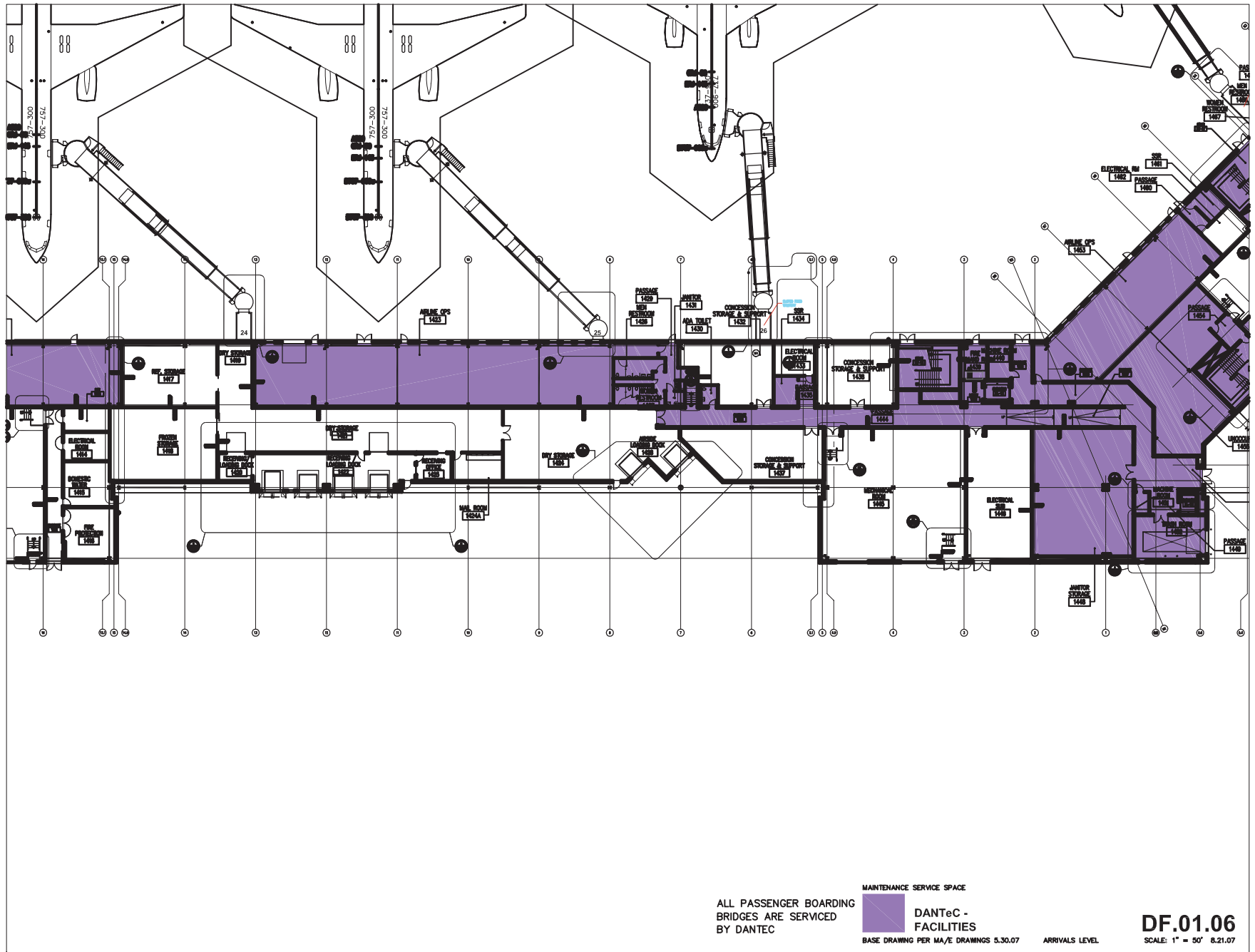
APPENDIX 7. A.



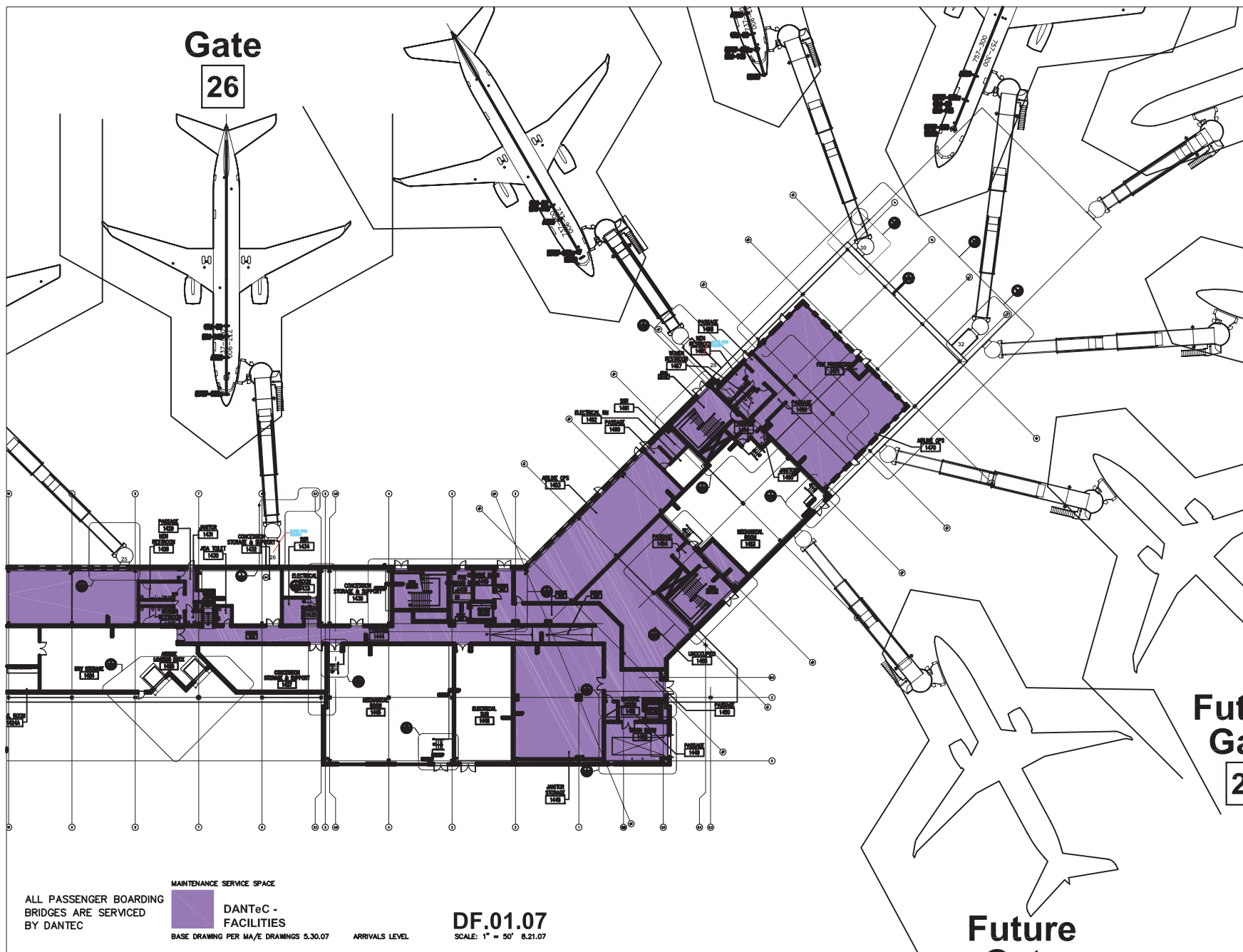
APPENDIX 7. A.



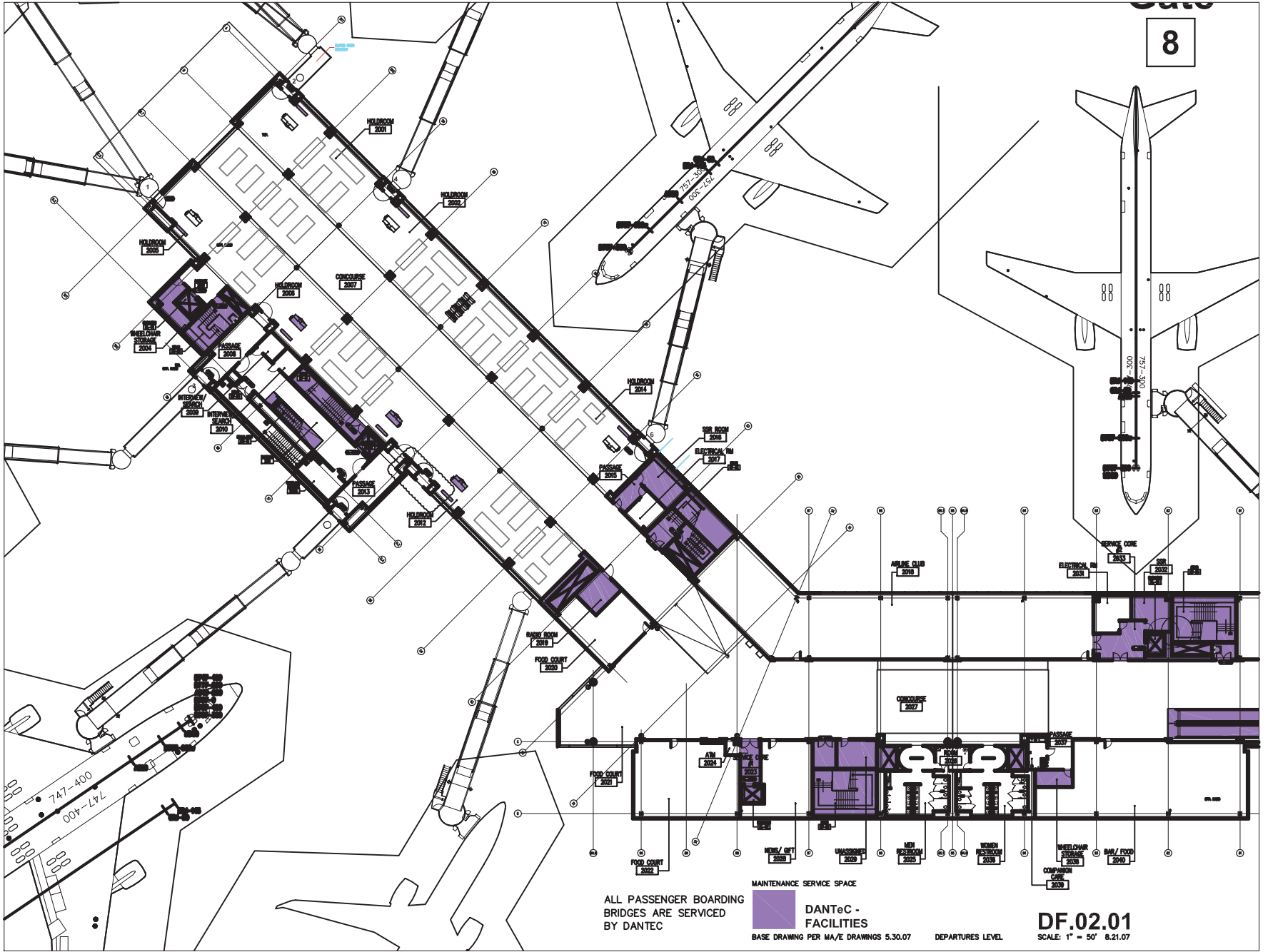
# APPENDIX 7. A.



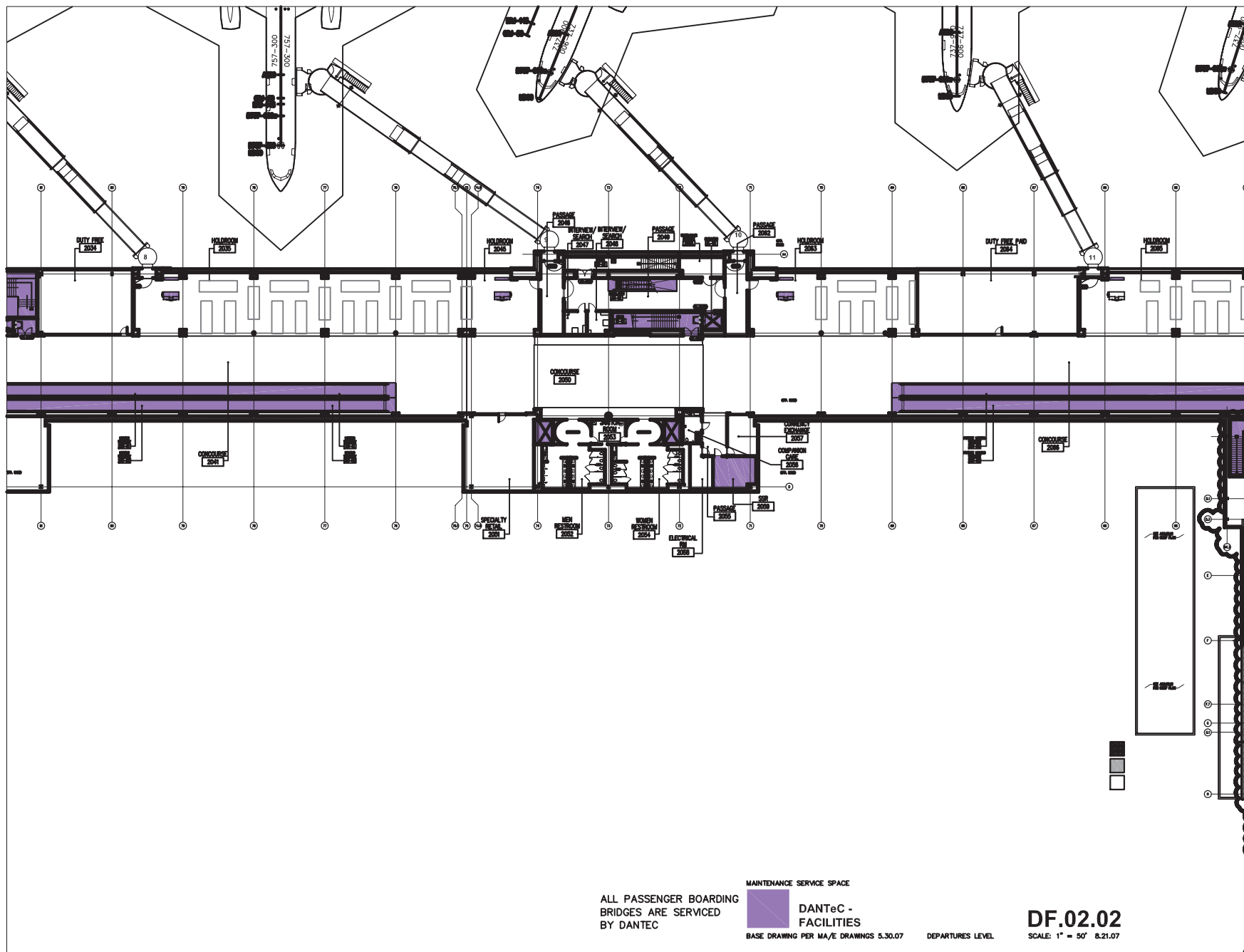
APPENDIX 7. A.



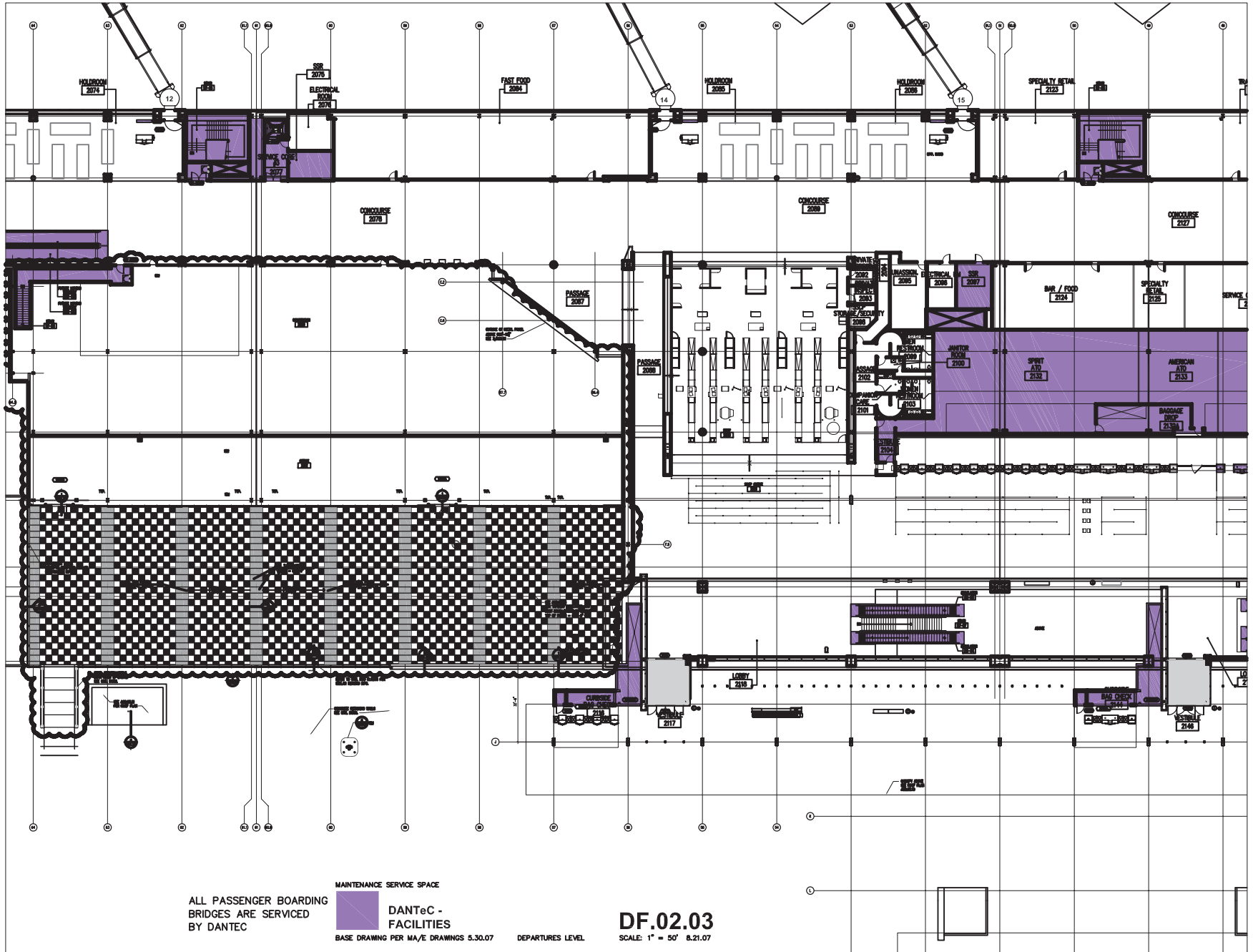
APPENDIX 7. A.



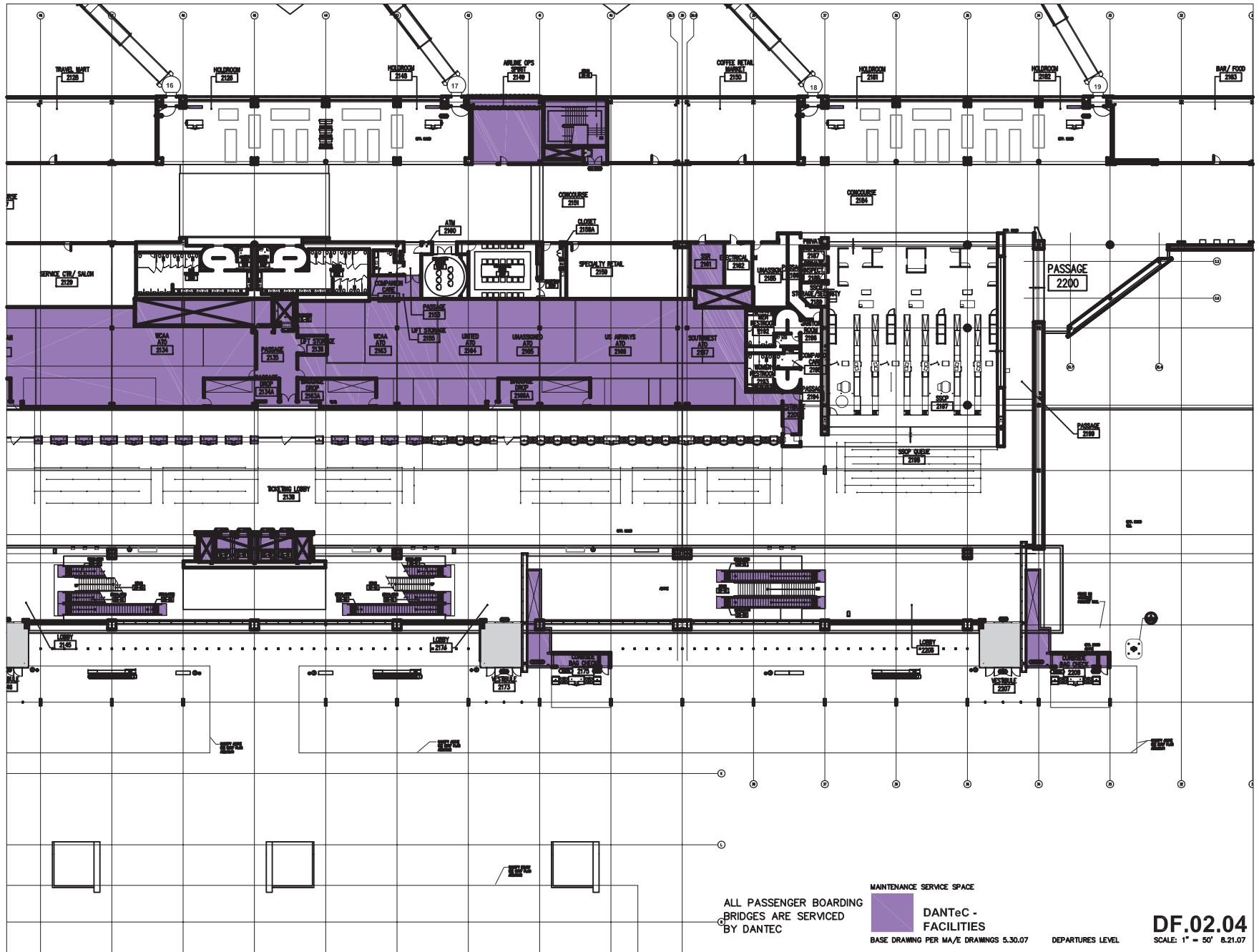
APPENDIX 7. A.



APPENDIX 7. A.

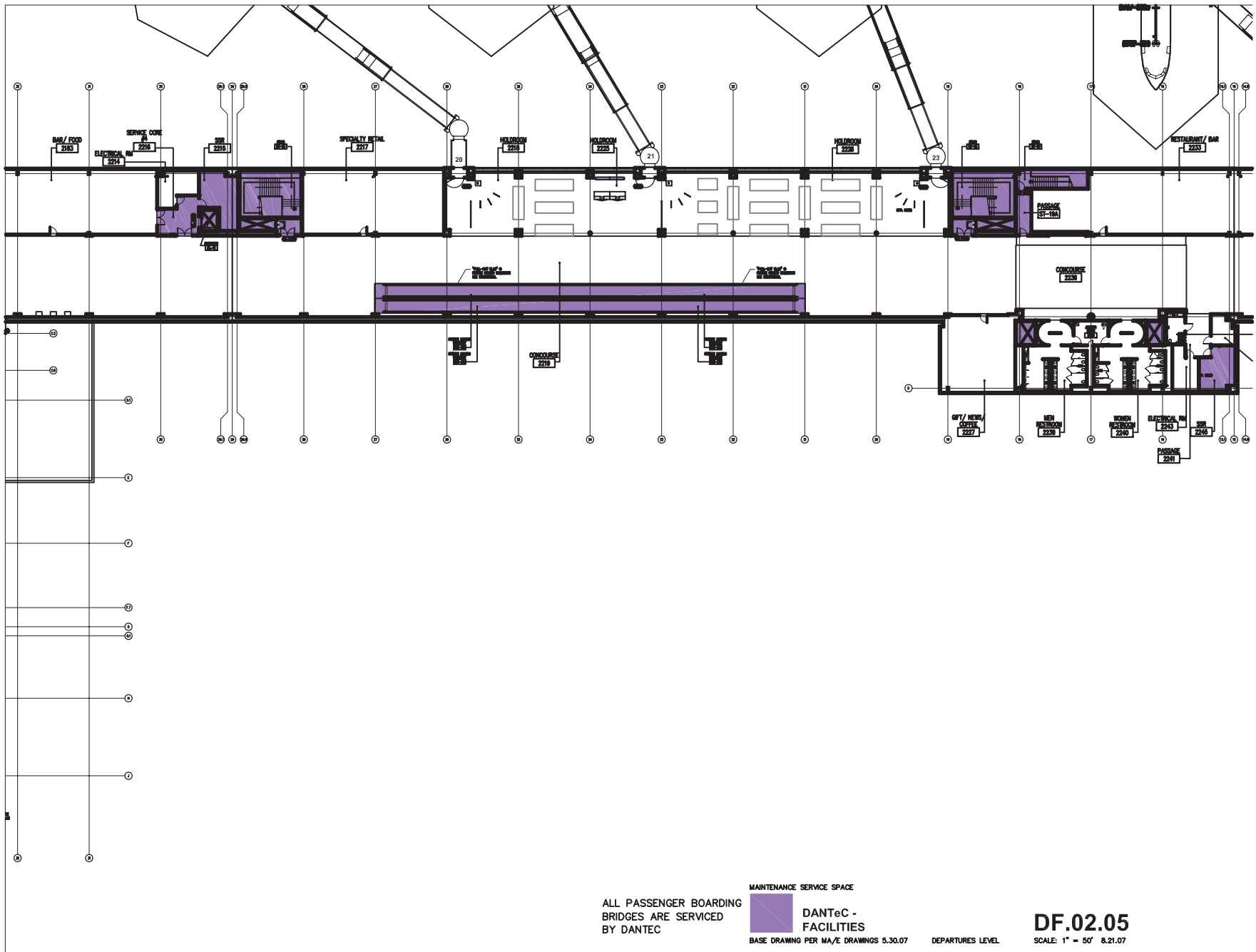


APPENDIX 7. A.





# APPENDIX 7. A.



ALL PASSENGER BOARDING  
BRIDGES ARE SERVICED  
BY DANTEC

MAINTENANCE SERVICE SPACE



DANTeC -  
FACILITIES

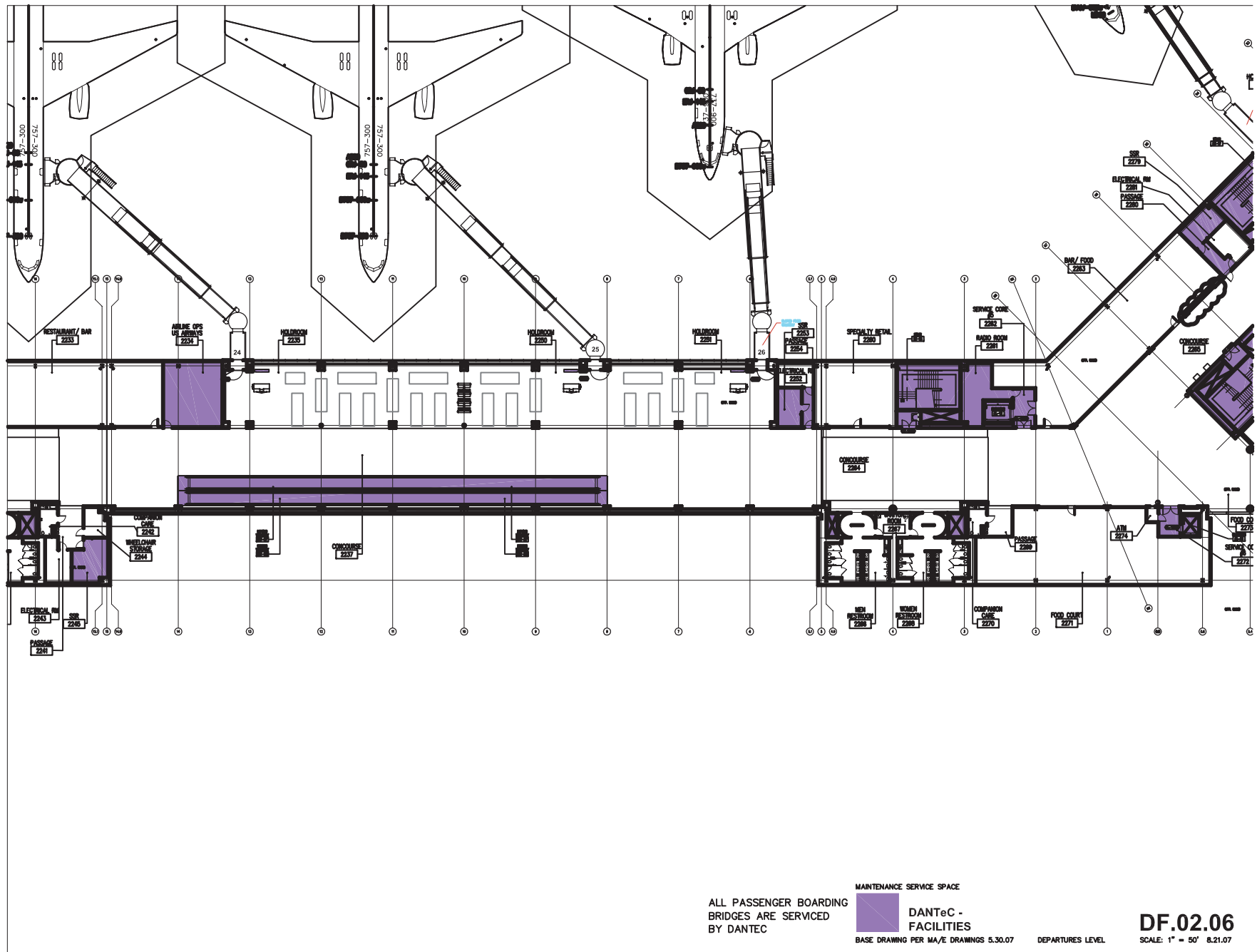
BASE DRAWING PER N/A/E DRAWINGS 5.30.07

DEPARTURES LEVEL

## DF.02.05

SCALE: 1" = 50' 8.21.07

# APPENDIX 7. A.



ALL PASSENGER BOARDING BRIDGES ARE SERVICED BY DANTEC

MAINTENANCE SERVICE SPACE  
 DANTEC - FACILITIES

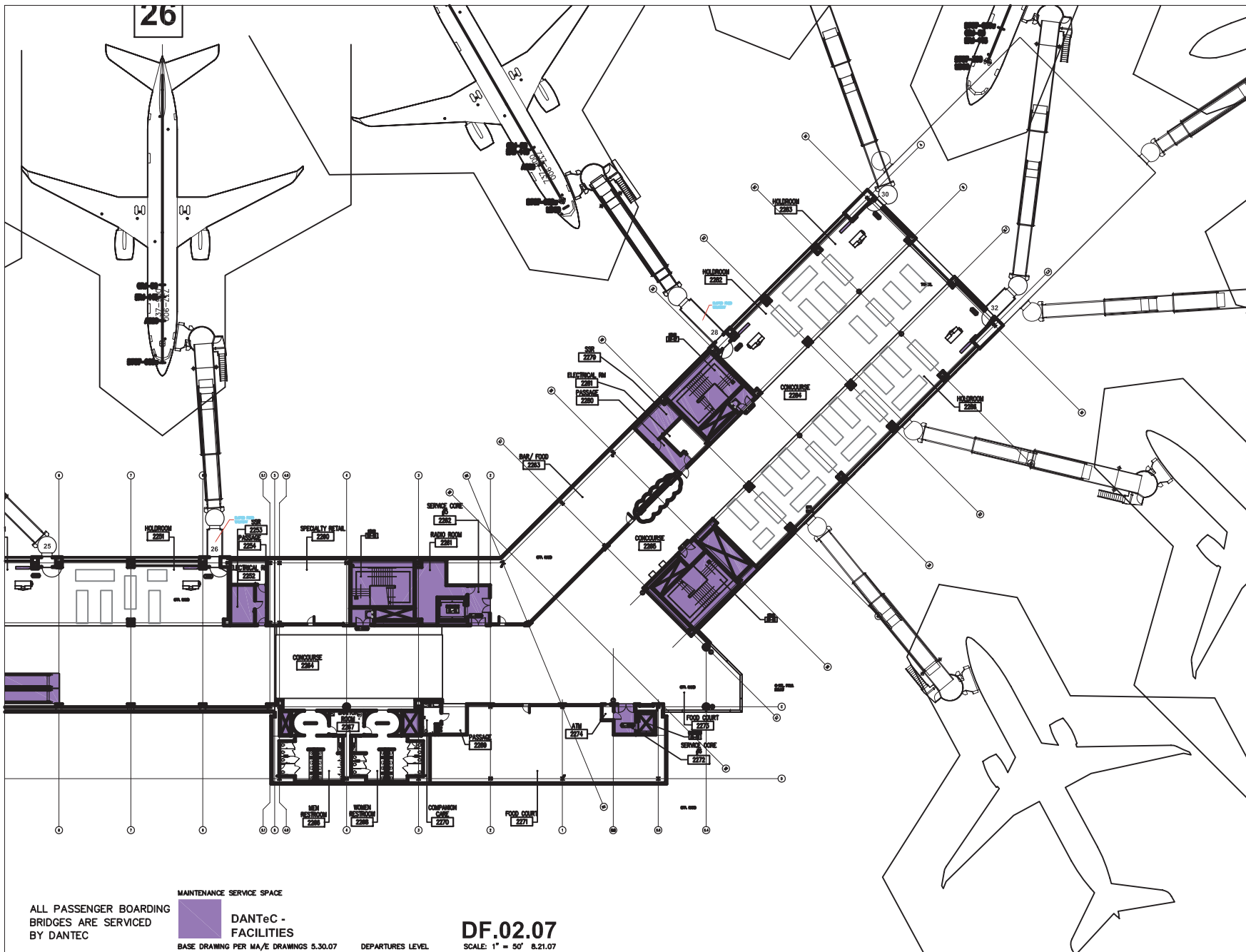
BASE DRAWING PER MA/E DRAWINGS 5.30.07

DEPARTURES LEVEL

**DF.02.06**

SCALE: 1" = 50' 8.21.07

APPENDIX 7. A.



APPENDIX 7. A.



ALL PASSENGER BOARDING  
BRIDGES ARE SERVICED  
BY DANTEC

MAINTENANCE SERVICE SPACE



DANteC -  
FACILITIES

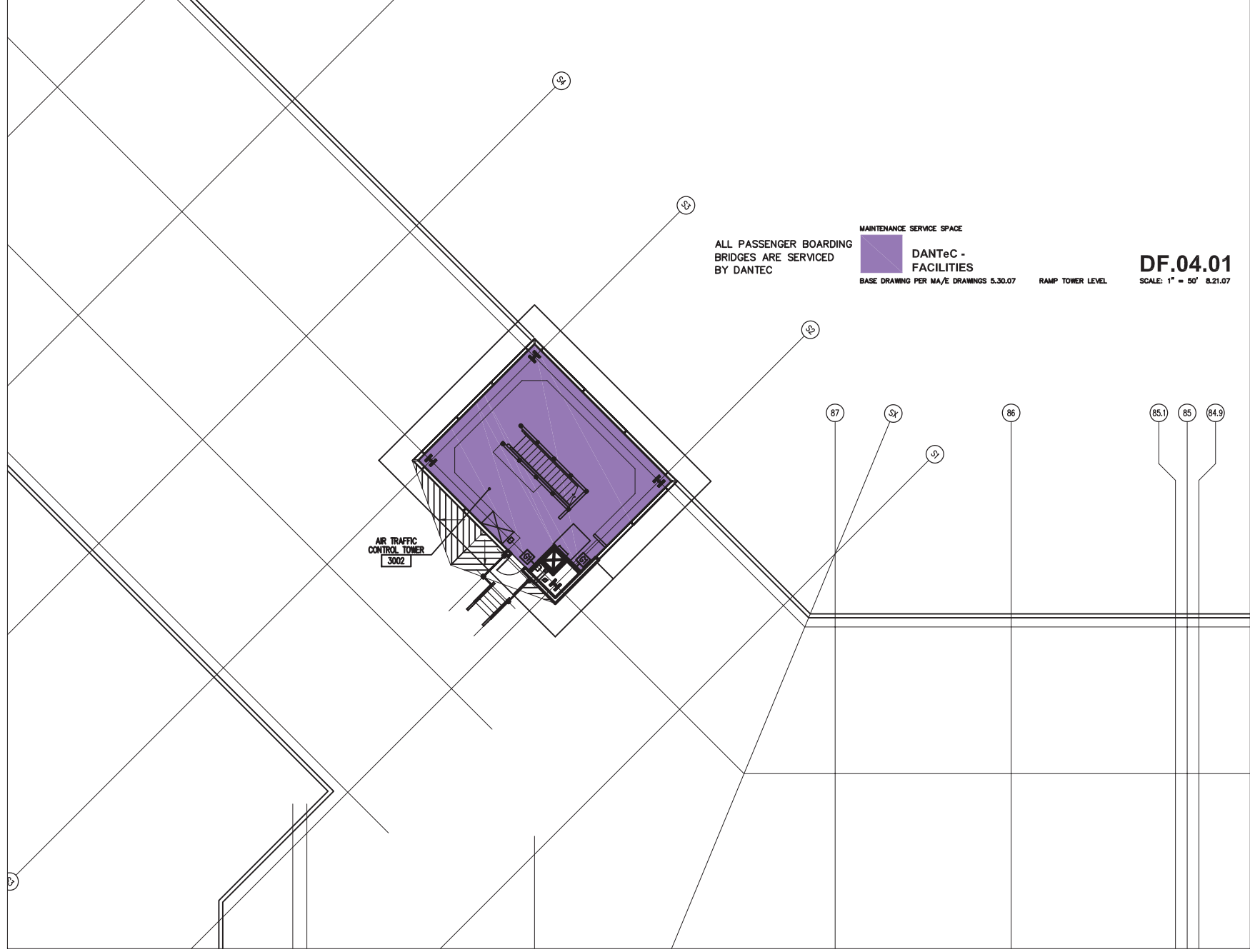
BASE DRAWING PER MA/E DRAWINGS 5.30.07

PED. BRIDGE LEVEL

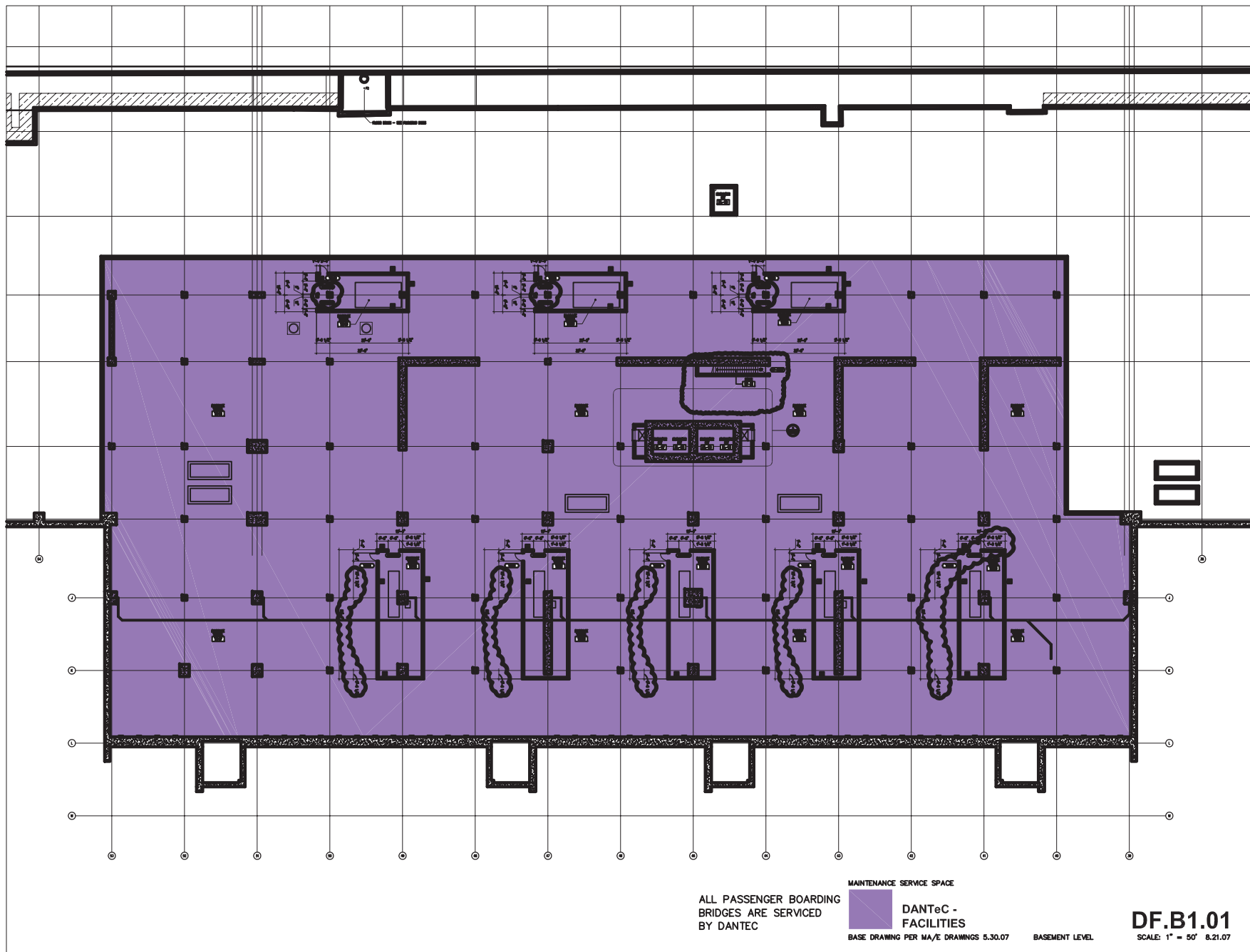
DF.03.01

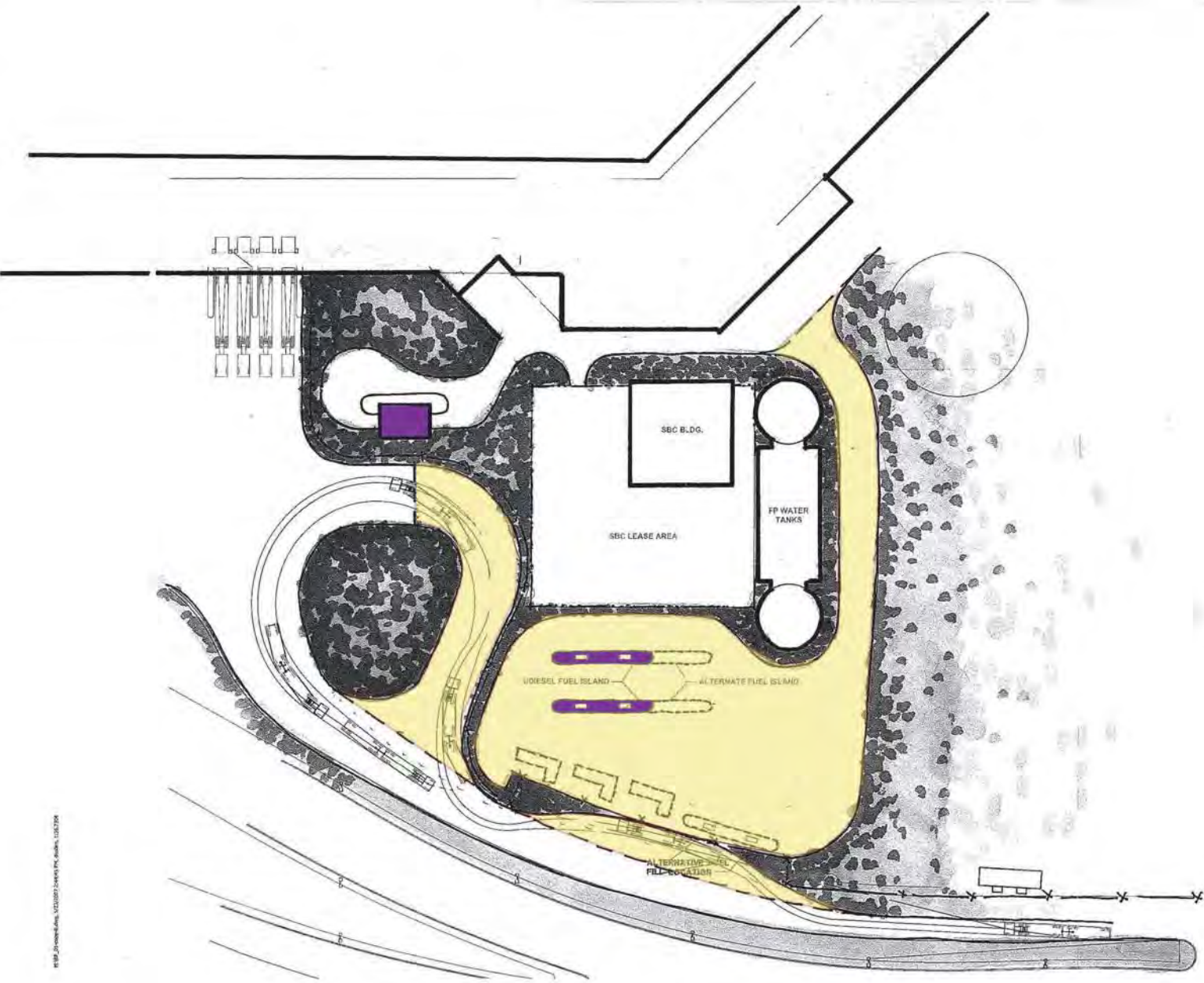
SCALE: 1" = 50' 8.21.07

# APPENDIX 7. A.



APPENDIX 7. A.





 DANTeC FACILITIES DFSP01 8.21.07

1627211 - Airport Facilities (20070723) - AirportFacilities.dwg

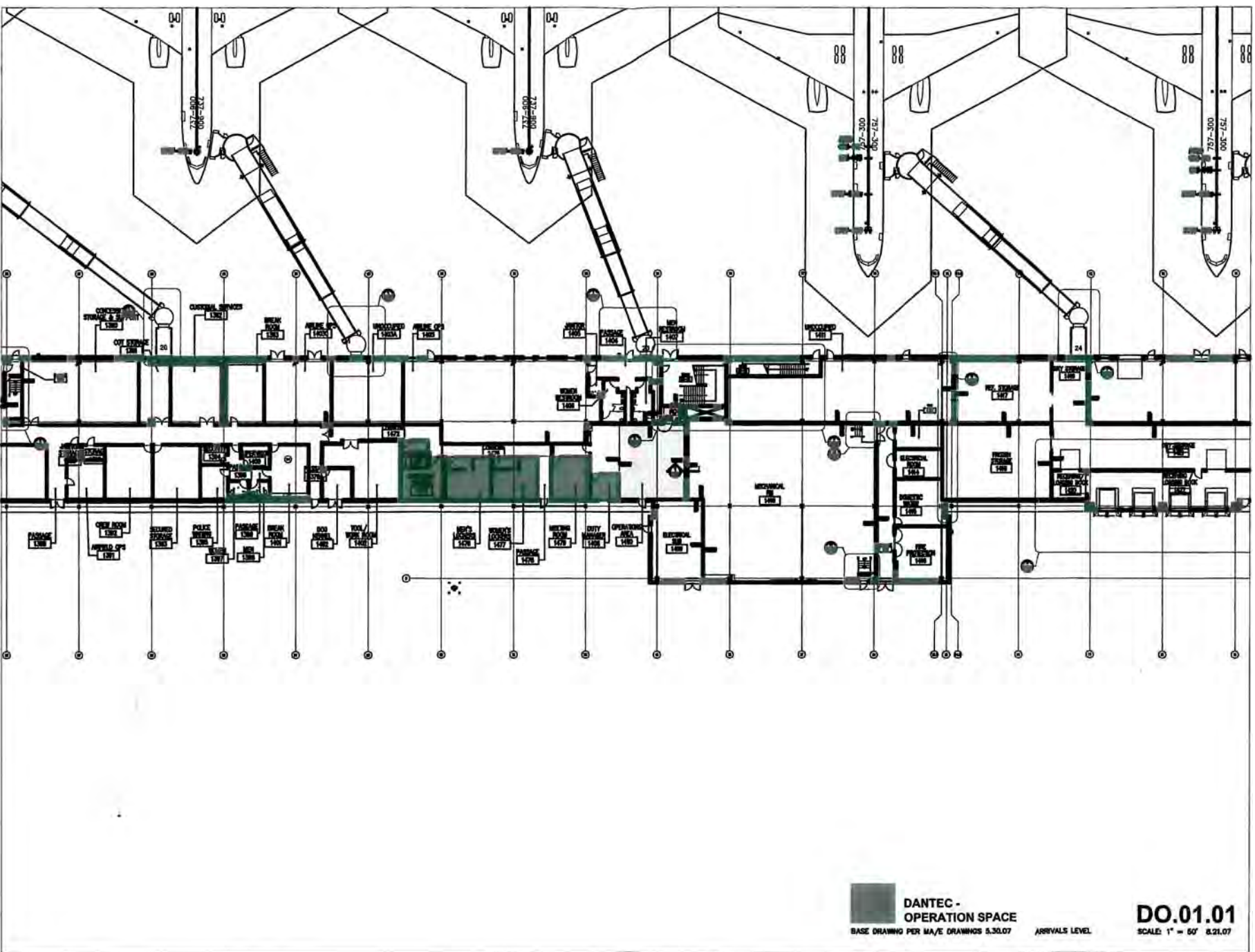
**APPENDIX 7. A.****Exhibit B  
DANTEC Operations Areas**

The DANTEC Operations Areas are depicted in the following drawings:

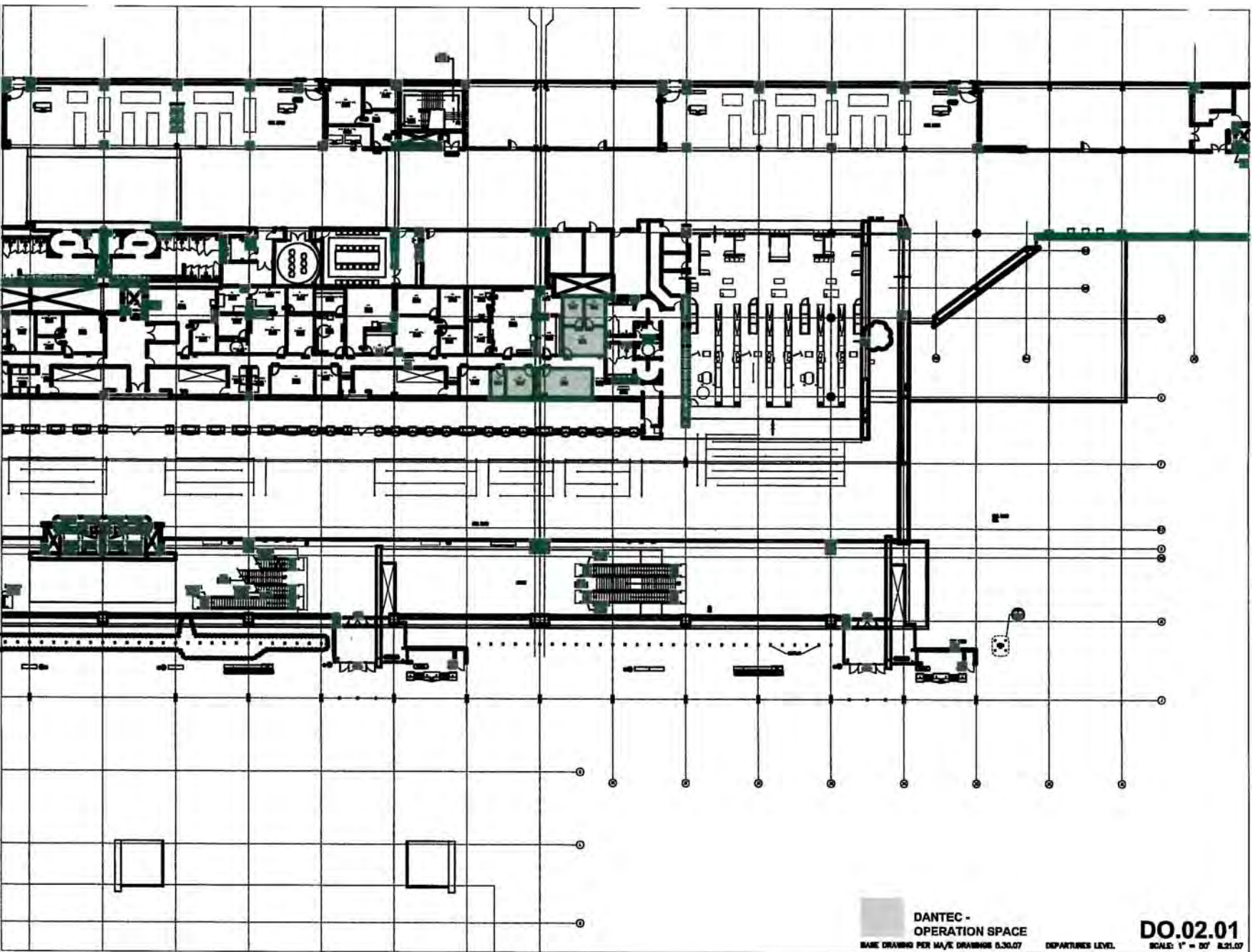
Drawing	Description	Date
DO.01.01	Arrivals Level	August 21, 2007
DO.02.01	Departures Level	August 21, 2007



APPENDIX 7. A.



APPENDIX 7. A.



**DANTEC - OPERATION SPACE**  
BASE DRAWING PER M/A/E DRAWING 0.30.07 DEPARTURES LEVEL. **DO.02.01**  
SCALE: 1" = 30' 8.21.07

## APPENDIX 7. A.

### Exhibit C DANTEC Facilities, Systems, and Equipment

#### C1. DANTEC Facilities

- .1 North Terminal (non-public areas)
- .2 North Terminal Triturator
- .3 North Terminal GSE Fuel Load Rack

#### C2. DANTEC Systems

- .1 Baggage Handling System (excluding EDS Machines)
- .2 Common Use Passenger Processing System (CUPPS)
- .3 Multi-User Flight Information Display System (MUFIDS)
- .4 Local Area Network/Premise Distribution System
- .5 Distributed Antenna System/Master Clock System
- .6 Building Management System
- .7 Paging System

#### C3. DANTEC Equipment

- .1 Passenger Boarding Bridges (PBBs)
- .2 Preconditioned Air Units
- .3 Ground Power Units (400Hz and 28.5VDC)
- .4 Potable Water Cabinets
- .5 Hydrant Fueling Carts/Trucks
- .6 Moving Walkways
- .7 Elevators
- .8 Escalators
- .9 Automatic Doors

**APPENDIX 7. A.**

## **Exhibit D**

### **Minimum Service Levels**

#### **Section 1.0 Overview**

These Minimum Service Levels (“MSL”) establish the minimum requirements to be maintained by the Detroit Airlines North Terminal Consortium (“DANTEC”) for the DANTEC Facilities, Systems, and Equipment. Provisions of the MSL must be met or exceeded by DANTEC and DANTEC vendors. Failure to maintain the levels specified herein may constitute a default in accordance with the Agreement by and between the Detroit Airlines North Terminal Consortium and the Wayne County Airport Authority (“Consortium Agreement”) Section 10.01 O and could result in a termination of the Consortium Agreement.

This Exhibit D may, from time to time, be amended in accordance with the Consortium Agreement Section 2.02 B.

#### **Section 2.0 Goals and Objectives**

The purpose of the MSL is to establish the minimum service requirements and quality standards to be maintained by DANTEC for DANTEC Facilities, Systems, Equipment, and Services to extend their useful life.

The goal of the MSL is to ensure excellent service levels for the WCAA and the North Terminal tenants.

The objectives of the MSL are to:

- Provide clear delineation of service ownership, accountability, roles and/or responsibilities.
- Present a clear, concise and measurable description of service provision to the WCAA.
- Match perceptions of expected service provision with actual service support and delivery.
- Provide the WCAA with transparent and accessible maintenance records.

#### **Section 3.0 Stakeholders**

For purposes of the MSL, the primary stakeholders shall be the provider, DANTEC, and the owner, WCAA. DANTEC will be responsible for implementing and maintaining the procedures and methods to achieve the objectives of the MSL. Other stakeholders include:

- WCAA Board
- WCAA CEO
- North Terminal Airlines

## APPENDIX 7. A.

- North Terminal Concessionaires
- North Terminal Customers

### Section 4.0 Service Environment

The service environment for the MSL shall be the DANTeC Equipment, Systems, and Facilities as depicted in Exhibit A and described in Exhibit C.

In addition to the DANTeC Facilities, Systems, and Equipment, the following services to be performed by DANTeC are included as part of the MSL Service Environment:

#### DANTeC Services

- North Terminal Ramp Control
- North Terminal Waste Removal
- North Terminal Pest Control

### Section 5.0 Periodic Review

DANTeC shall be solely responsible for ensuring the objectives of this MSL are met. The requirements of this MSL shall be reviewed upon request by the WCAA, or, at a minimum, once per fiscal year by the primary stakeholders with the first review on December 1, 2008. However, in lieu of a review during any period specified, the then current approved MSL will remain in effect.

DANTeC is responsible for facilitating regular reviews and updates of the MSL requirements. DANTeC will collect and compile comments to the MSL between review dates, incorporate all approved revisions, and implement any service level changes included in the revised MSL as soon as practical.

The MSL will be maintained and kept in the DANTeC General Manager's Office.

### Section 6.0 Service Levels

The following detailed service parameters are to be implemented by DANTeC to achieve the objectives of the MSL.

#### 6.1. Service Scope

The following services are covered by the MSL:

- DANTeC Facility Maintenance
- DANTeC System Maintenance
- DANTeC Equipment Maintenance

**APPENDIX 7. A.**

- DANTeC Ramp Control
- DANTeC Waste Removal
- DANTeC Pest Control

Although DANTeC will be performing these services, the WCAA and other tenants will also perform maintenance tasks that are separate from this MSL. Table 6-1 provides a clarification of responsibility for those services being performed in the North Terminal complex.

	North Terminal		
	Airline	WCAA	DANTeC
<b>Management &amp; Administration</b>			
General Manager			✓
Operations Manager			✓
Financial/Clerical			✓
Duty Managers			✓
Administrative Assistant			✓
Dispatchers			✓
<b>Ramp Services</b>			
Snow Removal			
Airside		✓	
Landside Curb		✓	
Arrival/Departure		✓	
Striping			
Airline Ground Service Equipment			✓
Aircraft Safety Envelope			✓
Bagroom roadways			✓
Vehicle Service Road		✓	
Movement Areas (Taxiways & Taxilanes)		✓	
Gate Scheduling	✓		✓
Gate Control	✓		✓
Remote Aircraft Remain Overnight (RON) Scheduling		✓	
Deicing	✓		
Into Plane Fueling	✓		
Ground Handling (pushback/marshaling/Lav)	✓		
Provisioning/catering	✓		
Baggage Handling	✓		
Cabin Services	✓		
Overnight Aircraft Cleaning	✓		
Ramp Control			✓
<b>Facility O&amp;M Services</b>			
Janitorial			
Holdroom		✓	
Concourse		✓	
Lobby		✓	

APPENDIX 7. A.

Facility O&M Services (continued)	North Terminal		
	Airline	WCAA	DANTEc
Baggage Claim		✓	
Airline/DANTEc Space			✓
Facility Inspection Service (FIS)		✓	
Restrooms		✓	
WCAA Space		✓	
Building Maintenance			
Airline Operations/DANTEc Spaces			✓
Public Spaces		✓	
WCAA Spaces		✓	
Window Washing		✓	
Preventative Maintenance		✓	✓
Conveying Systems			
Moving Walkways			✓
Escalators			✓
Elevators			✓
Building Management System			✓
Utilities (Electrical, Water, Gas, Sewer)		✓	
Light Bulb Replacements			
Apron		✓	
Holdroom		✓	
Concourse		✓	
Lobby		✓	
Baggage Claim		✓	
Airline/DANTEc Space			✓
FIS		✓	
WCAA Space		✓	
Heating, Ventilating, Air Conditioning System & Controls		✓	
Security Systems		✓	
Closed Circuit Television (CCTV)		✓	
Paging System			✓
Premise Distribution System/Local Area Network			✓
Distributed Antenna System/Master Clock System			✓
Telephone System	✓	✓	
Airline Systems			
Passenger Boarding Bridges (PBBs)			✓
Aircraft Ground Power			✓
Aircraft Preconditioned Air			✓
Potable Water			✓
Multi User Flight Information Display System			✓
Common Use Passenger Processing System			✓
Baggage Handling System			✓
Hydrant Fueling	✓		
Battery Chargers	✓		
Dock Master		✓	
Diesel Load Rack			✓

Facility O&M Services (continued)	North Terminal		
	Airline	WCAA	DANTEC
Triturator			✓
Fire System Testing & Inspections			✓
Keying System		✓	✓
Signage		✓	
Automatic Doors			✓
Waste Removal (Dumpsters)			✓
Pest Control			✓

Table 6-1 - Service Responsibilities

**6.2. WCAA Requirements**

WCAA responsibilities related to the MSL include:

- Providing DANTEC, Member Airlines, DANTEC vendors, contractors, agen and employees access to DANTEC Operations Area.
- Badging for DANTEC personnel
- Providing and maintaining the computerized maintenance managemer system (CMMS) to be used by DANTEC.
- Coordinating WCAA North Terminal maintenance and operation activitie with DANTEC.
- Providing access to appropriate WCAA representative(s) when resolving service related issue or request.
- Notifying DANTEC of MSL deficiencies.

**6.3. DANTEC Requirements**

DANTEC responsibilities related to this MSL include:

- Meeting response times associated with service related incidents.
- Generating reports on service levels for the WCAA (see Service Management).
- Training required staff on equipment and associated service support tools.
- Maintaining, storing, and procuring spare parts, tools, and accessories for DANTEC Facilities, Systems, and Equipment.
- Logging all DANTEC resource hours associated with services provided.



**APPENDIX 7. A.**

- Providing appropriate notification to WCAA and North Terminal users for all scheduled maintenance (see Service Management).
- Facilitating all service support activities involving incidents, problems, changes, releases, and configuration management.
- Providing personnel with the appropriate qualifications and security credentials to perform their work.
- Performing all manufacturer-recommended preventative maintenance in accordance with the manufacturer's recommended schedule and specifications.
- Performing maintenance in the public circulation areas between the hours of 2100 and 0500 when practical to minimize passenger inconvenience and disruptions.
- Maintaining and repairing equipment in proper working order in accordance with manufacturer recommendations, specifications or standard industry practice, whichever is most stringent.
- Maintaining all life safety and code-required devices, lights, mechanisms, signage, placards, covers, strobes, bells and warning labels in good working condition. Repair or replacement of such items will be categorized as Critical as defined in Section 7.10 below.
- Maintaining a complete set of all records and making them available to the WCAA upon request, including preventative maintenance, reactive maintenance, corrective maintenance records, and inventory levels.
- Maintaining records of all user and maintenance training activities including trainer and trainees.
- Immediately logging maintenance activity in the WCAA-provided computerized maintenance management system (CMMS).
- Coordinating DANTeC maintenance activity that affects Airport operations or extends beyond the DANTeC Facilities with the WCAA and affected parties.
- Notifying the WCAA of any outages that (a) affect the public, or (b) are categorized as Critical as defined in Section 7.5 below.
- Staffing and maintaining a 24/7/365 dispatch office located in the North Terminal Operations Center (room 1480) to provide support to North Terminal users and maintenance activities.
- Providing a Duty Manager 24/7/365 who is responsible for all DANTeC activities.

## APPENDIX 7. A.

### Section 7.0 Service Management

The effective provision of in-scope services will result in consistent service levels. The following sections provide relevant details defining MSL requirements for service availability, monitoring, measurement, reporting, and other related components of in-scope services.

#### 7.1. Primary System Availability Time Definition

The Primary System Availability Time (“PSAT”) is defined as:

- 0500 to 2100 US Eastern Time
- Sunday – Saturday, 365 days per year

#### 7.2. Service Maintenance Window Definition

All systems, equipment, and/or related components require regularly scheduled maintenance (“Service Maintenance Window”, or “SMW”) in order to meet established service levels. These activities will render systems and/or applications unavailable for normal use. DANTeC will coordinate all scheduled maintenance with the affected parties to minimize disruptions. Maintenance that impacts the public will be performed between the hours of 2100 and 0500 when practical.

#### 7.3. Outage Definition

An Outage is defined as a temporary suspension of operation due to the failure of the equipment or system component or system software, rendering the system unusable for its intended purpose. An outage begins once it is reported to DANTeC dispatch, and will be deemed over once the equipment or system has been returned to service, or once a temporary solution has been implemented by DANTeC.

#### 7.4. Availability Restrictions

Scheduled maintenance must be coordinated with North Terminal tenants and accommodate regular and irregular operations. Tenants and the WCAA must be provided the opportunity to make a proceed/abort decision prior to the start of scheduled maintenance.

#### 7.5. DANTeC Facilities Service Standards

##### North Terminal

## APPENDIX 7. A.

Janitorial services will be performed by DANTeC in the non-public areas of the North Terminal as well as the Passenger Boarding Bridges (PBBs). The services and the frequency with which janitorial services are to be provided are listed in table 7-1.

### Janitorial Service Standards

Task	PBBs	Inbound/ Outbound Bagroom	Non- Public Restrooms	Non-public Circulation corridors/stairs	Airline/ DANTeC/ CBP Offices	Operational Support Areas
Empty trash containers	Daily	Daily	Daily	Daily	Daily	Daily
Clean trash containers	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly
Vacuum and mop Floors	Daily	Weekly	Weekly	Weekly	Weekly	Weekly
Re-finish floors		Semi-Annually	Semi-Annually	Semi-Annually	Semi-Annually	Semi-Annually
Clean walls, partitions, and doors	Daily		Daily	Quarterly	Monthly	Monthly
Spot clean walls, partitions, and doors				Monthly	Weekly	Weekly
Clean and disinfect restroom fixtures			Daily			
Clean drinking fountains				Daily		
Clean sinks			Daily		Daily	Daily
Replenish supplies			Daily		Daily	Daily
Clean mirrors and partitions			Daily			
Power wash walls and floors		Annually	Monthly	Annually		

**APPENDIX 7. A.**

Task	PBBs	Inbound/ Outbound Bagroom	Non- Public Restrooms	Non-public Circulation corridors/stairs	Airline/ DANTEC/ CBP-Offices	Operational Support Areas
Dust surfaces and vents	Daily	Monthly	Daily	Monthly	Daily	Daily
Relamp and clean fixtures	As needed	As needed	As needed	As needed	As needed	As needed
Remove graffiti	As needed	As needed	As needed	As needed	As needed	As needed
Replace light bulbs	As needed	As needed	As needed	As needed	As needed	As needed
Spot carpet care	As needed				As needed	As needed
Clean windows	Semi-annually	Semi-annually		Semi-annually	Semi-annually	Semi-annually
Steam clean/extraction carpets	Monthly				Semi-annually	Semi-annually

**Table 7-1 : North Terminal Janitorial Service Standards**

**Definition of Janitorial Services**

Empty trash containers - Carry container to cart and empty. Replace liner if necessary.

Clean trash containers - Spray inside of container with approved cleaner. Wipe out and replace liner.

Vacuum and mop floors. - Vacuum entire floor including edge vacuuming corners, baseboards, around furniture. Mop entire floor including edge mopping, around furniture.

Re-finish floors - Hard surface floors will be scrubbed and assessed for the amount of finish that will be applied to deliver a polished appearance.

Clean walls, partitions and doors - Wipe partitions, walls and doors clean with approved cleaning solution.

**APPENDIX 7. A.**

Spot-clean walls, partitions and doors - Remove finger smudges, spots, or graffiti from walls and doors as required with appropriate cleaning materials.

Clean and disinfect restroom fixtures - Clean and disinfect restroom fixtures with an approved chemical.

Clean drinking fountains - Wipe all surfaces of fixtures with approved cleaner; polish bright work.

Clean sinks - Wipe all surfaces of fixtures with approved cleaner; polish bright work.

Replenish supplies:

Restroom supplies - Refill soap, towel, and toilet paper dispensers, making sure they are operational.

Break room and ready room – Refill soap and towel dispensers, making sure they are operational.

Clean mirrors and partitions - Wipe all surfaces of fixtures with approved cleaner.

Power wash walls and floors - Use pressure washer machine following manufacturer's direction and thoroughly clean the walls and floors of a hard surface area.

Dust surfaces and vents - Wipe down surfaces and dust surfaces which are free of objects, including vents, ledges, window sills, and cubicle partitions.

Relamp and clean fixtures - Set up ladder securely, remove or lower light cover and replace all bulbs in fixture. Using damp cloth with glass cleaner, wipe light cover and frame. Replace light cover and remove ladder.

Remove graffiti – Remove graffiti with an appropriate cleaning chemical/solution.

Replace light bulbs – Replace light bulbs in fixtures that are less than 12 feet above the finished floor.

Spot carpet care - Use carpet steam cleaner to appropriately clean the area that has been stained.

Clean windows – Use an approved cleaning solution to clean the interiors sides of windows and door vision panels.

## APPENDIX 7. A.

Carpet steam/extraction clean - Clean entire carpet with steam cleaning machine according to manufacturer's instructions. Allow to dry overnight. Furniture moving is not included.

### **Building Maintenance**

DANTEC will perform building maintenance services in the non-public areas of the North Terminal. This will include emergency, corrective, and preventative maintenance services. The areas in which DANTEC will perform building maintenance services are depicted in the DANTEC Facilities exhibit. DANTEC services for these areas are as follows.

- Wall repair for all non-public spaces. In areas where a wall divides public and non-public, the interior of the wall will be maintained by DANTEC, and the door and public side of the wall will be maintained by WCAA.
- Millwork in non-public spaces, airline baggage service offices, and common use system inserts will be maintained by DANTEC. Gate, ticket counter, curbside, and FIS recheck inserts will be maintained by the airline. All other millwork, including baggage wells, will be maintained by the WCAA.
- Electrical maintenance from and including the circuit breaker in the electrical panel to the wall outlet.
- Mechanical maintenance from and including the Variable Air Valve (VAV) and its controls to the vent.
- Ceiling/ceiling tile and grid repair.
- Plumbing repairs from and including the fixture to the plumbing main riser/main supply line valve or connection fitting.
- Floor repairs such as replacement of carpet, VCT, repair sealing of concrete in accordance with manufacturer recommendations and specifications.
- Testing of fire suppression system in accordance with the direction of the Authority Having Jurisdiction (AHJ).
- Annual touch-up painting of interior spaces
- Repair of doors and windows as required.
- Annual restriping of all North Terminal aircraft and GSE striping

## APPENDIX 7. A.

### North Terminal Triturator

The North Terminal Triturator is a separate facility that is part of the North Terminal complex. The triturator is provided for the air carriers operating from the North Terminal. DANTeC will be responsible for maintaining the entire triturator building and its associated systems and equipment contained therein.

DANTeC will provide all building, systems, and equipment maintenance services for the triturator in accordance with manufacture-recommended specifications. A more detailed responsibility matrix is to be developed by DANTeC and the WCAA once the design of the Triturator facility is completed.

### North Terminal GSE Fuel Load Rack

The North Terminal GSE fuel load rack is a separate facility that is part of the North Terminal complex. The GSE fuel load rack provides a common GSE refueling facility for air carriers operating in the North Terminal. DANTeC will maintain and operate the GSE fuel load rack and its associated systems and equipment in accordance with manufacturer recommended specifications.

### 7.6. DANTeC Systems Service Measurement

DANTeC will record and report the performance of the DANTeC Systems as a measurement of the service levels DANTeC is responsible for under this MSL, in accordance with the following table. DANTeC will strive at all times to meet or exceed these performance targets. Reporting requirements are defined in Section 7.9.

Measurement	Definition	Performance Target (Annual)
Baggage Handling System Availability (excluding EDS)	Percentage of time System is available outside of SMW.	95.00%
Common Use Passenger Processing System Availability	Percentage of time System is available outside of SMW.	90.00%
Multi-User Flight Information Display System Availability	Percentage of time System is available outside of SMW.	95.00%
Local Area Network/Premise Distribution System Availability	Percentage of time System is available outside of SMW.	99.00%
Distributed Antenna System Availability	Percentage of time System is available outside of SMW.	90.00%
Building Management System Availability	Percentage of time System is available outside of SMW.	95.00%

**APPENDIX 7. A.**

Measurement	Definition	Performance Target (Annual)
Paging System Availability	Percentage of time System is available outside of SMW.	98.00%
# of outages - Baggage Handling System	Number of outages lasting more than 30 minutes during the PSAT	No more than 12 per year or 6 per quarter
# of outages - Common Use Passenger Processing System	Number of outages lasting more than 15 minutes during the PSAT	No more than 12 per year or 6 per quarter
# of outages - Multi-User Flight Information Display System	Number of outages lasting more than 15 minutes during the PSAT	No more than 24 per year or 12 per quarter
# of outages - Local Area Network/Premise Distribution System	Number of outages lasting more than 10 minutes during the PSAT	No more than 4 per year or 2 per quarter
# of outages - Distributed Antenna System	Number of outages lasting more than 30 minutes during the PSAT	No more than 24 per year or 12 per quarter
# of outages - Building Management System	Number of outages lasting more than 15 minutes during the PSAT	No more than 24 per year or 12 per quarter
# of outages - Paging System	Number of outages lasting more than 30 minutes during the PSAT	No more than 12 per year or 6 per quarter
DANTEc Response Time - Critical	DANTEc response time for incidents categorized as 'Critical.'	95% in less than 15 minutes
DANTEc Response Time - High	DANTEc response time for incidents categorized as 'High.'	90% in less than 1 hour
DANTEc Response Time - Medium	DANTEc response time for incidents categorized as 'Medium.'	80% in less than 8 hours
DANTEc Response Time - Low	DANTEc response time for incidents categorized as 'Low.'	75% in less than 24 hours
DANTEc Response Time - General	DANTEc response time for incidents categorized as 'General Request.'	75% in less than 1 week

**Table 7-2 DANTEc Systems Performance Targets**

**7.7. DANTEc Equipment Service Management**



**APPENDIX 7. A.**

DANTEc will record and report the performance of the DANTEc Equipment as a measurement of the service levels DANTEc is responsible for under this MSL, in accordance with the following table. DANTEc will strive at all times to meet or exceed these performance targets. Reporting requirements are defined in Section 7.9.

Measurement	Definition	Performance Target (Annual)
Passenger Boarding Bridges/Preconditioned Air/Ground Power Units	Percentage of time Equipment is available outside of SMW.	95.00%
Potable Water Cabinets	Percentage of time Equipment is available outside of SMW.	90.00%
Hydrant Fueling Carts/Trucks	Percentage of time Equipment is available outside of SMW.	95.00%
Moving Walkways	Percentage of time Equipment is available outside of SMW.	95.00%
Elevators	Percentage of time Equipment is available outside of SMW.	90.00%
Escalators	Percentage of time Equipment is available outside of SMW.	95.00%
Automatic Doors	Percentage of time Equipment is available outside of SMW.	95.00%

**Table 7-3 DANTEc Equipment Performance Targets**

### **7.8. DANTEc Services Management**

#### **Ramp Control**

DANTEc will perform the ramp control services for the North Terminal. This includes ramp control and implementation of the North Terminal Gate Access Procedures. The service standards to be maintained by DANTEc are as follows.

- Staff ramp control tower 24/7/365
- Maintain constant radio communications with North Terminal airlines, FAA, and WCAA during aircraft operations and movements
- Coordinate, facilitate, and document Gate Planning Review Committee meetings
- Perform Gate Coordinator function
- Implement Gate Access Procedures
- Manage gate activity on the North Terminal Common Use Gates

## APPENDIX 7. A.

### Waste Removal

DANTEC is responsible for emptying five trash compactors located within the North Terminal. DANTEC will perform this service a minimum of once per day except Sunday, or as needed to prevent overflow of the compactors and deter rodent infestation. DANTEC will also adopt the WCAA's recycling program requirements.

### Pest Control

DANTEC is responsible for performing pest control services in the North Terminal and Triturator facilities. DANTEC will perform bi-weekly inspections and apply monthly pest control treatments. Extermination and bird control services must be available for use on an as needed basis as determined by the WCAA or DANTEC.

### 7.9. Reporting

As part of this MSL, DANTEC will be responsible to provide the WCAA with reports related to the DANTEC Facilities, Systems, Equipment, and Services, each containing the information below. The reporting calendar will be the same as the WCAA's fiscal calendar (October 1 to September 30).

#### Monthly Report

DANTEC will submit to the WCAA a Monthly Status Report for DANTEC Facilities, Systems, Equipment, and Ramp Control. The Monthly Status Report will be provided within 14 days of the end of each month, and will include, at a minimum, the following information:

##### *Facility Status Report*

- Number of service requests by category
- Number of open service requests by category
- Number of closed service request by category
- Schedule of major maintenance activities for the next two months

##### *Systems and Equipment Status Report*

- Overall availability for each DANTEC System and Equipment
- Number of outages for each DANTEC Systems and Equipment
- Number of service requests by system/equipment by category
- Number of open and closed service requests by system/equipment by category
- Schedule of major maintenance activities for the next two months

## APPENDIX 7. A.

### *Ramp Control Report*

- Average aircraft wait times from request to authorization for clearance to push
- Volume during peak periods
- Common Use Gate Activity
  - Air Carrier
  - Aircraft type
  - Activity type (turnaround, terminator, originator)
  - Time on gate
- Common Use Overnight Gate Rentals
- Common Use Gate Activity schedule for the next two months
- Common Use Overnight Gate Rentals for the next two months

### **Quarterly Report**

DANTeC will submit to the WCAA a Quarterly Report for DANTeC Facilities, Systems, Equipment, and Ramp Control. The Quarterly Report will be provided within 30 days of the end of each quarter, and will include, at a minimum, a summary of the monthly status reports for each month in the quarter and the following information:

#### *Facility Status Report*

- Recurring issues and mitigation plan(s)
- Training activities
- Inventory levels

#### *Systems and Equipment Status Report*

- Recurring issues and mitigation plan(s)
- Training activities
- Inventory levels

#### *Ramp Control Report*

- Gate Planning Review Committee Reports
- Pushback congestion mitigation recommendations

#### *Management Report*

- Budgeted vs. actual expenses for each DANTeC vendor or contractor
- Projected expenses for the next quarter
- Issues related to the business processes established for DANTeC (e.g. payment processing, communications, reporting, etc.) and recommendation(s) for improvement
- Contractual issues related to DANTeC vendors and contractors

### **Annual Report**

## APPENDIX 7. A.

DANTEc will submit to the WCAA an Annual Report for DANTEc Facilities, Systems, Equipment, and Ramp Control. The Annual Report will be provided within 30 days of the end of year, and will include, at a minimum, a summary of the Quarterly Reports for each quarter in the year and the following information:

### *Service Level Report*

- Systems and Equipment availability target
  - Percentage each system and equipment are available outside of the SMW compared to the targets in Section 7.6 and 7.7 above.
- Facilities, Systems, and Equipment response time
  - Amount of service requests received for systems and equipment by category.
  - Average DANTEc response time for each request category for all service requests compared to the targets in Section 7.6 and 7.7 above.
- System outages
  - Number of outages for systems and equipment compared to the targets in Section 7.6 and 7.7 above.
  - Time and duration of each outage
  - Cause of each outage
  - Effect or impact of each outage
  - Mitigation plan(s) to prevent future similar outages

### *Ramp control report*

- Common Use Gate turns
- Common Use Gate activity projection

### **Ad Hoc Reports**

The following Ad Hoc Reports will be provided at a specific time or on an as needed basis as indicated in the report description below.

### *DANTEc Budget Report*

The DANTEc Budget Report will provide an estimated budget for all services of this MSL related to the DANTEc Facilities, Systems, and Equipment for the upcoming fiscal year. The DANTEc Budget report will be provided to the WCAA on or before June 1 of each year. The Budget Report will provide a breakdown of all DANTEc contract budgets included in this MSL as follows:

- Executive Summary
- Fiscal Year Budget Summary
- Budget Detail
  - Vendor/contractor name

## APPENDIX 7. A.

- Vendor/contract number
- Vendor/contract description
- Vendor/contract duration
- Vendor/contract estimated budget

### *Incident Report*

The Incident Report will be provided for any service request categorized as 'Critical' as defined in Section 7.10. The incident report will provide a copy of the service request and will include, at a minimum, the following information:

- Service request number
- Date of incident
- Time of incident
- Duration of incident
- Location of incident
- Description of incident
  - Cause of incident
  - Effect of incident
  - Resolution of incident
- Actions to be taken against offending party
- Mitigation plan to prevent future similar incident

### **7.10. Service Requests**

In support of minimum service requirements outlined in the MSL, DANTeC will respond to service related incidents and/or requests submitted by users within the following time frames:

- Fifteen (15) minutes for issues classified as Critical.
- One (1) hour for issues classified as High priority.
- Eight (8) hours for issues classified as Medium priority.
- Twenty-Four (24) hours for issues classified as Low priority.
- Seven (7) days for a general service request.

#### **7.10.1 Service Request Categorization**

The DANTeC dispatcher will be responsible for assigning the appropriate category to each service request received. However, the following Service Requests will be categorized as 'Critical' regardless of the system, time, or location:

## APPENDIX 7. A.

- Life safety
- Security
- Local Area Network
- Incidents of any kind that render a system completely unusable or prohibits the processes required to enplane or deplane passengers.

The following Service Requests will be categorized as 'High' regardless of the system, time, or location:

- Code violations
- Incidents of any kind that affects two or more parties (i.e. two airlines, two dependent systems, etc.).

As part of this MSL, DANTeC must develop an Incident Management Plan to fully describe all service request categories.

### **7.11. Service Exceptions**

DANTeC will meet or exceed all service levels and standards contained herein. However, certain events are outside of the control of DANTeC and will affect the level of service that DANTeC is able to provide.

Unless caused by a DANTeC vendor or contractor, the following issues will be deemed outside the control of DANTeC and will not be factored in determining DANTeC's achievement of service levels:

- An act of negligence by tenants using or operating the DANTeC Facilities, Systems, or Equipment
- Loss of a North Terminal utility that affects DANTeC Facilities, Systems, or Equipment (i.e. electricity, water, gas, sewer, telephone)
- Fire or security event requiring the shutdown of DANTeC Facilities, Systems, or Equipment
- Force Majeure event as defined in Section 12.02 of the Consortium Agreement

Although DANTeC cannot control or eliminate these types of issues, DANTeC will mitigate them by providing refresher training to the responsible parties, or take alternative actions to mitigate future similar incidents. DANTeC will be responsible for notifying the responsible parties and providing backcharge support information to the WCAA as needed.

###

**APPENDIX 7. A.**

**EXHIBIT E**  
**Members of DANTeC**

Southwest Airlines

United Airlines

Spirit Airlines

Air Tran Airways

US Airways

American Airlines

Continental Airlines

**APPENDIX 7.B.**

**AGREEMENT BY AND BETWEEN THE  
MIDWAY AIRLINES' TERMINAL CONSORTIUM  
AND  
THE CITY OF CHICAGO**

**TABLE OF CONTENTS**



**APPENDIX 7.B.**

ARTICLE I - INCORPORATION OF RECITALS AND DEFINITIONS	2
Section 1.01 - Incorporation of Recitals	2
Section 1.02 - Definitions	2
Section 1.03 - Interpretation	5
Section 1.04 - Incorporation of Exhibits	5
ARTICLE II - GRANT OF RIGHTS	6
Section 2.01 - Rights with Respect to MATCO Equipment and Fuel System	6
A. Work	6
B. Operations and Maintenance	6
C. Easements	6
D. Fuel System. . . . .	6
E. MATCO Administrative and Support Areas	6
F. Airfield and Public Areas of the Airport	7
G. Ingress and Egress	7
H. Additional Rights	7
Section 2.02 - Conditions to the Grant of Rights	7
A. Other Government Entities or Agencies	7
B. Utilities	7
C. City's Right of Entry	8
D. Restrictions Regarding the Fuel System . . . . .	8
E. Restrictions on MATCO's Use of the Airport	8
F. Present Condition of the Airport	8
G. City Does Not Warranty MATCO Equipment and Fuel System	9
H. Access to and Use of MATCO Equipment by Non-Members	9
I. City Approval of Members Agreement	10
J. Membership in MATCO	10
K. . MATCO to Maintain Corporate Existence	10
L. Inconsistent Provisions	10
M. Covenant Against Waste	11
ARTICLE III - TERM . . . . .	11
ARTICLE IV - MATCO EQUIPMENT	11
Section 4.01 - Performance of Work	11
Section 4.02 - Financing of Work	11
Section 4.03 - Ownership of the MATCO Equipment and Fuel System	13
Section 4.04 - Contracting for Work	13
Section 4.05 - Operation and Maintenance of the MATCO Equipment and Fuel System	14
A. MATCO's Obligations	14
B. Standard of Care	14
C. MATCO Vehicular Traffic	15
D. Title to Replacement Parts, Components	

**APPENDIX 7.B.**

and Equipment	15	
E. Non-Interference with Airport Operations	15	
F. Access by City	15	
G. City's Right to Perform MATCO Functions	15	
H. City's Right to Use MATCO Equipment	16	
Section 4.06 - Payment for the Operation and Maintenance of the MATCO Equipment and Fuel System	16	
Section 4.07 - Additional Equipment and Modifications and Improvements to the Fuel System	16	
<b>ARTICLE V - CALCULATION OF EQUIPMENT AND FUELING FEES</b>	17	
Section 5.01 - Per Capita Fee	18	
Section 5.02 - Base Equipment Fee Rate	18	
Section 5.03 - Premium Equipment and Fueling Fee Rate	18	
Section 5.04 - Effectiveness of this Article V	19	
Section 5.05 - Payment of Equipment and Fueling Fees	19	
<b>ARTICLE VI - RECORD-KEEPING AND REPORTING</b>		19
Section 6.01 - MATCO's Records	19	
A. Ownership of Documents	19	
B. Confidentiality	19	
C. Records of the Work	20	
D. Records of the Operation and Maintenance of the MATCO Equipment and Fuel System	20	
Section 6.02 - MATCO Reports	20	
A. Reporting the Progress of the Work	20	
B. Reports Pertaining to the Operation and Maintenance of the MATCO Equipment	21	
<b>ARTICLE VII - INDEMNITY AND INSURANCE</b>	21	
Section 7.01 - Indemnity	21	
A. Indemnity	21	
B. Release of City	21	
C. Non-Liability of Public Officials	22	
D. City Approvals Do Not Limit MATCO's Obligations	23	
E. Survival Beyond Termination of this Agreement	23	
Section 7.02 - Required Insurance Coverage	23	
A. Workers' Compensation and Occupational Disease Insurance	23	
B. Commercial Liability Insurance (Primary and Umbrella)	23	
C. Automobile Liability Insurance	23	
D. All Risk Builders Risk Insurance	24	
E. All Risk Property Insurance	24	
F. Professional Liability	24	
Section 7.03 - Additional Obligations of MATCO Regarding Insurance	24	
Section 7.04 - Use of Insurance Proceeds	26	

**APPENDIX 7.B.**

ARTICLE VIII - ADDITIONAL OBLIGATIONS OF MATCO	26
Section 8.01 - Taxes	26
Section 8.02 - Utilities	26
Section 8.03 - Permits, Licenses	26
Section 8.04 - Compliance with All Laws	27
Section 8.05 - Compliance with City/State Requirements	27
A. Disclosure Affidavit Disclosure of Retained Parties	27
B. Anti-Scofflaw	27
C. Ethics	28
D. MacBride Principles	28
E. Inspector General	28
F. Americans with Disabilities Act	28
G. Conflicts of Interest	29
H. Material Adverse Events	29
Section 8.06 - Non-discrimination	29
A. Federal Requirements	29
B. State Requirements	30
C. City Requirements	30
Section 8.07 - Affirmative Action Program and MBE/WBE Requirements	30
Section 8.08 - Compliance With Environmental Laws	30
A. Pre-Existing Conditions	30
B. Compliance with Environmental Laws	31
C. Environmental Permits	33
C. Disposal of Materials, Construction and Demolition Debris, Soil and Waste	33
D. Equipment and Environmental Control During Transport	35
F. Open Dumping Prohibited	35
Section 8.09 - Contractors	35
Section 8.10 - Indemnification	36
Section 8.11 - Gate Control	36
Section 8.12 - Fuel System Operator.....	36
ARTICLE IX - AIRPORT MATTERS	37
Section 9.01 - Airport Rules and Regulations	37
Section 9.02 - Other Legal Requirements	37
A. Prohibition Against Exclusive Rights	37
B. Subordination of Agreement	37
C. Non-discrimination in the Use of the Airport	37
D. Non-Discrimination in Furnishing Services	38
Section 9.03 - Airport Agreements	38
Section 9.04 - Airport Security Act	38
Section 9.05 - Airport Noise Restrictions	39
Section 9.06 - Regulating the Airport; Airport Operation	39
Section 9.07- Exercise by City of Governmental Functions	39

**APPENDIX 7.B.**

Section 9.08 - Maintenance and Operation of Airport	39	
A. City's Obligations		39
B. MATCO's Remedy		40
Section 9.09 - Similar Facilities.	40	
ARTICLE X - DEFAULT AND TERMINATION		40
Section 10.01 - Events of Default	40	
Section 10.02 - City's Remedies	42	
Section 10.03 - Removal of MATCO's Property	43	
Section 10.04 - No Waiver by City		44
Section 10.05 - City's Right to Perform MATCO's Obligations		44
Section 10.06 - Attorneys' Fees and Expenses	45	
ARTICLE XI - NOTICE		45
ARTICLE XII - MISCELLANEOUS		46
Section 12.01 - City's Right of Entry.		46
Section 12.02 - Force Majeure		46
Section 12.03 - Conflict of Interest		47
Section 12.04 - Representatives	47	
Section 12.05 - Entire Agreement	47	
Section 12.06 - Counterparts		47
Section 12.07 - Amendments		47
Section 12.08 - Governing Law		48
Section 12.09 - Consent to Service of Process and Jurisdiction		48
Section 12.10 - Severability		48
Section 12.11 - No Assignment		48
Section 12.12 - Co-Operation by Parties	49	
Section 12.13 - Consents and Approvals	49	
ARTICLE XIII - AUTHORITY		49
Section 13.01 - City's Authority		49
Section 13.02 - MATCO's Authority		49
Exhibits		
A.	Easements	
B.	MATCO Operations Areas	
C.	MATCO Equipment	
D.	Fuel System	
E.	Members of MATCO	
F.	Program Procedures	
G.	Required Provisions for Contracts for Work and Operations and Maintenance Services	
H.	Disclosure Affidavit and Disclosure of Retained Parties	

## APPENDIX 7.B.

### AGREEMENT BY AND BETWEEN THE CITY OF CHICAGO AND THE MIDWAY AIRLINES' TERMINAL CONSORTIUM

THIS AGREEMENT, dated as of \_\_\_\_\_, 1998 by and between the City of Chicago, a municipal corporation and home rule unit of government organized and existing under Article VII, Sections 1 and (6)(a), respectively, of the 1970 Constitution of the State of Illinois ("City"), and Midway Airlines' Terminal Consortium, a corporation duly organized and acting under the law of the State of Illinois ("MATCO").

#### WITNESSETH:

WHEREAS, the City owns and operates Chicago Midway Airport ("Airport"), and has the power to grant rights and privileges with respect thereto; and

WHEREAS, the City has initiated the Midway Airport Terminal Development Program ("Program") to develop, design and construct a new passenger terminal and related facilities at the Airport ("Terminal"); and

WHEREAS, MATCO was organized by certain air carriers operating at the Airport to participate in the Program as the representative of those air carriers ("Members"); and

WHEREAS, MATCO desires to represent its Members in the design and construction of the Terminal; and

WHEREAS, MATCO further desires to furnish, install, operate and maintain certain common-use airline equipment in and about the Terminal on behalf of its Members; and

WHEREAS, MATCO further desires to furnish, install, operate and maintain certain fuel facilities on behalf of its Members; and

WHEREAS, the City desires to grant MATCO the authority to participate in the Program as the representative of its Members in the design and construction of the Terminal, and the furnishing, installation, operation and maintenance of the common-use airline equipment and fuel facilities;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants set forth in this Agreement, the City and MATCO agree as follows:

#### ARTICLE I INCORPORATION OF RECITALS AND DEFINITIONS

##### Section 1.01 - Incorporation of Recitals

## APPENDIX 7.B.

The recitals set forth above are incorporated by reference as if fully set forth here.

### Section 1.02 - Definitions

The following words, terms and phrases shall, for purposes of this Agreement, have the following meanings:

**“Agreement”** means this Agreement and all exhibits, amendments and supplements hereto.

**“Chairperson of MATCO”** means the individual elected as the chairperson of the board of directors pursuant to the terms and conditions of that certain Midway Airlines’ Terminal Consortium Agreement, dated \_\_\_\_\_, 1998.

**“Commissioner”** means the chief executive officer of the City’s Department of Aviation (or any successor to the duties of such official), or any representative designated by the Commissioner to act on his or her behalf.

**“Construction Manager”** means the Kenny-Rust Midway Joint Venture, or any successor thereto that may be named by the Commissioner, which has been retained by the City to oversee the construction activities associated with the Program.

**“Contractors”** means persons or firms hired by MATCO to act as its agents or as independent contractors for the performance of Work, or the operation and maintenance of, the MATCO Equipment and the Fuel System.

**“Contracts”** means all agreements MATCO enters into with any supplier of materials, furnisher of services, contractors, subcontractors or any labor organization which furnishes skilled, unskilled and craft union skilled labor, or which may perform any such labor, services or Work in connection with this Agreement.

**“Days”** means calendar days, unless otherwise expressly provided for herein.

**“Documents”** means all documents and data, including but not limited to, studies, reports, drawings, models, specifications, estimates, maps, calculations and instruments of service prepared under or in connection with this Agreement.

**“Easements”** means the non-exclusive easements granted by the City to MATCO pursuant to this Agreement, which are described in Exhibit A, attached hereto and incorporated by reference herein, as such Exhibit A may be amended from time to time by agreement of the Commissioner and MATCO, for the purposes of performing Work and maintaining and operating the MATCO Equipment and the Fuel System.

## APPENDIX 7.B.

“**Fiscal Year**” means the City’s fiscal year, which commences on January 1st and ends on December 31st of each calendar year.

“**Fuel**” means jet fuel, aviation gasoline, automotive gasoline, and any other materials stored in or put through the Fuel System for use in connection with the use of aircraft or service vehicles.

“**Fuel Member**” means a Member that is also a signatory to the Interline Agreement.

“**Fuel System**” means the fuel storage and distribution facility for the storage and distribution of Fuel, described in Exhibit D. Any revision to Exhibit D shall be approved by the Commissioner, which revision shall not be deemed to be an amendment to this Agreement.

“**Interline Agreement**” means the agreement between the Members, including subsequent Members, the form of which shall be subject to the City’s written approval, governing certain arrangements between the Members with respect to the Fuel System which may be incorporated as an exhibit to the Members Agreement and not be a separate document.

“**Into-Plane Agent**” means any person, including Members, authorized by the City to provide into-plane fueling at the Airport for aircraft operators and which has entered into a System Access Agreement with the Members for access to the Fuel System.

“**Majority-in-Interest**” means, during any Fiscal Year, a numerical majority of the Members which collectively paid more than 50% of the Airline Fees and Charges charged to all Members for the prior Fiscal Year; provided, however, that for the purposes of amending this Agreement, or terminating this Agreement, a Majority-in-Interest shall consist of 67% of the Members which collectively paid 67% or more of the Airline Fees and Charges paid by all Members for the prior Fiscal Year.

“**MATCO Equipment**” means the common-use airline equipment, systems and facilities for which the Work, as defined herein, will be performed by MATCO, as will the operation and maintenance, all pursuant to the terms and conditions of this Agreement; a list of MATCO Equipment is set forth in Exhibit C, as such exhibit may be amended from time to time pursuant to the terms of Articles XI and XII herein.

“**MATCO Operations Area**” means any area or space at the Airport where MATCO performs Work, operates and maintains MATCO Equipment, operates and maintains the Fuel System, or performs any tasks, including administrative tasks, attendant thereto, and any area or space at the Airport containing MATCO Equipment or the Fuel System, all as set forth on Exhibit B, attached hereto, as such exhibit may be amended from time to time pursuant to Section 2.01(D) herein.

## APPENDIX 7.B.

**“Members”** means a member of MATCO pursuant to the terms of the Members Agreement each of which is listed on Exhibit E hereto, as such Exhibit E may be revised from time to time without need for an amendment hereto.

**“Members Agreement”** means that certain Midway Airlines Terminal Corporation Agreement, dated \_\_\_\_\_, 1998.

**“Program Manager”** means Unzelman & Associates, Inc., or any successor thereto named by the Commissioner, which has been retained by the City to oversee the management of the Program.

**“Term”** has the meaning set forth in Article IV herein.

**“Use Agreements”** means, collectively, the Amended and Restated Airport Use Agreement and Facilities Leases for Chicago Midway Airport between the City and the airline named in each such agreement, as such agreement may be amended or restated from time to time.

**“Work”** means the design, procurement, installation, start-up and testing of the MATCO Equipment and Fuel System pursuant to the terms and conditions of this Agreement.

### Section 1.03 - Interpretation

**A.** The terms “hereby,” “herein,” “hereof,” “hereunder” and any similar term used in this Agreement refer to this Agreement.

**B.** Any capitalized term not defined herein shall have the meaning ascribed to such term in the Use Agreements.

**C.** The term “including” shall be construed to mean “including, without limitation.”

**D.** All references in this Agreement to Articles, Sections or Exhibits, unless otherwise expressed or indicated, are to Articles, Sections or Exhibits of this Agreement.

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

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



## APPENDIX 7.B.

**G.** Words importing the singular shall include the plural and vice versa. Words of the masculine gender shall be deemed to include the correlative words of the feminine and neuter genders.

### Section 1.04 - Incorporation of Exhibits

The following Exhibits attached hereto are hereby made a part of this Agreement:

- A. Easements
- B. MATCO Operations Areas
- C. MATCO Equipment
- D. Fuel System
- E. Members of MATCO
- F. Program Procedures
- G. Required Provisions for Contracts for Work and Operations and Maintenance Services
- H. Disclosure Affidavit and Disclosure of Retained Parties

## ARTICLE II GRANT OF RIGHTS

### Section 2.01 - Rights with Respect to MATCO Equipment and Fuel System

Subject to the terms and provisions contained in this Agreement, all applicable rules, regulations, laws, ordinances, codes and orders of any federal, state or local government or subdivision thereof, in connection with the conduct of MATCO's activities at the Airport, MATCO is hereby granted the rights set forth below.

**A. Work.** The City hereby grants MATCO the right to perform Work with respect to the MATCO Equipment and Fuel System.

**B. Operations and Maintenance.** The City hereby grants MATCO the right to operate and maintain the MATCO Equipment and Fuel System and perform all tasks related thereto.

**C. Easements.** The City hereby grants MATCO such non-exclusive Easements as may be necessary to perform Work with respect to, and operate and maintain, the MATCO Equipment and Fuel System. The area of the Easements shall be as set forth in Exhibit C, attached hereto and incorporated by reference herein, as such exhibit may be amended from time to time pursuant to the terms of Section 11.08 herein.

**D. Fuel System.** Upon completion of the installation of the Fuel System, MATCO and the Members shall each have the non-exclusive right to use the Fuel System for the receipt, distribution, storage, handling, purchase, sale and dispensing of Fuel for aircraft, vehicles and equipment operated by any user of the Fuel System. A

## APPENDIX 7.B.

Member may elect to use one or more Into-Plane Agents for the provision of into-plane fueling for such Member, which Into-Plane Agents shall be the agents, employees or contractors of such Member, and such Member agrees to assume full responsibility for such Into-Plane Agent's performance of all applicable obligations set forth in the System Access Agreement to which such Into-Plane Agents are parties.

**E. MATCO Administrative and Support Areas.** The Commissioner will designate an office and such other space as the Commissioner deems reasonably necessary for MATCO's use in performing Work and in operating and maintaining the MATCO Equipment. This space shall be as set forth in Exhibit B, attached hereto and incorporated by reference herein, as such exhibit may be revised from time to time at the sole discretion of the Commissioner without need for an amendment to this Agreement; provided, however, that the Commissioner shall provide MATCO with no less than sixty (60) days notice of any intended change to MATCO's Operations Areas.

**F. Airfield and Public Areas of the Airport.** MATCO has the right to use, in common with others, the public facilities at the Airport, including landing areas, runways, taxi strips, and other aeronautical or navigational facilities, subject to the rules and regulations with respect to the use of such facilities imposed by the City, the Federal Aviation Administration (FAA) or any other governmental agency.

**G. Ingress and Egress.** The City hereby grants MATCO the right and privilege of (i) ingress to and egress from the MATCO Operations Areas, Easement areas, and the public areas of the Airport, for its employees, agents, guests, patrons and invitees, suppliers of materials, furnishers of services, and its equipment, vehicles and machinery and (ii) to provide transportation of its employees to, from, and within the Airport. MATCO shall neither block or otherwise obstruct the common use taxiway or service roads at any time, nor in any other manner impair or adversely affect the use and operation of taxiways or service road areas by City or other Airport users.

**H. Additional Rights.** In addition to the above-described rights, and subject to the approval of the Commissioner, such approval not to be unreasonably withheld, MATCO shall have the right to perform and conduct such other activities and operations consistent with the rights, privileges and responsibilities granted to MATCO hereunder, provided that such activities and operations do not unreasonably interfere or conflict with the rights granted by the City to others at the Airport.

### Section 2.02 - Conditions to the Grant of Rights

In addition to the terms and provisions contained in this Agreement, all applicable rules, regulations, laws, ordinances, codes and orders of any federal, state or local government or subdivision thereof, the grant of rights by the City to MATCO set forth in Section 2.01 above is expressly subject to the conditions set forth below.

**A. Other Government Entities or Agencies.** MATCO's rights hereunder are subject to any and all easements, licenses and other rights with respect to the Airport granted to or vested in any other governmental entities or agencies, such as the FAA.

## APPENDIX 7.B.

**B. Utilities.** MATCO acknowledges that there currently exist, and that the City may grant in the future, easements and rights on, over and/or under MATCO's Operations Areas and Easement areas for the benefit of suppliers and/or owners of utilities that service the Airport, and MATCO hereby consents to any such easements whether now in existence or granted during the term of this Agreement.

**C. City's Right of Entry.** The City hereby reserves such rights as may be necessary to enter the MATCO Operations Areas, Easement areas, Fuel System areas or MATCO Equipment areas for the purpose of conducting any operations related to the function of the Airport, including, without limitation, the right to service any antennae or utilities, and to inspect and/or conduct testing on any part of the MATCO Equipment or Fuel System. City agrees to not unreasonably interfere with MATCO's Work, and/or operation and maintenance of the MATCO Equipment and Fuel System, when exercising its rights under this Section 2.02.C.

**D. Restrictions Regarding the Fuel System.** MATCO hereby agrees that the use and operation of the Fuel System by MATCO or a Member shall not unreasonably interfere with the operation of the Airport. MATCO hereby covenants and agrees that at all times during the term of this Agreement it and they will comply with all laws, regulations and ordinances applicable to their use of the Fuel System. MATCO and its own and their respective successors and assigns, agree that it and they shall not make use of the Fuel System in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event that this foregoing covenant is breached, the City may cause the abatement of such interference at the expense of the breaching party. MATCO shall cause its Members to agree in the Members Agreement to the terms set forth above in this paragraph D.

**E. Restrictions on MATCO's Use of the Airport.** Nothing stated in this Agreement shall permit or be construed to permit MATCO to engage in any activity or operation other than those activities and operations necessary for (i) the performance of Work and (ii) the operation and maintenance of the MATCO Equipment and the Fuel System.

In the event that MATCO desires to engage in any activity beyond those permitted by this Agreement, MATCO must obtain the prior written consent of the Commissioner, such consent to be given or withheld in each case in the sole and absolute discretion of the Commissioner; provided, however, that in an emergency situation, the oral approval and consent of the Commissioner will be sufficient.

**F. Present Condition of the Airport.** By executing this Agreement, MATCO accepts the Airport "AS IS." MATCO shall be responsible for the compliance of its operations areas and the MATCO Equipment areas with all applicable Federal, State and local laws, statutes, codes, ordinance, rules, regulations and orders, including any and all requirements set forth in Section 8.08 hereof. Other than what may be explicitly

## APPENDIX 7.B.

provided for herein, the City shall have no obligation or responsibility whatsoever to perform any Work or furnish improvements of any kind to the MATCO Equipment or MATCO Operations Areas, or to perform any maintenance or repairs on the MATCO Equipment or MATCO Operations Areas. City makes no warranty to MATCO as to the environmental conditions on the Airport. City makes no warranty, either express or implied, as to the condition of the Airport or that the Airport shall be suitable for MATCO's purposes or needs. City shall not be responsible to MATCO for any latent defect in any structure, improvement, facility or equipment at the Airport. By its entry onto the Airport, MATCO accepts the MATCO Operations Areas as being free and clear from all defects and in good, safe, clean and orderly condition and repair. MATCO waives any and all claims against the City regarding the condition of the Airport which may currently exist or which may arise in the future, whether such claim arises under contract, at common law, in equity or under statute, now or then currently in effect, including those which relate to environmental conditions on, under or near MATCO's operations areas; provided, however, that such waiver does not extend to (i) MATCO's right to contribution from the City as may be provided under environmental law, and (ii) fines and penalties for which the City would be liable, and MATCO would not be liable, under any environmental law.

**G. City Does Not Warranty MATCO Equipment and Fuel System.** MATCO acknowledges and agrees that the City's grant of rights to MATCO with respect to the MATCO Equipment and the Fuel System is "AS-IS" without any representation or warranty either express or implied by City as to:

1. the fitness for any particular purpose or merchantability of any item or items of the MATCO Equipment and Fuel System;
2. City's title;
3. MATCO's right to the quiet enjoyment of the MATCO Equipment and Fuel System, except as otherwise provided herein; or
4. the design or condition of, or the quality of the material, equipment or workmanship in the MATCO Equipment and Fuel System.

### **H. Access to and Use of MATCO Equipment by Non-Members.**

1. MATCO shall operate the MATCO Equipment and Fuel System so that both Members and non-Members shall have full and complete access to and use of the MATCO Equipment and access to Fuel distributed from the Fuel System, directly or indirectly through Into-Plane Agents. No item of MATCO Equipment and no component of the Fuel System shall be located in the Leased Premises of or be otherwise devoted to use by any single Member.

2. MATCO may, by Majority-in-Interest approval, and subject to review and approval of the City, establish reasonable rules and regulations

## APPENDIX 7.B.

regarding access to and use of the MATCO Equipment and the Fuel System by non- Members, including rules and regulations providing that non-Member airlines' access to and use of the MATCO Equipment and Fuel System be provided through ground handling arrangements that have been approved by MATCO, such approval not to be unreasonably withheld or denied. MATCO may further require in such rules and regulations that, as a condition to access to and use of the MATCO Equipment and the Fuel System, a non-Member must execute an agreement with MATCO, the form and substance of which shall be subject to the review and approval of the City.

**I. City Approval of Members Agreement.** The City has the right to review and approve the Members Agreement and all amendments thereto, such approval not to be unreasonably withheld or denied.

**J. Membership in MATCO.** An airline is entitled to become a member of MATCO by entering into a Use Agreement with the City and Members Agreement with MATCO. MATCO may establish reasonable rules and regulations regarding admission of airlines as members of MATCO, including the purchase of memberships, which rules and regulations shall be subject to the review and approval of the City. MATCO agrees that so long as an airline has a Use Agreement, in no event shall the approval of the Members be required for such airline to become a Member. MATCO shall notify the City of all new Members, and Exhibit E shall thereafter be amended to include such new Members without any further action by the City or MATCO.

**K. MATCO to Maintain Corporate Existence.** MATCO warrants that it is, and shall be throughout the Term of this Agreement, qualified to do business in the State of Illinois. MATCO shall maintain its corporate existence, shall not assign or otherwise transfer all or substantially all of its assets, and shall not consolidate or merge with another corporation or permit one or more other corporations to consolidate or merge into it, unless the surviving, resulting or transferee corporation, as the case may be, (i) expressly assumes in writing all of the obligations of MATCO hereunder, and (ii) if such corporation is not organized and existing under the laws of the United States of America or any State or Territory thereof or the District of Columbia, delivers to the City an irrevocable consent to service of process and jurisdiction.

**L. Inconsistent Provisions.** MATCO shall not amend its articles of incorporation or by-laws in any manner that would cause such articles of incorporation or by-laws to be inconsistent with the terms and provisions of this Agreement. MATCO shall promptly provide copies of any such amendments to the City.

**M. Covenant Against Waste.** MATCO will not do or permit or suffer any waste, damage, impairment or injury to or upon the Airport or any part thereof.

## ARTICLE III

## **APPENDIX 7.B.**

### **TERM**

The term of this Agreement shall commence on January 1, 1998 and expire on December 31, 2012 ("Term"), unless terminated earlier pursuant to the terms of Article IX herein.

### **ARTICLE IV MATCO EQUIPMENT**

#### **Section 4.01 - Performance of Work**

MATCO shall perform Work, or cause Work to be performed, on the MATCO Equipment and the Fuel System. Such Work shall comply in all respects with all federal, state and local laws, statutes, ordinances, regulations, rules and executive orders. All Work is subject to the review, inspection, testing and approval of the City. MATCO shall coordinate the performance of the Work, including obtaining City review and approval, with the City's Program Manager and Construction Manager, pursuant to the Program Procedures as defined and set forth in Exhibit F, attached hereto and incorporated by reference herein. MATCO shall cooperate at all times with the Program Manager and Construction Manager in MATCO's performance of its Work.

#### **Section 4.02 - Financing of Work**

**A.** The Work to be performed on the MATCO Equipment and Fuel System shall be financed in whole or in part with the Series 1996A Midway Airport Revenue Bonds and Series 1998 Midway Airport Revenue Bonds (which the City anticipates issuing in 1998) (collectively, the "Bonds") in accordance with the provisions set forth in Exhibit F, attached hereto and incorporated herein by reference. The City will deposit \$38,700,000 for the MATCO Equipment, and \$9,500,000 for the Fuel System from the proceeds of the issuance of the Bonds into the MATCO Equipment Project Account and MATCO Fuel Project Account, respectively (collectively, the MATCO Project Accounts) of the Construction Fund created pursuant to Section 401 of the Master Indenture of Trust Securing Chicago Midway Airport Revenue Bonds, dated as of April 1, 1994, as amended.

**B.** The City will provide notice to MATCO of the amount deposited in the MATCO Project Accounts when such funds are deposited. The City neither represents nor warrants, explicitly or implicitly, that the funds deposited in the MATCO Project Accounts as set forth in Section 4.02(A) will be sufficient for performing Work with respect to the MATCO Equipment and Fuel System. Other than expressly provided for herein, the City is not in any manner obligated to pay any costs incurred for performing Work with respect to the MATCO Equipment and Fuel System.

## APPENDIX 7.B.

**C.** The funds in the MATCO Project Accounts will be made available to MATCO in accordance with the provisions of Exhibit F hereto to pay the cost of the Work with respect to the MATCO Equipment and Fuel System described in Exhibit F hereto. In the event that the funds in the MATCO Project Accounts are insufficient to pay the cost of such Work, MATCO shall nevertheless be obligated to complete the Work with respect to the MATCO Equipment and Fuel System, and to pay all costs in connection therewith. In such event, the City and MATCO agree as follows:

1. The preferred source of funding for costs in excess of the MATCO Project Account is the proceeds of Bonds issued by the City pursuant to Section 10.02 of the Use Agreements.

2. In the event that Bonds are not issued for such purpose, the City and MATCO will review the scope of Work for the MATCO Equipment and Fuel System and reduce such scope in order to reduce the need for additional funding. In no event shall such reduction in scope substantially change the utility of the MATCO Equipment.

3. If Bonds are not issued for such purpose and the City and MATCO are unable to agree on scope reductions within a reasonable time of commencing discussions with respect to such reductions, the City and MATCO will consider alternative sources of financing, including, without limitation, a bank loan.

4. If Bonds are not issued for such purpose and the City and MATCO have neither agreed to scope reductions nor alternative means of financing, then MATCO shall exercise its right under Section 11.06 of the Members Agreement to require each Member to contribute its pro rata share of such additional funding as may be required to pay for costs in excess of the funds in the MATCO Project Account.

**D.** Any and all equipment paid for pursuant to this Section 4.02 is MATCO Equipment and subject to all terms and conditions hereunder. Any Work on the Fuel System paid for pursuant to this Section 4.02 shall be and become part of the Fuel System and subject to all terms and conditions hereunder.

**E.** The Debt Service with respect to any and all Bonds issued to fund the cost of the Work on the MATCO Equipment and the Fuel System shall be an expense of the Equipment Cost Center and Fueling Cost Center, respectively, as set forth in the Use Agreements and shall be paid as set forth in the Use Agreement and herein.

### **Section 4.03 - Ownership of the MATCO Equipment and Fuel System**

All MATCO Equipment, as listed in Exhibit C, and the Fuel System, as listed on Exhibit D, as such exhibits may be amended from time to time, are and shall remain the property of the City. MATCO hereby acknowledges that neither MATCO nor any user of the MATCO Equipment or Fuel System will own or have title to the MATCO Equipment

## APPENDIX 7.B.

or the Fuel System, and agrees that it will not treat itself or authorize any other User to treat itself as the owner of any MATCO Equipment or the Fuel System.

### **Section 4.04 - Contracting for Work**

MATCO may contract for the performance of Work on the MATCO Equipment and the Fuel System. The City has the right, but not the obligation, to review and approve the form of MATCO's contract for the performance of such Work. MATCO shall furnish its proposed form of contract for Work to the City for City review and approval prior to the advertisement for bids of any Work. MATCO hereby expressly acknowledges and agrees that in the performance of Work, MATCO is bound by all terms and conditions set forth herein, including, without limitation, those federal, state and local laws, statutes, ordinances, regulations, rules and executive orders pertaining to procurement referenced in this Agreement, including all exhibits hereto. MATCO shall not contract for Work or services of any nature with any person or entity barred from contracting with the City pursuant to any law, ordinance, rule or regulation. City reserves the right to disapprove any such contract. MATCO shall include the provisions set forth in Exhibit G, attached hereto and incorporated by reference herein, in all contracts for Work. MATCO's contracts for Work shall not include any terms or provisions which in any way conflict with, negate or void the contract provisions set forth in Exhibit G. Subject to the review and approval of the City and its Corporation Counsel, MATCO may modify the contract provisions in Exhibit G to conform to the nature of the Work to be performed by MATCO and/or its Contractors.

All such contracts for Work shall contain provisions making them assignable to the City. Upon the occurrence of an Event of Default under this Agreement, or pursuant to Section 5 of Exhibit G to this Agreement, the City shall have the right to require that MATCO complete the assignment to City of any and all contracts. Such assignment shall be in writing and acceptable in form and substance to the Commissioner. All such contracts shall also contain terms providing that in the event that such contract is assigned to the City, the Contractor shall be deemed to have waived any and all claims, suits or causes of action arising out of or relating to the performance of such contract prior to the effective date of such assignment unless the Contractor notifies the City in writing of such claim, suit or cause of action prior to the effective date of such assignment. The City shall not be responsible or liable for any claims relating to such contracts arising from or related to any fraud, misrepresentation, negligence or willful or intentionally tortious conduct by MATCO, its officials, employees, agents, Members or Contractors.

### **Section 4.05 - Operation and Maintenance of the MATCO Equipment and Fuel System**

**A. MATCO's Obligations.** MATCO shall at all times be responsible for, and shall perform or cause to be performed, the operation, maintenance and repair of the MATCO Operations Areas, the Fuel System and the MATCO Equipment. MATCO shall, at all times:



## APPENDIX 7.B.

- i) keep all fixtures, equipment and personal property in clean and orderly condition and appearance;
- ii) maintain all fixtures, equipment and personal property in good condition, reasonable wear and tear excepted;
- iii) perform all repairs, replacements and painting for the MATCO Equipment and Fuel System in full compliance with any and all standards established by the City for such repairs, replacement and painting at the Airport; and
- iv) repair, replace and maintain the MATCO Equipment and Fuel System as is necessary to assure that at the conclusion of the Term the fair market value of such equipment and its remaining useful life will, under current tax law, be consistent with, and sufficient to establish ownership of such equipment by the City.

**B. Standard of Care.** MATCO shall operate and maintain the MATCO Equipment in accordance with reasonably prudent engineering and safety standards in the public transportation industry and in accordance with all applicable federal, state and local laws, statutes, ordinances, regulations and executive orders.

**C. MATCO Vehicular Traffic.** MATCO shall at all times control all of its vehicular traffic in the Airport, taking all precautions reasonably necessary to preserve the safety of passengers, customers, business visitors and other persons at the Airport, and employing such means as may be necessary to direct movement of its vehicular traffic.

**D. Title to Replacement Parts, Components and Equipment.** Title to any replacement parts, components or items of the MATCO Equipment or Fuel System shall immediately vest in City without further action by any party. Title to any parts, components or items of the MATCO Equipment and the Fuel System removed by MATCO and not replaced shall be retained by City.

**E. Non-Interference with Airport Operations.** The Work and the operations of MATCO and its officials, agents, employees, Contractors, guests, patrons, and invitees on the Airport shall be conducted in an orderly and proper manner and shall not otherwise annoy, disturb, or be offensive to others at the Airport. In the event that MATCO is not in compliance with this Section, at the written request of the Commissioner, MATCO shall immediately conform the demeanor or conduct of MATCO or its officials, agents, employees, contractors, guests, patrons, and invitees to the standard set forth in this Section.

**F. Access by City.** Upon the giving of reasonable notice, which may in certain circumstances determined at the City's sole discretion be only by oral notice, MATCO shall allow City, its officers, agents or employees, free access to the MATCO Operations Areas, the Fuel System and the MATCO Equipment for the purposes of inspection to ascertain if MATCO is performing its obligations under this Agreement, and for conducting such other activities deemed reasonably necessary by the City.

## APPENDIX 7.B.

**G. City's Right to Perform MATCO Functions.** In the event that MATCO fails to perform any of its obligations under this Article IV within thirty (30) days of its receipt of notice from the City to so perform, City may perform such obligations without such performance causing or constituting a termination of this Agreement or an interference with any of MATCO's rights under this Agreement. City may do all things necessary to perform such obligation and charge the cost and expense of such performance as an O&M Expense of the Equipment and Fueling Cost Center in the calculation of Airline Fees and Charges under the Use Agreement. If, in the sole determination of the Commissioner, any failure of MATCO to perform its obligations under this Article IV endangers the health and safety of the public or employees of the City, the City may perform any such obligation after providing oral notice to MATCO and may charge its costs for such performance as an O&M Expense of the Equipment and Fueling Cost Center under the Use Agreement.

**H. City's Right to Use MATCO Equipment.** City retains the right, as owner of the MATCO Equipment and Fuel System, to use the MATCO Equipment and Fuel System in accordance with such rules and regulations as MATCO may adopt, subject to the City's review and approval, for users of the MATCO Equipment and Fuel System. The City may replace the MATCO Equipment and the Fuel System, or any portion thereof, with equipment similar in function and condition to the equipment to be replaced, provided that such replacement does not materially adversely affect the operations of MATCO.

### **Section 4.06 - Payment for the Operation and Maintenance of the MATCO Equipment and Fuel System**

The costs to MATCO of operating and maintaining the MATCO Equipment and the Fuel System shall, together with such other costs as may be set forth in the Use Agreement, constitute O&M Expenses of the Equipment Cost Center or the Fueling Cost Center, as the case may be, as such are defined in the Use Agreement. MATCO shall submit, not later than 180 days prior to the end of each fiscal year, to the City a preliminary estimate of the O & M Expenses of the Equipment Cost Center and Fueling Cost Center. MATCO shall submit, not later than 120 days prior to the end of each fiscal year, to the City a final estimate of the O & M Expenses of Equipment Cost Center and Fueling Cost Center. On or before the tenth day of each month, MATCO shall submit its invoices to the Commissioner for the actual costs incurred by MATCO for the operation and maintenance of the MATCO Equipment and Fuel System for the immediately preceding month. Each invoice shall be acceptable in form and substance to the Commissioner and shall set forth an allocation of the cost of the invoice between the Equipment Cost Center or the Fueling Cost Center. The City shall disburse sufficient funds from the O&M Fund created under the Use Agreement to pay invoices submitted by MATCO. The City shall make payments directly to the issuers of the invoices to MATCO. The City shall have no obligation or liability to MATCO under this Section 4.06 other than to make payment pursuant to an accepted MATCO invoice. The City shall have no obligation or liability under this Section 4.06 to any third party whatsoever. Payment of MATCO invoices will be made within sixty (60) days of the Commissioner's acceptance of an invoice. The Commissioner may withhold processing of any invoice which, in his or her reasonable opinion, is not submitted with adequate supporting

## APPENDIX 7.B.

documentation for the charges and costs set forth on such invoice. The Commissioner shall provide reasonable notice of any inadequacies in the supporting documentation.

**Section 4.07 - Additional Equipment and Modifications and Improvements to the Fuel System.** In addition to the MATCO Equipment identified on Exhibit C hereto, MATCO, by Majority-in-Interest approval, or any Member of MATCO, may from time to time, at its own expense, install additional equipment, facilities and improvements, or modify, replace or expand existing equipment, facilities, and improvements, including the Fuel System, at the Airport. Any such installation, modification, replacement or expansion is subject to the review and approval of the City. No such installation, modification, replacement or expansion shall occur if such installation, modification, replacement or expansion would in any way (i) materially and permanently impair the utility or value of the MATCO Equipment or Fuel System, or (ii) interfere with the operation of the Airport or (iii) interfere with the use of the MATCO Equipment or Fuel System by the City or any other user of the Airport.

Pursuant to Article X of the Use Agreement, the City may, upon the request of a Majority-in-Interest of the Signatory Airlines, agree to finance, in whole or in part, any such additional equipment, facilities, improvements, modifications, replacements or expansions of the existing equipment, facilities and improvements through the issuance of Midway Airport Revenue Bonds. Notwithstanding any such request, the City shall not be obligated to issue Midway Airport Revenue Bonds. Any equipment, facilities and improvements financed by Midway Airport Revenue Bonds shall be deemed to be MATCO Equipment or the Fuel System, as appropriate. Further, any equipment, facilities or improvements which are not removable without causing material damage to the MATCO Equipment or Fuel System or any portion of the Airport that is not leased to an airline or other user of the Airport shall also be deemed to be MATCO Equipment or the Fuel System, as appropriate.

### ARTICLE V CALCULATION OF EQUIPMENT AND FUELING FEES

#### Section 5.01 - Equipment and Fueling Fees.

**A. Per Capita Fee.** Throughout the term of this Agreement, equipment and fueling fees shall be charged to Members and non-Members, which, notwithstanding the provisions of Section 8.10 of the Use Agreements, shall be calculated as set forth in this Article V. Each Fiscal Year, Members shall pay a per capita fee ("Equipment Cost Center Per Capita Fee"), which amount shall be equal to twenty percent (20%) of the Equipment Cost Center requirement for such Fiscal Year, as determined pursuant to the Use Agreements, divided equally among the Members. In addition, Fuel Members shall pay a per capita fee ("Fueling Cost Center Per Capita Fee") which amount shall be equal to ten percent (10%) of the Fueling Cost Center requirement for such Fiscal Year, as determined pursuant to the Use Agreements, divided equally among the Fuel Members.

## APPENDIX 7.B.

**B. Usage Fees.** Each Member shall pay an Equipment Fee for each Fiscal Year which amount shall be the product of (i) the number of thousands of pounds of the Maximum Approved Gross Landing Weight of such Member's Aircraft involved in Revenue Landings for such Fiscal Year and (ii) the Base Equipment Fee Rate (as calculated below). Each Member shall pay a Fuel Fee for each Fiscal Year which amount shall be the product of (i) the number of gallons of Fuel distributed by or on behalf of the Member from the Fuel System and (ii) the Base Fuel Fee Rate (as calculated below). Each non-Member shall pay an Equipment Fee for each Fiscal Year which amount shall be the product of (i) the number of thousands of pounds of the Maximum Approved Gross Landing Weight of such non-Member's Aircraft involved in Revenue Landings for such Fiscal Year and (ii) the Premium Equipment Fee Rate (as calculated below). Each non-Fuel Member shall pay a Fuel Fee for each Fiscal Year which amount shall be the product of (i) the number of gallons of Fuel distributed by or on behalf of the non-Member from the Fuel System for such Fiscal Year and (ii) the Premium Fuel Fee Rate (as calculated below).

### Section 5.02 - Base Rates.

**A. Base Equipment Fee Rate.** The Base Equipment Fee Rate for each Fiscal Year, which rate shall be payable by Members only, shall be calculated as eighty percent (80%) of the Equipment Cost Center requirement for such Fiscal Year, as determined pursuant to the Use Agreements, divided by the sum of (i) the Maximum Approved Gross Landing Weight in thousand-pound units of all aircraft of all Members landed in Revenue Landings during such Fiscal Year and (ii) one hundred fifty percent (150%) of the Maximum Approved Gross Landing Weight in thousand pound units of all aircraft of all non-Members landed in Revenue Landings during such Fiscal Year.

**B. Base Fuel Fee Rate.** The Base Fuel Fee Rate for each Fiscal Year, which rate shall be payable by Members only, shall be calculated as ninety percent (90%) of the Fuel Cost Center requirement for such Fiscal Year, as determined pursuant to the Use Agreements, divided by the sum of (i) the total gallons of Fuel distributed by or on behalf of all Members from the Fuel System during such Fiscal Year and (ii) one hundred twenty-five percent (125%) of the gallons of Fuel distributed by or on behalf of all non-Members from the Fuel System during such Fiscal Year.

**Section 5.03 - Premium Equipment and Fueling Fee Rate.** The Premium Equipment Fee Rate for each Fiscal Year, which rate shall be payable by non-Members only, shall be calculated as one hundred fifty (150%) of the Base Equipment Fee Rate plus one hundred fifty percent (150%) of the Equivalent Equipment Cost Center Per Capita Fee Rate determined by dividing: (i) the Equipment Cost Center Per Capita Fee for the Member with the lowest Maximum Approved Gross Landing Weight, by (ii) its Maximum Approved Landing Weight.

## APPENDIX 7.B.

The Premium Fuel Fee Rate for each Fiscal Year, which rate shall be payable by non-Fuel Members only, shall be calculated as one hundred twenty-five percent (125%) of the Base Fuel Fee Rate plus one hundred twenty-five percent (125%) of the Equivalent Fueling Cost Center Per Capita Fee Rate determined by dividing: (i) the Fueling Cost Center Per Capita Fee for the Member with the lowest number of gallons of fuel distributed or on behalf of such member, by (ii) its number of gallons.

**Section 5.04 - Effectiveness of this Article V.** The provisions of this Article V shall be in full force and effect, and the City shall charge Equipment and Fueling Fees pursuant to this Article V, so long as this Agreement is in full force and effect.

**Section 5.05 - Payment of Equipment and Fueling Fees.** Members shall pay Equipment Fees and Fueling Fees pursuant to Section 9.02(c) of the Use Agreements. Non-Members shall pay Equipment Fees and Fueling Fees pursuant to the MATCO Terminal Access Agreement and MATCO System Agreement.

### ARTICLE VI RECORD-KEEPING AND REPORTING

#### Section 6.01 - MATCO's Records.

**A. Ownership of Documents.** All documents and data, including but not limited to, studies, reports, drawings, models, specifications, estimates, maps, calculations and instruments of service (collectively, Documents) prepared under or in connection with this Agreement are the property of the City. MATCO is responsible for any loss or damage to Documents while such Documents are in MATCO's possession or the possession of its Contractors. MATCO is wholly responsible for the cost of restoration of such lost or damaged Documents. MATCO shall deliver all Documents to the City upon the City's reasonable demand. If MATCO fails to deliver such Documents to the City, MATCO shall pay to the City any damages the City may incur due to such failure.

**B. Confidentiality.** All Documents and all reports, information or data provided to MATCO under this Agreement are confidential. MATCO agrees, and shall cause its officers, officials, employees and Contractors to agree, that except as specifically authorized herein, MATCO shall not make available such reports, information or data to any individual or organization other than the City without the prior written approval of the Commissioner. In the event that MATCO is served with a request for Documents by a government agency or with a *subpoena duces tecum* regarding any Documents or any reports, information or data which may be in MATCO's possession by reason of this Agreement, MATCO will immediately provide notice to the Program Manager and the City's Corporation Counsel such that the City will have the opportunity to contest such process by any means available to it before such Documents, reports, information or data are submitted to a court or other third party; provided, however, that MATCO will not withhold delivery beyond the time ordered by a court or government agency unless

## APPENDIX 7.B.

the *subpoena* or request is quashed, or the deadline for such delivery is otherwise extended.

**C. Records of the Work.** MATCO shall furnish to the Program Manager such information as may be requested pertaining to the progress, execution and cost of the Work. MATCO shall maintain, or cause to be maintained, records showing actual time expended and cost incurred in the performance of Work. All such books, records and accounts shall be maintained according to generally accepted accounting principles. All books, records and accounts in any way pertaining to the Work shall be open to the City, including any representatives designated and authorized by the City to inspect, audit, duplicate or otherwise review such books, records and accounts. MATCO shall maintain all such books, records and accounts in a safe location, make them available to the City upon request, and retain all such books, records and accounts for inspection, audit, duplication or other related use by the City for at least five (5) years after completion of the Work.

**D. Records of the Operation and Maintenance of the MATCO Equipment and Fuel System.** MATCO shall furnish to the Commissioner such information as may be requested pertaining to the operation and maintenance of the MATCO Equipment and Fuel System. MATCO shall maintain, or cause to be maintained, records showing actual time expended and cost incurred in such operation and maintenance of the MATCO Equipment and Fuel System. MATCO shall maintain, or cause to be maintained, records showing actual gallons of Fuel distributed to and from the Fuel System for each party that provides Fuel to or takes Fuel from the Fuel System. All such books, records and accounts shall be maintained according to generally accepted accounting principles. All books, records and accounts in any way pertaining to the operation and maintenance of the MATCO Equipment and Fuel System shall be open to the City, including any representatives designated and authorized by the City to inspect, audit, duplicate or otherwise review such books, records and accounts. MATCO shall maintain all such books, records and accounts in a safe location, make them available to the City upon request, and retain all such books, records and accounts for inspection, audit, duplication or other related use by the City for at least five (5) years.

### Section 6.02 - MATCO Reports.

**A. Reporting the Progress of the Work.** MATCO shall provide quarterly reports to the Program Manager of the progress of the Work. Such reports shall be acceptable in form and substance to the Program Manager.

**B. Reports Pertaining to the Operation and Maintenance of the MATCO Equipment.** On or before January 31st and July 31st of each calendar year during the Term, MATCO shall provide the Commissioner with a report of its operations and maintenance of the MATCO Equipment and Fuel System for the six months immediately prior to the month in which such report is due. All such reports shall be acceptable in form and substance to the Commissioner.

## ARTICLE VII

**APPENDIX 7.B.****INDEMNITY AND INSURANCE****Section 7.01 - Indemnity.**

**A. Indemnity.** MATCO agrees to protect, defend, indemnify, keep, save and hold the City of Chicago, its officers, officials, employees and agents (collectively "**Indemnified Parties**") free and harmless from and against any and all liabilities, losses, penalties, damages, settlements, costs, charges, professional fees or other expenses or liabilities of every kind, nature and character arising out of or relating to any and all claims, liens, demands, obligations, actions, suits, judgments or settlements, proceedings or causes of action of every kind, nature and character (collectively "**Claims**") in connection with or arising directly or indirectly out of the performance or failure to perform hereunder by MATCO, its officials, agents, employees, and subcontractors, including but not limited to, the enforcement of this indemnification provision, except for Claims shown by final judgment to have been caused by or attributable to the Indemnified Parties' negligence, in which event the Indemnified Parties shall contribute to the payment of damages decreed by judgment, and the actual costs of defense borne by MATCO not otherwise covered by insurance, to the extent the Indemnified Parties are found liable by such judgment. Without limiting the foregoing, any and all such Claims relating to personal injury, death, damage to property, defects in materials or workmanship, actual or alleged infringement of any patent, trademark, copyright or of any other tangible or intangible personal property right, actual or alleged employment discrimination or wrongful discharge, or any actual or alleged violation of any applicable statute, ordinance, order, rule or regulation, or decree of any court, shall be included in the indemnity hereunder. The foregoing indemnity provision excludes the negligence of the Indemnified Parties to the extent prohibited by 740 ILCS 35/1 *et seq.* (Construction Contract for Indemnification Act) and/or 740 ILCS 150/0.01 *et seq.* (Structural Work Act), respectively. MATCO further agrees to investigate, handle, respond to, provide defense for and defend all suits for any and all Claims, at its sole expense and agrees to bear all other costs and expenses related thereto, even if the Claims are considered groundless, false or fraudulent.

## APPENDIX 7.B.

The Indemnified Parties shall have the right, at their respective options and cost, to participate in the defense of any suit, without relieving MATCO of any of its obligations under this indemnity provision, provided that the Indemnified Parties and their respective attorneys shall coordinate and cooperate with MATCO's attorneys. MATCO further expressly understands and agrees that the requirements set forth in this indemnity to protect, defend, indemnify, keep, save and hold the Indemnified Parties free and harmless are separate from and not limited by MATCO's responsibility to obtain insurance pursuant to other Sections in this Agreement. Further, the indemnities contained in this Section shall survive the expiration or termination of this Agreement.

### **B. Release of City.**

1. The City shall not be liable to MATCO, or to MATCO's agents, representatives, contractors, subcontractors, or employees, for any injury to, or death of, any of them or of any other person, or for any damage to any of MATCO's property, or loss of revenue caused by any third person in the maintenance, construction, or operation of facilities at the Airport, or caused by City or any third person using the Airport or navigating any aircraft on or over the Airport, except where there has been a final determination by a court of competent jurisdiction that any injury, death, or damage is due to the negligence or willful misconduct of City, and only to the extent MATCO or any of the above described parties is not covered by insurance.

2. The City shall not be liable to MATCO for damage to property of MATCO or any loss of revenues to MATCO resulting from City's acts or omissions in the maintenance and operation of the Airport, except where there has been a final determination by a court of competent jurisdiction that such damage or loss has been caused by the negligence or willful misconduct of City, and then only to the extent MATCO is not reimbursed by insurance.

3. Notwithstanding any reference herein to MATCO's release and indemnification being ineffective in certain instances where City or its agents, employees or representatives have been negligent, nothing herein shall be construed to make City liable in any case or instance where City would otherwise be immune from any tort liability because of its being a municipal corporation.

**C. Non-Liability of Public Officials.** No official, employee, or agent of City shall be charged personally by MATCO, or by any assignee or contractor of MATCO, with any liability or expenses of defense, or be held personally liable to them under any term or provision of this Agreement, or because of City's execution or attempted execution hereof, or because of any breach hereof.

**D. City Approvals Do Not Limit MATCO's Obligations.** Nothing herein is intended nor shall it be construed to provide any limitation upon MATCO's obligation to comply with the terms and conditions of this Agreement. No City review or approval of any act of MATCO or document provided by MATCO, including, but not limited to, plans and specifications, shall in any way serve to attenuate, diminish or otherwise limit MATCO's obligations hereunder, nor shall any such review or approval constitute a



## APPENDIX 7.B.

waiver by the City of any non-compliance with the terms and conditions of this Agreement.

**E. Survival Beyond Termination of this Agreement.** MATCO's obligations under Section 8.08 and this Article VI shall survive the termination of this Agreement.

**Section 7.02 - Required Insurance Coverage.** MATCO shall provide and maintain at all times, at MATCO's own expense during the term of the Agreement and during any period subsequent to the expiration of the Term if MATCO is required to return to perform Work or perform any activities to comply with any Environmental Law, the type of insurance specified below, with insurance companies authorized to do business in the State of Illinois, covering all operations under this Agreement, whether performed by MATCO, its contractors or subcontractors. The kinds and amounts of insurance required are as follows:

**A. Workers' Compensation and Occupational Disease Insurance - Workers' Compensation and Employers Liability Insurance,** as prescribed by applicable law, covering all employees who are to provide a service under this Agreement with limits of not less than \$500,000 each accident or illness.

**B. Commercial Liability Insurance (Primary and Umbrella) - Commercial Liability Insurance** or equivalent coverage with limits of not less than \$50,000,000 per occurrence, for pollution, bodily injury, property damage liability, and personal injury. Coverages shall include the following: all premises and operations, products/completed operations, explosion, collapse, underground, pollution, independent contractors, broad form property damage, separation of insureds, defense and contractual liability coverages (with no limitation endorsement). City shall each be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from MATCO's performance under this Agreement.

**C. Automobile Liability Insurance -** When any motor vehicles are used in connection with work to be performed by or on behalf of MATCO, MATCO shall provide Automobile Liability Insurance with limits of not less than \$5,000,000, per occurrence, for bodily injury and property damage.

**D. All Risk Builders Risk Insurance -** When MATCO undertakes any work at the Airport, including improvements, betterments, or repairs, MATCO shall provide All Risk Builder's Risk Insurance, at replacement cost, for the materials, supplies, equipment, machinery, and fixtures that are or will be part of the permanent facilities. Coverages shall include but not be limited to the following: right to partial occupancy, material stored off-site and in-transit, boiler and machinery, earth movement, flood (including surface water back-up), collapse, water damage, faulty workmanship or materials, testing and mechanical-electrical breakdown. The City shall be named as an additional insured and loss payee.

## APPENDIX 7.B.

**E. All Risk Property Insurance** - MATCO shall maintain All Risk Commercial Property Insurance, including improvements and betterments covering damage to buildings, machinery, equipment, supplies or other contents in the amount of full replacement value of the property. Coverage extensions shall include boiler and machinery, collapse, sprinkler leakage, and flood. The City shall be named as an additional insured and loss payee.

**F. Professional Liability** - When any architects, engineers, or consulting firms perform work or services in connection with this Agreement, Professional Liability Insurance covering acts, errors and omissions shall be maintained with limits of \$1,000,000. Coverage shall include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work under the contract. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

### Section 7.03 - Additional Obligations of MATCO Regarding Insurance.

**A.** MATCO will furnish the Commissioner with original Certificates of Insurance evidencing the coverage required to be in force on the date of this Agreement, and renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. MATCO shall submit evidence of insurance on the City of Chicago insurance certificate of coverage form prior to the execution of the Agreement by the City. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all requirements of this Agreement. The failure of the City to obtain certificates or other evidence of insurance from MATCO shall not be deemed to be a waiver by the City. MATCO shall advise all of its insurers of the provisions of this Agreement pertaining to insurance. Non-conforming insurance shall not relieve MATCO of its obligation to provide the insurance specified herein. Nonfulfillment of the insurance conditions may constitute a material breach of the Agreement, and the City retains the right to suspend the Agreement until proper evidence of insurance is provided, or terminate the Agreement.

**B.** All insurance policies shall provide for sixty (60) days written notice to City prior to the effective date of any change, cancellation, or termination of such coverage.

**C.** Any and all deductibles or self-insured retentions on referenced insurance coverages shall be borne by MATCO.

**D.** MATCO shall require all contractors to carry the insurance required herein, or MATCO may provide the coverage for any or all contractors or subcontractors, and, if so, the evidence of insurance submitted shall so stipulate.

## APPENDIX 7.B.

**E.** MATCO expressly understands and agrees that any insurance coverages and limits furnished by MATCO shall in no way limit MATCO's liabilities and responsibilities specified within the Agreement, in equity, or at law.

**F.** MATCO hereby waives, and shall cause each of its contractors to waive, its rights of subrogation against City, including City's appointed and elected officials, agents, and employees. Inasmuch as this waiver will preclude the assignment of any claim by subrogation to an insurance company, MATCO agrees to do the following and cause each contractor and subcontractor to do the following: to give to each insurance company which has issued, or in the future may issue, to it policies of physical damage insurance, written notice of the terms of this waiver, and to have said insurance policies properly endorsed, to prevent the invalidation of said insurance coverage by reason of said waiver.

**G.** MATCO expressly understands and agrees that any insurance maintained by City shall apply in excess of and not contribute with insurance provided by MATCO under this Agreement.

**H.** MATCO shall not do or permit to be done anything, either by act or failure to act, which shall cause cancellation of any policy of insurance required hereunder or any policy maintained by City.

**I.** The required insurance shall not be limited by any limitations expressed in the indemnification language herein or any limitation imposed by law upon any indemnification provided herein.

**J.** City maintains the right to modify, delete, alter or change the requirements set forth under Section 7.02 above and this Section 7.03.

### **Section 7.04 - Use of Insurance Proceeds.**

**A.** If the MATCO Equipment or the Fuel System, or any portion thereof, is damaged or destroyed by fire or other casualty, the City shall deposit the proceeds of insurance actually received with respect to such damage in a construction fund, and MATCO shall, to the extent of such proceeds, and subject to such terms and conditions of Exhibit F hereto and such other reasonable terms and conditions that may be imposed by the City, promptly repair, reconstruct and restore the damaged or destroyed MATCO Equipment and MATCO Fuel System to (i) substantially the same condition, utility and value as existed prior to such damage or destruction, or (ii) such other condition, character, utility and value as the City and MATCO may agree upon.

**B.** If the proceeds of insurance received by the City are insufficient to restore or replace the MATCO Equipment or the Fuel System as required by Section 7.04.A above, the City, so long as it may have the right and authority to issue Bonds, may, but shall not be obligated to, issue Bonds, pursuant to Article X of the Use Agreements, to cover costs resulting from the insufficiency of insurance proceeds. MATCO shall use

## APPENDIX 7.B.

the proceeds of such Bonds solely to restore or replace the MATCO Equipment or Fuel System.

**C.** If the proceeds of insurance are in excess of the amount necessary to restore or replace the MATCO Equipment or Fuel System as required by Section 6.04.A above, the excess amount shall be treated as Non-Airline Revenues allocable to the Equipment and Fueling Cost Center.

### ARTICLE VIII ADDITIONAL OBLIGATIONS OF MATCO

**Section 8.01 - Taxes.** MATCO shall pay such taxes or special assessments, if any, which may be levied or assessed upon MATCO's interest in the MATCO Operations Areas at the Airport. MATCO shall provide the Commissioner with copies of all notices relating to such taxes within thirty (30) days of request and shall provide the Commissioner with a receipt indicating payment of such taxes. Nothing herein shall preclude MATCO from contesting such charge or tax, including those taxes or charges enacted or promulgated by City.

**Section 8.02 - Utilities.** MATCO shall be responsible for payment of all costs of utilities for its operations, including, but not limited to, electricity and telephone service.

**Section 8.03 - Permits, Licenses.** MATCO shall be responsible for obtaining, at its own expense, all necessary governmental approvals, inspections, permits, or licenses needed in connection with the MATCO's operations and the MATCO Operations Areas, including any business conducted thereon, or any Work performed thereon.

**Section 8.04 - Compliance with All Laws.** MATCO shall comply with all applicable Federal, State, and local laws, codes, regulations, ordinances, rules, and orders; provided, however, that MATCO may, without being considered to be in breach hereof, contest any such laws so long as such contest is diligently commenced and prosecuted by MATCO and does not jeopardize the health or safety of persons at the Airport or Airport operations.

**Section 8.05 - Compliance with City/State Requirements.** MATCO agrees to execute such certificates as may be necessary to comply with all applicable Federal, State, and local laws, codes, regulations, ordinances, executive orders, rules, and orders, including without limitation such certifications as are listed below. All such certifications shall be executed by MATCO and shall be attached hereto and incorporated by reference herein as Exhibit H.

**A. Disclosure Affidavit Disclosure of Retained Parties.** MATCO shall execute a Disclosure Affidavit and Disclosure of Retained Parties in the form provided by City, in compliance with 720 ILCS 5/33E-3, 4 and 11(B), as amended; 65 ILCS 5/11-42.1-1; Chapter 2-56 of the Municipal Code; and Section 2-92-320 of Chapter 2 of the Municipal Code, and Executive Order 97-1, respectively.

## APPENDIX 7.B.

**B. Anti-Scofflaw.** In accordance with Section 2-92-380 of the Municipal Code of Chicago, and in addition to any other rights and remedies (including any of set-off) available to City under this Agreement or permitted at law or in equity, City shall be entitled to set off a portion of any amounts due MATCO by City under this Agreement in an amount equal to the amount of the fines and penalties for each outstanding parking violation complaint and/or the amount of any debt owed by MATCO to City. For purposes of this section, "outstanding parking violation complaint" means a parking ticket, notice of parking violation or parking violation complaint on which no payment has been made or appearance filed in the Circuit Court of Cook County within the time specified on the complaint. "Debt" means a specified sum of money owed to City for which the period granted for payment has expired.

Notwithstanding the provisions of the immediately preceding paragraph, no such debt(s) or outstanding parking violation complaints shall be offset from any amounts due MATCO from City under this Agreement if one or more of the following conditions are met:

## APPENDIX 7.B.

1. MATCO has entered into an agreement with the Department of Revenue, or other appropriate City department, for the payment of all outstanding parking violation complaints and/or debts owed to City and MATCO is in compliance with the agreement; or
2. MATCO is contesting liability for or the amount of the debt in a pending administrative or judicial proceeding; or
3. MATCO has filed a petition in bankruptcy and the debts owed City are dischargeable in bankruptcy.

**C. Ethics.** MATCO shall comply with Chapter 2-156 of the Municipal Code of Chicago, "Governmental Ethics", including, but not limited to, Section 2-156-120 pursuant to which no payment, gratuity, or offer of employment shall be made in connection with any City contract, by or on behalf of a subcontractor to the prime contractor or higher tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order. Any contract negotiated, entered into, or performed in violation of any of the provisions of such Chapter shall be voidable as to City.

**D. MacBride Principles.** City, through the passage of the MacBride Principles Ordinance, seeks to promote fair and equal employment opportunities and labor practices for religious minorities in Northern Ireland and provide a better working environment for all citizens in Northern Ireland.

If MATCO conducts any business operations in Northern Ireland, it is hereby required that MATCO shall make all reasonable and good faith efforts to conduct any business operations in Northern Ireland in accordance with the MacBride Principles for Northern Ireland as defined in Illinois Public Act 85-1390 (1988 Ill. Laws 3220).

**E. Inspector General.** It shall be the duty of MATCO and all officers, directors, agents, partners, and employees of MATCO to cooperate with the Inspector General of City in any investigation or hearing undertaken pursuant to Chapter 2-56 of the Code. MATCO understands and will abide by all provisions of Chapter 2-56 of the Code.

**F. Americans with Disabilities Act.** Any and all designs for improvements to the MATCO Operations Areas that will be designed and built by or on behalf of MATCO shall comply with all Federal, State and local laws and regulations regarding accessibility standards for disabled or environmentally limited persons including, but not limited to, the following: Americans with Disabilities Act, P.L. 101-336 (1990), 42 U.S.C. 12101 *et seq.* and the Uniform Federal Accessibility Guidelines for Buildings and Facilities and the Illinois Environmental Barriers Act, 410 ILCS 25/1 *et seq.* (1991), and the regulations promulgated thereto at 71 Ill. Admin. Code Ch. 1, Sec. 400.110. In the event that the above-cited standards are inconsistent, MATCO shall comply with the standard providing greater accessibility.

## APPENDIX 7.B.

All construction or alterations undertaken by MATCO in connection with this Agreement, including all Work, shall be performed in compliance with all Federal, State and local laws and regulations regarding accessibility standards for disabled or environmentally limited persons including, but not limited to, the following: Americans with Disabilities Act, P.L. 101-336 (1990), 42 U.S.C. 12101 *et seq.* and the Uniform Federal Accessibility Guidelines for Buildings and Facilities and the Illinois Environmental Barriers Act, 410 ILCS 25/1 *et seq.* (1991), and the regulations promulgated thereto at 71 Ill. Admin. Code Ch. 1, Sec. 400.110.

**G. Conflicts of Interest.** MATCO represents and warrants that no member of the governing body of the City or other unit of government and no other officer, employee or agent of the City or other unit of government who exercises any functions or responsibilities in connection with this Agreement has any personal interest, direct or indirect, in this Agreement, or in MATCO.

MATCO further covenants that (i) no member of the governing body of the City and no officer, employee or agent of the City or other unit of government exercising any functions or responsibilities in connection with this Agreement shall acquire any personal, financial or economic interest, direct or indirect, in MATCO or this Agreement, and (ii) no member of or delegate to the Congress of the United States or the Illinois General Assembly and no alderman of the City or employee of the City shall be admitted to any share or part of this Lease or any financial benefit to arise from it.

**H. Material Adverse Events.** MATCO shall provide the City with prompt notice of any occurrence of an event which has or could have a material adverse impact upon the MATCO Equipment, the Fuel System or the operation of the Airport.

### Section 8.06 - Non-discrimination.

**A. Federal Requirements.** It shall be an unlawful employment practice for MATCO (1) to fail or refuse to hire or to discharge any individual, or otherwise to discriminate against any individual with respect to his compensation, or the terms, conditions, or privileges of his employment, because of such individual's race, color, religion, sex, age, handicap, or national origin; or (2) to limit, segregate, or classify his employees or applicants for employment in any way which would deprive or tend to deprive any individual of employment opportunities or otherwise adversely affect his status as an employee, because of such individual's race, color, religion, sex, age, handicap, or national origin. MATCO shall comply with The Civil Rights Act of 1964, 42 U.S.C. sec. 2000 *et seq.* (1981), as amended. Attention is called to: Exec. Order No. 11,246, 30 Fed. Reg. 12,319 (1965), reprinted in 42 U.S.C. 2000(e) note, as amended by Exec. Order No. 11,375, 32 Fed. Reg. 14,303 (1967) and by Exec. Order No. 12,086, 43 Fed. Reg. 46,501 (1978); Age Discrimination Act, 42 U.S.C. sec. 6101-6106 (1981); Rehabilitation Act of 1973, 29 U.S.C. sec. 793794 (1981); Americans with Disabilities Act, P.L. 101-336; and 41 C.F.R. Part 60, *et seq.* (1990).

**B. State Requirements.** MATCO shall comply with the Illinois Human Rights Act, 775 ILCS 5/1-101, *et seq.*, as amended, and any rules and regulations promulgated

## APPENDIX 7.B.

in accordance therewith, including, but not limited to the Equal Employment Opportunity Clause, 5 Ill. Admin. Code §750 Appendix A. Furthermore, MATCO shall comply with the Discrimination in Public Contracts Act, 775 ILCS 10/0.01 *et seq.*, as amended.

**C. City Requirements.** MATCO shall comply with the Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 *et seq.* of the Municipal Code of Chicago, as amended. Further, MATCO shall furnish and shall cause each of its contractors to furnish such reports and information as requested by the Chicago Commission on Human Relations.

**Section 8.07 - Affirmative Action Program and MBE/WBE Requirements.** MATCO assures that it will undertake an affirmative action program which sets forth all applicable Federal standards as required by 14 C.F.R. Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, religion, age, national origin, or sex be excluded from participating in any employment activities covered in 14 C.F.R. Part 152, Subpart E. MATCO 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 Subpart E. MATCO assures that it will require that its covered suborganizations provide assurances to MATCO that they similarly will undertake an affirmative action program and that they will require assurances from their organizations, as required by 14 C.F.R., Part 152, Subpart E, to the same effect. In furtherance thereof, MATCO also agrees to implement a program consistent with the provisions of Exhibit C, attached hereto and incorporated by reference herein.

### Section 8.08 - Compliance With Environmental Laws

**A. Pre-Existing Conditions.** For the purposes of this Section 8.08, the presence of any hazardous material or special waste in the MATCO Operations Areas that would give rise to liability to any person on the part of MATCO or City, or violate any Environmental Law (as defined below), shall be known as an Environmental Condition. Any Environmental Condition existing on any portion of the MATCO Operations Areas prior to the Effective Date is hereby designated a Pre-Existing Condition.

#### B. Compliance with Environmental Laws

1. MATCO shall comply with all laws relating to the environment, including, without limitation, those relating to fines, orders, injunctions, penalties, damages, contribution, cost recovery, compensation, losses or injuries resulting from the release or threatened release of Hazardous Materials, Special Wastes or other contaminants into the environment and to the generation, use, storage, transportation, or disposal of solid wastes, Hazardous Materials, Special Wastes or other contaminants including, without limitation, the Comprehensive Environmental Response and Compensation Liability Act (42 USC § 9601 *et seq.*), the Hazardous Material Transportation Act (49 USC § 1801 *et seq.*), the Resource Conservation and Recovery Act of 1976 (42 USC § 6901 *et seq.*), the Clean Water Act (33 USC § 1251 *et seq.*), the Clean Air Act (42 USC § 7401 *et*



**APPENDIX 7.B.**

*seq.*), the Toxic Substances Control Act of 1976 (15 USC § 2601 *et seq.*), the Safe Drinking Water Act (42 USC § 300f), the Occupational Safety and Health Act of 1970 (29 USC § 651 *et seq.*), the Emergency Planning and Community Right-to-Know Act (42 USC § 11001 *et seq.*), the Illinois Environmental Protection Act (415 ILCS 5/1 *et seq.*), and the Municipal Code of Chicago; additionally, any analogous future or present local, state or federal ordinance or statute, rule and regulation promulgated under or pursuant to the foregoing, and any other present or future law, ordinance, rule, regulation, permit or permit condition, order, or directive which regulates, relates to, imposes liability for or establishes standards of conduct concerning any Hazardous Materials that may be set forth by the Federal government, any state or any political subdivision thereof, or any agency, court or body of the Federal government, any state or any political subdivision thereof exercising executive, legislative, judicial, regulatory or administrative functions (collectively, "Environmental Laws").

2. If MATCO is required pursuant to any Environmental Laws to file any notice or report of a release or threatened release of Hazardous Materials or Special Wastes on, under or about the MATCO Operations Areas, MATCO shall provide a copy of such report or notice to the City. In the event of a release or threatened release of Hazardous Materials or Special Waste into the environment, or in the event of any claim, demand, action or notice is made against MATCO regarding MATCO's failure or alleged failure to comply with any Environmental Law, MATCO shall immediately notify the City.

3. City shall have reasonable access to the MATCO Operations Areas to inspect the same to confirm that MATCO is using the MATCO Operations Areas in accordance with Environmental Laws. MATCO, at the reasonable request of City and at MATCO's expense, shall conduct such testing and analysis as is necessary to ascertain whether MATCO is using the MATCO Operations Areas in compliance with all Environment Laws. Any such tests shall be conducted by qualified independent environmental consultants chosen by MATCO and subject to City's reasonable approval. Copies of any reports or test results shall be provided to City.

4. In addition to any other remedy afforded at law, in equity or by the terms of this Agreement, if MATCO fails to comply with any Environmental Law which results in, or may result in, a material adverse impact to the MATCO Operations Areas or potential liability to the City, the City may (i) enter the MATCO Operations Areas and take necessary measures to insure compliance with Environmental Laws, including, but not limited to, testing and soil sampling, all at MATCO's expense, and/or (ii) terminate this Agreement in accordance with the default provisions of this Agreement.

5. City makes no warranty, express or implied, regarding the condition of any underground storage tanks on the MATCO Operations Areas, the presence of Hazardous Materials and Special Wastes on the MATCO Operations Areas, that the MATCO Operations Areas are free of Hazardous Materials and Special

## APPENDIX 7.B.

Wastes, or any other environmental contaminant. Subject to the limitations set forth in Section 8.08(A), in the event that City is named in any enforcement action or lawsuit by any party in connection with the environmental condition of the MATCO Operations Areas or improvements thereon, MATCO shall defend City and indemnify City for any costs, damages or fines that might be found against City; provided, however, that MATCO shall not be held accountable by the City under this Agreement in the event that contamination is the result of a third party traversing a right of way on the MATCO Operations Areas or the negligence of the City. MATCO's obligation to indemnify the City pursuant to this section in no other way limits nor is limited by any other indemnification provided in this Agreement.

6. MATCO's liability and obligations under this Section 8.08 shall survive the termination of this Agreement. MATCO hereby waives any right of action or claim pursuant to any Environmental Law against the City, its officers, officials, agents or employees except for (i) Pre-Existing Conditions for which MATCO is not accountable to the City under this Agreement, and (ii) Post-Closing Conditions for which the City is the direct and proximate cause. Any Environmental Condition arising on any portion of the MATCO Operations Area after the Effective Date is hereby designated a Post-Closing Condition.

### C. Environmental Permits

1. MATCO must show evidence of, and keep current throughout the term of this Agreement, all waste hauling, Special Waste hauling, disposal permits and insurance certificates required by Federal, state, City or other local governmental body or agency pursuant to any Environmental Law.

2. When requested by the Commissioner, MATCO shall submit copies of all hauling permits required by any Environmental Law. Copies of all permits and insurance certificates that require periodic renewal must be forwarded to the Commissioner throughout the duration of this Agreement. Non-compliance with this requirement may be cause for termination of this Agreement.

3. Environmental Records and Reports: MATCO shall be required to prepare and maintain proper, accurate and complete records of accounts of all transactions related to the operations of this Agreement, including, but not limited to, the following:

- a. Vehicle maintenance records
- b. Safety and accident reports
- c. IEPA or OSHA manifests
- d. Disposal records, including disposal site used, date, truck number and disposal weight.
- e. Permit documentation and all other documentation and transactions pertaining to all Environmental Laws.

## APPENDIX 7.B.

All such records and accounts shall be subject to review by the City and shall be made available to the City upon the request of the Commissioner. The City's review of any such records and accounts shall in no way serve to limit MATCO's obligations or liability under the terms and conditions of this Agreement or any Environmental Law.

### **D. Disposal of Materials, Construction and Demolition Debris, Soil and Waste**

1. MATCO shall be responsible for the proper disposal of all materials, construction and demolition debris, soil and other waste generated by MATCO's business operations, including but not limited to the performance of Work, or MATCO's activities as set forth in Section 8.08. Hauling and disposal by a subcontractor does not relieve MATCO from responsibility for proper disposal. Disposal of all materials, construction debris, soil, and other wastes shall be at a disposal site that is properly licensed and permitted to accept the particular materials, construction debris, soil and other wastes delivered to it in accordance with all Environmental Laws. MATCO shall identify the disposal site(s) or transfer station(s) to which it has contractual access and for which proper, sanitary landfill permits and/or licenses have been obtained. Failure to identify disposal site(s) for materials, construction debris, soil and other wastes or to submit such information when requested by the Commissioner may be cause to terminate this Agreement.

2. Upon request by the Commissioner, MATCO shall provide the Commissioner with copies of all load tickets, manifests, bills of lading, scale tickets and other pertinent documents, including copies of all permits and/or licenses for the proposed transfer station and/or landfill. In the event that the transfer station and/or landfill proposed for use by MATCO does not possess the necessary permits and/or licenses to accept the materials, construction debris, soil or other wastes, MATCO will replace the transfer station and/or landfill submitted as part of their bid proposal at no additional cost to the City. If MATCO disposes of materials, construction debris, soil or other wastes at a site which is not properly permitted, MATCO shall be responsible for all costs associated with the removal of the waste to a properly licensed/permitted landfill or disposal site.

3. MATCO shall accept full responsibility for compliance with all Environmental Laws.

4. MATCO shall notify the Commissioner within 24 hours of receipt of any environmental complaints, fines, citations, violations or notices of violation ("Claim") by any governmental body or regulatory agency against MATCO or by any third party relating to the loading, hauling or disposal of materials, construction debris, soil or other wastes. MATCO will provide evidence to the Commissioner that any such Claim has been addressed to the satisfaction of the issuer or initiator of such Claim.

## **APPENDIX 7.B.**

5. MATCO shall notify the City of any community meetings, media involvement or media coverage related to the loading, hauling or disposal of materials, construction debris, soil and other wastes under this Agreement in which MATCO is asked to participate.

## APPENDIX 7.B.

6. MATCO shall verify, in writing, whenever requested by the Commissioner, that all materials, construction debris, and other waste accepted by MATCO from the City of Chicago, has been disposed of in compliance with all Environmental Laws.

7. Non-compliance with these terms and conditions may affect MATCO's eligibility for future contracts.

**E. Equipment and Environmental Control During Transport.** MATCO shall haul materials, including but not limited to fuel of any nature, any construction debris, soil and other wastes in vehicles and/or containers complying with all applicable Environmental Laws. All equipment used to transfer materials, construction and demolition debris, soil and other wastes shall be designed to prevent spillage during the hauling operation. MATCO's equipment shall fully comply with all City, state and federal regulations, laws and ordinances pertaining to size, load weight, safety and any Environmental Law.

**F. Open Dumping Prohibited.** A form for identifying MATCO's debris and waste disposal/handling site(s) and acknowledging terms and conditions relating thereto (the "Form") shall be executed by MATCO and provided to the Commissioner before any debris or waste is removed from the MATCO Operations Areas for disposal or handling elsewhere. A sample Form is attached to this Agreement as Appendix A. In addition to the representations and requirements contained in the Form, MATCO understands and agrees that MATCO, unless otherwise authorized in writing by the Commissioner of Environment, shall not continue to use a disposal/handling site identified in the Form that (i) has been cited as being in violation of any environmental law or regulation or of any City ordinance or (ii) does not have a necessary permit. If only one site was identified in the Form, MATCO shall arrange for a substitute disposal/handling site which meets the requirements specified in the Form and provide a revised Form to the Commissioner of Environment. MATCO further understands and agrees that any such substitution shall be at no additional cost to the City, regardless of the reason necessitating such substitution.

**Section 8.09 - Contractors.** MATCO agrees that all of the provisions set forth in Sections 8.03 through and including 8.08 of this Article 8 will be incorporated in all contracts entered into with any suppliers of materials, furnishers of services, contractors of any tier, and labor organizations which furnish skilled, unskilled, and craft union skilled labor, or which may provide any materials, labor, or services in connection with this Agreement for amounts of \$10,000 or more. MATCO agrees to cause its contractors to execute such certificates as may be necessary in furtherance of these provisions. Such certifications shall be attached and incorporated by reference in the contracts. In the event that any contractor is a partnership or joint venture, MATCO shall also include provisions in its contract insuring that the entities comprising such partnership or joint venture shall be jointly and severally liable for its obligations thereunder.

## APPENDIX 7.B.

**Section 8.10 - Indemnification.** In addition to the indemnifications set forth in Article VI hereof, MATCO hereby indemnifies and agrees to defend and hold harmless the City, its agents, partners, officers, representatives and employees, from all Claims arising from or attributable to: (a) the presence due to MATCO's operations of Hazardous Materials and Special Wastes on the MATCO Operations Areas or the subsurface thereof or the violation of any Environmental Laws due to MATCO's operations (including, without limiting the generality thereof, any cost, claim, liability, or defense expended in remediation required by a governmental authority, or by reason of any release of any Hazardous Material or Special Waste due to MATCO's operations or violation of any Environmental Laws), or (b) any aggravation of any condition on the MATCO Operations Areas caused, directly or indirectly, by MATCO's operations, or © any breach by MATCO of any of its warranties, representations or covenants in this Article VII. MATCO's obligations hereunder shall survive the termination or expiration of this Agreement, and shall not be affected in any way by the amount of or absence in any case of covering insurance or by the failure or refusal of any insurance carrier to perform any obligation on its part under any insurance policies affecting the MATCO Operations Areas or MATCO's operations at the Airport.

**Section 8.11 - Gate Control.** MATCO may contract for an operator to perform gate coordination activities at the terminal. The selection of such operator shall be subject to the review and approval of the Commissioner. Such operator shall at all times observe, implement and comply with such rules and regulations for gate allocation as may be promulgated from time to time by the Commissioner. The City reserves and retains the right to direct MATCO to dismiss such operator for material cause. MATCO shall dismiss such operator immediately upon direction of the City.

**Section 8.12 - Fuel System Operator.** MATCO, by Majority-in-Interest approval of the Fuel Members, shall appoint, subject to the prior written consent of the City, a person who shall operate and maintain the Fuel System on behalf of the Fuel Members and who is referred to herein as the "Operator." Subject to the provision of this Agreement, the rights conferred upon MATCO and the Fuel Members with respect to the Fuel System under this Agreement may be exercised by the Operator, or by any one or more of the Fuel Members, on behalf of all Fuel Members, to the extent authorized by the Fuel Members by Majority-in-Interest approval. The Operator shall be the agent of MATCO.

### ARTICLE IX AIRPORT MATTERS

**Section 9.01 - Airport Rules and Regulations.** MATCO shall observe and obey all Airport rules and regulations governing the conduct and operations of the Airport, promulgated from time to time by City, provided, however, that such Airport rules and regulations must be neither (i) inconsistent with the exercise by MATCO of any right or privilege granted to it hereunder or under any other agreement between MATCO and City relating to the Airport, nor (ii) inconsistent with the rules and regulations or orders of any Federal or State agency having jurisdiction over the Airport. Except in cases of

## APPENDIX 7.B.

emergency, no such rule or regulation shall be applicable to MATCO unless it has been given fifteen (15) days prior written notice of the adoption thereof.

**Section 9.02 - Other Legal Requirements.** MATCO shall comply, and shall cause its contractors to comply, with all applicable federal, state and local laws, codes, regulations, ordinances, rules and orders including, without limitation, those promulgated by the FAA, which shall include, but not be limited to, the following:

**A. Prohibition Against Exclusive Rights.** It is hereby specifically understood and agreed that nothing contained in this Agreement shall be construed to grant or authorize the grant to MATCO of an exclusive right to use Airport facilities or to provide aeronautical services to the public as prohibited by Section 308(a) of the Federal Aviation Act of 1958, as amended, and City reserves the right to grant to others at the Airport similar privileges and rights.

**B. Subordination of Agreement.** MATCO covenants and agrees that this Agreement shall be subordinated to the provisions of any existing or future agreement between the City and the United States Government, the execution of which has been or will be required as a condition precedent to the granting of Federal funds for the development of the Airport. MATCO further agrees that it shall not cause the City to violate any assurances made by the City to the Federal government in connection with the granting of such Federal funds.

**C. Non-discrimination in the Use of the Airport.** This Agreement involves the use of or access to space on, over, or under real property acquired or improved under the Airport Development Aid Program of the Federal Aviation Administration, and therefore involves activity which serves the public. MATCO, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that (a) no person on the grounds of race, creed, color, religion, age, sex, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of said facilities; (b) that no person on the grounds of race, creed, color, religion, age, sex, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the construction of improvements on, over, or under such land and the furnishing of services thereon; and © that MATCO shall use the Airport in compliance with all other requirements imposed by or pursuant to regulations of the U.S. Department of Transportation. In the event of a breach of the above nondiscrimination-covenants by MATCO, City shall have the right to terminate this Agreement and to reenter and repossess the MATCO Operations Areas and the facilities thereon, and hold the same as if this Agreement had never been executed.

**D. Non-Discrimination in Furnishing Services.** MATCO agrees that it shall provide its services and products promptly, efficiently and adequately to meet all reasonable demands therefor, all on a fair and non-discriminatory basis to all users thereof.

## APPENDIX 7.B.

**Section 9.03 - Airport Agreements.** MATCO's use and occupancy of the MATCO Operations Areas shall be and remain subject to (I) the provisions of any existing or future agreements between City and the United States government, FAA or other governmental authority, relative to the operation or maintenance of the Airport, the execution of which has been or will be required as a condition precedent to the granting of federal or other government funds, including, without limitation, grant agreements, and (ii) any use agreement heretofore or hereafter executed by the City with airlines operating at the Airport, including, without limitation, the Use Agreements and any ordinance or indenture, or both, authorizing bond anticipation notes or bonds or other obligations adopted by the City Council of the City authorizing the issuance of notes, bonds or other obligations for the Airport and securing such obligations by a pledge of revenues or net revenues of the Airport and any ordinance or indenture supplemental thereto, which shall also include any master indenture.

**Section 9.04 - Airport Security Act.** This Agreement is expressly subject to the Airport Security Act, as amended from time to time, the provisions of which are hereby incorporated by reference, including, without limitation, Sections 105, 109 and 110, and all rules and regulations promulgated thereunder. In the event that MATCO, any individual employed by MATCO, or their respective contractors, subcontractors, suppliers of materials, or providers of services, in the performance of this Agreement, has: (I) unescorted access to secured areas located on or at the Airport; or (ii) capability to allow others to have unescorted access to such secured areas, MATCO shall be subject to, and further shall conduct with respect to its contractors, subcontractors, suppliers of materials, or providers of services and the respective employees of each, such employment investigations, including criminal history record checks, as the Commissioner or the FAA may deem necessary. Further, in the event of any threat to civil aviation, as defined in the Airport Security Act, MATCO shall promptly report any information in accordance with those regulations promulgated by the Secretary of the United States Department of Transportation and by City. MATCO shall, notwithstanding anything contained herein to the contrary, at no additional cost to City, perform under this Agreement in compliance with those guidelines developed by City and the FAA with the objective of maximum security enhancement.

**Section 9.05 - Airport Noise Restrictions.** MATCO agrees to abide by any guidelines, rules or regulations for the Airport which result from any Part 150 study or any other restrictions imposed on noise and which are applicable to the use of the MATCO Operations Areas.

**Section 9.06 - Regulating the Airport; Airport Operation.** City reserves the right to regulate, police and further develop, improve, reconstruct, modify or otherwise alter the Airport in City's sole discretion. City reserves the right, but shall not be obligated to MATCO, to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport. City shall not have any obligation to continue to operate the Airport or any part as an airport for passenger or freight air transportation or at any particular level of operation and may at any time limit or discontinue use of the Airport or any means of access to or within the Airport in whole or in part. This provision shall not



## APPENDIX 7.B.

be interpreted to grant a right to limit or discontinue means of access to the MATCO Operations Areas by MATCO from outside the Airport from dedicated public streets.

**Section 9.07- Exercise by City of Governmental Functions.** Nothing contained herein shall impair the right of City, in the exercise of its governmental functions, to require MATCO to pay any tax or inspection fees or to procure necessary permits or licenses. Nothing herein shall be construed to prevent MATCO from contesting in good faith any tax or inspection fee so long as such contest is diligently commenced and prosecuted by MATCO.

### **Section 9.08 - Maintenance and Operation of Airport.**

#### **A. City's Obligations.**

1. City shall operate and maintain in a manner consistent with that of a reasonably prudent operator of an Airport, and keep in good condition and repair, the runway and the taxiway, roadways, water lines, sewer lines, drainage ditches, additions, improvements, facilities, and equipment, now or hereafter provided by City, serving the MATCO Operations Areas but located outside the MATCO Operations Areas, including the removal of snow, ice, vegetation, stones, and other foreign matter, as reasonably as may be done, from the runway and taxiway, connections therefrom, and roadways.

2. City hereby retains the right to enter upon the MATCO Operations Areas at any time without such entering causing or constituting a termination of this Agreement or an interference with the use of the MATCO Operations Areas by MATCO, and do all things necessary to operate and maintain water mains and sewer mains that may exist beneath the surface of the MATCO Operations Areas. The City shall operate and maintain only its water mains and sewer mains, and assumes no responsibility or liability for the operation or maintenance of any sewer or water laterals within the MATCO Operations Areas that are used exclusively by MATCO.

**B. MATCO's Remedy.** In the event that the City fails to cure any failure in its performance of its obligations under Section 9.08(A) within a reasonable period, and provided that the Airport is not closed at the direction of the City or any other governmental authority or agency, MATCO's sole and exclusive remedy is to terminate this Agreement by providing notice to the City pursuant to the terms of Article XIV hereof.

**Section 9.09 - Similar Facilities.** The City, in its sole discretion, may construct facilities similar to the MATCO Operations Areas, the Fuel System and MATCO Equipment. MATCO shall not have any rights hereunder with respect to such facilities.

## **ARTICLE X DEFAULT AND TERMINATION**

## APPENDIX 7.B.

**Section 10.01 - Events of Default.** Each of the following shall be an event of default under this Agreement:

**A.** MATCO shall become insolvent (as such terms is defined under Section 101 of the Federal Bankruptcy Code, 11 U.S.C. 101 *et seq.* (the "Code"), or any successor statute thereto); or shall fail to pay its debts generally as they mature; or shall take the benefits of any present or future Federal or State insolvency statute; or shall make a general assignment for the benefit of creditors.

**B.** MATCO shall file a voluntary petition in bankruptcy or a petition or answer seeking an arrangement of its indebtedness under the Code or under any other law or statute of the United States or of any State thereof; or consent to the appointment of a receiver trustee, custodian, liquidator, or other similar official, of all or substantially all of its property; or an order for relief shall be entered by or against MATCO under any chapter of the Code.

**C.** By order or decree of a court, MATCO shall be adjudged a debtor or bankrupt, or an order shall be made approving a petition filed by any of its creditors or by any of its stockholders, seeking its reorganization or the restructuring of its indebtedness under the Code or under any other law or statute of the United States or any State thereof and such order or decree shall not be stayed or vacated within sixty (60) days of its issuance.

**D.** A petition under any chapter of the Code or an action under any Federal or State insolvency statute shall be filed against MATCO and shall be dismissed or stayed within sixty (60) days after being filed thereof.

**E.** By or pursuant to, or under authority of any legislative act, resolution or rule, or order or decree of any court or governmental board, agency or officer, a receiver, trustee, custodian, liquidator, or other similar official shall take possession or control of all or substantially all of the property of MATCO and such possession or control shall continue in effect for a period of sixty (60) days.

**F.** MATCO shall become a corporation in dissolution.

**G.** The letting, license, or other interest of or rights of MATCO hereunder shall be transferred to, pass to, or devolve upon, by operation of law or otherwise, any other person, firm, corporation, or other entity, by, in connection with, or as a result of any bankruptcy, insolvency, trusteeship, liquidation or other proceedings or occurrence described in Subparagraphs (A) through (E) of this Section 9.01.

**H.** MATCO shall fail to duly and punctually make any payment required to be paid hereunder or shall fail to make payment when due of any other sum required to be paid to City pursuant to this Agreement, for a period of five (5) business days after

## APPENDIX 7.B.

written notice specifying such failure and requesting that it be remedied is given to MATCO by City.

I. MATCO shall fail to keep, perform, and observe any promise, covenant, or other provision of this Agreement, other than the obligation to make payment, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to MATCO by City; provided, however, that any such failure which can be remedied, but which cannot with due diligence be remedied within such thirty (30) day period, shall not give rise to City's right to terminate this Agreement if corrective action is instituted by MATCO within such thirty (30) day period and diligently pursued until the failure is remedied.

J. Any lien shall be filed against the MATCO Equipment or any portion thereof resulting from any act or omission of MATCO, and shall not be discharged within thirty (30) days, unless MATCO shall within the aforesaid thirty (30) days furnish City such security as the Commissioner in her discretion determines to be adequate to protect the interests of City.

K. MATCO shall cease using or abandon substantially all of the MATCO Operations Areas for a period of ninety (90) days.

L. MATCO shall make any assignment of any of its interests, rights or obligations under this Agreement without the consent of City as set forth in Section 11.12 hereof.

M. MATCO shall fail to maintain its corporate existence, or to remain duly qualified to do business in the State of Illinois, or MATCO shall dissolve or otherwise dispose of all or substantially all of its assets, or shall consolidate with or merge into another corporation; provided, however, that it shall not be an Event of Default if MATCO consolidates with or merges into an Affiliate; or

N. MATCO fails to receive authorization to conduct its operations at the Airport by any governmental entity.

O. MATCO defaults on any financing agreement or lease issued by the City for use and repayment by MATCO.

### **Section 10.02 - City's Remedies.**

A. Whenever an Event of Default has occurred and is continuing, City may, at its option, immediately and without prior notice of such Event of Default:

1. terminate this Agreement and the licenses and other rights of MATCO hereunder, without discharging any of MATCO's obligations hereunder and, at City's further option, exclude MATCO from the MATCO Operations Areas; or

## APPENDIX 7.B.

2. without terminating this Agreement, exclude MATCO from the MATCO Operations Areas and attempt to grant such MATCO Operations Areas to another party for the account of MATCO, holding MATCO liable for any payments that may be due hereunder up to the effective date of such grant.

**B.** The remedies set forth in this Article, shall be in addition to all other remedies which are or may be available to City at law or in equity. In addition, City may, from time to time, take whatever action at law or in equity appears necessary or desirable to collect any amounts payable by MATCO hereunder then due and thereafter to become due, and to enforce the performance and observance of any obligation, agreement, or covenant of MATCO under this Agreement.

**C.** All rights and remedies hereinbefore given to City and all rights and remedies given to City by law, shall be cumulative and concurrent. No termination of this Agreement or the taking or recovering of the MATCO Operations Areas shall deprive City of any of City's remedies or actions against MATCO for any other sum required to be paid to City pursuant to this Agreement, or for damages or for the breach of any covenant herein contained, nor shall the bringing of any action for fees or breach of covenant, or the resort to any other remedy herein provided for the recovery of fees be construed as a waiver of the right to obtain possession of the MATCO Operations Areas.

**D.** Any payment due the City from MATCO pursuant to the terms of this Agreement which is not paid by MATCO and which, in the reasonable opinion of the City pursuant to generally accepted accounting principles, is deemed by the City to be uncollectible, shall become an expense of the Equipment Cost Center or the Fueling Cost Center, as applicable, and payable pursuant to the terms of the Use Agreements.

### **Section 10.03 - Removal of MATCO's Property.**

**A.** The personal property financed with funds other than Bonds and placed or installed by MATCO in the MATCO Operations Areas shall remain the property of MATCO and must be removed on or before the expiration of the term or the expiration of any extension or renewal thereof at MATCO's sole risk and expense. Any damage to the Airport, the MATCO Operations Areas, or any fixtures located therein, the Fuel System or the MATCO Equipment, resulting from such removal shall be paid for by MATCO. In the event of the termination of this Agreement, by default or otherwise, MATCO shall have thirty (30) days after such termination during which to remove such property; provided, however, City shall have the right to assert such liens against said property as City may by law be permitted. So long as any such property remains in the MATCO Operations Areas, MATCO's obligation to pay City any sums which may be due the City under the Agreement shall continue.

**B.** If MATCO's property is not removed as herein provided, City may, at its option, deem such property abandoned and keep such property or after written notice to MATCO and at MATCO's sole risk and expense, remove such property to a public

## APPENDIX 7.B.

warehouse for deposit, or retain the same in City's possession and after the expiration of thirty (30) days sell the same, with notice and in accordance with applicable law, the proceeds of which shall be applied first to the expenses of such removal and sale, second to any sum owed by MATCO to City, and any balance remaining shall be paid to MATCO.

**Section 10.04 - No Waiver by City.** Failure by City to take any action with respect to any default or violation by MATCO of any of the terms, covenants, or conditions of this Agreement shall not in any respect limit, prejudice, diminish, or constitute a waiver of any rights of City to act with respect to any prior, contemporaneous, or subsequent violation or default. The acceptance by City of payment for any period or periods after a default or violation of any of the terms, conditions, and covenants of this Agreement shall not constitute a waiver or diminution of, nor create any limitation upon any right of City pursuant to this Agreement to terminate this Agreement for subsequent violation or default, or for continuation or repetition of the original violation or default.

**Section 10.05 - City's Right to Perform MATCO's Obligations.** In the event that MATCO fails to perform any of its obligations under this Agreement, the City may, but is not obligated to, and without waiving or releasing MATCO from any of its obligations hereunder, make any payment or perform any other act which MATCO is obligated to make or perform under this Agreement in such manner and to such extent as City may deem desirable; and in so doing City shall also have the right to enter upon the MATCO Operations Areas for any purpose reasonably necessary in connection therewith and to pay or incur any other necessary and incidental costs and expenses, including reasonable attorneys' fees. Such costs shall be chargeable to the Equipment Cost Center and Fueling Cost Center and payable from Airport revenues. City shall use reasonable efforts to give prior notice, which may be oral, of its performance, if reasonably feasible under the circumstances.

The performance of any such obligation by City shall not constitute a waiver of MATCO's default in failing to perform the same. Inaction of City shall never be considered as a waiver of any right accruing to it pursuant to this Agreement. City, in making any payment hereby authorized: (a) relating to taxes, may do so according to any bill, statement or estimate, without inquiry into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; (b) for the discharge, compromise or settlement of any lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted; or (c) in connection with the completion of construction or improvements to the MATCO Operations Areas or the repair, maintenance or reconstruction of the MATCO Operations Areas or payment of operating costs thereof, may do so in such amounts and to such persons as City may reasonably deem appropriate. Nothing contained herein shall be construed to require the City to advance monies for any purpose. City shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business or other damage to MATCO or any other occupant of the MATCO Operations Areas or any part thereof, by reason of making repairs or the performance of any work on the MATCO Operations Areas or on account of bringing materials, supplies and equipment into or through the MATCO Operations Areas during the course thereof and the obligations of MATCO under this Lease shall not thereby be affected in any manner. In doing so, however, City shall use reasonable efforts not to interfere with MATCO's operations.

## APPENDIX 7.B.

**Section 10.06 - Attorneys' Fees and Expenses.** In the event MATCO defaults under this Agreement and City employs attorneys or incurs other expenses for the collection of MATCO fees or any other amounts due hereunder, or for the enforcement or performance or observance of any obligation or agreement on the part of MATCO herein contained, City shall charge such fees and expenses of such attorneys and any such other reasonable expenses incurred by City as a result of such default to the Equipment Cost Center and Fueling Cost Center.

### ARTICLE XI NOTICE

Any notices or other communications pertaining to this Agreement shall be in writing and shall be deemed to have been duly given by a party if sent by nationally recognized commercial overnight courier or registered or certified mail, return receipt requested, postage prepaid and addressed to the other party. Notices shall be deemed given on the date of receipt if by personal service, or one day after deposit with a nationally recognized commercial overnight courier, three days after deposit in the U.S. mails, or otherwise upon refusal of receipt. All notices or communications intended for MATCO shall be addressed to:

MATCO

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Chicago, Illinois  
Attn: Executive Director

with a copy to:

All notices or communications intended for the City shall be addressed to:

Commissioner, Department of Aviation  
City of Chicago  
O'Hare International Airport  
P.O. Box 66142  
Chicago, Illinois 60666

## APPENDIX 7.B.

with a copy to: City Comptroller  
City of Chicago  
Room 501 City Hall  
121 North LaSalle Street  
Chicago, Illinois 60602

and with a copy to: Corporation Counsel  
Department of Law  
City of Chicago  
Room 511 City Hall  
121 North LaSalle Street  
Chicago, Illinois 60602

Either party may change its address or the individual to whom such notices are to be given by a notice given to the other party in the manner set forth above.

### ARTICLE XII MISCELLANEOUS

**Section 12.01 - City's Right of Entry.** City, by its officers, employees, agents, representatives, contractors, and furnishers of utilities and other services, shall have the right at all reasonable times to enter the MATCO Operations Areas for the purpose of inspecting the same, for emergency repairs to utilities systems, and for any other purpose necessary for, incidental to, or connected with the performance of City's obligations hereunder, or in the exercise of its governmental functions; and further, and without limiting the generality of the foregoing, City has the right to inspect MATCO's records of its operations at the Airport. City shall, to the extent permitted under applicable law, preserve the confidentiality of all information obtained through such inspections, unless MATCO has consented to disclosure or has publicly released such information.

**Section 12.02 - Force Majeure.** Neither party hereto shall be liable to the other for any failure, delay, or interruption in performing its obligations hereunder due to causes or conditions beyond its control, including, without limiting the generality hereof, strikes, boycotts, picketing, slow-downs, work stoppages, or other labor actions affecting City or MATCO, their respective contractors or subcontractors, except to the extent that such failure, delay or interruption is the result of the negligence of that party; provided that nothing in this Section 12.02 is intended or shall be construed to abate, postpone, or in any respect diminish MATCO's obligations to make any payments due City pursuant to this Agreement.

City shall be under no obligation to supply any service if and to the extent and during any period that the supplying of any such service or the use of any component necessary therefor shall be prohibited or rationed by any Federal, State, county, or municipal law, rule, regulation, requirement, order, or directive.

## APPENDIX 7.B.

MATCO shall not be liable for the performance of any obligation of MATCO hereunder if such performance is prohibited or materially affected by the issuance of any order, rule, or regulation, or the taking of any action by the Federal Aviation Administration or other government authority substantially affecting for a period of at least sixty (60) days MATCO's use of the Airport, provided, however, that none of the foregoing is due to any fault of MATCO.

**Section 12.03 - Conflict of Interest.** MATCO hereby represents and warrants that it is not, and, to the best of MATCO's knowledge its contractors are not in violation of Chapter 2-156 of the Municipal Code of Chicago. Any contract negotiated, entered into or performed in violation of said chapter shall be invalid and without any force whatsoever.

**Section 12.04 - Representatives.** City and MATCO shall each designate a representative who, except as otherwise provided hereunder, shall be authorized to act for City and MATCO, respectively, with respect to any actions to be taken by either of them under the terms of this Agreement. Except as specifically set forth herein, for the purposes of actions to be taken by it or by the Commissioner, City's representative shall be the Commissioner. MATCO's representative shall be designated in a written notice delivered to City. Any party hereto may change its designated representative by notice to the other party pursuant to the provisions of Article 11.

**Section 12.05 - Entire Agreement.** This Agreement, and the exhibits attached hereto and incorporated hereby, shall constitute the entire agreement between the parties and no other warranties, inducements, considerations, promises, or interpretations shall be implied or impressed upon this Agreement that are not expressly addressed herein and therein.

**Section 12.06 - Counterparts.** This Agreement is comprised of several identical counterparts, each to be fully executed by the parties and each to be deemed an original having identical legal effect.

**Section 12.07 - Amendments.** No changes, amendments, modifications, cancellation, or discharge of this Agreement, or any part thereof, shall be valid unless in writing and signed by the parties hereto, or their respective successors and assigns.

**Section 12.08 - Governing Law.** This Agreement shall be governed in accordance with the laws of the State of Illinois. MATCO hereby irrevocably submits, and shall cause its subcontractors to submit, to the original jurisdiction of those State or Federal courts located within the County of Cook, State of Illinois, with regard to any controversy arising out of, relating to, or in any way concerning the execution or performance of this Agreement. MATCO agrees that service of process on MATCO may be made, at the option of City, either by registered or certified mail addressed to the applicable office as provided for, in this Agreement, by registered or certified mail addressed to the office actually maintained by MATCO, or by personal delivery on any officer, director, or managing or general agent of MATCO.



## APPENDIX 7.B.

**Section 12.09 - Consent to Service of Process and Jurisdiction.** All judicial proceedings brought by MATCO with respect to this Agreement shall be brought in Cook County, Illinois, and by execution and delivery of this Agreement, MATCO accepts, for itself and in connection with its properties, generally and unconditionally, the nonexclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any final judgment rendered thereby from which no appeal has been taken or is available. MATCO irrevocably waives any objection (including without limitation any objection of the laying of venue or based on the grounds of forum nonconveniens) which it may now or hereafter have to the bringing of any action or proceeding with respect to this Agreement in the jurisdiction set forth above. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of City to bring proceedings against MATCO in the courts of any other jurisdiction.

**Section 12.10 - Severability.** If any provisions of this Agreement shall be held or deemed to be or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all cases because it conflicts with any other provision or provisions hereof or of any constitution, statute, ordinance, rule of law, or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstances, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses, or sections contained in this Agreement shall not affect the remaining portions of this Agreement or any part thereof.

**Section 12.11 - No Assignment.** MATCO may not assign any of its interests, rights or obligations under this Agreement without the express written consent of the City. In the event that the City approves any assignment, all of the terms and conditions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, transferees, and assigns. The City may transfer its interests, rights and obligations hereunder at any time.

**Section 12.12 - Co-Operation by Parties.** The parties hereby agree to use good faith in the performance of this Agreement and to co-operate with each other. City shall be expressly identified as a third party beneficiary in the Contracts and granted a direct right of enforcement thereunder. If this Agreement is terminated for any reason, or if it expires by its own terms, MATCO shall make every reasonable effort to assure an orderly transition to another operator or provider of similar services, if any; orderly demobilization of its own operation; and the uninterrupted provision of operations and maintenance services for the MATCO Equipment and Fuel System. During any transition period MATCO shall otherwise comply with the reasonable requests and requirements of the Commissioner in connection with the termination or expiration of this Agreement.

**Section 12.13 - Consents and Approvals.** Unless otherwise expressly stated herein, any consents and approvals to be given by City shall be made by the Commissioner.

### ARTICLE XIII AUTHORITY

## **APPENDIX 7.B.**

**Section 13.01 - City's Authority.** This Agreement is authorized by an Ordinance passed by City of Chicago City Council on July 8, 1998. Wherever this Agreement provides that an act is to be taken or performed, or approval or consent is to be given by City, such act may be taken or performed, or approval or consent may be given, by the Commissioner, without further action by the City Council of Chicago, as long as such act, approval or consent does not result in an extension of the Term beyond any permitted renewals. The Commissioner may execute an amendment to the Agreement provided that he or she is authorized to take or perform the act, or provide the consent or approval, giving rise to such amendment.

**Section 13.02 - MATCO's Authority.** Execution of this Agreement by MATCO is authorized by corporate resolution, and the signatures of each person signing on behalf of MATCO have been made with complete and full authority to commit MATCO to all terms and conditions of this Agreement, including each and every representation, certification, and warranty contained herein, attached hereto and collectively incorporated by reference herein, or as may be required by the terms and conditions hereof.

**APPENDIX 7.B.**

**IN WITNESS WHEREOF**, City of Chicago has caused this Agreement to be executed on its behalf by its Mayor, pursuant to due authorization of City Council of City of Chicago, and the Midway Airlines' Terminal Consortium has caused this Agreement to be executed on its behalf by its Chairperson and witnessed by its Secretary pursuant to due authorization of its Board of Directors, all as of the day and year first above written.

APPROVED

CITY OF CHICAGO

\_\_\_\_\_  
Mary Rose Loney  
Commissioner of Aviation

\_\_\_\_\_  
Richard M. Daley, Mayor

\_\_\_\_\_  
Phoebe S. Selden, Comptroller

APPROVED AS TO FORM AND LEGALITY

\_\_\_\_\_  
Assistant Corporation Counsel

ATTEST

MIDWAY AIRLINES' TERMINAL  
CONSORTIUM

Signature: \_\_\_\_\_

\_\_\_\_\_  
Signature: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_

Its: \_\_\_\_\_

\_\_\_\_\_  
Its: \_\_\_\_\_

of Agent for City  
of Process

Designation  
Clerk Service

Name: \_\_\_\_\_

## APPENDIX 7.B.

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## **APPENDIX 7. C.**

### **SAN FRANCISCO INTERNATIONAL AIRPORT INTERNATIONAL TERMINAL EQUIPMENT MAINTENANCE AND OPERATING AGREEMENT**

## APPENDIX 7. C.

### SAN FRANCISCO INTERNATIONAL AIRPORT INTERNATIONAL TERMINAL EQUIPMENT MAINTENANCE AND OPERATING AGREEMENT

#### TABLE OF CONTENTS

<b>ARTICLE I - DEFINITIONS; INTERPRETATION</b>	<b>1</b>
1.01 Definitions	1
1.02 Interpretation	4
1.03 Incorporation of Exhibits	5
<b>ARTICLE II - EQUIPMENT</b>	<b>5</b>
2.01 License To Operate and Maintain Equipment	5
2.02 No Other Charges	6
2.03 Modifications, Additions and Alternations to the Equipment	6
2.04 Title to the Equipment	6
<b>ARTICLE III – OPERATION OF THE EQUIPMENT</b>	<b>7</b>
3.01 Permitted Uses	7
3.02 Limitations Upon Use	7
3.03 Operator	7
3.04 Access to the Equipment	7
<b>ARTICLE IV – PAYMENTS UNDER THIS AGREEMENT</b>	<b>8</b>
4.01 Payment of Fees	8
4.02 Other Charges and Fees	8
4.03 Accounting and Reports	8
4.04 Member Agreement	9
4.05 Operating Reserve Account and Payment Obligations	9
<b>ARTICLE V – TERM</b>	<b>9</b>
5.01 Term of Agreement	9
5.02 Surrender of Possession	9
5.03 Reversion	9
5.04 Effect of Holding Over	9
<b>ARTICLE VI – COVENANTS AND AGREEMENTS OF SFOTEC</b>	<b>10</b>
6.01 Maintenance and Repair	10
6.02 Rates and Charges	11
6.03 City Consent Rights	11
6.04 Access by Users	11
6.05 Consents to Jurisdiction and Venue	11
6.06 Regarding the Agreement	12

**APPENDIX 7. C.**

<b>ARTICLE VII – INDEMNITY; INSURANCE</b>	12
7.01 Indemnity	12
7.02 Hazardous Material	13
7.03 Insurance Maintained by SFOTEC and the Airport	13
<b>ARTICLE VIII – DAMAGE, DESTRUCTION AND CONDEMNATION</b>	15
8.01 Damage or Destruction	15
8.02 Condemnation	15
<b>ARTICLE IX – LIENS AND CLAIMS</b>	16
8.01 Taxes, Assessments, Licenses, Permit Fees and Tax Liens	16
9.02 Other Liens	16
<b>ARTICLE X – EVENTS OF DEFAULT AND TERMINATION</b>	17
10.01 Events of Default	17
10.02 City's Remedies	18
10.03 Remedies; No Waiver	20
<b>ARTICLE XI – MISCELLANEOUS</b>	20
11.01 Successors and Assigns	20
11.02 Sublicensing and Assignment by SFOTEC	20
11.03 Notices	20
11.04 Interpretation	21
11.05 No Additional Waiver Implied by One Waiver	21
11.06 Inspections by City; Performance by the City upon Failure by SFOTEC	21
11.07 Severability	22
11.08 Suspension and Abatement	22
11.09 Force Majeure	22
11.10 Compliance with Laws and Regulations	22
11.11 Compliance with Environmental Requirements	23
11.12 City's Right of Access and Inspection	23
11.13 United States Department of Transportation Provisions	23
11.14 Subordination to Sponsor's Assurance Agreement	23
11.15 Declaration Regarding Airport Private Roads	24
11.16 Conflict of Interest	24
11.17 Federal Nondiscrimination Regulations	24
11.18 Federal Affirmative Action Regulations	25
11.19 Commission's Non-Discrimination Policy	25
11.20 MacBride Principles – Northern Ireland	25
11.21 Tropical Hardwoods	25
11.22 Drug-Free Workplace Policy	25
11.23 Compliance with Americans with Disabilities Act	26
11.24 Sunshine Ordinance	26
11.25 Utilities; Waiver of Damages	26
11.26 Effect of City Approvals	26

## APPENDIX 7. C.

11.27	Charter	26
11.28	No Relocation Assistance; Waiver of Claims	27
11.29	No Joint Venture	27
11.30	Attorneys' Fees	27
11.31	Survival of Indemnities	27
11.32	Integrated Agreement; Modification	27
11.33	Execution in Counterparts	27
11.34	Labor Peace/Card Check Rule	27

<b>SIGNATURE PAGE</b>	29
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**EXHIBIT A – EQUIPMENT**

**EXHIBIT B – COMPANY PROPERTY**

**EXHIBIT C – MAINTENANCE RESPONSIBILITIES**



## APPENDIX 7. C.

### SAN FRANCISCO INTERNATIONAL AIRPORT INTERNATIONAL TERMINAL EQUIPMENT MAINTENANCE AND OPERATING AGREEMENT

THIS INTERNATIONAL TERMINAL EQUIPMENT MAINTENANCE AND OPERATING AGREEMENT (this "Agreement"), dated as of \_\_\_\_\_, 2000, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, acting by and through its Airport Commission (the "City"), and San Francisco Terminal Equipment Company, LLC, a Delaware limited liability company ("SFOTEC").

#### WITNESSETH:

WHEREAS, the City owns and operates the new International Terminal Complex, comprising the international terminal building, new Boarding Area A, new Boarding Area G, and the two shoulder buildings, as the same may be modified and expanded from time to time (the "Terminal"), at San Francisco International Airport (the "Airport") and has the power to grant rights and privileges with respect thereto; and

WHEREAS, the City owns certain equipment and systems serving the Terminal, as described on Exhibit A to this Agreement; and

WHEREAS, SFOTEC is a limited liability company comprised of Air Carriers (defined below) as members; and

WHEREAS, SFOTEC desires to license from City, and City desires to license to SFOTEC, the right to maintain, operate and use the Equipment on the terms and conditions of this Agreement,

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, the City and SFOTEC agree as follows:

#### ARTICLE I DEFINITIONS; INTERPRETATION

##### 1.01 Definitions

The following terms and phrases shall have the following meanings for purposes of this Agreement.

"Additional Equipment" means any equipment (other than the Equipment) to be designed, constructed, modified, leased, purchased, acquired or financed by the Airport or by SFOTEC, as appropriate, which shall be classified by SFOTEC and the Airport as Equipment or Company Property at the time added, as more fully set forth in Section 14.2 of the Member Agreement.

"Additional Member" means an Air Carrier that becomes a party to the Member Agreement after the effective date of the Member Agreement pursuant to Article 5 thereof.

"Air Carrier" means an "air carrier" or "foreign air carrier" as such terms are defined in 49 U.S.C. § 1301, as amended, or any successor provision thereto, and which is operating at the Airport.

## APPENDIX 7. C.

“Airport” means San Francisco International Airport, located in the County of San Mateo, State of California, United States of America.

“Airport Director” means the chief executive officer of the Airport, as appointed by the Commission or his or her duly appointed designee.

“Airport Rules and Regulations” means the rules and regulations adopted by the Commission for the operation of the Airport, as the same may be amended from time to time.

“Airport TI Guide” means the Airport Tenant Improvement Guide, as the same may be amended from time to time.

“Alteration” means any fixture or improvement added to the Equipment or any alteration, remodeling, construction or modification to the Equipment as more fully described in Section 2.03 hereof.

“City” means the City and County of San Francisco, California, acting by and through the Commission, or any governmental agency succeeding such entity in its role as operator of the Airport.

“Commission” means the Airport Commission of the City and County of San Francisco.

“Company Property” means the equipment and systems owned by SFOTEC and listed on Exhibit B to this Agreement, together with any Additional Equipment if City and SFOTEC designate the same as “Company Property.”

“Effective Date” means the date first hereinabove stated.

“Environmental Law” means any federal, state, local or administrative law, rule, regulation, order or requirement relating to industrial hygiene, protection of human health and safety, environmental conditions or Hazardous Materials, whether now in effect or hereafter adopted, including but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601, et seq.), the Resources Conservation and Recovery Act of 1976 (42 U.S.C. Section 9601, et seq.), the Clean Water Act (33 U.S.C. Section 1251, et seq.), the Safe Drinking Water Act (14 U.S.C. Section 401, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), the Toxic Substance Control Act (15 U.S.C. Section 2601, et seq.), the California Hazardous Waste Control Law (California Health and Safety Code Section 25100, et seq.), the Porter-Cologne Water Quality Control Act (California Water Code Section 13000, et seq.), and the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health and Safety Code Section 25249.5, et seq.).

“Equipment” means the equipment listed on Exhibit A to this Agreement, together with (i) all additions, modifications, repairs and replacements of such equipment; and (ii) any Additional Equipment if City and SFOTEC designate the same as “Equipment.”

“Equipment Acceptance Date” means the date on which an item of Equipment has been delivered, provided, and/or installed, as required, and the Equipment has been accepted by City, subject only to punchlist items specified by the City.

“Event of Default” shall have the meaning given to it in Section 10.01 of this Agreement.

“Facilities Access Agreement” means an agreement between SFOTEC and a Handler to allow access to the Equipment by the Handler to provide services to a User.

## APPENDIX 7. C.

“Fee” means an equipment fee amount equal to \$4,566,000 per year (\$380,500 per month), as the same may be adjusted from time to time as described in Section 4.01, paid by SFOTEC to City as provided in Section 4.01 of this Agreement.

“Fee Effective Date” means the date, not sooner than September 26, 2000, on which the Terminal is deemed open and operational, as evidenced by a written notice from Airport Director to SFOTEC.

“Handler” means any person that: (i) executes a Facilities Access Agreement; and (ii) obtains all necessary approvals and permits from the City to perform handling services for Users at the Airport.

“Hazardous Material” means any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. “Hazardous Material” includes any material or substance that is identified, listed or defined as a “hazardous waste,” “hazardous substance,” “pollutant” or “contaminant,” or term of similar import, or that is otherwise regulated pursuant to Environmental Laws; any asbestos and asbestos-containing materials; petroleum, including crude oil or any fraction thereof; natural gas or natural gas liquids; and any materials listed in the Airport TI Guide.

“Member” means an Air Carrier that is a party to the Member Agreement and is a member of SFOTEC, including any Additional Member.

“Member Agreement” means the San Francisco Terminal Equipment Company Member Agreement (and all amendments or modifications thereto) among SFOTEC and the Members pertaining to the allocation of rentals, rates, fees and charges established pursuant to this Agreement and other expenses of SFOTEC, and covering other related issues such as membership, governance, default, withdrawal, insurance and indemnification.

“Member Committee” means the Member Committee composed of one representative of each Member as more particularly defined in the Member Agreement.

“Non-Member Use Agreement” means the agreement between SFOTEC and any Air Carrier other than a Member desirous of using the Equipment. Such Non-Member Use Agreement shall contain the terms, obligations and restrictions upon such usage, and appropriate insurance and indemnification provisions.

“Non-Member User” means an Air Carrier which has executed a Non-Member Use Agreement.

“Operating Agreement” means the Maintenance, Operation and Management Services Agreement as in effect from time to time between SFOTEC and the Operator for the maintenance, operation and management of the Equipment as specified and agreed from time to time.

“Operating Reserve Account” means the Operating Account established and maintained by SFOTEC pursuant to Sections 12.6 and 12.7 of the Member Agreement and Section 4.05 hereof.

“Operator” means a qualified and duly licensed independent contractor selected by SFOTEC with the approval of the Airport Director, which approval shall not be unreasonably

## APPENDIX 7. C.

withheld or delayed, to operate, maintain and manage the Equipment as specified and agreed from time to time.

“Pre-Opening Period” means the period commencing on July 26, 2000 and ending on the actual Fee Effective Date. In the event the actual Fee Effective Date is earlier or later than the projected Fee Effective Date, the Pre-Opening Period shall nonetheless end on the actual Fee Effective Date.

“Release” when used with respect to Hazardous Materials shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into or on any property or the environment.

“SFOTEC” means San Francisco Terminal Equipment Company, LLC, a Delaware limited liability company, and its permitted successors and assigns under this Agreement.

“User” means any Member or Non-Member User that uses the Equipment.

### 1.02 Interpretation

In this Agreement, unless otherwise expressly indicated:

(a) the terms “hereby”, “herein”, “hereof”, “hereto”, “hereunder” and any similar terms used in this Agreement refer to this Agreement;

(b) all Article and Section references, unless otherwise expressly indicated, are to Sections of this Agreement;

(c) words importing persons shall include firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) any headings preceding the text of the Articles and Sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience or reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect;

(e) words importing the singular shall include the plural and vice versa;

(f) this Agreement shall be governed and construed in accordance with the laws of the State of California applicable to contracts made and to be performed in the State of California;

(g) all the agreements or instruments herein defined shall mean such agreements or instruments as the same may from time to time be supplemented or amended or the terms thereof waived or modified to the extent permitted by, and in accordance with, the terms thereof;

(h) references to statutes, sections or regulations are to be construed as including all statutory or regulatory provisions consolidating, amending, replacing, succeeding or supplementing the statute, section or regulation referred to; and

(i) the words “including,” “includes” and “include” shall be deemed to be followed by words “without limitation” or “but not limited to” or words of similar import.

## APPENDIX 7. C.

### 1.03 Incorporation of Exhibits

The exhibits referenced herein and attached hereto are hereby made a part of this Agreement.

## ARTICLE II EQUIPMENT

### 2.01 License To Operate and Maintain Equipment

(a) The City hereby licenses to SFOTEC the right, and SFOTEC hereby accepts the right and agrees to undertake the obligation, to operate, maintain and use the Equipment, on the terms and conditions set forth in this Agreement.

(b) SFOTEC's right and obligation to operate and use the Equipment shall commence on the Fee Effective Date. From and after the Equipment Acceptance Date for each item of Equipment, SFOTEC shall be obligated to maintain and repair the accepted Equipment, as described in Section 6.01, below. The costs of such maintenance and repair, and certain other related activities shall be borne as follows:

(i) SFOTEC shall be responsible for:

(A) the cost of all routine repairs and preventative maintenance required for each item of accepted Equipment incurred from and after the Equipment Acceptance Date;

(B) the cost of repairing damage to the Equipment, if any, resulting from SFOTEC's operations during the Pre-Opening Period;

(C) the cost of all repairs and maintenance required for the Equipment incurred from and after the Fee Effective Date, including all Equipment installed after the Fee Effective Date;

(D) the cost of all utilities required for the Equipment from and after the Fee Effective Date, including all Equipment installed after the Fee Effective Date.

(ii) City shall be responsible for:

(A) the cost of all repairs and maintenance required for the Equipment incurred during the Pre-Opening Period (other than the costs borne by SFOTEC described in subsection (i), above);

(B) the costs associated with all training and testing of the Equipment conducted by City during the Pre-Opening Period with live aircraft operations, including the cost of all staffing for security personnel, gate control personnel, maintenance personnel and other incremental staffing costs;

(C) the cost of repairing damage to the Equipment, if any, resulting from such training and testing during the Pre-Opening Period, or any construction activity performed or controlled by City;

## APPENDIX 7. C.

(D) the cost of all utilities required for the Equipment during the Pre-Opening Period.

(c) To the extent SFOTEC performs any maintenance or repair of the Equipment and the cost thereof is to be borne by City, SFOTEC shall provide to City a budget for such work and obtain City's consent prior to performing such maintenance or repair.

(d) With respect to the Equipment purchased hereunder by City, SFOTEC may participate in the process utilized by City to accept the Equipment from the manufacturer. In the event SFOTEC objects to the City's acceptance of any Equipment, SFOTEC shall give notice to City setting forth its objections. In no event will SFOTEC's objections preclude City from accepting or installing any Equipment. Notwithstanding the foregoing, if SFOTEC objects to such acceptance based on SFOTEC's good faith belief that the Equipment is materially different from the specifications therefor, and (i) does not or is likely not to perform its intended function; or (ii) is likely to incur high repair or maintenance costs beyond that which is reasonable for the type of Equipment; and City accepts and installs such Equipment despite such SFOTEC objection, then in such event, as between SFOTEC and City, City shall be responsible for the costs associated with correcting or repairing problems with the Equipment resulting from or associated with the foregoing deficiencies.

### **2.02 No Other Charges**

Except as otherwise specifically provided herein or as the parties hereto may subsequently agree, or except as required by law, no charges or fees of any nature shall be charged by (a) the City against SFOTEC or the Members or their employees, passengers, furnishers of services or suppliers, including without limitation, the Operator, for use of the Equipment; or (b) SFOTEC against the City for the operation and maintenance of the Equipment.

### **2.03 Modifications, Additions and Alterations to the Equipment**

SFOTEC may, with the prior written consent of the Airport Director and subject to compliance with all applicable permitting and approval requirements of the City, at its own cost and expense, except as otherwise provided herein, install any fixture or improvement or do or make alterations or do any remodeling, construction or modification to the Equipment. Any such installation, alteration, remodeling, construction or modification (an "Alteration") shall either be declared part of the Equipment or Company Property by agreement of the Airport and the Company. No Alteration shall result in any lien being placed on the Equipment or anything attached to the Equipment. No Alteration shall reduce the Equipment's useful life, violate any warranty condition on the Equipment or otherwise reduce the value of the Equipment.

### **2.04 Title to the Equipment**

City shall have full title to the Equipment, subject to the rights of SFOTEC under this Agreement. Notwithstanding anything to the contrary in this Agreement, City reserves and retains all rights to use, operate, maintain, repair, enlarge, modify, expand, replace and reconstruct any of the Airport facilities other than the Equipment.

## APPENDIX 7. C.

### ARTICLE III OPERATION OF THE EQUIPMENT

#### 3.01 Permitted Uses

SFOTEC shall operate the Equipment and the Company Property, wherever it may be located at the Airport, for the handling of flights and passengers for Members and Non-Member Users and for the carrying on of activities reasonably necessary or convenient in connection with the foregoing.

#### 3.02 Limitations Upon Use

SFOTEC shall not operate the Equipment for purposes other than the purposes specified in Section 3.01 hereof. SFOTEC shall not do, or cause or permit anything to be done, in connection with the Equipment, or bring or keep anything thereon which will increase the risk of fire or explosion on Airport property; or create a nuisance; or in any way obstruct or interfere with the rights of others on Airport property, injure or annoy them; or commit or suffer to be committed any waste in relation to the Equipment; or use or allow said Equipment to be used for any unlawful purposes or to be operated in such a way as to interfere with Airport operations or safety; or do or permit to be done anything in any way tending materially to injure the reputation of the Airport.

#### 3.03 Operator

The rights conferred upon SFOTEC under this Agreement may be delegated to and exercised by an Operator selected by SFOTEC with the prior written consent and approval of the Airport Director, which approval shall not be unreasonably withheld or delayed. The Operating Agreement with the Operator shall set forth the duties, responsibilities and compensation of the Operator with respect to the Equipment as well as the rights and obligations of SFOTEC with respect to the Operator. Notwithstanding the foregoing, any such delegation shall not limit or reduce the obligations and responsibilities of SFOTEC under this Agreement. SFOTEC shall report any default of the Operator under the Operating Agreement to the Airport Director. SFOTEC shall vigorously enforce the terms and conditions of the Operating Agreement.

#### 3.04 Access to the Equipment

(a) Anything herein to the contrary notwithstanding, SFOTEC shall operate the Equipment, affording all Air Carriers access to the Equipment, subject to non-discriminatory reasonable rules, regulations and fees established by SFOTEC and approved by the Airport Director.

(b) SFOTEC may require, as a condition to the use of the Equipment or any part of the Equipment, that Non-Member Users execute a Non-Member Use Agreement with SFOTEC and that Handlers execute a Facilities Access Agreement with SFOTEC, each such agreement providing for the payment of fees, appropriate insurance and indemnification provisions and such other matters as may reasonably be required by SFOTEC. The form of all such agreements and all amendments thereto shall be subject to the prior approval of the Airport Director. At the request of the Airport Director, SFOTEC shall provide written notice to City of any default under any Non-Member Agreements.

**APPENDIX 7. C.****ARTICLE IV  
PAYMENTS UNDER THIS AGREEMENT****4.01 Payment of Fees**

(a) SFOTEC shall pay to City the Fee, monthly in advance, beginning on the Fee Effective Date and thereafter on the first day of each successive calendar month during the term of this Agreement; provided, however, that in the event that any Equipment operation and personnel costs are being paid at or for use of the former international terminal by San Francisco Foreign Flag Carriers, SFOTEC shall provide City with an itemized statement of its out-of-pocket costs reasonably related to such use, and, subject to verification by City that such costs are directly related to the accommodation of flight operations at the former international terminal after the Fee Effective Date, SFOTEC shall receive a credit against the Fee equal to the sum of those costs. The Fee for any fraction of a calendar month shall be prorated. The Fee may be adjusted up or down, based upon the debt service on the underlying bonds that were issued by City to purchase the Equipment and any additional debt that may be issued by City to purchase and finance Additional Equipment, if any. City shall give SFOTEC at least 30 days' advance notice of City's intention to incur additional debt or to refinance the initial debt.

(b) SFOTEC hereby covenants and agrees to pay or provide for the payment of the Fee when due hereunder. SFOTEC shall pay the Fee due the City hereunder, as fixed herein, at the office of the Airport Director, or at such other place as the Airport Director may from time to time designate in writing. Fee payments shall be made in lawful money of the United States, free from all claims, demands, set-offs, or counter-claims of any kind against the City. Payments of the Fee not paid when due shall be subject to interest thereon at the rate of the lower of one and one-half percent (1½ %) per month and the highest rate permitted by law.

**4.02 Other Charges and Fees**

SFOTEC's payment of the Fee hereunder shall not limit SFOTEC's obligation to pay all other charges or fees occasioned by SFOTEC's operation of the Equipment, including, but not limited to, custodial, utility charges and fees; provided, however, that SFOTEC shall not be responsible for any utility charges for the Equipment at the Terminal until the Fee Effective Date. Sewer and water fees shall be as set forth in applicable schedules of Airport rates and charges now in force or as amended hereafter. Electrical charges shall be at the legally established rates therefor.

**4.03 Accounting and Reports**

(a) SFOTEC shall follow and comply with the directions of the Airport Director with respect to forms and methods of accounting. Authorized representatives of the City shall have the right to examine and inspect the books and other records of SFOTEC during regular business hours and upon reasonable notice with respect to the operations of SFOTEC under this Agreement. SFOTEC shall maintain on, or upon request deliver to, the Airport all appropriate books and records unless permitted otherwise by the Airport Director's written approval. All such books and records shall be maintained for at least five (5) years after the applicable year.

(b) SFOTEC shall give the Airport Director, upon request, copies of monthly invoices provided to its Members.



## APPENDIX 7. C.

### 4.04 Member Agreement

Concurrently herewith, SFOTEC has entered into the Member Agreement with the Members. The form of the Member Agreement and all amendments thereto shall be subject to the prior approval of the Airport Director. SFOTEC covenants and agrees that it will vigorously enforce the terms of the Member Agreement and provide written notice to the City of any "Event of Default" under the Member Agreement with respect to a Member.

### 4.05 Operating Reserve Account and Payment Obligations

SFOTEC agrees that, to secure the prompt payment by SFOTEC of the amounts due from it each month to the City pursuant to this Agreement, the Member Agreement shall require each Member to maintain with SFOTEC an Operating Reserve Account as more particularly provided in Sections 12.6 and 12.7 of the Member Agreement. SFOTEC covenants and agrees to maintain and cause to be maintained such Operating Reserve Account.

## ARTICLE V TERM

### 5.01 Term of Agreement

The term of this Agreement shall commence on the Effective Date and shall terminate on September 30, 2005 unless terminated earlier in accordance with the terms hereof.

### 5.02 Surrender of Possession

SFOTEC shall yield and deliver peaceably to the City possession of the Equipment and cease using the Equipment on the date of the expiration or termination of this Agreement. The Equipment shall be in a condition similar to that which existed at the commencement of this Agreement or at the time of installation, if later, except for reasonable wear and tear.

### 5.03 Reversion

Upon termination or expiration of this Agreement, SFOTEC shall cease to have any rights with respect to the Equipment under this Agreement; provided, however, that SFOTEC shall have the right to remove all Company Property and any additions, improvements or other changes to the Equipment which have been designated as Company Property by agreement between Airport and SFOTEC.

### 5.04 Effect of Holding Over

SFOTEC has no right to retain possession of the Equipment beyond the expiration or termination of this Agreement. Should SFOTEC hold over the use of the Equipment or any part thereof after the termination of this Agreement, such holding over shall be deemed merely an agreement whose term is from month to month for the Fee applicable during the month preceding the expiration or termination, in addition to any Fee then due hereunder. In the event SFOTEC holds over with the consent of City, SFOTEC shall not be liable for any damages resulting from such holdover. Nothing contained herein shall be construed as consent by the City to any holding over by SFOTEC.

## APPENDIX 7. C.

### ARTICLE VI COVENANTS AND AGREEMENTS OF SFOTEC

#### 6.01 Maintenance and Repair

(a) SFOTEC shall maintain the Equipment as set forth in Section 2.01 in its then present condition "as is" with no representation or warranty by the City with respect to the physical condition of the Equipment. THE CITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE EQUIPMENT, OR WARRANTY WITH RESPECT THERETO. SFOTEC ACKNOWLEDGES THAT THE CITY IS NOT A CONTRACTOR OR A MANUFACTURER OF THE EQUIPMENT (OR ANY COMPONENT THEREOF) OR A DEALER THEREIN. SFOTEC ACCEPTS THE EQUIPMENT AS IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY SFOTEC.

(b) SFOTEC shall keep the Equipment in good repair and condition, and the cost thereof shall be at SFOTEC's own expense, unless otherwise provided in Section 2.01 or in this Section 6.01. SFOTEC agrees to maintain and to repair at its own expense any damages caused by its operation of the Equipment and to replace any property of the City used by SFOTEC pursuant to this Agreement which requires replacement by reason of SFOTEC's use thereof, reasonable wear and tear excepted, with property of equal quality. More details of SFOTEC and City maintenance responsibilities are set forth in Exhibit C, which exhibit may be updated from time to time by mutual agreement of the parties without formal amendment of this Agreement.

(c) In the event any Equipment is near or at the end of its useful life, is unrepairable, or is in such disrepair that it would be economically unreasonable to repair it, SFOTEC shall provide City with its written recommendations about the replacement of the Equipment. City shall not unreasonably withhold its agreement with such recommendation. In the event City agrees with such recommendation, then City shall replace such Equipment, at City's sole cost. In the event City disagrees with such recommendation, City shall have no obligation to replace such Equipment.

(d) City agrees that it will vigorously enforce any rights City has under warranties for the Equipment, in the event that there are problems with the Equipment covered by the warranties therefor. SFOTEC shall report in writing any problems or required repairs of Equipment that may be the subject of claims under Equipment warranties to the City's Facilities Operations and Maintenance Division. In the event that any of the original Equipment is covered by less than six months of the manufacturer's warranty from and after the Equipment Acceptance Date, the City shall cover the expense of any repair that would have been covered by the warranty for up to six months after the Equipment Acceptance Date.

(e) Subject to its reservation of all other rights, remedies and recourses available under any law or this Agreement, SFOTEC expressly waives the right to terminate this Agreement, as may otherwise be provided under any current or future law or statute, because of the City's failure to keep the Equipment in good order, condition, and repair, to the extent City is required to do so hereunder. Without limiting the generality of the foregoing, SFOTEC hereby waives California Civil Code Sections 1932(2) and 1933(4), providing for termination of hiring upon destruction of the thing hired, and California Civil Code Sections 1941 and 1942, providing for repairs to and of the Terminal and the Equipment.

## APPENDIX 7. C.

### 6.02 Rates and Charges

SFOTEC will operate or cause the Operator to operate the Equipment and will, subject to applicable restrictions or requirements imposed by law, fix, charge and collect such rates, fees and charges, including those payable pursuant to the Member Agreement, for the use of and services provided for the use of the Equipment, which will, together with any other available funds, be sufficient to pay the cost of operating, maintaining and repairing the Equipment and to make all payments herein provided for and to pay all other obligations of SFOTEC.

SFOTEC may fix, charge and collect rates, fees and charges for the use of the Equipment and services provided by SFOTEC to Users of the Equipment from a Non-Member User, at an effective rate not to exceed [150%] of the highest effective rate charged to any Member prior to any adjustments made pursuant to Member Agreement Article 12; provided, however, that no Non-Member User shall be charged at an effective rate less than the rate charged to any Member; and provided, further, that all such charges shall be subject to the prior written approval of the Airport Director.

### 6.03 City Consent Rights

(a) SFOTEC covenants and agrees that it will not enter into the Member Agreement, the Operating Agreement, any Non-Member Use Agreement, any Facilities Access Agreement or any similar agreements without the prior written consent of the Airport Director. After execution of any said agreements, SFOTEC covenants and agrees that it will not enter into any material amendments, or revisions or terminate any said agreements without the prior written consent of the Airport Director. With regard to the Member Agreement, “material amendment” shall mean (i) a change to the initial membership fee or any other fees, or any capital contributions, for members, new members or additional members; (ii) a decision to merge, dissolve or make another organizational change in SFOTEC or to terminate the Member Agreement; (iii) a change in the voting rights of the members; (iv) a change in access to the Equipment; (v) a change in the events of default or the remedies therefor; or (vi) a change in the material rights or obligations of SFOTEC or any member under the Member Agreement. The Airport Director shall not unreasonably delay his or her response in any circumstance covered by the preceding sentences.

(b) SFOTEC covenants and agrees that it will not remove or replace the Operator, without the prior written consent of the Airport Director, which consent will not be unreasonably withheld or delayed.

### 6.04 Access by Users

Except as permitted with respect to rules and regulations and fees pursuant to Section 3.04 hereof or as otherwise provided herein and in the Member Agreement, SFOTEC covenants and agrees that access to the Equipment by all Users shall be allocated in accordance with assignment methodology adopted by SFOTEC and subject to prior approval by the Airport Director.

### 6.05 Consents to Jurisdiction and Venue

SFOTEC hereby irrevocably submits to the jurisdiction of any federal or state court of competent jurisdiction sitting in the State of California over any suit, action or proceeding arising out of or relating to this Agreement or the Member Agreement.

## APPENDIX 7. C.

### 6.06 Regarding the Agreement

SFOTEC hereby represents and warrants to the City that

(a) This Agreement is duly authorized, valid, binding and enforceable.

(b) All consents, approvals and authorizations of governmental or regulatory authorities or by or on behalf of any creditors or any other third party for the valid execution and delivery of this Agreement and the Member Agreement, and SFOTEC's performance of its obligations under and compliance with the terms thereof, have been obtained and are in full force and effect.

(c) No other approvals of SFOTEC's members or governing body, the Member Committee, or any governmental body are required in order for SFOTEC to enter into this Agreement and to perform its obligations and comply with the conditions imposed hereunder.

The City hereby represents and warrants to SFOTEC that

(a) This Agreement is duly authorized, valid, binding and enforceable.

(b) All consents, approvals and authorizations of governmental or regulatory authorities or by or on behalf of any creditors or any other third party for the valid execution and delivery of this Agreement, and the City's performance of its obligations under and compliance with the terms thereof, have been obtained and are in full force and effect.

(c) No other approvals of the City's governing body or any governmental body are required in order for the City to enter into this Agreement and to perform its obligations and comply with the conditions imposed hereunder.

## ARTICLE VII INDEMNITY; INSURANCE

### 7.01 Indemnity

(a) SFOTEC agrees to defend, indemnify and hold harmless the City, the Commission and its members, and all of the officers, agents, contractors and employees of each of them, from and against all costs, losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees), arising from SFOTEC's maintenance, operation and/or use of the Equipment pursuant to this Agreement. The City agrees that SFOTEC need not release, save harmless or indemnify the City or any other person or entity against damage to or loss of property, or injury to or death of persons caused by the sole gross negligence or willful misconduct of the City, its officers, employees, contractors or agents. The City agrees promptly to notify SFOTEC of any loss, cost, expense or liability and provide to SFOTEC reasonable authority, information and assistance related to any claim or action or the defense thereof.

(b) Without limiting the generality of the foregoing clause (a), SFOTEC also covenants and agrees, at its expense, to pay, and to indemnify the City and the Commission from and against, all costs, losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) and including reasonable attorneys' fees, incurred in obtaining possession of the Equipment upon the occurrence of an Event of Default, or in enforcing any covenant or agreement of SFOTEC contained in this Agreement or any related document.

## APPENDIX 7. C.

(c) NEITHER SFOTEC NOR THE CITY SHALL BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT.

### **7.02 Hazardous Material**

Without the prior written consent of the Airport Director, SFOTEC shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Terminal or any other portion of the Airport by SFOTEC, its agents, employees, contractors or invitees, except as has been first approved in writing by the Airport Director and except in a manner that complies with all applicable Environmental Laws, the Airport TI Guide, and the Airport Rules and Regulations. The Airport Director shall not unreasonably withhold such consent as long as SFOTEC demonstrates to the Airport Director's reasonable satisfaction that such Hazardous Material is necessary or useful to SFOTEC's business and will be used, kept and stored in a manner that complies with Environmental Laws, the Airport TI Guide and the Airport Rules and Regulations.

If SFOTEC breaches the obligations stated in the preceding paragraph, or if a Release on the property on or after the Effective Date of Hazardous Material caused or permitted by SFOTEC results in contamination of the Terminal or any other portion of the Airport by Hazardous Material, then SFOTEC shall indemnify and save harmless the City and County of San Francisco, its officers, employees and agents without cost to them, from any and all resulting losses, claims, costs, liability or damages resulting or arising from such Release. This indemnification of the City by SFOTEC includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any federal, state or local governmental agency having jurisdiction because of the Release of any Hazardous Material on or after the Effective Date by SFOTEC in the soil or ground water on or under the Terminal, in the Terminal or in any other portion of the Airport.

Without limiting the foregoing, if the Release on or after the Effective Date of any Hazardous Material in or on the Terminal or any other portion of the Airport caused by an act or omission of SFOTEC results in any contamination of the Terminal or any other portion of the Airport, SFOTEC shall promptly take all actions at its sole expense as are necessary to return the Terminal or any other portion of the Airport to the condition existing prior to the Release.

Each party hereto shall give to the other party prompt and timely written notice of any claim made or suit instituted coming to its knowledge in any way, which, directly or indirectly, contingently or otherwise, affects or might affect any party hereto and which relates to this Section 7.02, and each party shall have the right to participate in the defense of the same to the extent of its own interest. SFOTEC shall promptly supply the City with copies of all notices, reports, correspondence and submissions made by SFOTEC to any governmental entity regarding any Hazardous Material Release or clean-up relating to the Terminal or any other portion of the Airport. Such notices shall also be provided by SFOTEC in accordance with the provisions of Section 11.03 of this Agreement.

### **7.03 Insurance Maintained by SFOTEC and the Airport**

(a) SFOTEC shall maintain or cause to be maintained throughout the term of this Agreement, at SFOTEC's expense, insurance as follows:

(1) If SFOTEC has any employees, Workers' Compensation insurance, including Employers' Liability with limits not less than \$1,000,000 each accident, and \$1,000,000 each disease (Employee and policy);

## APPENDIX 7. C.

(2) Comprehensive or Commercial General Liability Insurance with limits of not less than \$300 million for each occurrence Combined Single Limit for Bodily Injury and Property Damage, including coverages for Premises and Operations, Contractual Liability, Personal Injury, Independent Contractors, Explosion, Collapse, Broad Form Property Damage, Products Liability and Completed Operations;

(3) Comprehensive or Business Automobile Liability Insurance with limits of not less than \$2 Million for each occurrence Combined Single Limit for Bodily Injury and Property Damage, including coverages for owned, non-owned and hired automobiles.

(4) Property insurance coverage for Company Property.

(b) The City shall maintain or cause to be maintained throughout the term of this Agreement, at the City's expense and with terms acceptable to the City, property insurance coverage for the Equipment.

(c) Should any of the required insurance be provided under a claims-made form, the City or SFOTEC, as applicable, shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond its expiration, to the effect that, should occurrence during the Agreement term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies. Further, notwithstanding anything herein to the contrary, all policies issued by the respective insurers against loss or damage to any Equipment herein shall provide that all losses shall, subject to approval by the City, be adjusted with SFOTEC and the City, and shall be payable to SFOTEC or the City, as their, respective interests may appear.

(d) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be not less than double the occurrence limits specified above.

(e) In the event SFOTEC fails to furnish the City evidence of insurance required under this Section 7.03, the City, upon ten (10) days' written notice to SFOTEC of its intention so to do, shall have the right to secure the required insurance at the cost and expense of SFOTEC, and SFOTEC agrees to promptly reimburse City for the cost thereof plus all expenses incurred by the City related thereto.

(f) Liability Policies shall be endorsed to provide the following:

(1) Name as additional insureds the City and its officers, agents, employees and members of Commissions.

(2) That such insurance is primary to any other insurance available to the additional insureds with respect to claims covered under the policy and that insurance applies separately to each insured against whom claim is made or suit is brought, but the inclusion of more than one insured shall not operate to increase the insurer's limit of liability.

(g) All policies shall be endorsed to provide thirty (30) days prior written notice of cancellation, non-renewal or reduction in coverage or limits to:

Deputy Airport Director - Business  
P.O. Box 8097  
San Francisco International Airport  
San Francisco, CA 94128

## APPENDIX 7. C.

(h) Before the Effective Date, certificates of insurance, in form and with insurers acceptable to the City, evidencing all required insurance, shall be furnished to the City. Complete copies of such policies shall be provided to the City promptly upon request.

### ARTICLE VIII DAMAGE, DESTRUCTION AND CONDEMNATION

#### 8.01 Damage or Destruction

(a) If the Equipment, or any portion thereof, is damaged or destroyed by fire or other casualty, the proceeds of insurance required hereunder with respect thereto shall be available to SFOTEC, and SFOTEC shall, to the extent of such proceeds, and subject to such reasonable terms and conditions as may be imposed by the City, forthwith repair, reconstruct and restore (subject to unavoidable delays) the damaged or destroyed Equipment, to substantially the same condition, character and utility value as existed prior to the event causing such damage or destruction, or (ii) such other condition, character and value as may be agreed upon by the City and SFOTEC.

(b) If, for any reason other than SFOTEC's failure to meet the requirements of Section 7.03 of this Agreement, the net proceeds of insurance on account of such damage or destruction are insufficient to restore or replace the Equipment, SFOTEC may elect to terminate this Agreement and all obligations hereunder.

#### 8.02 Condemnation

(a) Any condemnation or taking of a substantial part of the Equipment that results in the Equipment being unsuitable, or the use thereof being economically unfeasible, is herein referred to as a "Total Taking." In the event of a taking of the Equipment other than a Total Taking (a "Partial Taking"), and other than a condemnation or taking where City is the condemning authority, this Agreement shall remain in effect and, if the net proceeds of any award received by the City on account of such Partial Taking are sufficient for the purpose, the City shall make such net proceeds available to SFOTEC, and SFOTEC shall forthwith (subject to unavoidable delays) apply such net proceeds to the restoration or replacement of such portion of the Equipment so taken as nearly as possible to (i) such condition, character and utility value as existed prior to such Partial Taking, or (ii) to such other condition, character and value as may be agreed upon by the City and SFOTEC.

(b) In the event of a Partial Taking, if the net proceeds of any award received by the City on account of such Partial Taking are insufficient to restore or replace the portion of the Equipment so taken, as provided above, or in the case of any taking where City is the condemning authority, SFOTEC may elect to terminate this Agreement and all obligations hereunder.

(c) In the event of a Total Taking, this Agreement shall terminate and the net proceeds received by the City on account of such Total Taking shall be retained by the City.

## APPENDIX 7. C.

### ARTICLE IX LIENS AND CLAIMS

#### 9.01 Taxes, Assessments, Licenses, Permit Fees and Tax Liens

(a) SFOTEC recognizes and understands that this Agreement may create a possessory interest subject to property taxation and that SFOTEC may be subject to the payment of property taxes levied on such interest. SFOTEC further recognizes and understands that any sublicensing or assignment permitted under this Agreement and any exercise of any option to renew or other extension of this Agreement may constitute a change in ownership for purposes of property taxation and therefore may result in a revaluation of any possessory interest created hereunder.

(b) SFOTEC agrees to pay taxes of any kind, including, but not limited to, possessory interest taxes, that may be lawfully assessed on the interest hereby created and to pay all other taxes, excises, licenses, permit charges and assessments based on SFOTEC's usage of the Equipment that may be imposed upon SFOTEC by law, all of which shall be paid when the same become due and payable and before delinquency.

(c) SFOTEC agrees not to allow or suffer a lien for any taxes that are due and payable to be imposed upon the Equipment without promptly discharging the same; provided, that SFOTEC, if so desiring, may have reasonable opportunity to contest the validity of the same.

(d) SFOTEC shall report any assignment, sublicensing or other transfer of any interest in this Agreement or the Equipment, or any renewal or extension hereof, to the County of San Mateo Assessor within sixty (60) days after such assignment or sublicensing transaction or renewal or extension. SFOTEC further agrees to provide such other information as may be requested by the City to enable the City to comply with any reporting requirements under applicable law with respect to possessory interests.

#### 9.02 Other Liens

SFOTEC agrees not to permit or suffer any vendors', mechanics', laborers', materialmen's, statutory or other liens to be imposed upon the Equipment or any part thereof or on SFOTEC's interest therein as a result of its activities without promptly discharging the same; provided, however, that SFOTEC may, if it so desires, contest such liens in good faith. SFOTEC shall in no event permit any lien to be imposed on the City's interest as licensor and fee owner of the Equipment as a consequence of any act or omission of SFOTEC or the Operator or as a consequence of the existence of SFOTEC's interest under this Agreement without promptly discharging the same; provided, however, that SFOTEC shall have no obligation with respect to any lien arising by, through or under the City. In the event of a contest, SFOTEC shall provide a bond in an amount and form acceptable to City in order to clear the record of any such liens. SFOTEC shall assume the defense of and indemnify and hold harmless the City against any and all liens and charges of any and every nature and kind which may at any time be established against said Equipment and improvements thereto and thereon owned by the City, subject to this Agreement, or any part thereof, as a consequence of any act or omission of SFOTEC or as a consequence of the existence of SFOTEC's interest under this Agreement.



## APPENDIX 7. C.

### ARTICLE X EVENTS OF DEFAULT AND TERMINATION

#### 10.01 Events of Default

The following shall constitute "Events of Default" under this Agreement:

- (a) If SFOTEC fails to duly and punctually pay the Fees or any other amount required hereunder when due, and such failure to pay the Fees shall continue for a period of more than ten days after delivery by the Airport Director of written notice of such breach or default; or
- (b) SFOTEC shall (i) commence a voluntary case under any chapter of the Federal Bankruptcy Code (11 U.S.C. § 101, *et seq.*, as amended) as now or hereafter in effect, or shall consent to (or fail to controvert in a timely manner) the commencement of an involuntary case against SFOTEC under the Federal Bankruptcy Code; (ii) institute proceedings for liquidation, termination, dissolution, rehabilitation, readjustment or composition (or for any related or similar purpose) under any law (other than the Federal Bankruptcy Code as now or hereafter in effect) relating to financially distressed debtors, their creditors or property, or shall consent to (or fail to controvert in a timely manner) the institution of any such proceedings against SFOTEC; (iii) make an assignment for the benefit of creditors or enter into any arrangement for the adjustment or composition of debts or claims; (vi) apply for or consent to the appointment of, or the taking possession by, a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of itself or any of its property; or (v) take corporate action for the purpose or with the effect of authorizing, acknowledging or confirming the taking or existence of any action or condition specified in clause (i), (ii), (iii) or (iv) above; or
- (c) SFOTEC shall be insolvent (within the meaning of any applicable law), or shall be unable, or shall admit in writing its inability, to pay its debts generally as they become due, or take corporate action for the purpose or with the effect of authorizing or confirming the taking or existence of any action or condition specified in this Section 10.01(c); or
- (d) A court or other governmental authority or agency having jurisdiction in the premises shall enter a decree or order (i) for the appointment of a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of SFOTEC of any part of its property, or for the winding-up or liquidation of its affairs, and such decree or order shall remain in force undischarged and unstayed for a period of more than ninety (90) days, or (ii) for the sequestration or attachment of any material part of the property of SFOTEC without its unconditional return to the possession of SFOTEC or its unconditional release from such sequestration or attachment within ninety (90) days thereafter; or
- (e) A court having jurisdiction shall enter an order for relief in any involuntary case commenced against SFOTEC under the Federal Bankruptcy Code as now or hereafter in effect, and such order shall remain in force undischarged and unstayed for a period of more than ninety (90) days; or
- (f) A court or other governmental authority or agency having jurisdiction shall enter a decree or order approving or acknowledging as properly filed or commenced against SFOTEC a petition or proceedings for liquidation, rehabilitation, readjustment or composition (or for any related or similar purpose) under any law (other than the Federal Bankruptcy Code as now or hereafter in effect) relating to financially distressed debtors, their creditors or property, and such petition or proceedings shall not be dismissed within ninety (90) days of the late of filing or commencement; or

## APPENDIX 7. C.

(g) The interest of SFOTEC under this Agreement is Transferred (as defined below), without the prior written approval of the City, except as permitted by Section 11.02 hereof; or

(h) SFOTEC voluntarily abandons, deserts or vacates the Terminal and ceases operation of the Equipment for a period of more than thirty (30) consecutive days without the consent of the City; provided, however, that if such cessation or failure to use the Equipment is caused by reason of war, strike, embargo, riot, civil commotion, acts of public enemies, earthquake, other natural disasters, governmental order, action of the elements, or any other similar cause beyond SFOTEC's control, and SFOTEC so notifies the City within twenty (20) days from the date that the abandonment or cessation of operation of the Equipment began, such period of nonuse shall be excluded in computing the thirty (30) day period set forth herein.

(i) SFOTEC shall fail to keep, perform and observe each and every other promise, covenant and agreement set forth in this Agreement, and such failure shall continue for a period of more than thirty (30) days after delivery by the Airport Director of a written notice of such breach or default, except where fulfillment of its obligation requires activity over a period of time, and SFOTEC shall have commenced in good faith to perform whatever may be required for fulfillment within thirty (30) days after receipt of notice and continues such performance without interruption except for force majeure events described in Section 11.09, below.

### **10.02 City's Remedies**

Upon the occurrence and continuance of an Event of Default, the City shall have the following remedies which shall not be exclusive but shall be cumulative and shall be in addition to any other remedies now or hereafter allowed by law or equity:

(a) City may terminate this Agreement and SFOTEC's rights hereunder at any time by written notice to SFOTEC. SFOTEC expressly acknowledges that in the absence of such written notice from the City, no other act of City, including, but not limited to, its re-entry into the Terminal and use of the Equipment, its leasing or re-licensing of the Equipment and use of the Equipment for SFOTEC's account, its exercise of any other rights and remedies under this Section 10.02, shall constitute an acceptance of SFOTEC's surrender, or constitute a termination, of this Agreement.

Upon such written notice, this Agreement shall terminate and City shall be entitled to recover any and all damages from SFOTEC for such breach, including but not limited to the following:

(i) the reasonable cost of recovering the use of the Equipment; plus

(ii) the reasonable cost of removing any Alterations to the Equipment; plus

(iii) any other amount not otherwise covered by the foregoing provisions necessary to compensate the City for all the detriment proximately caused by SFOTEC's failure to perform its obligations under this Agreement or which in the ordinary course of things would be likely to result therefrom; plus

(iv) such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

(b) City may continue this Agreement in full force and effect and may enforce all of its rights and remedies under this Agreement, including, but not limited to, the right to recover Fees as they become due. During the continuance of an Event of Default, City may enter the Terminal without terminating this Agreement and use, lease or license all or any part of the

**APPENDIX 7. C.**

Equipment for SFOTEC's account to any person, for such term (which may be a period beyond the remaining term of this Agreement), at such fees and on such other terms and conditions as City deems advisable. In the event of any use, lease or license, monies and rents received by the City from such use, lease or license shall be applied (A) first, to the payment of Fees then due and payable hereunder; (B) second, to the payment of future Fees as the same may become due and payable hereunder; (C) third, to the payment of the costs of maintaining, preserving, altering and preparing the Equipment for use, lease or license, the other costs of use, lease or license, including but not limited to brokers' commissions, attorneys' fees and expenses of removal of SFOTEC's personal property, trade fixtures and Alterations; (D) fourth, the balance, if any, shall be paid to SFOTEC upon (but not before) expiration of the Agreement. If the amounts received by City from such use, lease or license, after application as provided above, are insufficient in any month to pay the Fee due and payable hereunder for such month, SFOTEC shall pay such deficiency to City monthly upon demand. Notwithstanding any such use, lease or license for SFOTEC's account without termination, City may at any time thereafter, by written notice to SFOTEC, elect to terminate this Agreement by virtue of a previous Event of Default.

(c) During the continuance of an Event of Default, City may enter the Terminal without terminating this Agreement and remove all of SFOTEC's personal property, Alterations and trade fixtures from the Terminal and the Equipment and store them at SFOTEC's risk and expense. If City removes such property and stores it at SFOTEC's risk and expense, and if SFOTEC fails to pay the cost of such removal and storage after written demand therefor and/or to pay any rent then due, then after the property has been stored for a period of thirty (30) days or more City may sell such property at public or private sale, in the manner and at such times and places as City deems commercially reasonable following reasonable notice to SFOTEC of the time and place of such sale. The proceeds of any such sale shall be applied first to the payment of the expenses for removal and storage of the property, the preparation for and the conducting of such sale, attorneys' fees and other legal expenses incurred by City in connection therewith, and the balance shall be applied as provided in Section 10.02(b) above.

SFOTEC hereby waives all claims for damages that may be caused by City's reentering and taking possession of the Equipment or removing and storing SFOTEC's personal property pursuant to this Section 10.02, and SFOTEC shall hold City harmless from and against any loss, cost or damage resulting from any such act. No reentry by City shall constitute or be construed as a forcible entry by City.

(d) City may require SFOTEC to remove any and all Alterations from the Equipment or, if SFOTEC fails to do so within thirty (30) days after City's request, City may do so at SFOTEC's expense.

(e) City may cure the Event of Default at SFOTEC's expense. If City pays any sum or incurs any expense in curing the Event of Default, SFOTEC shall reimburse City upon demand for the amount of such payment or expense with interest at the rate of the lower of 1.5% per month and the highest rate permitted by law from the date the sum is paid or the expense is incurred until City is reimbursed by SFOTEC.

(f) No action taken pursuant to this Article X shall, under any circumstances whatever, deprive the City of the right to collect the Fees and other payments required to be made by SFOTEC under this Agreement, nor release SFOTEC from the obligation imposed by this Agreement to make such payments to the City.

(g) Any amounts collected with respect to unpaid Fees pursuant to action taken under this Article X shall be paid to the City.

**APPENDIX 7. C.****10.03 Remedies; No Waiver**

No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power occurring upon any default shall impair any right or power or be construed to be a waiver, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it in this Article X, it shall not be necessary to give any notice other than such notice as may be herein expressly required.

**ARTICLE XI  
MISCELLANEOUS**

**11.01 Successors and Assigns**

Subject to Section 11.02, each and all of the conditions and covenants of this Agreement shall extend to and bind and inure to the benefit of the City and SFOTEC, and the legal representatives, successors and assigns of either or both of them.

**11.02 Sublicensing and Assignment by SFOTEC**

SFOTEC shall not assign, transfer or encumber its interest in this Agreement or any other right, privilege or license conferred by this Agreement, either in whole or in part, nor sublicense or encumber the Equipment or any part thereof (any of the foregoing actions referred to herein as a "Transfer"), without obtaining in advance the written consent of the Airport Director as to any material right, privilege or license conferred by this Agreement, which approval shall not be unreasonably withheld or delayed. Any Transfer without the Airport Director's consent shall be voidable. No consent to any Transfer shall constitute a further waiver of the provisions of this paragraph.

No sublicense will be approved by the City which by its terms provides for enrichment of SFOTEC. SFOTEC may not charge sublicensees a fee that exceeds its direct cost plus such administrative fee as authorized by the Airport Director. Approval of proposed sublicenses will be conditioned on the Airport Director's determination of the reasonableness of the fee as well as on the suitability of the proposed sublicensee and use.

Notwithstanding any other provision of this Agreement, including without limitation Section 9.01(d) and Section 10.01(g), the execution and performance of the Operating Agreement shall not be deemed to be Transfer for purposes of this Agreement.

**11.03 Notices**

Except as otherwise provided in this Agreement, any notice, demand, or other correspondence given under this Agreement shall be in writing and given by delivering the notice in person or by commercial courier, or by sending it by first-class mail, certified mail, return receipt requested with postage prepaid, or by overnight commercial express mail, or by facsimile to:

## APPENDIX 7. C.

City:

John L. Martin, Airport Director  
 San Francisco International Airport, Int'l Terminal, 5<sup>th</sup> Floor  
 P.O. Box 8097  
 San Francisco, CA 94128  
 Facsimile No. 650-821-5005

SFOTEC:

San Francisco Terminal Equipment Company, LLC  
 c/o British Airways, Int'l Terminal, 6<sup>th</sup> Floor  
 San Francisco International Airport  
 P.O. Box 250400  
 San Francisco, CA 94125-0400  
 Facsimile No. 650-583-4826

or to such other address as either SFOTEC or City may designate as its new address for such purpose by notice given to the other in accordance with this Section. Any notice hereunder shall be deemed to have been given and received two (2) days after the date when it is mailed, if sent by first-class, certified mail, one day after the date when it is mailed if sent by overnight express mail, upon the date personal delivery is made, or upon the date on which the facsimile copy is transmitted, provided, that such transmission is received on a business day between the hours of 8:00 a.m. and 5:00 p.m., and if not so received, then as of 8:00 a.m. on the next business day.

### **11.04 Interpretation**

The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either the City or SFOTEC. This Agreement shall be deemed to be made in the City and County of San Francisco and construed and performed according to the laws of the State of California.

### **11.05 No Additional Waiver Implied by One Waiver**

In the event any agreement contained in this Agreement is breached by any party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to be a waiver of any other breach hereunder.

### **11.06 Inspections by City; Performance by the City upon Failure by SFOTEC**

The City shall have the right, without any obligation to do so, at any reasonable time and as often as it considers necessary to inspect the Equipment and in the event of a situation that interferes with essential facilities or endangers the safety of operations at the Airport, to take such action, at its sole discretion, as may be required for the protection of persons or property. The City may provide written notice to SFOTEC of situations that do not interfere with operations or the public safety, but that it reasonably determines require maintenance or repair of the Equipment and may require that said maintenance or repair be completed by SFOTEC. Except as otherwise provided herein, if SFOTEC fails to perform, for a period of sixty (60) days after written notice from the Airport Director, any obligation required by this Agreement, the City may perform such obligation of SFOTEC and charge SFOTEC for the cost to the City of such performance, and SFOTEC shall promptly pay such charge; provided, however, that if SFOTEC's failure to perform any such obligation affects essential facilities or endangers the safety of operations at the Airport, and the Airport Director so states in its notice to SFOTEC,

## APPENDIX 7. C.

the City may perform such obligation of SFOTEC at any time after the giving of such notice and charge SFOTEC for costs of such performance.

### **11.07 Severability**

In the event any covenant, phrase, clause, paragraph, Article, Section, condition or provision herein contained is held to be invalid by any court of competent jurisdiction, then any invalidity of such covenant, phrase, clause, paragraph, Article, Section, condition or provision shall in no way affect any other covenant, phrase, clause, paragraph, Article, Section, condition or provision herein contained, and such determination shall not invalidate or render this Agreement unenforceable.

### **11.08 Suspension and Abatement**

If the City's operation of Airport or SFOTEC's operations at the Airport should be substantially restricted by action of any competent governmental authority with sovereignty over the City, either party hereto shall have the right, upon written notice to the other, to a suspension of this Agreement and an abatement of a just proportion of the services and facilities to be afforded hereunder, or a just proportion of the rental to become due hereunder from the time of such notice until such restriction shall have been removed; provided, however, that the obligation to pay Fees hereunder shall not be abated and shall be absolute and unconditional. In the event that the Equipment may be required by the United States for use in connection with national defense, the City, in addition to any other options to terminate, may immediately suspend this Agreement in its entirety by giving to SFOTEC written notice, if possible; provided, however, that the obligation to pay Fees hereunder shall not be abated and shall be absolute and unconditional.

### **11.09 Force Majeure**

In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lockouts, labor disputes, riots, war, acts of public enemies, earthquakes, actions of the elements or civil commotion, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. The provisions of this Section shall not operate to excuse SFOTEC from the timely payment of all sums due under this Agreement, including without limitation all Fees.

### **11.10 Compliance with Laws and Regulations**

SFOTEC shall at all times during the term of this Agreement comply with all applicable laws, rules and regulations and any amendment thereto, as they now exist or may hereafter be adopted or amended, of any federal, state or local governmental agency having jurisdiction, including the Airport Rules and Regulations and the Airport TI Guide. SFOTEC further agrees that it will use the Equipment for no purpose other than that specified herein, and in accordance with all Rules and Regulations as they now exist or may hereafter be adopted or amended. SFOTEC further agrees to submit such report or reports, or convey information regarding its operations, as the Airport Director may reasonably require. SFOTEC shall, at its own expense, operate the Equipment in accordance with reasonably prudent engineering and safety standards. Without limiting the generality of the foregoing, SFOTEC shall assure that the Equipment is used in strict compliance with all requirements of the Occupational Safety and Health Act. City shall have no liability for any damage to persons or property as a result of the use or misuse of any Equipment, and SFOTEC's indemnity in Section 7.01 hereof shall include any costs, losses, claims, damages, liabilities, and expenses arising out of such use or misuse.

## APPENDIX 7. C.

SFOTEC shall keep current all licenses and permits, whether municipal, county, Airport, state, or federal, required for the conduct of its operations at Airport, and pay all fees promptly when due, subject to their right to contest such fees.

No advertising will be permitted on the Airport, without the written permission of the Director. In no event will any advertising of tobacco or cigarette products be permitted.

Notwithstanding anything to the contrary herein, SFOTEC shall have no obligation to comply with any law, rule, or regulation, to the extent such law, rule or regulation is found by a court of competent jurisdiction to be inapplicable to SFOTEC or invalid or unenforceable as to SFOTEC.

### **11.11 Compliance with Environmental Requirements**

SFOTEC, in conducting any activity under this Agreement, including any environmental response or remedial activities, shall comply with all applicable Environmental Laws, including but not limited to Environmental Laws regarding the storage, use and disposal of Hazardous Materials and regarding Release or threatened Release of Hazardous Materials into the environment.

### **11.12 City's Right of Access and Inspection**

City, by its officers, employees, agents, representatives and contractors, shall have the right at all reasonable times and in a reasonable manner, upon notice to SFOTEC and the Operator to enter upon the premises where the Equipment is operated, for the purpose of inspecting the same or for doing any act or thing which the City may be obligated or have the right to do under this Agreement or otherwise, and to post notices which, in the opinion of the City, are necessary to hold the City harmless from any losses, claims, damages, liabilities or expenses (including reasonable costs of investigation and attorneys fees) arising out of any work done in, on or about said premises, in connection with the use of the Equipment by SFOTEC. No abatement of Fees shall be claimed by or allowed to SFOTEC by reason of the exercise of such right. In the exercise of rights under this Section, the City, its officers, employees, agents, representatives and contractors, shall use their best efforts to avoid interfering with the conduct of SFOTEC's businesses as herein authorized.

### **11.13 United States Department of Transportation Provisions**

This Agreement is subject and subordinate to the terms, reservations, restrictions and conditions of any existing or future agreements between the City and the United States, the execution of which has been or may be required as a condition precedent to the transfer of federal rights or property to the City for airport purposes, and the expenditure of federal funds for the extension, expansion or development of the San Francisco International Airport.

### **11.14 Subordination to Sponsor's Assurance Agreement**

This Agreement shall be subordinate and subject to the terms of any "Sponsor's Assurance Agreement" which has been furnished to the Federal Aviation Administrator acting for the Government of the United States of America or any other like agreement between the City and the Federal government. Such agreements shall not be considered as waivers of any claim of SFOTEC against the United States of America.

## APPENDIX 7. C.

### 11.15 Declaration Regarding Airport Private Roads

SFOTEC hereby acknowledges and agrees that all roads existing at the date of execution hereof within the boundaries of the Airport, as shown on the current official Airport Plan and as it may be revised, are the private property and private roads of the City and County of San Francisco, with the exception of that portion of the old Bayshore Highway (designated as South Airport Blvd. on the official Airport Plan) which runs through the southern limits of the City of South San Francisco and through the northern portion of the Airport to the intersection with the North Airport Road (designated as North Access Road on said Airport Plan), and with the exception of that portion of the North Airport Road which runs from the off and on ramps of the State Bayshore Freeway to the intersection with said old Bayshore Highway as shown on said Airport Plan. SFOTEC further acknowledges that each and every road hereafter constructed or opened by the City within the Airport boundaries will be the private property and road of the City, unless otherwise designated by appropriate action.

### 11.16 Conflict of Interest

SFOTEC hereby states that it is familiar with the provisions of Section 8.105 of the San Francisco Charter and Section 87100 et seq. of the California Government Code, and certifies that it knows of no facts which constitute a violation of said sections. SFOTEC further certifies that it will make a complete disclosure to the City of all facts bearing upon any possible interest, direct or indirect, which it believes any member of the Commission or other officer or employee of the City presently has or will have in this Agreement or in the performance thereof or in any portion of the profits thereof. Said disclosure shall be made by SFOTEC contemporaneously with the execution of this Agreement and at any time thereafter that such facts become known to SFOTEC. Willful failure of SFOTEC to make such disclosure, if any, shall constitute grounds for termination of this Agreement by the City.

### 11.17 Federal Nondiscrimination Regulations

SFOTEC understands and acknowledges that the City has given to the United States of America, acting by and through the Federal Aviation Administration, certain assurances with respect to nondiscrimination, which have been required by Title VI of the Civil Rights Act of 1964, as effectuated by Title 49, of the Code of Federal Regulations, Subtitle A, Office of the Secretary of Transportation Part 21, as amended, as a condition precedent to the government making grants in aid to the City for certain Airport programs and activities, and that the City is required under said Regulations to include in every agreement or concession pursuant to which any person or persons other than the City, operates or has the right to operate any facility on the Airport providing services to the public, the following covenant, to which SFOTEC agrees. SFOTEC, in its operation and use of the Equipment, covenants that,

(a) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities,

(b) in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and

(c) SFOTEC shall use the Equipment in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Subtitle A, Office of the Secretary of Transportation, Part 21, Nondiscrimination in Federally Assisted Programs of the



## APPENDIX 7. C.

Department of Transportation, Effectuation of Title VI of the Civil Rights Acts of 1964, as said regulations may be amended.

### **11.18 Federal Affirmative Action Regulations**

SFOTEC assures that, with respect to its operation of the Equipment, 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. SFOTEC 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. SFOTEC assures that it will require that its covered suborganizations relating to the operation of the Equipment provide assurances to SFOTEC that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

This Agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR Part 23, Subpart F. SFOTEC agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement relating to the Equipment and covered by 49 CFR Part 23, Subpart F.

### **11.19 Commission's Non-Discrimination Policy**

In the use of the Equipment under this Agreement, SFOTEC covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, national origin, ancestry, age, sex, sexual orientation, gender identity, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with or applicant for employment with SFOTEC, in any of SFOTEC's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by SFOTEC.

### **11.20 MacBride Principles - Northern Ireland**

The City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

### **11.21 Tropical Hardwoods**

The City urges SFOTEC not to import, purchase, obtain, or use for any purpose, any tropical hardwood or tropical hardwood product.

### **11.22 Drug-Free Workplace Policy**

SFOTEC acknowledges that, pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. SFOTEC agrees that any violation of this prohibition by SFOTEC, its employees, agents or assigns shall be deemed a material breach of contract if not cured after written notice from the City.

## APPENDIX 7. C.

### 11.23 Compliance with Americans with Disabilities Act

SFOTEC acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity, whether directly or through a contractor, must be accessible to the disabled public. SFOTEC shall operate the Equipment in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. SFOTEC agrees not to discriminate against disabled persons in the operation of the Equipment and further agrees that any violation of this prohibition on the part of SFOTEC, its employees, agents or assigns shall constitute a material breach of this Agreement if not cured after written notice from the City.

### 11.24 Sunshine Ordinance

In accordance with Section 67.24(e) of the S.F. Admin. Code, contracts, contractors' bids, leases, agreements, responses to RFPs and all other records of communications between the City and persons or firms seeking contracts with the City will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

### 11.25 Utilities; Waiver of Damages

SFOTEC hereby expressly waives any and all claims for damages arising or resulting from failures or interruptions of utility services furnished by the City hereunder including but not limited to electricity, gas, water, plumbing, sewage, telephone, communications, or for the failure or interruption of any public or passenger conveniences.

### 11.26 Effect of City Approvals

Notwithstanding anything to the contrary herein, SFOTEC acknowledges and agrees that City is entering into this Agreement as an equipment owner, and not as a regulatory agency with police powers. Accordingly, any Alterations or operations contemplated or performed by SFOTEC hereunder may require further authorizations, approvals, or permits from governmental regulatory agencies, including the Airport's Quality Control Department. Nothing in this Agreement shall limit SFOTEC's obligation to obtain such other authorizations, approvals, or permits. No inspection, review, or approval by the City pursuant to this Agreement shall constitute the assumption of, nor be construed to impose, responsibility for the legal or other sufficiency of the matter inspected, reviewed, or approved. In particular, but without limiting the generality of the foregoing, in approving plans and specifications for alterations, the City (a) is not warranting that the proposed plan or other action complies with applicable laws, and (b) reserves its right to insist on full compliance in that regard even after its approval has been given under this Agreement.

### 11.27 Charter

This Agreement is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

## APPENDIX 7. C.

### 11.28 No Relocation Assistance; Waiver of Claims

SFOTEC acknowledges that it will not be a displaced person at the time this Agreement is terminated or expires by its own terms, and SFOTEC fully releases, waives, and discharges forever and all claims or other losses, against and covenants not to sue the City or any City entity under any laws, including any and all claim for relocation benefits or assistance from City under federal and state relocation assistance laws.

### 11.29 No Joint Venture

It is expressly agreed that City is not, in any way or for any purpose, a partner of SFOTEC in the conduct of SFOTEC's business or a member of a joint enterprise with SFOTEC, and does not assume any responsibility for SFOTEC's conduct or performance of this Agreement.

### 11.30 Attorneys' Fees

In the event that City or SFOTEC fails to perform any of its obligations under this Agreement or in the event a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Agreement, reasonable fees of attorneys of City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

### 11.31 Survival of Indemnities

Expiration or termination of this Agreement shall not affect the right of either party to enforce any and all indemnities given or made to the other party under this Agreement, nor shall it effect any provision of this Agreement that expressly states it shall survive termination hereof. Each party hereto specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Agreement, the indemnitor has an immediate and independent obligation to defend the indemnitees from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to the indemnitor by the indemnitee.

### 11.32 Integrated Agreement, Modification

This Agreement contains all the agreements of the parties and, except as otherwise provided herein, cannot be further amended or modified except by written agreement.

### 11.33 Execution in Counterparts

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

### 11.34 Labor Peace/Card Check Rule.

SFOTEC shall comply the Airport's Labor Peace/Card Check Rule, adopted on February 1, 2000, pursuant to Airport Commission Resolution No. 00-0049 (the "Labor Peace/Card Check Rule"). Capitalized terms not defined in this provision are defined in the

**APPENDIX 7. C.**

Labor Peace/Card Check Rule. To comply with the Labor Peace/Card Check Rule, SFOTEC shall, among other actions: (a) Enter into a Labor Peace/Card Check Agreement with any Labor Organization which requests such an agreement and which has registered with the Airport Director or his/her designee, within thirty (30) days after the Labor Peace/Card Check Agreement has been requested; (b) Not less than thirty (30) days prior to the modification of this Lease, SFOTEC shall provide notice by mail to any Labor Organization or federation of labor organizations which have registered with the Director or his/her designee ("registered labor organization"), that SFOTEC is seeking to modify or extend this Agreement; (c) Upon issuing any request for proposals, invitations to bid, or similar notice, or in any event not less than thirty (30) days prior to entering into any Subcontract, SFOTEC shall provide notice to all registered labor organizations that SFOTEC is seeking to enter into such Subcontract; and (d) SFOTEC shall include in any subcontract with a Subcontractor performing services pursuant to any Covered Contract, a provision requiring the Subcontractor to comply with the requirements of the Labor Peace/Card Check Rule. If Airport Director determines that SFOTEC shall have violated the Labor Peace/Card Check Rule, Airport Director shall have the option to terminate this Agreement, in addition to exercising all other remedies available to him/her.

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**APPENDIX 7. C.**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in triplicate by their duly authorized officers the day and year first hereinabove written.

**CITY**

City and County of San Francisco,  
a municipal corporation acting by and through  
its AIRPORT COMMISSION.

\_\_\_\_\_  
JOHN L. MARTIN  
Airport Director

AUTHORIZED BY AIRPORT COMMISSION  
Resolution No. \_\_\_\_\_  
Adopted: \_\_\_\_\_

\_\_\_\_\_  
Secretary, Airport Commission

APPROVED AS TO FORM:  
Louise H. Renne  
City Attorney

\_\_\_\_\_  
Deputy City Attorney

Exhibits to the Agreement

- Exhibit A     Equipment
- Exhibit B     Company Property
- Exhibit C     Maintenance Responsibilities

**SFOTEC**

San Francisco Terminal Equipment Company,  
LLC

BY: \_\_\_\_\_  
TITLE: \_\_\_\_\_

## **APPENDIX 7. C.**

### **EXHIBIT A TO EQUIPMENT OPERATING AND MAINTENANCE AGREEMENT EQUIPMENT**

- 1. AIRCRAFT GUIDANCE / DOCKING SYSTEMS**
- 2. AIR TO GROUND RADIO SYSTEMS FOR GATE / PUSHBACK CONTROL**
- 3. BAGGAGE CLAIM CAROUSELS**
- 4. BAGGAGE HANDLING SYSTEMS**
- 5. BAGGAGE MAKEUP AREA LIGHTING**
- 6. BAGGAGE MAKEUP CAROUSELS**
- 7. BAGGAGE SYSTEM SECURITY SCREENING DEVICES**
- 8. CUTE / MUSE SYSTEM**
- 9. DYNAMIC AIRLINE IDENTIFICATION SIGNAGE**
- 10. MUFIDS (MULTI USER FLIGHT INFORMATION DISPLAY SYSTEM)**
- 11. GATE MANAGEMENT EQUIPMENT AND SOFTWARE USED FOR ITC  
SCHEDULING**
- 12. PRECONDITIONED AIR**
- 13. 400 Hz GROUND POWER**
- 14. PASSENGER LOADING BRIDGES**
- 15. POTABLE WATER SYSTEMS**
- 16. COUNTERS FOR AIRLINE USE INCLUDING TICKET COUNTER, GATE  
COUNTERS, FIS COUNTERS, GROUP CHECK IN AND RECHECK COUNTERS\***
- 17. PNEUMATIC TUBE SYSTEM**
- 18. TICKET COUNTER SCALES**
- 19. GATEROOM SEATING**

## **APPENDIX 7. C.**

### **EXHIBIT B TO EQUIPMENT OPERATING AND MAINTENANCE AGREEMENT COMPANY PROPERTY**

- ◆ Spare parts and inventory for all airport purchased equipment maintained by SFOTEC and/or purchased by SFOTEC
- ◆ CEIA metal detectors used at international security checkpoints
- ◆ Additional and/or optional equipment for all xray machines at security checkpoints
- ◆ Exit lane equipment and SFOTEC installed cameras, furniture, partitions, computers, and sensor equipment installed at both international security checkpoints
- ◆ Ramp control tower equipment and radios at BAA/BAG towers
- ◆ Wheeled fire extinguishers located at all gates (including spares)
- ◆ Baggage tubs and transport equipment used with Baggage Conveyor System
- ◆ Stanchions used at ticket counters and security checkpoints
- ◆ Tenant improvements and associated equipment/furniture/computers in all SFOTEC leased space

## APPENDIX 7. C.

### EXHIBIT C TO EQUIPMENT OPERATING AND MAINTENANCE AGREEMENT MAINTENANCE RESPONSIBILITIES

Except as otherwise provided herein, SFOTEC shall be responsible for all maintenance of the following Equipment and facilities in the Terminal:

- 1. AIRCRAFT GUIDANCE / DOCKING SYSTEMS**
- 2. AIR TO GROUND RADIO SYSTEMS FOR GATE / PUSHBACK CONTROL**
- 3. BAGGAGE CLAIM CAROUSELS**
- 4. BAGGAGE HANDLING SYSTEMS (including electrical)**
- 5. BAGGAGE MAKEUP AREA LIGHTING**
- 6. BAGGAGE MAKEUP CAROUSELS**
- 7. CUTE / MUSE SYSTEM**
- 8. MUFIDS** Hardware and software (except hardware and software that extends to areas outside the confines of the Terminal, ADA signage and Visual Paging.)
- 9. DYNAMIC AIRLINE IDENTIFICATION SIGNAGE**  
SFOTEC will be responsible for maintenance of the Dynamic Airline Identification signage located in the following locations:
  - Ticket Counters
  - Gate Hold rooms
  - Baggage Makeup Areas
  - FIS Area
  - Baggage Transfer Points
- 10. GATE MANAGEMENT EQUIPMENT & SOFTWARE**  
SFOTEC is responsible for BAA/BAG only.  
City is responsible for Airport Operating Data Base.
- 11. FIRE EXTINGUISHERS & FIRE BOTTLES**  
SFOTEC will supply, and service ramp fire bottles at BAA/BAG. City will supply and service fire extinguishers in all common and joint use space inside the Terminal.
- 12. PASSENGER LOADING BRIDGES**
- 13. PRECONDITIONED AIR**  
SFOTEC will be responsible for maintenance of ONLY the hoses that connect to the aircraft. City will be responsible for all other maintenance of the PC Air system.
- 14. POTABLE WATER SYSTEM**  
City will be responsible for the portion of the potable water system up to and including the backflow devices. City will also be responsible for performing the required testing of the backflow devices. SFOTEC will be responsible for the portion of the Potable Water System AFTER the backflow devices.
- 15. 400 HZ POWER**  
SFOTEC will be responsible for maintenance of the 400HZ Power System from converter rooms to the gate boxes including the aircraft cables. City will be responsible for ALL pad/holding locations other than gates on BAA/BAG.
- 16. TICKET COUNTERS**  
SFOTEC will be responsible for cleaning of all ticket counters, including main ticketing lobby counters, recheck and group check-in counters, from the edge of counters to and including the wall behind the ticket counter baggage belt. City will be responsible for cleaning and maintenance of the stainless steel on the front of the ticket counters, including (a) the stainless steel above the front of the counters, which houses the FIDS and LED monitors, and (b) the counter stanchions located in front of the ticket counters.



## **APPENDIX 7. C.**

### **17. TICKET COUNTER BAGWELL SCALES**

### **18. GATEROOM SEATING**

City will perform cleaning and maintenance of gateroom seating. SFOTEC shall reimburse City for such cleaning and maintenance as provided in Section 4.02 hereof.

### **19. PNEUMATIC TUBE SYSTEM**

### **20. X-RAY SCREENING EQUIPMENT**

SFOTEC will be responsible for maintenance of all X-ray Units and associated equipment, except Department of Agriculture units and units installed for purposes other than airline common use.

**APPENDIX F**  
**Consortium Annual Reports (web-only)**

**APPENDIX 8. A.**



**DETROIT AIRLINES' NORTH TERMINAL CONSORTIUM  
2009 ANNUAL REPORT**

*Summary Operations – FY Ending September 30, 2009  
Report Release Date: March 2, 2010*

**APPENDIX 8. A.**

***Detroit Airlines' North Terminal Consortium***

**2009 Annual Report**

---

**TABLE OF CONTENTS**

**Chair's Report ..... 2**

**Executive Director's Report ..... 3**

**Operational Report ..... 4**

**Supplement – DANTeC Annual Operational Performance Summary**

**Financial Report ..... 19**

**Supplement – DANTeC Audited Financial Statements & Report**

**Supplement – DANTeC Auditors Communication**

**Supplement – DANTeC 2009 Rates & Charges Budget**

**Supplement – DANTeC 2009 R&C Detailed Expense Summary (final)**

**Supplement – DANTeC 2009 Passenger & Service Fee Estimate**

**Supplement – DANTeC 2009 Passenger Traffic Summary (final)**

**Supplement – DANTeC 2009 Rates & Charges Passenger Fee Summary (final)**

**Supplement – DANTeC 2009 O&M Consortium Budget**

**Supplement – DANTeC 2009 O&M Detailed Expense Summary (final)**

**DANTeC Partners ..... 47**

**Vendor Information ..... 48**

*Detroit Airlines' North Terminal Consortium*  
**2009 Annual Report**

---

I am delighted to bring to all of you, this inaugural Annual Report of the Detroit Airlines' North Terminal Consortium. It is hard to believe that just a year ago we celebrated opening day of our new North Terminal facility. Showcasing this state-of-the-art facility took second place to all of the positive feedback we received from our passengers, employees, and peers. As we celebrate our first anniversary in our new Terminal, we can reflect back on the collaborative efforts, commitment and challenges that made this event a reality and success.

Shortly after opening of the North Terminal, our new Ground Transportation Center opened to our passengers, increasing their access and convenience to our Terminal. As construction continued, and almost a year later, the finishing touches on the International Gates on the South end of the terminal is wrapping up. As contractors scurried to meet all of the construction deadlines for these projects, the NTR remained steadfast in meeting all of their commitments to us.

On the heels of celebration, our economy and industry faced challenges. Our economy continued its retraction, being equally aggressive on consumer spending, credit and investment. As a result, passenger traffic declined nearly 30% from forecasted projections. Fuel prices still remained high at the onset of the year however, have since stabilized as speculators retreated and prices declined. As we exit this first year, we can see some glimmer of recovery, as critical economic indicators begin pointing towards recovery.

September 2009 also marked the first operational anniversary of our North Terminal Consortium. While many tasks needed to be accomplished on opening day, our contractors opened the terminal and commenced operations almost seamlessly. This upcoming year, we received news that Continental Airlines will be joining us here at the North Terminal. Negotiations continue with both Continental and Lufthansa in joining the Consortium as members. Assuming they both join the Consortium, they may increase our membership from six to eight carriers this year.

As our industry continues its transformation, the need for improvements in operational focus and efficiencies are tantamount to our success. I view the growing utilization of the Consortium model a critical element to that success. On behalf of myself and our partners, I would personally like to thank our Directors, the WCAA, North Terminal Carriers and our contractors in making this first operational year of our North Terminal Consortium a success. Let's all commit to making 2010 our continued pride and success in this Terminal, DANTeC and in Detroit.

While the economy and our industry recover, the Detroit Metropolitan Airport and DANTeC continue to evolve to meet the ever-growing and dynamic needs of the industry. I'm excited to bring the many successes of 2009 to a close and I look forward to ushering in a promising 2010.

██████████ – Board Chair

*Detroit Airlines' North Terminal Consortium*  
**2009 Annual Report**

Since our operational inception in late 2009, DANTeC has remained in a state of perpetual development, adding new areas of responsibility to the Consortium as we move forward. The DANTeC management team remains committed and continues to do an outstanding job in overseeing the day-to-day operation. As the organization matures, the team has increasingly focused on improving performance, efficiencies and reducing costs.

This year the DANTeC team underwent some minor changes within the management team.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

By all means, 2009 held some real challenges for the Consortium as well as our industry. While opening a new Terminal and starting operations on a compressed timeline seemed like a challenge, our economic environment proved much tougher, and more of a challenge than anyone could have predicted. Passenger traffic plummeted, concessions closed, and a focus on cost reduction and or elimination took precedence. The North Terminal team looked deep into the operation suggesting innovative ways of reducing costs while maintaining service levels. All the time, the DANTeC operation held steady on finishing the objective by ensuring we met performance and equipment reliability targets under the worst spending pullback seen in decades.

Also, in mid 2009 the GSE Fuel Rack finally opened allowing carriers to utilize a centralized and controlled fueling location. The Triturator facility opened and commenced operation around the same time period. The International gates on the South end of the new Terminal are scheduled to open during the fourth quarter 2009, bringing nearly a close to the Terminal construction. Again, everyone remained committed to providing a world-class terminal for every visitor to see and experience.

Despite tough economic conditions and reduced passenger traffic, diligent expense control measures enabled us to close the year slightly above \$6.1 million in total operating expenses. This represented a 6% reduction from budget estimate of \$6.469 million. We also experienced a reduction in overall utility and fuel consumption costs during the same period, lessening the hardship of decreased passenger traffic and severely retracted consumer and business spending.

As we bring this year to a successful close, we prepare the entire DANTeC team to meet a more challenging year head on. I am positive that 2010 will see the DANTeC operation continue to flourish as we strive to provide exceptional equipment and services management to DANTeC and the North Terminal Airlines.

[REDACTED] – Executive Director APS c/o DANTeC

*Detroit Airlines' North Terminal Consortium*  
**2009 Annual Report**

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**DANTeC Operational Report****Baggage Handling System**

The Baggage Handling System is composed of three major components: the Inbound Baggage System, the In-Line Explosive Detection System (EDS), and the Fault Monitoring System (FMS). The Inbound System is made up of 5 common-use Domestic Feed lines, 5 Domestic Claim carousel Devices, 2 International Feed lines, 2 International Claim Devices, and 1 Oversize line.

The EDS system consists of 8 make-up carousels fed by 4 main ticket counter lines, 4 main Curbside lines, and an Oversize line. The EDS system has a total of 6 CTX 9000 EDS machines, each certified at 500+ bags an hour for a total of 3000 bags an hour. The EDS System is separated into 2 separate systems, North and South, with cross-over capabilities for fall-back contingency.

The Fault Monitoring System (FMS) consists of two computers located in the DANTeC TOC. The primary function of the FMS is to monitor the conveyor system to provide alerts of all operational faults, such as jams, emergency stops and overloads. It also provides a report of the daily bag counts, as well as monitoring and coordinating communications between the computers and system components. The baggage handling system at the North Terminal processed over 1.7 million bags throughout 2009.

All three components of the Baggage Handling System were manufactured and installed by Siemens Energy and Automation Inc and was commissioned in the summer of 2008.

Professional Business Providers (PBP) is the current operations and maintenance provider on behalf of DANTeC. PBP's responsibilities, in respect to the Baggage Handling System, include daily operation and maintenance, preventive maintenance, and building maintenance of the baggage make-up area

**Passenger Boarding Bridges**

DANTeC is responsible for all 30 Passenger Boarding Bridges (PBB) of the North Terminal. The Bridges are all Ramp-Drive, 3-Tunnel Boarding Bridges, manufactured by Jet Bridge Technologies Inc., formally FMC. Each Passenger Boarding Bridge utilizes a stand-alone Point of Use 400hz Ground Power System, Pre-Conditioned Air System, and a Potable Water Cabinet.

24 of the 30 Passenger Boarding Bridges, were commissioned in September of 2008. The last 4 units at D1, D2, D3A, D3B, D5A, and D5B were commissioned in December of 2009.

PBP is the current operations and maintenance provider on behalf of DANTeC. PBP's responsibilities, in respect to the passenger loading bridges, include daily operation and maintenance and preventive maintenance services.

*Detroit Airlines' North Terminal Consortium*  
**2009 Annual Report**

---

**DANTEC Operational Report continued****Ground Power System**

DANTEC is responsible for all 30 stand-alone, point-of-use, 400 Hz Ground Power Units at the North Terminal. The Ground Power Units were manufactured and installed by Jet Bridge Technologies Inc. 24 of the 30 Ground Power Units were commissioned in September of 2008. The last 4 units at D1, D2, D3A, D3B, D5A, and D5B were commissioned and accepted by DANTEC in December of 2009.

PBP is the current operations and maintenance provider on behalf of DANTEC. PBP's responsibilities, in respect to the Ground Power Units, include daily operation and maintenance and preventive maintenance services.

**Pre-Conditioned Air System**

DANTEC is responsible for all 30 stand-alone, point-of-use, Pre-Conditioned Air (PCA) Units at the North Terminal. The PCA Units were manufactured and installed by Jet Bridge Technologies Inc. 24 of the 30 PCA Units were commissioned in September of 2008. The last 4 units at D1, D2, D3A, D3B, D5A, and D5B were commissioned and accepted by DANTEC in December of 2009.

PBP is the current operations and maintenance provider on behalf of DANTEC. PBP's responsibilities, in respect to the Pre-Conditioned Air Units, include daily operation and maintenance and preventive maintenance services.

**Conveyance Systems**

DANTEC is responsible for the Daily Operation and Maintenance of the Conveyance System for the North Terminal. The Conveyance system is comprised of 11 Moving Walkways, 12 Escalators, and 14 Passenger Elevator Cars. All Conveyance Systems were manufactured by the Schindler Elevator Corporation and were commissioned in September of 2008.

The Schindler Elevator Corporation is the current operations and maintenance provider on behalf of DANTEC.

**Paging System**

DANTEC is responsible for the Paging System in the North Terminal. This responsibility includes public and passenger requested pages as well as reactive and preventative maintenance. The system is manufactured by IED and was commissioned in September of 2008. DANTEC performs the public addressing through the DANTEC Terminal Operations Center (TOC) staff and is available 24/7/365. Maintenance services are provided on a will-call basis. DANTEC's current Paging System Maintenance provider is Sound Engineering Inc, the only certified IED equipment maintenance provider in Michigan.



*Detroit Airlines' North Terminal Consortium*  
**2009 Annual Report**

---

**DANTEC Operational Report continued****MUFIDS/CUPPS/CUSS/BIDS Systems**

The Multiple User Flight Information Display System (FIDS) is a multi-user system with display units throughout the Airport's main terminal and concourse areas. Each airline has access to an input terminal, which allows them to enter up-to-date flight information for both arriving and departing flights.

The Common Use Passenger Processing System (CUPPS) is a multi-user system with terminals installed at each Common Use ticket counter and gate podium. Any Airline can utilize this system when reserving a common use ticket counter or gate.

The Baggage Information Display System (BIDS) is controlled via an input terminal located at each inbound baggage conveyor line. Up-to-date inbound flight information is then displayed on public monitors above each baggage carousel on the baggage claim level.

ARINC is DANTEC's current Operations and Maintenance Service provider.

**Fire Alarm System**

DANTEC provides maintenance and certification services for the Fire Alarm System and the Fire Suppression System of the North Terminal and Ground Transportation Center. DANTEC also inspects and certifies all Fire Extinguisher equipment located in the lease areas of the North Terminal. In addition, DANTEC also monitors the fire alarm system and provides first response to all Trouble and Supervisory alarms as well as coordinating with the Wayne County Airport Authority own Fire Department during active alarms.

These systems were commissioned in September of 2008. DANTEC just recently completed the first year's re-certification of the system.

Siemens Inc. is DANTEC's current maintenance provider for the Fire Alarm System. The Comunale Company is the current maintenance provider of the fire suppression system. Both Siemens and Comunale provide certification services on DANTEC's behalf.

**GSE Fuel Rack Equipment and Fuel Supply**

DANTEC supplies fuel and maintains the Ground Service Equipment (GSE) Fuel Rack for the North Terminal. The GSE Fuel rack is comprised of 3 fuel pumps, a 10,000 gallon underground Diesel Fuel tank, a 15,000 gallon underground gasoline tank, and a fuel management computer system. DANTEC supplies Fuel Cards and log-in passwords to each airline and monitors, tracks, and invoices the Airlines on a monthly basis.

RKA Petroleum Company is DANTEC's current contractor for Fuel Supply and delivery.

PBP is DANTEC's current maintenance provider for the Fuel Rack Equipment.

*Detroit Airlines' North Terminal Consortium*  
**2009 Annual Report**

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**DANTEC Operational Report continued**

**Building Mechanic / Facility Maintenance Services**

DANTEC maintains and services approximately 350,000 square feet of “back-of-house”, or non-public, areas of the North Terminal including HVAC, electrical, plumbing, lighting, mechanical, and general facility items. DANTEC continually performs monthly inspections and audits to ensure that the North Terminal Building remains in an “as-new” status. DANTEC also retains the ability to contract airline approved build-outs, projects, additions, while adhering to the WCAA’s C&A policies.

The Barton Malow Company is DANTEC’s current contractor for providing Building Mechanical and Facility Services.

**Ticket Counter Scale Equipment**

DANTEC provides the North Terminal with maintenance and certification services for baggage well scales located at the ticket counters, curbside check-in, and at the international facility transfer location. Certifications are commissioned on a quarterly schedule and scale maintenance is provided on a will-call basis.

The Century Scale Company is DANTEC’s current certification and maintenance provider.

**Ramp Tower Services**

DANTEC is responsible for Ramp Tower and Gate Services at the North Terminal. Through the ramp tower, DANTEC can control and direct aircraft movement on the ramp, coordinate and monitor Common Gate Usage, and assign and track RON Traffic. Currently, DANTEC is managing 8 Common Use gates and 4 unassigned gates. In the summer of 2009, DANTEC changed flight information software packages and safely restructured tower staffing to lower airport operational costs.

DSI is DANTEC’s current Ramp Tower Services contractor.

**Checkpoint Passenger Services**

DANTEC provides a Checkpoint Greeter during select hours at each of the North Terminal’s Security Checkpoints. The Checkpoint Greeters provide passenger assistance as well as manage the Premier Passenger lanes.

Prospect Airport Services is the current Checkpoint Passenger Services provider on behalf of DANTEC.

*Detroit Airlines' North Terminal Consortium*  
**2009 Annual Report**

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**DANTEC Operational Report continued****Consolidated Oversize Service**

As part of the In-Line Explosive Detection Baggage Handling System, a Consolidated Oversize Baggage screening area was constructed. This area is located in the TSA Alarm Resolution Room and allows for screening of baggage that exceeds size or weight limits of the baggage handling system.

To allow for efficient use of resources, DANTEC consolidated the manual transport of these oversize bags into a single service operation. This operation consists of transporting the oversize bags from the ticket counter to the consolidated screening area and finally down to the appropriate airline carousel in the bag makeup area. Baggage tubs are retrieved from the makeup area and restocked on the ticketing level on the return trip.

Prospect Airport Services manages the contract for Oversize Bag Transport Services on behalf of DANTEC

**Wheelchair Services**

DANTEC provides consolidated wheelchair services for all airlines operating at North Terminal. Under this consolidated umbrella, DANTEC is able to provide an efficient and effective level of customer service while ensuring that all ADA standards are met.

In the first year of service, DANTEC serviced 87,000 wheelchair requests.

Prospect Airport Services is the current Wheelchair service provider.

**Janitorial Services**

DANTEC provides Custodial, Janitorial, and Biohazard Services to approximately 350,000 square feet of "back-of-house", or non-public, areas of the North Terminal including all Airline Tenant spaces. OMNI Facility Services was awarded the 1<sup>st</sup> janitorial contract in September of 2008. To reduce airline and operational costs, DANTEC re-solicited these services in August of 2009 and reassigned the contract to ISS Facility Services the following December. Monthly Airline expenditures were effectively lowered, service levels were increased, and overall customer satisfaction was improved.

Omni Facility Services is DANTEC's current Custodial, Janitorial, and Biohazard Service Provider.

*Detroit Airlines' North Terminal Consortium*  
**2009 Annual Report**

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**DANTEC Operational Report continued**

**Waste Removal Services**

DANTEC is responsible for the Waste Removal Services of the North Terminal, including the removal of Recyclable materials. Waste Removal Services are performed for 5 trash compactors and 5 recycle bins strategically located throughout the Terminal. To lower terminal operational costs, DANTEC decommissioned the 5<sup>th</sup> compactor on the South end of the Terminal until refuse volume increases to demand its use.

Additionally, DANTEC had radio controlled monitoring equipment installed on each compactor to maximize per-turn efficiency, resulting in a 60%+ savings.

Waste Management of Michigan is DANTEC's current Waste Removal Service provider.

██████████ – Director of Operations

**APPENDIX 8. A.**

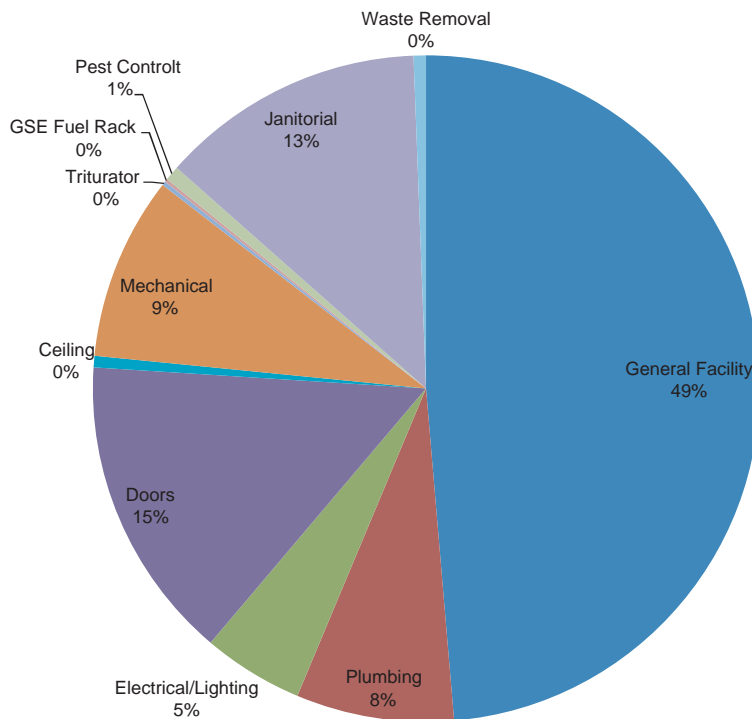


**NorthTerminal  
Annual Status Summary Report  
Facility  
FY 2009**

**A1. Facility Service Requests by Category**

	Total	Open	Closed	%
General Facility	2824	0	2824	100%
Plumbing	444	0	444	100%
Electrical/Lighting	283	0	283	100%
Doors	860	0	860	100%
Ceiling	32	0	32	100%
Mechanical	517	0	517	100%
Triturator	11	0	11	100%
GSE Fuel Rack	9	0	9	100%
Pest Control	41	0	41	100%
Janitorial	747	0	747	100%
Waste Removal	35	0	35	100%

**% Service Request by Type**



**Footnotes:**

\*Triturator commissioned 3rd Quarter of FY 2009

\*GSE Fuel Rack commissioned 3rd Quarter of FY 2009

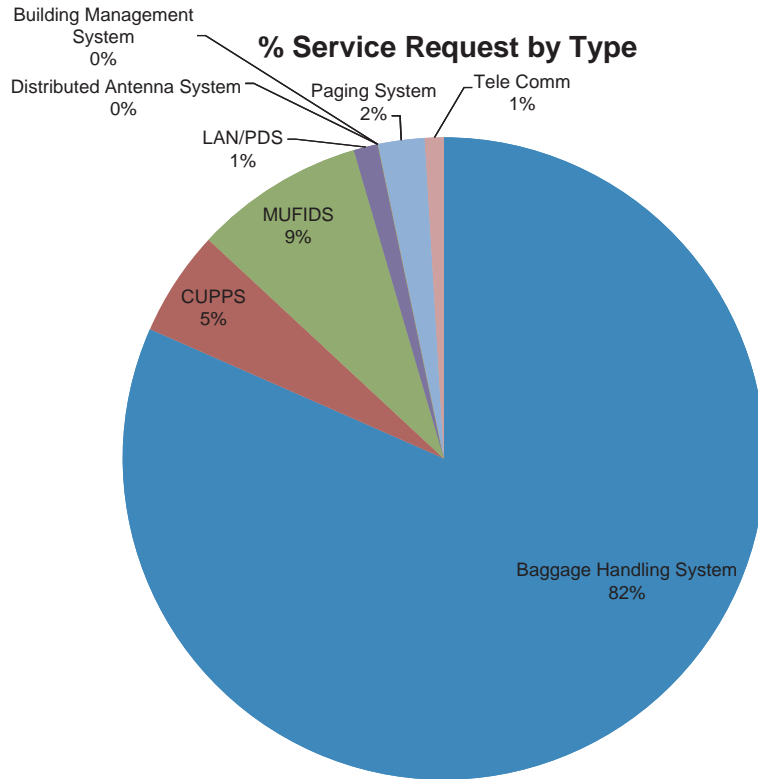
**APPENDIX 8. A.**



**North Terminal  
Annual Status Summary Report  
System  
FY2009**

**A2. DANTEc System Activity**

	S,R Completion Rate	# Total Outtages	Total S,R.'s	Open S,R.'s (as of 9/30/09)	Closed S,R.'s	# Total BHS Jams	# Total BHS Minor Instances	Target SLA %	Footnote
Baggage Handling System	100%	13	5217	0	5217	3960	1357	95%	
CUPPS	100%	0	341	0	341			90%	*A
MUFIDS	100%	0	547	0	547			95%	*A
LAN/PDS	100%	0	78	0	78			99%	*A
Distributed Antenna System	100%	0	0	0	0			90%	
Building Management System	100%	0	0	0	0			95%	*B
Paging System	100%	3	150	0	150			98%	
Tele Comm	100%	0	61	0	61			NA	*A



**Footnotes:**

\*A S.R did not effect System Availability

\*B Building Management System not turned over to DANTEc until 4th Quarter of FY 2009

**APPENDIX 8. A.**

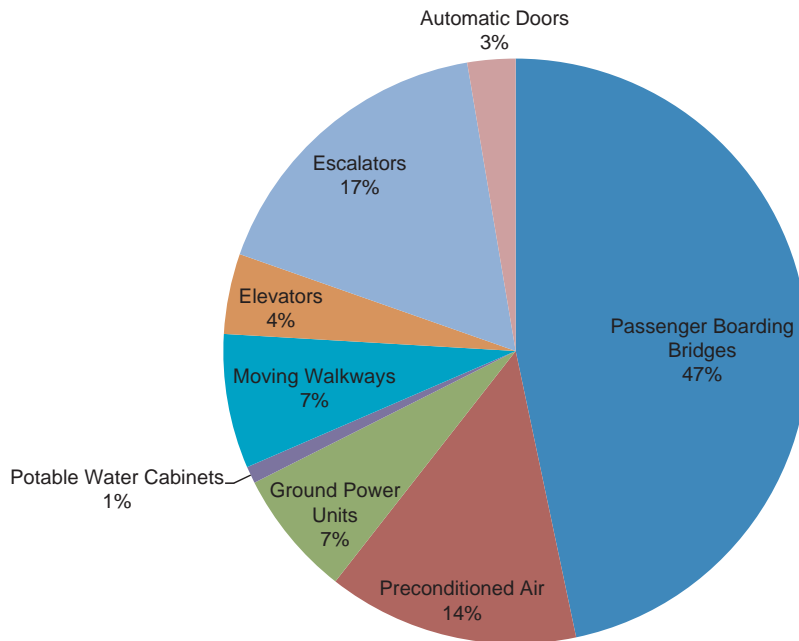


**North Terminal  
Annual Status Summary Report  
Equipment  
FY 2009**

**A3. DANTEC Equipment Activity**

	S.R. Completion Rate	# Total Outages Per	Total S.R.'s	Open S.R.'s (as of 9/30/09)	Closed S.R.'s	Target SLA%	Footnote
Passenger Boarding Bridges	100%	1	1652	0	1652	95%	
Preconditioned Air	100%	5	491	0	491	95%	
Ground Power Units	100%	3	248	1	247	95%	
Potable Water Cabinets	100%	1	3	0	33	90%	
Hydrant Fueling Carts/Trucks	*	*	*	*	*	95%	*A
Moving Walkways	100%	225	263	0	263	95%	
Elevators	100%	131	157	0	157	90%	
Escalators	100%	568	600	0	600	95%	
Automatic Doors	100%	11	94	0	94	95%	

**% Service Request by Type**



**Footnotes:**

\*A Hydrant Fueling Carts/Trucks - Airline responsibility. Consortium agreement being amended.



**North Terminal  
Annual Status Summary Report  
Ramp Tower  
FY 2009**

**A.4a General Ramp & Gate Activity**

	Total Turns	AC Type	Arrival	Departure	Turn	Time on Gate	Footnote
Common Use Gate Activity:							
AA	185	B733	184	0	1	1285.4	
AA (WX Diversion)	1	B752	0	0	1	0.4	
AA	166	CRJ	132	0	34	1242.8	
AA	41	EMB Series	8	2	31	395.8	
AA	364	MD80/88	357	2	5	3331.7	
AA	1	A319	1	0	0	1.5	
AC	2	Dash 8	1	0	1	18.6	
AC	3	B-1900	0	0	3	1.5	
AC (Medical Diversion)	1	A319	0	0	1	1.6	
AC (WX Diversion)	1	CRJ	0	0	1	0.7	
AS (Medical Diversion)	1	B733	0	0	1	1.3	
ASIG	3	A319/320	0	0	3	1.6	
ASIG	1	B744	0	0	1	1.9	
ASIG	3	B763	1	1	1	2.4	
ASIG	11	B723	11	0	0	7.9	
ASIG	69	B733	6	10	53	77.9	
ASIG	39	DC9/MD80	7	0	32	33.5	
ASIG	2	A333	1	1	0	8.5	
ASIG	1	DC10	0	0	1	1.6	
ASIG	3	B752	1	1	1	4.2	
ASIG	2	EMB Series	0	0	2	2.6	
F9	7	A319	1	2	4	66.6	
FL	6	B733	2	0	4	9.1	
FL	30	B717	2	0	28	68.6	
LH	139	B744	0	0	139	314.7	
LH	214	A330/340	0	1	213	358.9	
NK	877	A319/320	147	104	626	2244.5	
NK	16	A321	5	1	10	37.5	
NK (SY Wet Lease by NK)	4	B733	0	0	4	38.8	
RJ	174	A342	66	66	42	435.3	
US	451	A320	82	81	288	1542.4	
UA	14	EMB 145	8	1	5	17.7	
UA	35	A319/320	32	0	3	277.6	
UA	14	B733	13	0	1	82.1	
UA	143	B757	142	0	1	1124.5	
UA	243	CRJ	205	9	29	1334.9	
UA	1	B762	0	0	1	1.7	
US	224	A319	86	16	122	1367.6	
US	142	A320	47	2	93	700.5	
US	7	EMB Series	2	0	5	44.0	
US	1	CRJ	1	0	0	0.3	
WN	269	B733	263	4	2	1812.7	

Totals 3911

Footnotes  
None



**APPENDIX 8. A.**



**North Terminal  
Annual Status Summary Report  
Ramp Tower  
FY 2009**

**A.4b General Ramp RON Parking**

	<b>RON Hardstand</b>	<b>Aircraft Type</b>	<b>Time on Gate</b>	<b>Footnote</b>
RON Activity:				
AA	146	MD-80	1365.8	
AA	8	EMB Series	74.5	
AA	7	CRJ	97.8	
ASIG - Aer Lingus (Charter)	1	A333	15.2	
ASIG	1	B767	2.5	
ASIG	2	DC8	2.3	
ASIG - National Air (WX Diversion)	1	A319/320	1.1	
FL	1	B717	5.0	
FL	1	B737	1.4	
F9	55	A319	455.9	
NK	443	A319/321	3138.5	
RJ	36	A342	150.8	
U5	70	A320	1208.0	
UA	6	EMB-145	30.5	
UA	19	A319/320	138.9	
UA	14	B733	185.4	
UA	156	B752	1256.4	
UA	176	CRJ	1251.5	
US	697	A319	6046.9	
US	405	A320	2461.5	
US	9	A321	85.1	
US	89	CRJ	889.2	
US	13	EMB-170	138.2	
WN	365	B737	3290.8	
Totals	2721			

**APPENDIX 8. A.**

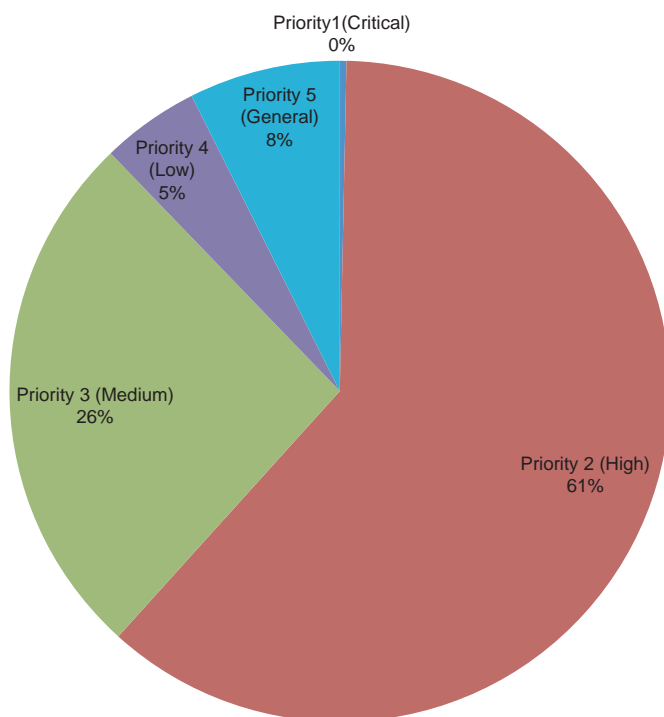


**North Terminal  
Annual Report  
Average Response Times by Category  
FY 2009**

**Annual Totals by Priority**

Priority 1 (Critical) Less than 15 Minutes	<b>19</b>
Priority 2 (High) Less than 1 Hour	<b>3535</b>
Priority 3 (Medium) Less than 8 Hours	<b>1504</b>
Priority 4 (Low) Less than 24 Hours	<b>277</b>
Priority 5 (General) Less than 7 Days	<b>426</b>

**Annual Totals by Priority**



## APPENDIX 8. A.

### A1 Facility

	Priority 1 (Critical)	Priority 2 (High)	Priority 3 (Medium)	Priority 4 (Low)	Priority 5 (General)
General Facility	100.0%	100.0%	94.5%	92.8%	100.0%
Plumbing	100.0%	100.0%	97.6%	14.4%	100.0%
Electrical/Lighting	100.0%	100.0%	95.2%	100.0%	100.0%
Doors	*B	*B	*B	*B	*B
Ceiling	*B	*B	*B	*B	*B
Mechanical	*B	*B	*B	*B	*B
Triturator	100.0%	100.0%	100.0%	100.0%	100.0%
GSE Fuel Rack	100.0%	100.0%	100.0%	100.0%	100.0%
Pest Control	100.0%	100.0%	50.0%	100.0%	88.8%
Janitorial	100.0%	100.0%	95.5%	21.4%	100.0%
Waste Removal	*B	*B	*B	*B	*B
<b>Target</b>	<b>95%</b>	<b>90%</b>	<b>80%</b>	<b>75%</b>	<b>75%</b>

\* Value signifies % of Work Orders completed within the specified time limit

### A2. Systems

	Priority 1 (Critical)	Priority 2 (High)	Priority 3 (Medium)	Priority 4 (Low)	Priority 5 (General)
Baggage Handling System	100.0%	99.3%	99.0%	61.0%	98.1%
CUPPS	*B	*B	*B	*B	*B
MUFIDS	*B	*B	*B	*B	*B
LAN/PDS	*B	*B	*B	*B	*B
Distributed Antenna System	*B	*B	*B	*B	*B
Building Management System	*B	*B	*B	*B	*B
Paging System	100.0%	99.4%	100.0%	100.0%	83.3%
Tele Comm	*B	*B	*B	*B	*B
<b>Target</b>	<b>95%</b>	<b>90%</b>	<b>80%</b>	<b>75%</b>	<b>75%</b>

\* Value signifies % of Work Orders completed within the specified time limit

### A3 Equipment

	Priority 1 (Critical)	Priority 2 (High)	Priority 3 (Medium)	Priority 4 (Low)	Priority 5 (General)
Passenger Boarding Bridges	100.0%	100.0%	98.2%	83.5%	93.9%
Preconditioned Air	*B	*B	*B	*B	*B
Ground Power Units	*B	*B	*B	*B	*B
Potable Water Cabinets	*B	*B	*B	*B	*B
Hydrant Fueling Carts/Truck	*A	*A	*A	*A	*A
Moving Walkways	100.0%	100.0%	90.4%	33.3%	100.0%
Elevators	100.0%	40.0%	86.6%	100.0%	100.0%
Escalators	100.0%	85.7%	96.0%	100.0%	100.0%
Automatic Doors	*B	*B	*B	*B	*B
<b>Target</b>	<b>95%</b>	<b>90%</b>	<b>80%</b>	<b>75%</b>	<b>75%</b>

\* Value signifies % of Work Orders completed within the specified time limit

\*A Hydrant Fueling Carts/Trucks - Airline responsibility. Consortium agreement being amended.

### Footnotes:

\*Values signify % of work orders completed within time allotment

\*\*The above data is for May 2009 thru Sept 2009 only. DANTeC made operational procedure changes in late April 2009 to allow for the capability to identify response times. Current definitions of Priority classifications were also identified with the WCAA

\*A Hydrant Fueling Carts/Trucks - Airline Responsibility. Consortium Agreement being amended

\*B Value cannot be calculated. Category has not yet been added as a sort field in MAXIMO. Request contingent on WCAA implementation.

## APPENDIX 8. A.



### North Terminal Annual Report Availability by Category FY 2009

#### A2. Systems

	<u>Availability</u>	<u>Performance Target</u>
Baggage Handling System	99.65%	95%
CUPPS	100.00%	90%
MUFIDS	100.00%	95%
LAN/PDS	100.00%	99%
Distributed Antenna System	100.00%	90%
Building Management System	100.00%	95%
Paging System	99.97%	98%
Tele Comm	100.00%	Not Specified

#### A3 Equipment

	<u>Availability</u>	<u>Performance Target</u>
Passenger Boarding Bridges	100.00%	95%
Preconditioned Air	99.60%	95%
Ground Power Units	99.76%	95%
Potable Water Cabinets	99.83%	90%
Hydrant Fueling Carts/Trucks	*	95%
Moving Walkways	96.18%	95%
Elevators	92.47%	90%
Escalators	95.11%	95%
Automatic Doors	99.97%	95%

#### Footnotes:

\*A Hydrant Fueling Carts/Trucks - Airline responsibility. Consortium agreement being amended

\*DANTEC is in the process of improving the system outage report for Elevators, Escalators, and Moving Walkways which will have an impact on this availability report.

**APPENDIX 8. A.**



**North Terminal  
Annual Report  
Outages  
FY 2009**

**Systems**

	<u>Outages</u>	<u>Performance Target</u>
Baggage Handling System	13	<13
CUPPS	0	<13
MUFIDS	0	<25
LAN/PDS	0	<5
Distributed Antenna System	0	<25
Building Management System	0	<25
Paging System	3	<13
Tele Comm	0	Not Specified

**Equipment**

	<u>Outages</u>	<u>Performance Target</u>
Passenger Boarding Bridges	1	Not Specified
Preconditioned Air	5	Not Specified
Ground Power Units	3	Not Specified
Potable Water Cabinets	1	Not Specified
Hydrant Fueling Carts/Trucks	*A	Not Specified
Moving Walkways	225	Not Specified
Elevators	131	Not Specified
Escalators	568	Not Specified
Automatic Doors	11	Not Specified

**Footnotes:**

\*A Hydrant Fueling Carts/Trucks - Airline responsibility. Consortium agreement being amended

*Detroit Airlines' North Terminal Consortium*  
**2009 Annual Report**

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### **DANTeC Financial Report**

The DANTeC / Wayne County Airport Authority (WCAA) Consortium agreement specifies DANTeC's responsibility for managing the finance processes for the North Terminal of the Detroit Metropolitan Airport (DTW). During construction of the North Terminal, the WCAA also charged DANTeC with oversight for the procurement and installation of the equipment that related to its management responsibilities, adding an unplanned purpose to DANTeC.

DANTeC's sources of funding are: Operations and Maintenance (O&M), Rates and Charges (R&C) and the North Terminal Redevelopment Project (NTR).

Terminal operations and maintenance are funded by the WCAA under the O&M budget. DANTeC General Managers Office (GMO) manages the contracts and vendors engaged in operating and maintaining assigned portions of the North Terminal. Budgets are prepared annually for the WCAA by DANTeC's management and Board of Directors. The WCAA uses that information in conjunction with the other costs associated with operating the terminal to set rental rates. DANTeC also serves as an agent for the WCAA under the O&M process, processing invoices in conformance with WCAA requirements; the WCAA directly pays the O&M vendors.

The R&C process is established to provide airline specific services, such as Terminal Passenger Services to the North Terminal. Services provided include wheel chair assistance, oversize consolidated services, greeting and directing passengers. The cost for these services, plus DANTeC's minimal administrative costs are billed monthly to the airlines utilizing the terminal. The costs are prorated in accordance with passenger counts and membership status. Non-members rates are 25% above regular member rates. Direct costs identifiable to an airline (e.g., fuel, label supplies and etcetera) are also billed under the R&C process. Airlines based at and using the North Terminal (Members and non-members alike) are required to post a deposit covering two months of activity. The R&C activity is audited annually by the CPA firm of Yeo & Yeo.

The WCAA sought DANTeC's assistance to direct and pursue the acquisition of certain equipment and services necessary to start and operate the North Terminal, and to oversee its installation. This duty was beyond the original scope of DANTeC's purpose. This gave rise to a third source of funding called the North Terminal Redevelopment (NTR) capital funding project. DANTeC used its management expertise to solicit and procure equipment and services from specialty contractors, providing contractual oversight to those services and installation of said equipment. DANTeC submitted the contractor's bills to the NTR for reimbursement, and then DANTeC distributed the funds to the contractors. While the additional scope from the NTR added significant responsibility to DANTeC's operation, future activity will be minimal as the terminal project draws to a close.

██████████ – Finance & Business Manager

**APPENDIX 8. A.**

**Detroit Airlines' North Terminal Consortium, Inc.**

**Annual Financial Statements and  
Auditors' Report**

**September 30, 2009**

## APPENDIX 8. A.

### Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5





## APPENDIX 8. A.

455 E. Eisenhower Parkway, Suite 102  
Ann Arbor, MI 48108  
Phone (734) 769-1331  
Fax (734) 996-3777

### Independent Auditors' Report

Management and the Board of Directors  
Detroit Airlines' North Terminal Consortium  
601 Rogell Drive, Suite 2167A  
Detroit, Michigan

We have audited the accompanying statement of financial position of Detroit Airlines' North Terminal Consortium, Inc. (a Michigan nonprofit organization) (DANTEC) as of September 30, 2009, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DANTEC, Inc. as of September 30, 2009, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

*Yeo & Yeo, P.C.*

Ann Arbor, Michigan  
January 16, 2010

**APPENDIX 8. A.**

**Detroit Airlines' North Terminal Consortium, Inc.**  
**Statement of Financial Position**  
**September 30, 2009**

---

	<b>2009</b>
<b>Assets</b>	
Current assets	
Cash	\$ 301,495
Accounts receivable	171,930
Accounts receivable - related parties	202,804
Inventory	3,874
<b>Total assets</b>	<b>\$ 680,103</b>
 <b>Liabilities and Net Assets</b>	
Current liabilities	
Accounts payable	\$ 356,836
Due to related party	38,097
Deposits	278,621
Total current liabilities	673,554
Net Assets	
Unrestricted	6,549
<b>Total liabilities and net assets</b>	<b>\$ 680,103</b>

See Accompanying Notes to Financial Statements

**APPENDIX 8. A.**

**Detroit Airlines' North Terminal Consortium, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended September 30, 2009**

	<u>2009</u>
<b>Revenues</b>	
Allocated service charges	\$ 1,491,479
NTR reimbursements	2,721,335
Direct charges	<u>42,008</u>
Total revenue	<u>4,254,822</u>
<b>Program expenses</b>	
Supplies	530
Dues and subscriptions	2,000
Meals	1,348
Postage	536
Printing and binding	214
Tools and equipment	3,750
Fuel	36,367
Scale charges	310
Pier tags	7,502
Services - other professional	1,466,997
Maintenance and repair	5,693
Advertising	901
Fees and fines	790
NTR disbursements	<u>2,721,335</u>
Total expenses	<u>4,248,273</u>
Change in net assets	6,549
Unrestricted net assets at beginning of year	<u>-</u>
<b>Unrestricted net assets at end of year</b>	<u><u>\$ 6,549</u></u>

See Accompanying Notes to Financial Statements

**APPENDIX 8. A.**

**Detroit Airlines' North Terminal Consortium, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2009**

---

	<b>2009</b>
<b>Cash flows from operating activities</b>	
Change in net assets	\$ 6,549
Changes in operating assets and liabilities	
Accounts receivable	(171,930)
Accounts receivable - related parties	(202,804)
Inventory	(3,874)
Accounts payable	356,836
Due to related party	38,097
	<b>22,874</b>
Net cash provided by operating activities	<b>22,874</b>
<b>Cash flows from financing activities</b>	
Deposits	<b>278,621</b>
Net change in cash	<b>301,495</b>
Cash - beginning of year	-
<b>Cash - end of year</b>	<b>\$ 301,495</b>

See Accompanying Notes to Financial Statements

**APPENDIX 8. A.**

**Detroit Airlines' North Terminal Consortium, Inc.**  
**Notes to the Financial Statements**  
**September 30, 2009**

---

**Note 1 – Organization**

Detroit Airlines' North Terminal Consortium, Inc. ("DANTEC") is a not for profit organization incorporated on October 19, 2007. DANTEC was established by certain air carriers ("Members") operating at the North Terminal to operate and maintain certain airline equipment and systems, and to provide other operations, maintenance and support services to the airlines at the North Terminal, pursuant to the North Terminal Redevelopment Project ("NTR"). Pursuant to the agreement by and between DANTEC and the Wayne County Airport Authority ("WCAA") (the "Consortium Agreement") on April 16, 2008, DANTEC will interface with the WCAA on behalf of its Members on matters relating to the NTR and the DANTEC Equipment, Systems and Facilities. This Agreement will expire, unless terminated prior for non-compliance, as outlined in the Consortium Agreement, on the fifth anniversary of the date of beneficial occupancy of the North Terminal. WCAA has the option to extend the term of the Consortium Agreement for an additional five year period.

DANTEC is made up of Member and Non-Member airlines. Member airlines are required to deposit \$5,000 upon joining. DANTEC will receive a 25% discount on the allocated service charges billed each month. Non-Member airlines pay a 25% premium on the allocated service charges billed each month.

**Note 2 – Summary of Significant Accounting Policies****Basis of Presentation**

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and in accordance with the Audit and Accounting Guide for Not-for-Profit Organizations issued by the American Institute of Certified Public Accountants. Accordingly, revenues are recognized when earned and expenses are recognized as they are incurred.

**Net Assets**

DANTEC's net assets are categorized and reported as follows:

**Unrestricted Net Assets**

These net assets are available for general operations and are not subject to donor-imposed restrictions.

**Temporarily Restricted**

These net assets are limited to uses or time periods specified by donors. When donor restrictions expire or the nature and purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**Permanently Restricted**

These net assets would include the principal amount accepted by DANTEC with the donor's stipulation that the principal be maintained in perpetuity.

DANTEC does not have any Temporarily or Permanently Restricted net assets as of September 30, 2009.

**APPENDIX 8. A.****Detroit Airlines' North Terminal Consortium, Inc.  
Notes to the Financial Statements  
September 30, 2009**

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**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash**

For purposes of the statement of cash flows, cash includes deposits with original maturities of 90 days or less.

**Accounts Receivable**

Accounts receivable are related to reimbursable service charges related to operating the North Terminal in accordance with the Consortium Agreement.

**Allowance for Doubtful Accounts**

Accounts receivable are stated at unpaid balances, less any allowance for doubtful accounts. DANTeC provides for losses on accounts receivable using the allowance method. The allowance is based on experience which may affect the ability of the airlines to meet their obligations. It is the DANTeC's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**Deposits**Member deposits

Member airlines have purchased a membership into DANTeC based on a \$5,000 initial deposit. There are 6 Member airlines as of September 30, 2009. Member deposits totaled \$30,000 at September 30, 2009.

Service fee reserve deposit

Prior to starting service, member and non-member airlines are required to furnish a cash deposit to DANTeC in an amount equivalent to two months of its expected service charges. The amount of this deposit will be reviewed and adjusted as necessary to maintain the two months reserve. In the event of an airline failure to pay its service charges to the DANTeC in a timely manner, the deposit shall be forfeited and must be replenished along with full payment of all past due amounts before the airline is allowed to use the DANTeC facilities, systems and equipment. Service fee reserve deposit was \$248,621 at September 30, 2009.

**Income Tax Status**

DANTeC has applied to the Internal Revenue Service (IRS) for designation as a tax exempt organization from Federal income tax under Section 501 (c)(6) of the Internal Revenue Code. As of the date of the Independent Auditors' Report, there has been no ruling from the IRS regarding DANTeC's tax status.

**Subsequent Events**

Management has evaluated subsequent events through the date of the Independent Auditors' Report which is the date the financial statements were available to be issued.

**APPENDIX 8. A.**

**Detroit Airlines' North Terminal Consortium, Inc.**  
**Notes to the Financial Statements**  
**September 30, 2009**

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**Recent Accounting Pronouncements**

The FASB issued a statement that clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements based on the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization tax returns, and whether those tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. FASB also permits nonpublic enterprises to, and management has elected to, defer the effective date of the above mentioned statement, until fiscal years beginning after December 15, 2008.

The Organization presently recognizes income tax positions based on management's estimate of whether it is reasonably possible that a liability has been incurred for unrecognized income tax benefits.

**Contingencies**

As noted above in "Income Tax Status", DANTeC has not received final determination from the IRS regarding its application to become a non-profit organization under Section 501(c)(6) of the Internal Revenue Code. DANTeC believes that resolution of this matter will not have a material adverse effect on its financial position.

**Note 3 – Concentrations of Credit Risk**

DANTeC's cash balance held at financial institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Total un-insured cash balance at September 30, 2009, was \$173,548.

**Note 4 -A ccouns Receivable**

Accounts receivable at September 30, 2009 consisted of the following:

	<b>2009</b>
Billed accounts receivable	<b>\$ 240,385</b>
Unbilled accounts receivable	<b>134,349</b>
Total	<b>\$ 374,734</b>

Accounts receivable greater than ninety days outstanding at September 30, 2009 was \$40,950.

**APPENDIX 8. A.**

**Detroit Airlines' North Terminal Consortium, Inc.  
Notes to the Financial Statements  
September 30, 2009**

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**Note 5 - Related Party Transactions**

DANTEC has six Member airlines, which are allowed one representative to serve on the Board of Directors. Revenue from these six Member airlines was \$1,121,928 for the year ended September 30, 2009. Accounts receivable from these Member airlines was \$202,804 at September 30, 2009.

DANTEC used fuel reserves that are owned by WCAA and store, on site when operations of the North Terminal were transferred to DANTEC. DANTEC used \$38,097 of this fuel during the year ended September 30, 2009.

Service fee reserve and deposits from Members was \$251,273 at September 30, 2009. This amount is contained in deposits on the statement of financial position.



## APPENDIX 8. A.



455 E. Eisenhower Pkwy., Suite 102  
Ann Arbor, MI 48108  
(734) 769-1331  
Fax (734) 996-3777

January 16, 2010

Management and the Board of Directors  
DANTEC  
601 Rogell Drive  
Detroit, MI 48242

We have completed our audit of the financial statements of Detroit Airlines' North Terminal Consortium, Inc. (DANTEC) as of and for the year ended September 30, 2009, and have issued our report dated January 16, 2010. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The appendices to this letter set forth those communications as follows:

I Communication of Internal Control Matters Identified During the Audit

II Auditors' Communication of Significant Matters with Those Charged with Governance

We discussed these matters with various personnel in the organization during the audit and have already met with management. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of management, the Board of Directors, and others within DANTEC, and are not intended to be and should not be used by anyone other than those specified parties.

*Yeo & Yeo, P.C.*

## APPENDIX 8. A.

### Appendix I

#### Communication of Internal Control Matters Identified During the Audit

In planning and performing our audit of the financial statements of DANTeC as of and for the year ended September 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered DANTeC's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DANTeC's internal control. Accordingly, we do not express an opinion on the effectiveness of the DANTeC's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

#### **Use of a General Ledger Accounting System**

We believe that, at present, DANTeC does not maintain an adequate set of financial records. All transactions are recorded on detailed excel spreadsheets; however they are not summarized in a general ledger, nor are recorded in accounting software. The current system does not permit the preparation of accurate and reliable financial statements. The importance of a good accounting system cannot be overemphasized. Without adequate financial records, management is basing its decisions on incomplete and/or inaccurate information during the year, and excessive time is spent at year end in preparing and auditing the financial statements.

To improve the DANTeC's financial records, we recommend the use of the accounting software such as the PeachTree system DANTeC currently owns.

## APPENDIX 8. A.

### Appendix II

#### Auditor's Communication of Significant Matters with Those Charged with Governance

##### **Responsibilities under generally accepted auditing standards**

As stated in our engagement letter dated November 5, 2009, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Our responsibility, as prescribed by US GAAS, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects. Our audit does not relieve you of your responsibilities.

##### **Planned Scope and Timing of the Audit**

We performed the audit as outlined in our discussion with you related to planning matters on November 5, 2009.

##### **Significant Audit Findings**

###### **Qualitative Aspects of Accounting Practices**

- Management is responsible for the selection and use of appropriate accounting policies. We will advise management about their appropriateness and application. The significant accounting policies are described in Note 20 of the financial statements. We noted no transactions entered into by the organization during the year where there is lack of authoritative guidance or consensus. There are no significant transactions that were recognized in a period other than which they occurred.
- Accounting estimates are based on management's knowledge and experience about past and current events and assumptions. Some estimates are sensitive because of their significance to the financial statements and the fact that future events affecting them may differ from those expected.
- Disclosures in the financial statements are neutral, consistent and clear. Certain disclosures are more sensitive than others due to their relevance to the users of the financial statements. The most sensitive disclosures are: related party and deposits.

## **APPENDIX 8. A.**

### **Corrected and Uncorrected Misstatements**

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit. The adjustments identified during the audit have been communicated to management and management has posted all adjustments.

### **Disagreements with Management**

A disagreement with management is defined as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, which could be significant, individually or in the aggregate to the financial statements or the auditors' report. We had no disagreements with management during the audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

### **Management's Consultations with Other Accountants**

From time to time, management may decide to consult with other accountants about audit and accounting matters. Should this occur, professional standards require the consulting accountant to communicate with us to determine that they have all the relevant facts. To our knowledge, there were no consultations with other accountants during the year.

### **Significant Issues Discussed or Subject to Correspondence with Management**

From time to time auditors discuss significant issues with management such as business conditions affecting the entity, business plans and strategies that may affect the risk of material misstatement and the application of accounting principles and auditing standards. The issues discussed during the audit occurred during the normal course of our professional relationship and our responses were not a condition to our retention.



## 2008/2009 Proposed Consortium Budget

Final Estimate/Budget - Submitted for July 20, 2008

Expense Detail

**APPENDIX 8. A.**

**DANTEC 2008/2009 Budget**

<b>GL</b>	<b>Cost Center</b>	<b><u>Unit</u></b>	<b><u>Extension</u></b>	<b><u>DANTEC</u></b>
72000	Materials & Supplies		3,500	3,500
	Office Supplies	2,000		
	Misc. Supplies	1,500		
72030	Computer Equipment			
	Hardware			
	Software			
72060	Food & Forage	3,000	3,000	3,000
72080	Printing & Binding		1,500	1,500
	FedEx Kinkos	1,500		
72090	Tools & Equipment			
	Grainger's			
	McMaster			
72100	Fuels/GSE Fuel Rack	437,400	437,400	437,400
74000	Legal Services			
74020	Accounting & Audit Services	31,200	31,200	31,200
76000	Janitorial/Biohazard			
79020	Waste Removal Services			
79050	Other Contractual Services			
	AvAirPros GMO			
	Gate Scheduling & Ramp Control			
	LAN/MUFIDSCUPPS/CUSS/Phone			
	Passenger/Services & Processing	1,066,803	1,066,803	1,066,803
	BHS Systems			

DANTEC 2008/2009 Budget

APPENDIX 8. A.

	<u>Unit</u>	<u>Extension</u>	<u>DANTEC</u>
79070 Pest Control Services			
83000 Insurance			
General Liability			
Vehicles	3,500	3,500	3,500
85000 M&R Buildings			
Mech./Maint. Services			
85010 M&R Airside			
Triturator			
Fuel Rack			
GSE			
Striping			
85030 Passenger Boarding Bridges			
86000 M&R Equipment			
Golf Carts			
Fork Lift			
Lifts			
Airline Scales			
86010 M&R Vehicles	1,000	1,000	1,000
86020 M&R Office Equipment			
Copier Contracts			
86030 M&R Communications			
Paging Systems			
DAS/MC/CMS			
Radio Repairs			

**APPENDIX 8. A.**

**DANTeC 2008/2009 Budget**

	<u>Unit</u>	<u>Extension</u>	<u>DANTeC</u>
87000 Elev./Esc./M.W.			
87010 M&R Door Control			
88040 Advertising			
Public Solicitations			
88030 Travel Expenses			
88050 Fees Fines & Taxes			
88060 Telephone & Commun.			
Land Systems			
Cell Phones			
90040 Vehicles	55,000	55,000	55,000
<b>NT 601 Totals</b>	<b>1,602,903</b>	<b>1,602,903</b>	<b>1,602,903</b>
<b>Column Totals</b>			
<b>Total</b>			<b>\$1,602,903</b>





## APPENDIX 8. A.

### Rates & Charges Detailed Expense Summary For the period of September-09

#### Annual Budget Performance

	Annual R&C Budget	YTD R&C Budget	YTD Expenses	YTD Variance (Over)/Under	YTD % Variance (Over)/Under
Materials & Office Supplies	3,500	3,500	3,014	486	14%
Entertainment	3,000	3,000	1,278	1,722	57%
Printing & Binding	1,500	1,500	214	1,286	86%
Tools & Equipment	-	-	3,750	(3,750)	0%
Fuel Charges	437,400	437,400	37,637	399,763	0%
Passeur (Ramp Tower Software)	-	-	63,250	(63,250)	0%
Accounting & Auditing Services	31,200	31,200	-	31,200	100%
Passenger Services & Assistance	1,066,803	1,066,803	1,404,057	(337,254)	-32%
Vehicles/Equipment	46,500	46,500	-	46,500	100%
M & R Vehicles	1,000	1,000	-	1,000	100%
Insurance	3,500	3,500	-	3,500	100%
Advertising	-	-	901	(901)	0%
Fees/Fines & Taxes	-	-	790	(790)	0%
M&R Equipment (Scales)	8,500	8,500	5,693	2,808	33%
<b>TOTAL COLUMNS/EXPENSES</b>	<b>1,602,903</b>	<b>1,602,903</b>	<b>1,520,583</b>	<b>82,320</b>	<b>5%</b>

\* Note all reported amounts subject to final review for year-end audit

#### Monthly Budget Performance

	September-2009 R&C Budget	September-2009 R&C Actual	R&C Budget (Over)/Under
	292	(39)	331
	250	141	109
	125	-	125
	-	-	-
	36,450	9,167	27,283
	-	-	-
	2,600	-	2,600
	88,900	114,688	(25,788)
	3,875	-	3,875
	83	-	83
	292	-	292
	-	216	(216)
	-	-	-
	708	-	708
<b>TOTAL COLUMNS/EXPENSES</b>	<b>133,575</b>	<b>124,173</b>	<b>9,402</b>

\* Note all reported amounts subject to final review for year-end

## APPENDIX 8. A.

**Detroit Metropolitan Airport - North Terminal  
DANTEC Service Fee Charges**

**October 1, 2008 - September 30, 2009**

**Calculation of Service Fee Rates**

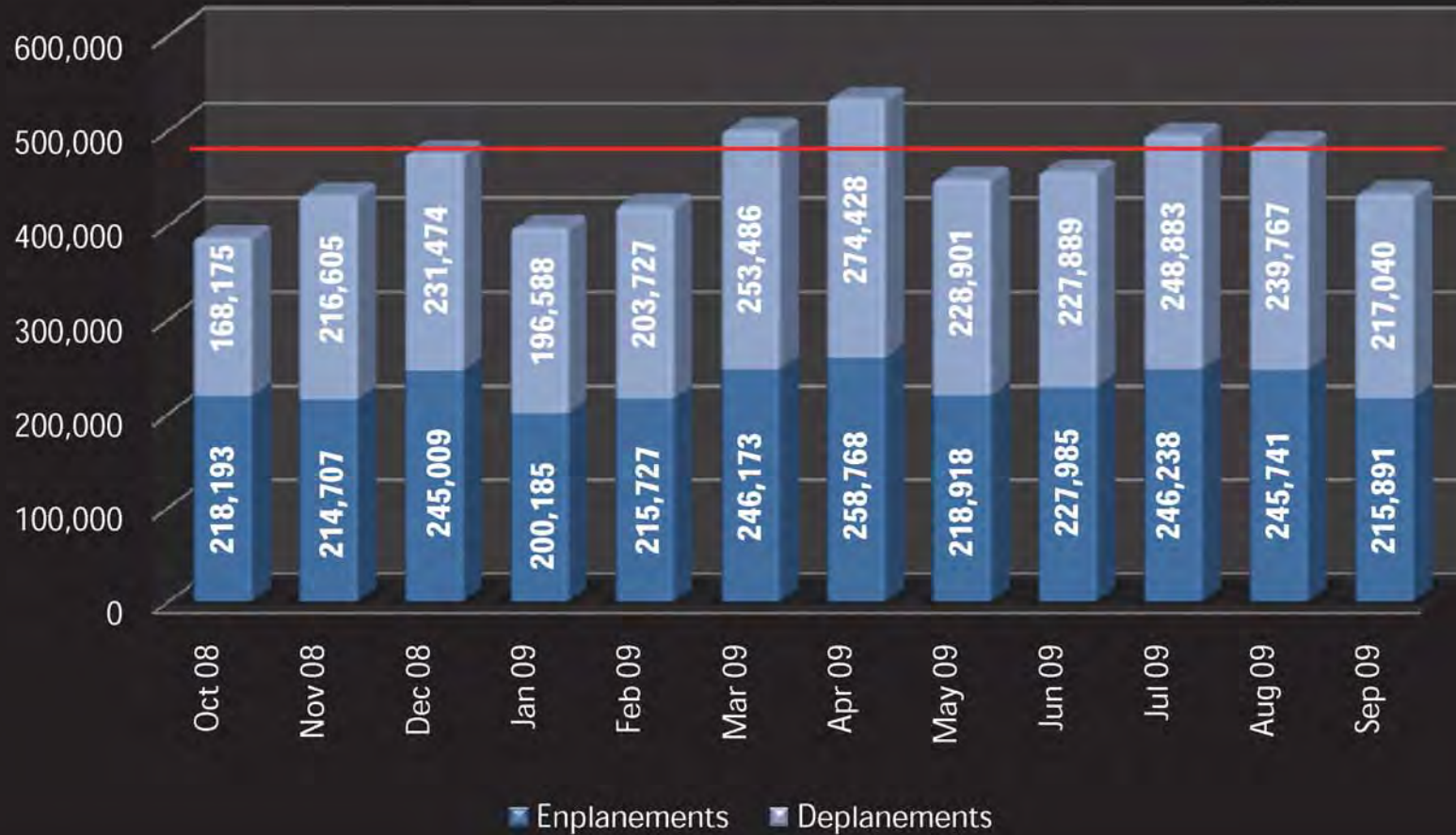
DANTEC Service Requirement	1,602,903
Members Enplaned/Deplaned Passengers	6,292,000
Non-Members Enplaned/Deplaned Passengers	1,044,000

<b>Members</b>	<b>Passengers</b>	<b>Total User Charges</b>	
Air Tran Airways	692,000	146,133	9.12%
American Airlines	1,032,000	217,932	13.60%
Southwest Airlines	1,318,000	278,328	17.36%
Spirit Airlines	1,410,000	297,757	18.58%
United Airlines	730,000	154,158	9.62%
USAirways	1,110,000	234,404	14.62%
<b>Total Members Projected Enplaned/Deplaned Passengers</b>	<b>6,292,000</b>	<b>1,328,712</b>	<b>82.89%</b>
<b>Non-Members</b>			
Air Canada	32,000	8,404	0.52%
Frontier Airlines	228,000	59,881	3.74%
Lufthansa Airlines	230,000	60,406	3.77%
Royal Jordanian	34,000	8,930	0.56%
Others	240,000	63,032	3.93%
Charters	280,000	73,538	4.59%
<b>Total Non-Members Projected Enplaned/Deplaned Passengers</b>	<b>1,044,000</b>	<b>274,191</b>	<b>17.11%</b>
<b>Grand Total</b>	<b>7,336,000</b>	<b>1,602,903</b>	<b>100.00%</b>

**Rate Calculations**

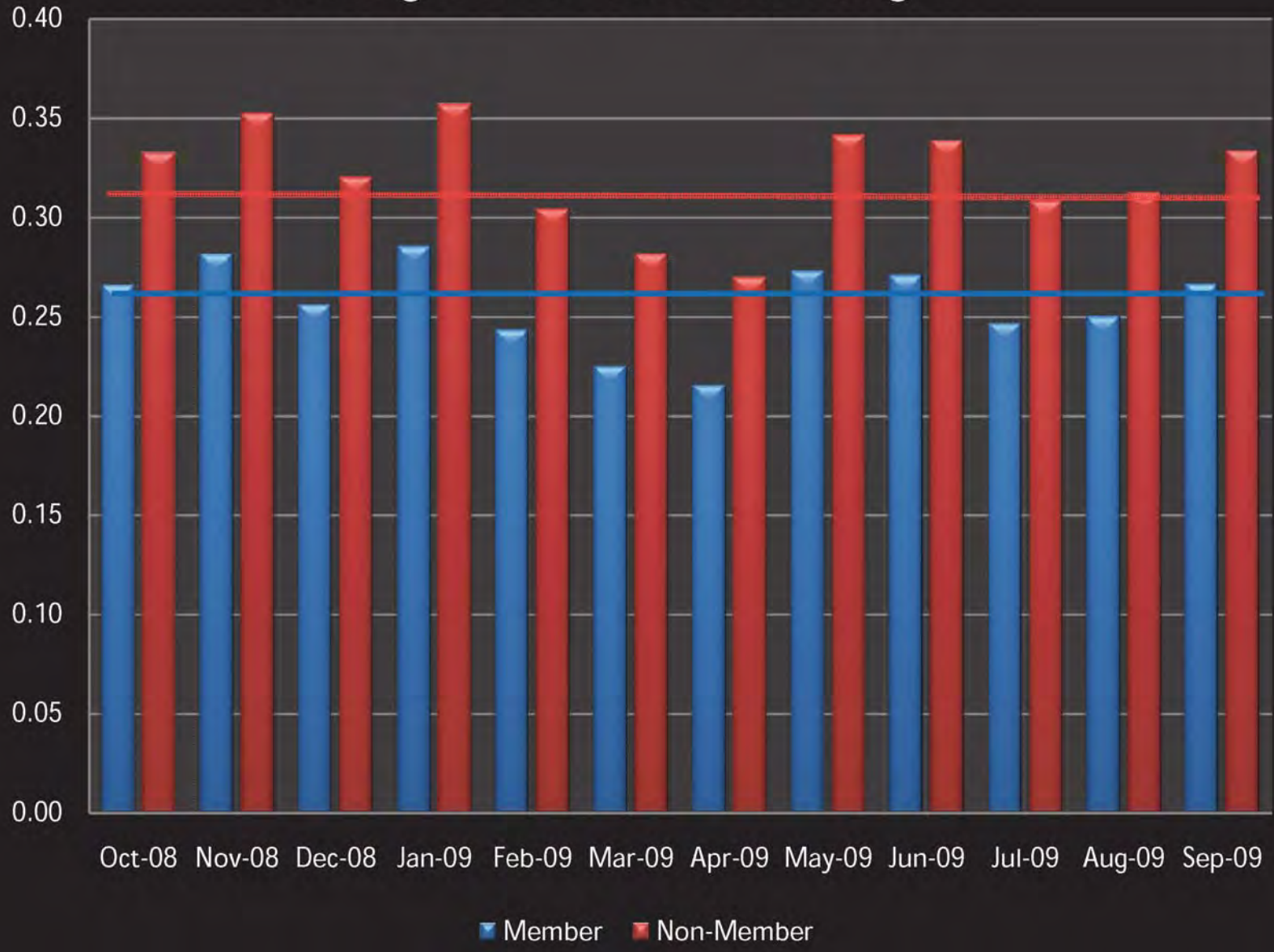
<b>Members Service Fee Rate/Per Passenger</b>	\$ 0.211
<b>Non-Members Service Fee/Per Passenger</b>	\$ 0.263

## North Terminal YTD PAX Summary



**Total 2008/09 Annual PAX Estimate: 7,336,000**  
**Total 2008/09 Monthly PAX Estimate: 611,333**  
**Total 2008/09 Passenger Traffic: 4,542,059**  
**Average Monthly PAX Traffic: 455,405**

# Passenger Fees - Rates & Charges



**APPENDIX 8. A.**



**2008/2009 Approved O&M Consortium Budget**

Submitted for Review August 20, 2008

DANTEC 2008/2009 Budget

APPENDIX 8. A.

	<u>Unit</u>	<u>Extension</u>	<u>O&amp;M</u>	<u>Rates &amp; Charges</u>
72000 Materials & Supplies		5,000	5,000	3,500
Office Supplies	1,500			
Misc. Supplies	3,500			
72030 Computer Equipment		7,500	7,500	
Hardware	4,500			
Software	3,000			
72060 Food & Forage	3,000	3,000		3,000
72080 Printing & Binding		4,500	1,500	1,500
FedEx Kinkos	4,500			
72090 Tools & Equipment		5,000	5,000	
Grainger's	2,500			
McMaster	2,500			
72100 Fuels	437,400	437,400		437,400
74000 Legal Services	5,000	5,000		
74020 Accounting & Audit Services	31,200	31,200		31,200
76000 Janitorial/Biohazard	1,100,000	1,100,000	1,100,000	
79020 Waste Removal Services	215,280	215,280	215,280	
79050 Other Contractual Services		4,328,397	3,261,594	
AvAirPros GMO	1,095,098			
Gate Scheduling & Ramp Control	665,000			
LAN/MUFIDSCUPPS/CUSS/Phone	351,500			
Passenger/Services & Processing	1,066,803			1,066,803
BHS Systems	1,149,996			

DANTeC 2008/2009 Budget

APPENDIX 8. A.

	<u>Unit</u>	<u>Extension</u>	<u>O&amp;M</u>	<u>Rates &amp; Charges</u>
79070 Pest Control Services	30,000	30,000	30,000	
83000 Insurance		240,000	236,500	
General Liability	236,500			
Vehicles	3,500			3,500
85000 M&R Buildings		647,000	647,000	
Mech./Maint. Services	647,000			
85010 M&R Airside		405,752	405,752	
Triturator	12,500			
Fuel Rack	99,996			
GSE	262,056			
Striping	31,200			
85030 Passenger Boarding Bridges	394,332	394,332	394,332	
86000 M&R Equipment		17,650	17,650	
Golf Carts	1,800			
Fork Lift	2,850			
Lifts	4,500			
Airline Scales	8,500			8,500
86010 M&R Vehicles	1,000	1,000		1,000
86020 M&R Office Equipment		1,250	1,250	
Copier Contracts 2 @ \$625	1,250			
86030 M&R Communications		70,296	70,296	
Paging Systems	50,000			
DAS/MC/CMS	17,496			
Radio Repairs	2,800			

DANTEC 2008/2009 Budget

APPENDIX 8. A.

	<u>Unit</u>	<u>Extension</u>	<u>O&amp;M</u>	<u>Rates &amp; Charges</u>
87000 Elev./Esc./M.W.	15,000	15,000	15,000	
87010 M&R-Door Control	23,040	23,040	23,040	
88040 Advertising Public Solicitations	1,200	1,200	1,200	
88030 Travel Expenses	3,500	3,500		
88050 Fees Fines & Taxes	2,500	2,500	2,500	
88060 Telephone & Commun. Land Systems	22,500	30,000	30,000	
Cell Phones	7,500			
90040 Vehicles	55,000	55,000		46,500
<b>NT 601 Totals</b>	<b>8,079,797</b>	<b>8,079,797</b>	6,470,394	1,602,903
<b>Column Totals</b>			<b>6,469,894</b>	<b>1,602,903</b>
<b>Total Combined Consortium Budgets</b>				<b>8,072,797</b>





**Detailed O&M Expense Summary**  
**For the period ending**  
**Sep-09**

**APPENDIX 8. A.**

	Annual Performance to Budget				Monthly O & M Performance to Budget			
	Annual		----- (Over)/Under -----		September-09		(Over)/ Under	
	Pro-Rated Budget	YTD Actual	Dollars	Percent	Mo Budget	Mo Actual		
Materials & Office Supplies	5,000	7,342	(2,342)	(47%)	417	147	269	
Janitorial Supplies	-	30,671	(30,671)	N/A	-	2,398	(2,398)	
Computer Hardware & Software	8,000	2,671	5,329	67%	667	-	667	
Meals & Entertainment	-	-	-	-	-	-	-	
Printing & Binding	2,000	178	1,822	91%	167	16	151	
Tools & Equip.	5,000	2,273	2,727	55%	417	-	417	
Fuels	-	-	-	-	-	-	-	
Security Guard Services	-	24	(24)	N/A	-	-	-	
Environmental Services	Rose Solutions	30,000	5,507	24,493	82%	2,500	330	2,170
Waste Removal Services	Waste Mgt	220,000	245,620	(25,620)	(12%)	18,333	7,605	10,728
Snow Removal Services	-	2,961	(2,961)	N/A	-	-	-	
Janitorial Services	Omni Facility	900,000	897,797	2,203	0%	75,000	75,743	(743)
APS GMO	APS	1,095,000	1,002,708	92,292	8%	91,250	84,857	6,393
Ramp Tower	Dynamic Sci	795,000	667,762	127,238	16%	66,250	52,116	14,134
LAN & Technology Services	ARINC	482,500	386,473	96,027	20%	40,208	42,700	(2,492)
Insurance Property & Liability	Mesirow Finl	300,000	236,023	63,977	21%	25,000	19,417	5,583
M&R Building	Barton Malow	900,000	194,775	705,225	78%	75,000	19,312	55,688
M & R Vehicles	-	-	-	-	-	-	-	-
M&R Office Equip	-	2,000	2,980	(980)	(49%)	167	-	167
M&R Telecommunication	-	70,000	8,258	61,742	88%	5,833	2,209	3,624
M&R Elev./Esc./M.W.	Schindler	190,000	91,536	98,464	52%	15,833	6,215	9,618
M&R Door Control	Barton Malow	25,000	34,082	(9,082)	(36%)	2,083	9,434	(7,351)
M&R Infrastructure	PBP	12,500	22,843	(10,343)	(83%)	1,042	-	1,042
Baggage Handling Services	PBP	1,150,000	1,406,504	(256,504)	(22%)	95,833	118,381	(22,548)
M&R Ground Service Equipment	PBP	263,000	333,355	(70,355)	(27%)	21,917	27,812	(5,896)
M&R Passenger Boarding Bridges	PBP	395,000	439,398	(44,398)	(11%)	32,917	44,025	(11,109)
M&R Fuel Rack	PBP	100,000	6,773	93,228	93%	8,333	2,000	6,333
Equipment Rental	-	-	318	(318)	N/A	-	-	-
Network System	-	-	-	-	-	-	-	-
Advertising	Det News	2,500	1,104	1,396	56%	208	(218)	426
Telephone & Communications	AT&T Various	45,000	71,004	(26,004)	(58%)	3,750	4,672	(922)
Travel Expenses	-	-	-	-	-	-	-	-
Fees/Fines & Taxes	-	2,500	-	2,500	100%	208	-	208
<b>TOTAL EXPENSE</b>		<b>7,000,000</b>	<b>6,100,938</b>	<b>899,062</b>	<b>13%</b>	<b>583,333</b>	<b>519,173</b>	<b>64,161</b>

\* 12 / 12ths of \$7,M

(a) Accrued \$14,100 as contingency for disputed balance of waste hauling services. Also reversed July's accrual for \$25,435, which was higher than actually incurred. These transactions could result in a net credit for September and a reduced YTD figure if the dispute is settled before the audited statements are issued.

*Detroit Airlines' North Terminal Consortium*  
**2009 Annual Report**

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**DANTeC Partners as of 9/30/2009**

***DANTeC Board of Directors:***

- ██████████ – Southwest Airlines (Chair)
- ██████████ – AirTran Airways (Vice-Chair)
- ██████████ – U.S. Airways (Treasurer)
- ██████████ – Spirit Airlines (Secretary)
- ██████████ – American Airlines (Director)
- ██████████ – United Airlines (Director)
- ██████████ – Wayne County Airport Authority (Director)

***DANTeC Member Airlines:***

American Airlines  
AirTran Airways  
Spirit Airlines  
Southwest Airlines  
U.S. Airways  
United Airways

***DANTeC Executive Directors Office:***

- ██████████ – Executive Director
- ██████████ – Director of Operations
- ██████████ – Finance/Business Manager
- ██████████ – Administrative Assistant

***DANTeC Operations Group:***

- ██████████ – BHS Manager
- ██████████ – Equipment/Specialized Equipment Manager
- ██████████ – Equipment/Airline Operations Manager
- ██████████ – Equipment/Facilities Manager

*Detroit Airlines' North Terminal Consortium*  
2009 Annual Report

**DANTeC Vendors as of 9/30/2009****GMO Office:**

AvAirPros Services, Inc	Naples, FL
Contract Term:	April 2008 – April 2013
Contract Manager:	██████████
MBE/DBE/WBE Participation:	15% MBE

**Equipment Maintenance:**

Professional Business Providers Inc.	Telsar, IL
Contract Term:	August 2008 – August 2011
Contract Manager:	██████████
Account Manager:	██████████
MBE/DBE/WBE Participation:	25% DBE

**Technology Services:**

ARINC Managed Services	Annapolis, MD
Contract Term:	August 2008 – August 2011
Contract Manager:	██████████
Account Manager:	██████████
MBE/DBE/WBE Participation:	50% MBE

**Passenger Services:**

Prospect Airport Services	Des Plaines, IL
Contract Term:	September 2008 – September 2011
Contract Manager:	██████████
Account Manager:	██████████
MBE/DBE/WBE Participation:	100% WBE

**Ramp Tower Services:**

Dynamic Sciences Inc.	Phoenix, AZ
Contract Term:	August 2008 – August 2011
Contract Manager:	██████████
Account Manager:	██████████
MBE/DBE/WBE Participation:	0%

**Custodial Services**

Omni Facility Services	Southfield, MI
Contract Term:	September 2008 – December 2009
Contract Manager:	██████████
Account Manager:	██████████
MBE/DBE/WBE Participation:	25% DBE 25% WBE

*Detroit Airlines' North Terminal Consortium*  
2009 Annual Report

**DANTEC Vendors as of 9/30/2009 continued****Conveyance Equipment**

Schindler Elevator Corporation	Livonia, MI
Contract Term:	November 2009 – November 2012
Contract Manager:	██████████
Account Manager:	██████████
MBE/DBE/WBE Participation:	10% DBE

**Automatic Door Maintenance Services**

Barton Malow	Southfield, MI
Contract Term:	October 2008 – October 2011
Contract Manager:	██████████
Account Manager:	██████████████████
MBE/DBE/WBE Participation:	25% MBE

**Fuel Rack Maintenance**

Professional Business Providers Inc.	Telsar, IL
Contract Term:	July 2009 – June 2012
Contract Manager:	██████████
Account Manager:	██████████
MBE/DBE/WBE Participation:	25% MBE

**Fuel Management & Supply Services**

RKA Petroleum	Romulus, MI
Contract Term:	March 2009 – March 2012
Contract Manager:	██████████
Account Manager:	██████████
MBE/DBE/WBE Participation:	0%

**Waste Management Services**

Waste Management of Michigan	Wixom, MI
Contract Term:	August 2008 – August 2011
Contract Manager:	██████████
Account Manager:	██████████
MBE/DBE/WBE Participation:	0%

**Facility Maintenance Services**

Barton Malow	Southfield, MI
Contract Term:	August 2008 – August 2011
Contract Manager:	██████████
Account Manager:	██████████████████
MBE/DBE/WBE Participation:	25%

*Detroit Airlines' North Terminal Consortium*  
**2009 Annual Report**

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**DANTEC Vendors as of 9/30/2009 continued**

**Ramp & Pavement Marking Services**

PK Contracting Troy, MI  
Contract Term: September 2009 – August 2010  
Contract Manager: [REDACTED]  
Account Manager: [REDACTED]  
MBE/DBE/WBE Participation: 0%

**Pest Control Services**

Rose Pest Solutions Troy, MI  
Contract Term: August 2008 – August 2011  
Contract Manager: [REDACTED]  
Account Manager: [REDACTED]  
MBE/DBE/WBE Participation: 0%

**Scale Services**

Century Scale Company May 2009 – April 2010  
Contract Term: August 2008 – August 2011  
Contract Manager: [REDACTED]  
Account Manager: [REDACTED]  
MBE/DBE/WBE Participation: 0%

## APPENDIX 8. B.



ANNUAL REPORT  
2009

## APPENDIX 8. B.

### - TABLE OF CONTENTS -

CHAIR'S REPORT	PAGE 3
EXECUTIVE DIRECTOR'S REPORT	PAGE 4
MATCO PARTNERS	PAGE 5
OPERATIONAL REPORT	PAGE 6
VENDOR INFORMATION	PAGE 12
FINANCIAL OVERVIEW AUDITED FINANCIAL STATEMENTS	PAGE 13
EXHIBITS	

## APPENDIX 8. B.



### - CHAIR'S REPORT -

I am pleased to report on yet another successful year for the Midway Airlines' Terminal Consortium. While 2009 proved to be a financially turbulent year for the Aviation Industry, it was even more so for the U.S. and world economies at large. Despite these challenges MATCO stood firm, leveraging the consortium to effectively and efficiently meet maintenance and service goals at Midway International Airport.

The privatization effort to allow a private entity to operate Midway Airport under a long-term lease was scheduled to close in the 1<sup>st</sup> quarter of 2009. The Midway Investment and Development Corporation (MIDCO), a joint venture between Vancouver Airport Services Ltd., Citigroup, and John Hancock Insurance Company, was selected as the successful bidder. However, the process was disrupted as a result of the frail state of the financial markets in the U.S. and abroad. The unforeseen contraction in the credit markets prevented the MIDCO group from securing the full funding necessary to complete the lease deal; consequently, efforts to privatize the airport were suspended indefinitely in April of 2009.

In light of the anticipated privatization of the Airport, most new capital improvement projects were deferred. Among the few projects underway during the year was the A Concourse Infill Project. The project, which began in 2008, will provide hold rooms, operational and concessions spaces, and passenger facility services to the A Concourse Extension. MATCO attends weekly construction meetings to represent the interests of the airlines throughout the construction and commissioning phases of the project.

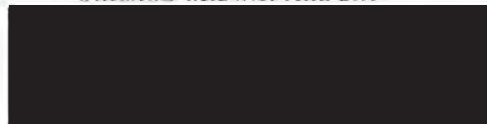
Passenger activity remained fairly flat in 2009, despite significant decreases across the country. Service increases by various airlines and the continued success of Porter Airlines ultimately negated the passenger decreases brought on by the economy and the cessation of services by ATA and Continental Airlines in 2008. As a result, passenger volume at Midway was down just 0.1% in 2009 compared with a 5.2% decrease for the industry as a whole.

The MATCO Financial Subcommittee continues to do an outstanding job addressing financial issues with the City of Chicago's Department of Aviation. This Sub-Committee has played an active role and continues to work closely with the City on all capital budgeting issues.

I'm excited to bring 2009 to a successful conclusion, and I'm confident that the Airport, MATCO and the Carriers are well positioned at Midway to ensure continued successes into 2010 and beyond!



CHICAGO MIDWAY AIRPORT





## APPENDIX 8. B.



### - EXECUTIVE DIRECTOR'S REPORT -

Each year we report on the many achievements of the MATCO operation: I'm proud to report that 2009 is no exception. The flexibility of the consortium model, the dedication and resourcefulness of the MATCO management team, and the strong momentum of success built upon years of hard work and commitment has enabled MATCO to meet the challenges of the year in stride.

Contending with the uncertainty of the overall economy in 2009, the MATCO Management Team stepped up continuous improvement efforts during the year. The team focused on revising the Preventive Maintenance program, conducting a complete inventory re-bid, and fine-tuning existing inventory levels. MATCO worked closely with our vendor partners throughout the year to achieve savings in Fuel Farm O&M, Passenger Services, Insurance, and Wheelchair Services cost centers, ultimately achieving a net savings of 3.2%.

The FIS operated at a reduced level of service in 2009 due to the decline in international passenger activity. While passenger volumes remain below ideal levels, we're pleased to report that Porter Airlines continues to be successful in the Chicago market and has increased international passenger activity by 30% over 2008.

MATCO worked closely with the City of Chicago and the Midway Carriers in 2009 to schedule nearly 15,000 aircraft operations on the twelve city non-preferential-use gates. MATCO represents the consortium interests on the Midway Gate Planning and Review Committee.

The Midway operation continues to be the 'talk of the industry.' The tireless efforts of the MATCO Team continue to ensure that we meet 99% equipment reliability. The Inline Explosive Detection System, completed and commissioned in 2007, provided secure, reliable and efficient bag screening services to the Midway Airlines in 2009. The system is still frequently toured by other airlines, project managers and airport authorities, all hoping to duplicate the successes of the Midway system.

Behind the many successes of the consortium, the MATCO management team remains ever-diligent in reducing costs and improving operational service levels while continuing to do an outstanding job overseeing the day-to-day operation.

As we bring 2009 to a close, the entire MATCO team prepares to meet the challenges and opportunities of 2010 head-on. I am certain that the coming year will see the MATCO operation continue to succeed as we strive for operational excellence in providing equipment and services management to the Midway Carriers.

  
CHICAGO MIDWAY AIRPORT  


## APPENDIX 8. B.

### - MATCO PARTNERS AS OF 12/31/09 -

#### MATCO BOARD OF DIRECTORS

[REDACTED] Southwest Airlines (Chair)  
[REDACTED] AirTran Airways (Vice Chair)  
[REDACTED] Frontier Airlines (Treasurer)  
[REDACTED] Northwest Airlines (Secretary)  
[REDACTED] Delta Airlines  
[REDACTED] Continental Airlines

#### MATCO EXECUTIVE DIRECTOR'S OFFICE

[REDACTED] Executive Director  
[REDACTED] Director of Operations  
[REDACTED] Manager  
[REDACTED] Executive Assistant

#### MATCO OPERATIONS MANAGERS

[REDACTED] Equipment Maintenance  
[REDACTED] Equipment Maintenance  
[REDACTED] Equipment Maintenance  
[REDACTED] Equipment Maintenance  
[REDACTED] S & Gate Scheduling

#### MATCO MEMBER AIRLINES

AirTran Airways  
Continental Airlines  
Delta Airlines  
Frontier Airlines  
Northwest Airlines  
Southwest Airlines

#### MATCO FUEL COMMITTEE

[REDACTED] Southwest Airlines (Chair)  
[REDACTED] Frontier Airlines  
[REDACTED] Northwest/Delta Airlines  
[REDACTED] AirTran Airways

## APPENDIX 8. B.

### - MATCO OPERATIONAL REPORT -

#### BAGGAGE HANDLING SYSTEM

The "legacy" baggage handling system consists of three major components: an Inbound Baggage System, an Outbound Baggage System and a Fault Monitoring System. The Inline Explosive Detection System (outlined below) is the fourth component of the baggage handling system. The Inbound Baggage Claim System is made up of eight baggage claim carousels and two oversize baggage belts. The Outbound Baggage System consists of four slope-plate devices fed by conveyors originating from the ticket counters and curbside inputs. The Fault Monitoring System (FMS) consists of two computers located in the MATCO Control Office. The primary function of the FMS is to monitor the conveyor system to provide alerts of all operational faults, such as jams, emergency stops and overloads. It also provides a report of the daily bag counts, as well as monitoring and coordinating communications between the computers and system components. The baggage handling system at Midway processed over 8.2 million bags throughout 2009.

#### INLINE EXPLOSIVE DETECTION SYSTEM

In June 2006, the 3<sup>rd</sup> floor of the parking garage was captured to begin construction on a project to fully automate and incorporate all baggage screening processes inline with the current legacy baggage handling system. The project focused on meeting three major goals while maintaining focus on the effectiveness of security procedures. The first goal was to free up valuable passenger queuing space by removing the 10 CTX machines from the ticketing lobby. Next, the project reduced the labor requirements of the Transportation Screening Administration allowing better utilization of Midway resources. Last, and most importantly, the baggage processing capabilities of the airport increased substantially from 2,000 bags per hour (bph) to 5,000 bph, positioning Midway International Airport to efficiently meet passenger demand well into the coming decade. As part of the project, all ticket counter and curbside positions and load belts were restored to their original configuration.

The project incorporated into the existing system, 2 new conveyor matrices which linked the ticket counter and curbside belts to 10 L3 Examiner EDS units with full field of view capability. The system includes On Screen Resolution (OSR) functions, a manual Explosive Trace Detection (ETD) area and automated baggage sortation. For the first time since early 2003, baggage is directly introduced into the system at the ticket counter load belts by ticketing agents. All bags are routed to one of the 10 L3 units in the EDS matrix. Clear bags are securely sent to the baggage make up area to be routed to the departing aircraft. Suspect bags are sent down a separate line, giving TSA personnel in the OSR room the ability to inspect the image at a high-tech, 3-Dimensional computer workstation. If the agent is able to clear the suspect item, the bag is securely sent to the baggage make-up area and routed to the aircraft. Items that cannot be cleared by OSR are sent to the ETD area for manual screening.

## APPENDIX 8. B.

MATCO's Management and Maintenance teams were intimately involved in each phase of the IEDS system installation, testing and commissioning, which resulted in the phenomenal success of the project. The startup and day-to-day operations have gone so well that MATCO has become the operational model for airports across the nation.

Professional Business Providers (PBP) is the current operations and maintenance provider on behalf of MATCO. PBP's responsibilities, in respect to the Baggage Handling System, include daily operation and maintenance, preventive maintenance, 24-hour dispatch services and building maintenance of the baggage make-up area.

### PASSENGER LOADING BRIDGES

The Passenger Loading Bridges are Thyssen Krupp Airport Systems, formerly Thyssen Stearns, Ramp-Drive Boarding Bridges. All bridges are three tunnel bridges with horizontal drive and steering capabilities. All but 2 of the 43 Passenger Boarding Bridges provide INET Centralized 400 Hz and Pre-Conditioned Air systems. Point-of-Use 400 Hz and PCAir were installed on these 2 remaining bridges (A4A and A4B) under the A Concourse Infill Project in 2007.

PBP is the current operations and maintenance provider on behalf of MATCO. PBP's responsibilities, in respect to the passenger loading bridges, include daily operation and maintenance, preventive maintenance and 24-hour dispatch services.

### CONSOLIDATED FUEL SYSTEM

The Fueling System includes 43 hydrant fueling pits and a fuel receipt, storage and distribution facility on the north side of 55<sup>th</sup> Street. Fuel storage is provided via three above ground tanks with a normal capacity of 15,000 barrels each, erected within a secondary concrete fuel retention system. The Fuel Facility incorporates the necessary pumps, filters, meters, piping and controls necessary to receive, transfer and re-circulate fuel along with required system controls, leak detection systems, inventory control systems and cathodic protection. Also included is a 1,500 square foot operations building which houses controls for the fuel distribution and fire suppression systems.

In 2009, the fuel throughput decreased by 6.4%, primarily due to decreased activity levels at Midway for the year. The fuel facility pumped nearly 115 million gallons during the calendar year (Exhibit B). MATCO Fuel Members accounted for 90% of the total fuel use at Midway.

The Consolidated Diesel Facility was commissioned in May 2005. This project installed a 12,000 gallon Above-Ground Storage Tank (AST) adjacent to the Load Rack. Use of the facility has alleviated problems that were created by the improper bulk transfer of diesel at Midway.

SkyTanking USA is the current operator of the fueling facility. In this capacity SkyTanking provides the Management, Fuel Accounting, Operations expertise and personnel to ensure an un-interrupted fuel flow to the airport.

## APPENDIX 8. B.

### Ground Power System

The INET Centralized Ground Power System distributes 400-Hertz power to 41 Gate Service Cabinets from 2 power generation plants located on concourses A and B. The system includes five Motor Generator units (3 in Concourse B, 2 in Concourse A). The generator units in each plant are synchronous with the other units in that plant and are each capable of providing 312KvA to a universal switchgear, making power available to dependant Gate Service Cabinets.

In 2007, MATCO managed the installation and commissioning of FCX Point-of-Use (POU) Ground Power Units, to bring provide aircraft ground power services to gates A4a and A4b.

Professional Business Providers is the current operations and maintenance provider on behalf of MATCO. PBP's responsibilities with respects to the PCA system include daily operation and maintenance, preventative maintenance and 24-hour dispatch services.

### PRE-CONDITIONED AIR SYSTEM

The INET Pre-Conditioned Air System provides heating and cooling to 41 gates at Midway. The system consists of a centralized heating/cooling plant located on Concourse B, an air handler unit located at each gate and associated piping to house the 19,000 gallons of water/glycol mix. A central computer reports system status to the central plant and MATCO control office.

In the 2<sup>nd</sup> quarter of 2007, MATCO managed the installation and commissioning of FCX Point-of-Use (POU) Pre-Conditioned Air Units, to bring provide aircraft heating and cooling services to gates A4a and A4b.

Professional Business Providers is the current operations and maintenance provider on behalf of MATCO. PBP's responsibilities with respect to the PCA system include daily operation and maintenance, preventative maintenance and 24-hour dispatch services.

### BATTERY CHARGING SYSTEM

The installation of the battery chargers, under the Midway Terminal Development Program, was completed in 2003. Several modifications have been made to the location and number of chargers maintained by MATCO.

PBP provides ongoing preventive maintenance as part of its maintenance agreement. An additional maintenance agreement was signed with First Access to provide annual inspections on each unit.

## APPENDIX 8. B.

### FIDS / BIDS

The Flight Information Display System (FIDS) is a multi-user system with display units throughout the Airport's main terminal and concourse areas. Each airline has access to an input terminal, which allows them to enter up-to-date flight information for both arriving and departing flights.

The Baggage Information Display System (BIDS) is controlled via an input terminal located at each inbound baggage conveyor line. Up-to-date inbound flight information is then displayed on public monitors above each baggage carousel on the baggage claim level.

Due to the age and 24/7 use of the public monitors, a 4 year replacement schedule for all monitors was approved by the MATCO Board and began in the 3<sup>rd</sup> quarter of 2006. To date 148 of 178 monitors have been replaced. The project, schedule to be completed in 2009 was prematurely terminated due to a phasing out of the current technology. MATCO is currently reviewing options to move forward.

The FIDS / BIDS system is operated and controlled by PBP as part of its operations and maintenance agreement. Special network maintenance is performed by Industrial Television Services (ITS) via a written maintenance agreement.

### PASSENGER SERVICES

MATCO continues to employ Passenger Service Agents on the interstitial level to provide the proper level of passenger assistance prior to entering the checkpoint lanes.

Diverse Facility Solutions (DFS) manages the contract for Ticket Verification Services/Passenger Services on behalf of the airlines.

### OVERSIZE BAGGAGE TRANSPORT

As part of the IEDS project, a Consolidated Oversize Baggage screening area was constructed. This area is located in the center corridor of the ticketing level and allows for efficient screening of baggage that exceeds size or weight limits of the baggage handling system.

To allow for efficient use of resources, MATCO consolidated the manual transport of these oversize bags into a single service operation. This operation consists of transporting the oversize bags from the ticket counter to the consolidated screening area and finally down to the appropriate airline carousel in the bag makeup area. Baggage tubs are retrieved from the make up area and restocked on the ticketing level on the return trip.

Diverse Facility Solutions (DFS) manages the contract for Oversize Bag Transport Services on behalf of the MATCO.

## **APPENDIX 8. B.**

### **WHEELCHAIR SERVICES**

MATCO provides consolidated wheelchair services for all airlines operating at Midway. Under this consolidated umbrella, MATCO is able to provide an efficient and effective level of customer service while ensuring that all ADA standards are met.

In 2009, the airport experienced an 0.1% decrease in passenger counts, while the decrease in passenger counts outpaced the decrease in wheelchair requests (Exhibit C). Midway experienced a 11.9% increase in wheelchair requests in 2009 (Exhibit D), which equates to one wheelchair request for every 62 passengers.

Prospect Services is the current wheelchair service provider.

### **CUSTODIAL SERVICE**

MATCO provides custodial services for all common use facilities and equipment, which include the baggage make-up area, baggage carousel units, battery charger triangle area, Inline Explosive Detection system spaces, eight passenger loading bridges and triturator facility.

American Building Maintenance (ABM) provides custodial services for the bag makeup area and A Concourse Extension, while Diverse Facility Solutions (DFS) provides facility and custodial maintenance for the twelve common gates.

### **FEDERAL INSPECTION SERVICES FACILITY**

The Midway Federal Inspection Service facility (FIS) is home to the US Bureau of Customs and Border Protection. The FIS serviced over 31,000 International Passengers traveling on Porter Airlines in 2009.

MATCO is responsible for the day-to-day operations of the FIS including: facility maintenance, baggage handling system maintenance, custodial services and gate planning/scheduling for international arrival gates A2 and A3. MATCO oversees these daily activities, manages vendor contracts performed by PBP and ABM and coordinates all International gate activity.

## APPENDIX 8. B.

### COMMON USE GATE SCHEDULING AND RON PAD

The Gate Planning and Review Committee (GPRC) designated MATCO to coordinate activity for the twelve (increased from eight throughout 2008) common use gates and the North RON Pad. The GPRC is comprised of:

- (1) A representative designated by the Commissioner of Aviation
- (2) A representative of each Air Carrier that operates on a City gate
- (3) A representative designated by the Schedule Coordinator
- (4) A representative designated by the Gate Coordinator.

In the role of Gate Coordinator, MATCO is responsible for the day-to-day administration of the priority system, communication of schedule assignments and the maintenance of use records and statistics.



**APPENDIX 8. B.**

**- MATCO VENDOR INFORMATION -**

**AVAIR PROS SERVICES**

Contract Award Date/Renewals - January 1, 2010  
 Term of Contract - Through December 31, 2014  
 Key Personnel - [REDACTED]  
 Description of Duties - Maintenance and Operational Management

**AMERICAN BUILDING MAINTENANCE**

Contract Award Date - March 1, 2008  
 Term of Contract - Through March 1, 2011  
 Key Personnel - [REDACTED]  
 Description of Duties - Custodial Services  
 MBE/WBE Participation - 25% MBE - Diverse Facility Solutions

**DIVERSE FACILITY SOLUTIONS**

Contract Award Date/Renewals - July 15, 2009  
 Term of Contract - Through July 15, 2011  
 Key Personnel - [REDACTED]  
 Description of Duties - Passenger Services, Oversize Bag Transport Services and Common Gate Holdroom Maintenance  
 MBE / WBE Participation - 100% MBE

**PROFESSIONAL BUSINESS PROVIDERS**

Contract Award Date/Renewals - April 3, 2009  
 Term of Contract - Through April 3, 2012  
 Key Personnel - [REDACTED]  
 Description of Duties - Operation and Maintenance of IEDS Baggage System, Passenger Loading Bridges, 400 Hz System, Potable Water, Battery Charging System

**PROSPECT SERVICES**

Contract Award Date/Renewals - April 1, 2009  
 Term of Contract - Through April 1, 2011  
 Key Personnel - [REDACTED]  
 Description of Duties - Wheelchair Services  
 MBE / WBE Participation - 100% WBE

**SKYTANKING USA**

Contract Award Date - February 1, 2005  
 Term of Contract - Through January 31, 2010  
 Key Personnel - [REDACTED]  
 Description of Duties - Operation and Maintenance of Fuel System

**APPENDIX 8. B.****- FINANCIAL OVERVIEW -**

The agreement between MATCO and the City of Chicago stipulates that MATCO's costs are incorporated into the Rates and Charges that are set by the City at least once a year for Midway Airport. MATCO submits a preliminary estimate of its upcoming calendar year budget to the City, allocated to the Equipment and Fueling cost centers, typically by June of the current calendar year. The Board of Directors begins its review process of the annual budget and MATCO submits a final Board-approved budget to the City prior to year-end. The City uses these approved MATCO budget figures to calculate the cost requirement necessary to collect from the airlines to cover all expenses. The cost requirement is used as the basis to calculate a fuel and equipment rate for Members and Non-Members.

The Member rate for the Equipment cost center is composed of a Per Capita charge, which is equal to 20% of the Equipment Cost Center requirement divided equally among MATCO Members, plus a Base Equipment Fee Rate. Each airline self-invoices its Equipment charges on a monthly basis, calculated by multiplying the Base Equipment Fee Rate by the number of thousands of pounds of the Maximum Approved Gross Landing Weight, in addition to the Per Capita charge. The Non-Member is required to pay a Premium Equipment Fee Rate, which is equal to 150% of the Base Equipment Fee Rate charged to Members. Exhibit E illustrates the historical fluctuations in the Equipment Rates & Charges.

The Member Rate for the Fueling cost center is composed of a Per Capita charge, which is equal to 10% of the Fueling cost center requirement divided equally among MATCO Members, plus a Base Fuel Fee Rate. Each airline is invoiced by Skytanking USA on a monthly basis, after the invoices are reviewed by MATCO, for the next month's estimated charge reconciled by the previous month's actual charge. The charge is calculated by multiplying the Base Equipment Fee Rate by the number of gallons of fuel distributed to the airline from the fueling system, in addition to the Per Capita charge. The Non-Member is required to pay a Premium Fuel Fee Rate, which is equal to 125% of the Base Fuel Fee Rate charged to Members. The airlines remit their payments to Skytanking USA, who then issues a check to the City of Chicago, monthly, containing all remittances. This check is sent to MATCO for review and is then forwarded to the City. Exhibit F illustrates the historical fluctuations in the Fueling Rates & Charges.

The City typically adjusts the rates and charges at mid-year to more accurately reflect the cost requirement taking into consideration any circumstances that may have occurred during the first part of the year, and possibly generating a more accurate forecast of costs for the upcoming months. Deloitte & Touche LLP audits the city's financial statements at year-end.

On a monthly basis, MATCO submits an invoice to the City containing an estimate of operating and maintenance costs for the upcoming month, which is reconciled by the previous month's actual costs. The city allocates these invoices to the correct cost centers (equipment or fuel) and submits payment to MATCO. MATCO is then able to make payments on all incoming vendor invoices for that month.

**APPENDIX 8. B.**

**Midway Airlines'  
Terminal Consortium**


(A Not-For-Profit Corporation)

Financial Statements as of and for the  
Years Ended December 31, 2009 and 2008, and  
Independent Auditors' Report

## APPENDIX 8.B.

# Deloitte

Deloitte & Touche LLP




### INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Midway Airlines' Terminal Consortium:

We have audited the accompanying financial statements of Midway Airlines' Terminal Consortium (the "Corporation") (a not-for-profit corporation) as of December 31, 2009 and 2008, and the related statements of revenues, expenses, and members' capital, and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



June 14, 2010

Member of  
Deloitte Touche Tohmatsu

**APPENDIX 8. B.****MIDWAY AIRLINES' TERMINAL CONSORTIUM**  
(A Not-For-Profit Corporation)**STATEMENTS OF REVENUES, EXPENSES, AND MEMBERS' CAPITAL**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
REVENUES:		
Reimbursement income	\$8,985,435	\$9,313,070
Special project reimbursement income	167,559	121,432
Interest income	65	148
	<u>9,153,059</u>	<u>9,434,650</u>
Total revenues		
OPERATING EXPENSES:		
Airline equipment maintenance	3,783,826	4,169,039
Passenger services	2,324,320	2,374,415
Fuel farm	1,090,345	1,068,529
General and administrative	772,199	711,834
Common gate maintenance	483,454	463,507
Custodial services	335,055	338,731
Federal inspection services	197,164	187,015
Special projects	167,560	121,432
	<u>9,153,923</u>	<u>9,434,502</u>
Total operating expenses		
(DECREASE) INCREASE IN NET ASSETS	(864)	148
MEMBERS' CAPITAL — Beginning of year	<u>59,193</u>	<u>59,045</u>
MEMBERS' CAPITAL — End of year	<u>\$ 58,329</u>	<u>\$ 59,193</u>

See notes to financial statements.

**APPENDIX 8. B.**

**MIDWAY AIRLINES' TERMINAL CONSORTIUM**  
**(A Not-For-Profit Corporation)**

**STATEMENTS OF CASH FLOWS**  
**AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Decrease) Increase in net assets	\$ (864)	\$ 148
Adjustments to reconcile (decrease) increase in net assets to net operating activities — cash used in changes in assets and liabilities:		
Accounts receivable	(937,341)	(18,645)
Prepaid expenses	(23,655)	(64,096)
Accounts payable and accrued liabilities	<u>878,963</u>	<u>23,735</u>
Net cash used in operating activities and net decrease in cash	(82,897)	(58,858)
CASH — Beginning of year	<u>156,748</u>	<u>215,606</u>
CASH — End of year	<u>\$ 73,851</u>	<u>\$ 156,748</u>

See notes to financial statements.

## APPENDIX 8. B.

## MIDWAY AIRLINES' TERMINAL CONSORTIUM (A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

### 1. ORGANIZATION

Midway Airlines' Terminal Consortium (MATCO or "Corporation"), a not-for-profit corporation located at Chicago Midway International Airport (the "Airport"), was established for the purpose of designing, procuring, constructing, installing, operating, and maintaining certain Airport equipment and systems, including fueling facilities; and, for providing other operations, maintenance, and support services to certain airlines at the Airport, which among other things, will improve the Airport's operational efficiency and expand the capacity of the Airport's terminal building. MATCO also participates in developmental activities for the Airport. The financial statements of the Airport deal solely with the operational aspect of MATCO and are not intended to represent the operations of the Airport. MATCO commenced operations on March 7, 2001.

MATCO manages and maintains the Airport's baggage handling system, in-line explosive detection system, passenger loading bridges, fueling system, pre-conditioned air system, 400 Hz ground power system, battery chargers, and flight information display systems/baggage information display systems. MATCO also provides passenger assistance services, common gate scheduling services, custodial services, and manages the Federal Inspection Services (FIS) facility.

All airlines that have executed a Chicago Midway Airport Amended and Restated Airport Use Agreement and Facilities Lease (the "Agreement") with the City of Chicago, Illinois (the "City"), and are in good standing with the City, are eligible to become MATCO Member Airlines ("Member Airline"). Becoming a Member Airline entitles the member to lower rates and charges throughout the year for fuel, equipment, and Federal Inspection Services (FIS) use, with the addition of a fixed monthly per capita charge. As of December 31, 2009, MATCO had six participating airlines. The membership history for 2009 and 2008 is as follows:

	Effective MATCO Membership Date	Effective MATCO Fuel Membership Date
Airtran Airways	8/23/2001	8/1/2006
* ATA Airlines	3/7/2001	8/1/2001
Continental Airlines	3/7/2001	Nonmember
Delta Airlines	7/1/2004	6/15/2009
Frontier Airlines	11/29/2001	5/1/2002
** Northwest Airlines	3/7/2001	6/15/2009
Southwest Airlines	3/7/2001	8/1/2001

\* Filed for bankruptcy in April 2008 and membership revoked effective April 1, 2009.

\*\* Northwest fuel membership transferred to Delta as of June 15, 2009.

## APPENDIX 8. B.

### 2. RATES AND CHARGES

The agreement between MATCO and the City stipulates how MATCO's costs are incorporated into a rates and charges model ("Rates and Charges"), which is set by the City at a minimum once a year for the Airport. MATCO submits a preliminary estimate of its upcoming calendar year budget to the City, allocated to the equipment, fueling, and FIS cost centers, typically by June of the current calendar year. The MATCO Board of Directors (the "Board") begins its review process of the annual budget, and MATCO submits a final Board-approved budget to the City prior to year-end. The City uses these approved budget figures to calculate the cost requirement necessary to collect from the airlines to cover all expenses. The cost requirement is used as the basis to calculate a fuel and equipment rate for Member Airlines and Nonmember airlines. The City is responsible for the billing and collection of Rates and Charges from the airlines for airport usage and services.

The City typically adjusts the Rates and Charges at mid-year to more accurately reflect the cost requirement taking into consideration any circumstances that may have occurred during the first part of the year, and possibly generating a more accurate forecast of costs for the upcoming months.

On a monthly basis, MATCO submits an invoice (funding request) to the City containing an estimate of operating and maintenance costs for the upcoming month, which is reconciled by the previous month's actual costs. The City allocates these invoices to the correct cost centers (equipment, fuel or FIS), and submits payment to MATCO. MATCO then is able to make payments on all incoming vendor invoices for that month. In addition, MATCO also records an adjustment on a monthly basis to account for any over/under payment made by the City to the Corporation. This adjustment typically yields an amount payable to the City.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation** — The Corporation's accounts are maintained in accordance with accounting principles generally accepted in the United States of America.

**Income and Expenses** — Income and expenses are recorded on the accrual basis of accounting.

**Use of Estimates** — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition** — Reimbursement income and special project reimbursement income is recognized to the extent an expense has been incurred on the accrual basis of accounting. Special project reimbursement income is income received by MATCO for reimbursement of nonoperating and nonmaintenance expenses incurred by MATCO for nonrecurring projects, which are funded and previously approved by the City. Due to the nature and source of this income, special project reimbursement income fluctuates between fiscal years. Interest income is recognized on the accrual basis of accounting.

**Income Taxes** — The Corporation is a not-for-profit corporation that the Internal Revenue Service has determined is tax-exempt under Section 501(c)(6) of the Internal Revenue Code of 1986. As such, it is not subject to federal or state taxes.



**APPENDIX 8. B.**

**Adopted Accounting Pronouncements** — In May 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standard Codification (ASC) 855, *Subsequent Events*. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financials are issued or available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. This statement is effective for fiscal years ending after June 15, 2009. For the year ended December 31, 2009, the Corporation has evaluated all subsequent events through June 14, 2010, which is the date the financial statements were available to be issued.

**4. EXECUTIVE DIRECTOR**

The Corporation contracted with AvAirPros Services, Inc. for purposes of managing the design, construction, operation, installation, and maintenance of the facilities and the day-to-day management and operation of the Airport facilities. The original contract agreement was dated October 25, 2000, and was effective through December 31, 2005. MATCO executed a two-year contract extension with AvAirPros Services in September 2005, extending its term through December 31, 2007. In July 2007, MATCO executed an additional two-year contract extension with AvAirPros Services, extending its term through December 31, 2009. In December 2009, MATCO executed a new five-year contract, effective through December 31, 2014. AvAirPros Services, Inc. employs the Executive Director of MATCO and employs nine additional employees to assist in managing the operations of the Airport facilities.

**5. COMMITMENTS AND CONTINGENCIES**

The Corporation is subject to certain legal proceedings as they arise. In management's opinion, any such matters will be resolved without material adverse effect on the Corporation's financial position or results of operations.

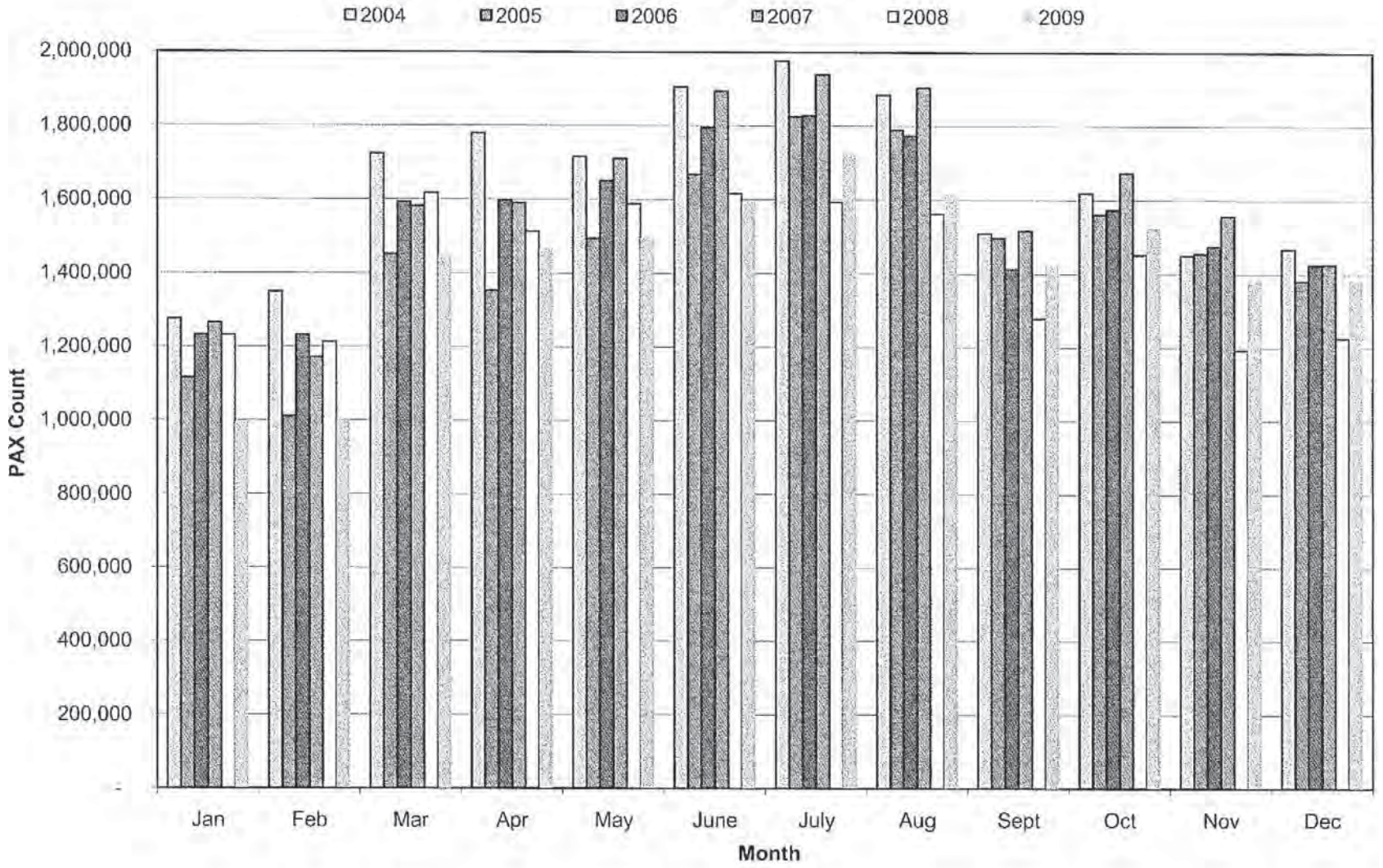
**6. MEMBERS' CAPITAL**

Purchased membership capital represents contributions made to the Corporation, by the Member Airlines, in accordance with the Agreement. An air carrier who desires to become a Member Airline is required to purchase a membership interest in accordance with the terms of the Agreement. The initial purchase of a membership interest is based on the current net value of the projected equipment and fueling fees to be paid by an additional Member Airlines for the subsequent 12-month period; and, the projected total equipment fees and fueling fees to be paid by all Member Airlines over the same 12-month period, with a minimum \$5,000 membership charge. There were no new members for the year ended December 31, 2009.

In the event of airline default, the Board determines whether to treat the airline as a withdrawing airline. In the event that the Board deems the defaulting airline to be a withdrawing airline, that airline would be entitled to the value of its ownership interest in the MATCO Reserve Fund. If the Board does not elect to treat the airline as a withdrawing airline, then MATCO is not obligated to pay the airline any of its ownership interest. The Board elected not to treat ATA Airlines (ATA) as a withdrawing airline after the Corporation terminated their membership status effective April 1, 2009. ATA ceased operations during 2008. As such, MATCO has not paid ATA any of its ownership interest.

\* \* \* \* \*

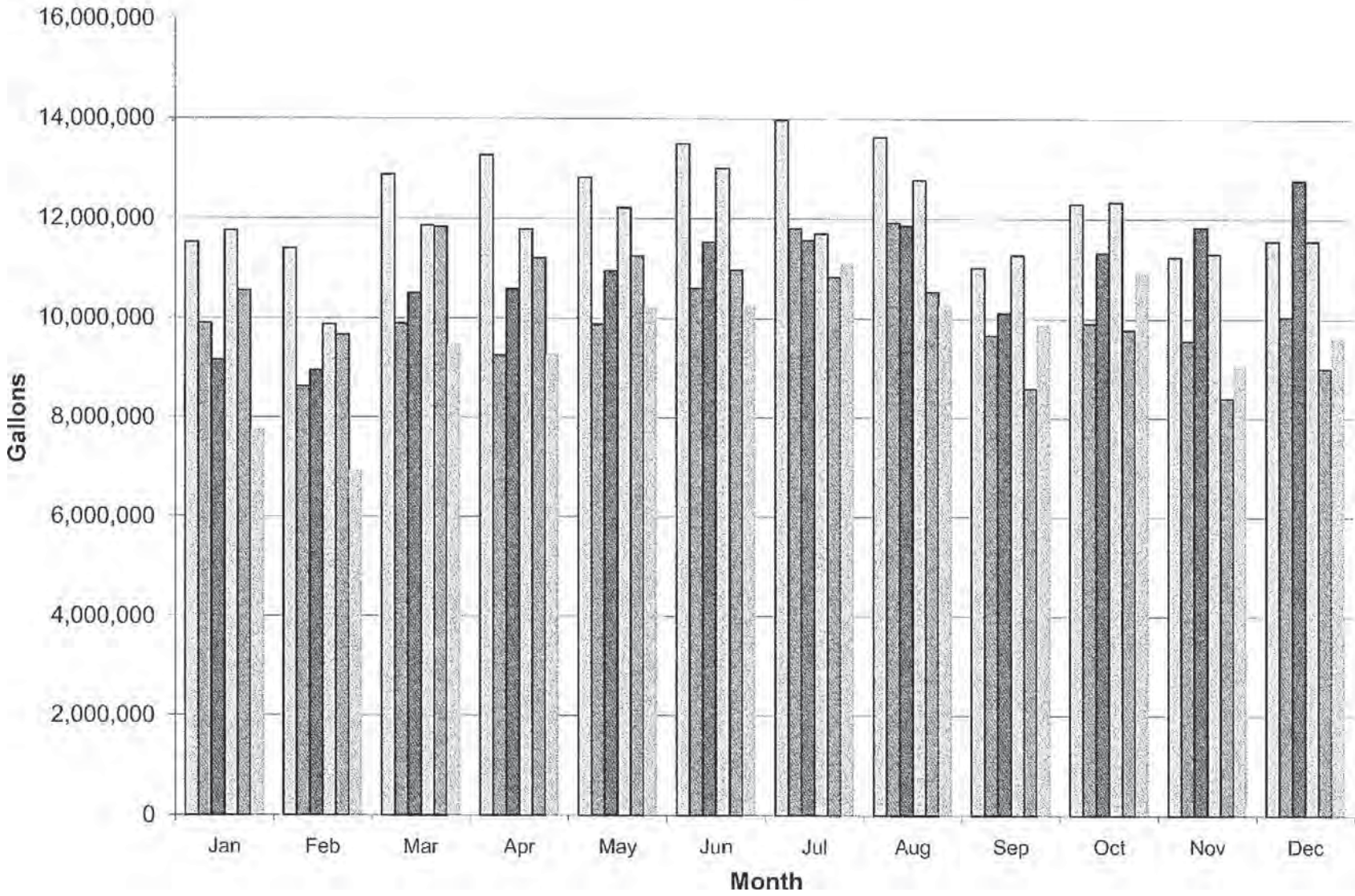
2004-2009 MDW Passenger Counts



APPENDIX 8. B.

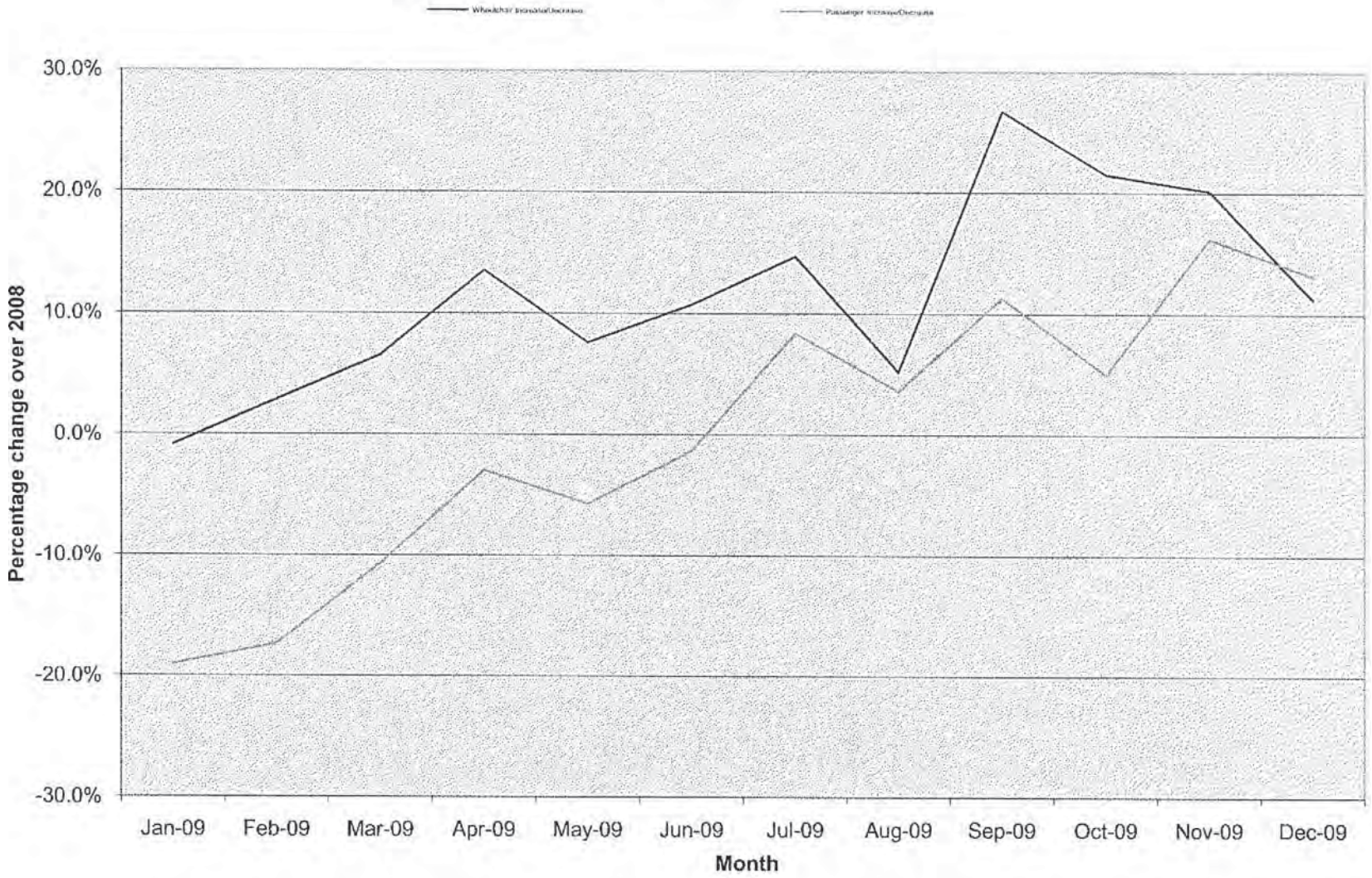
### Total Fuel Usage by Month

2004 2005 2006 2007 2008 2009



### APPENDIX 8. B.

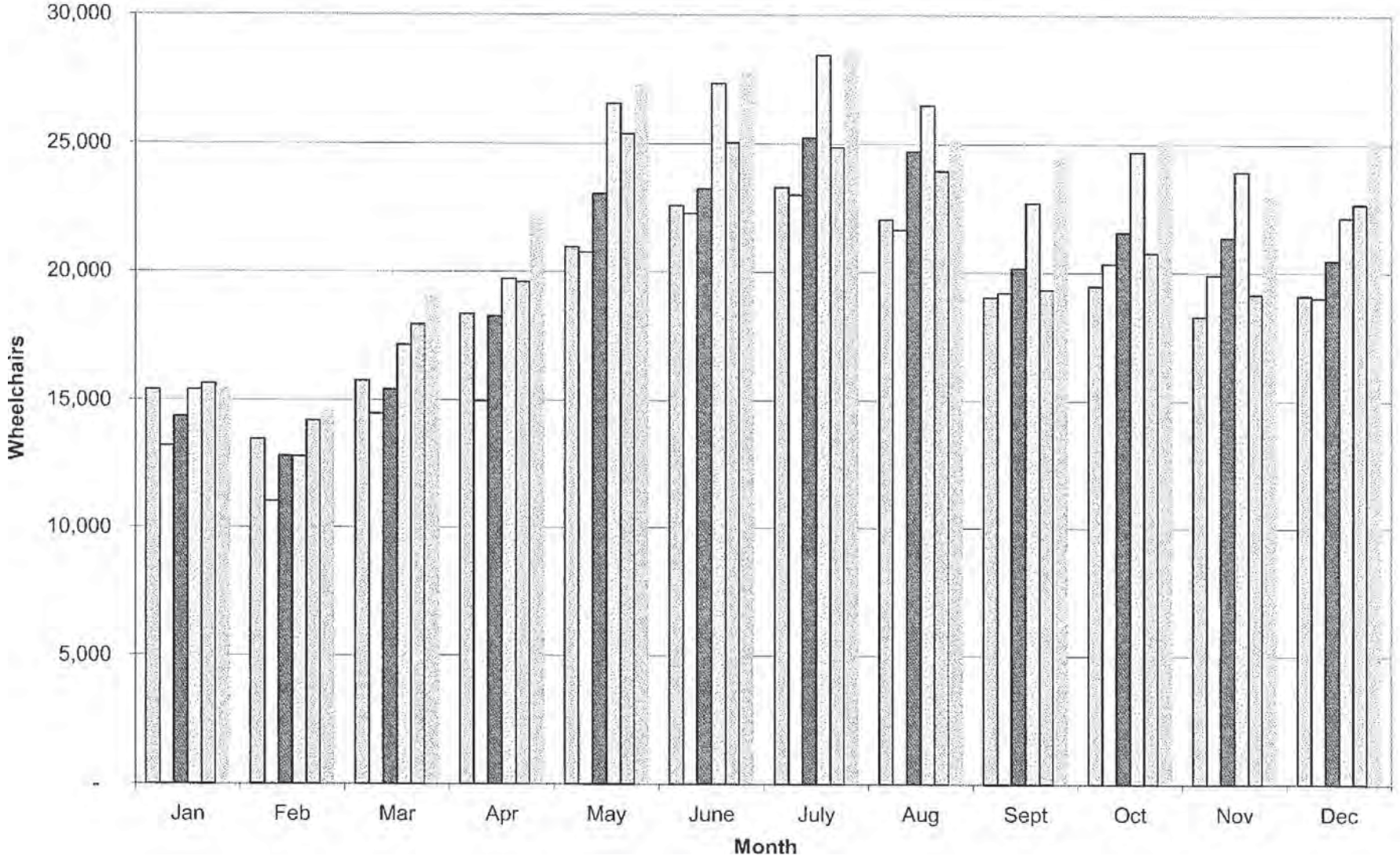
### 2008-2009 Wheelchair/PAX Growth Comparison



### APPENDIX 8. B.

### Prospect Monthly Wheelchair Counts

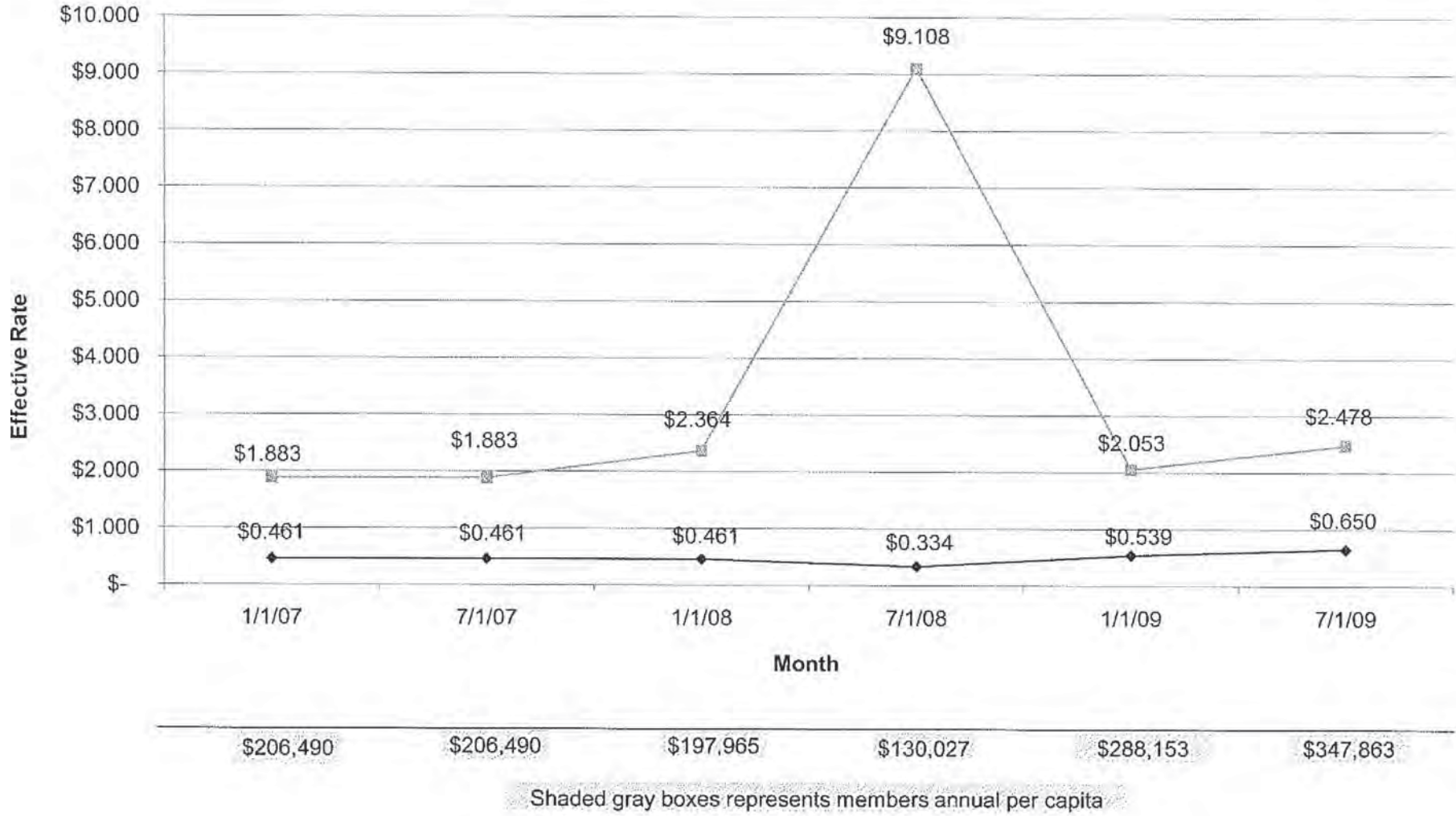
2004 2005 2006 2007 2008 2009



### APPENDIX 8. B.

### Rates & Charges Equipment Fees (Rate/1000 lbs)

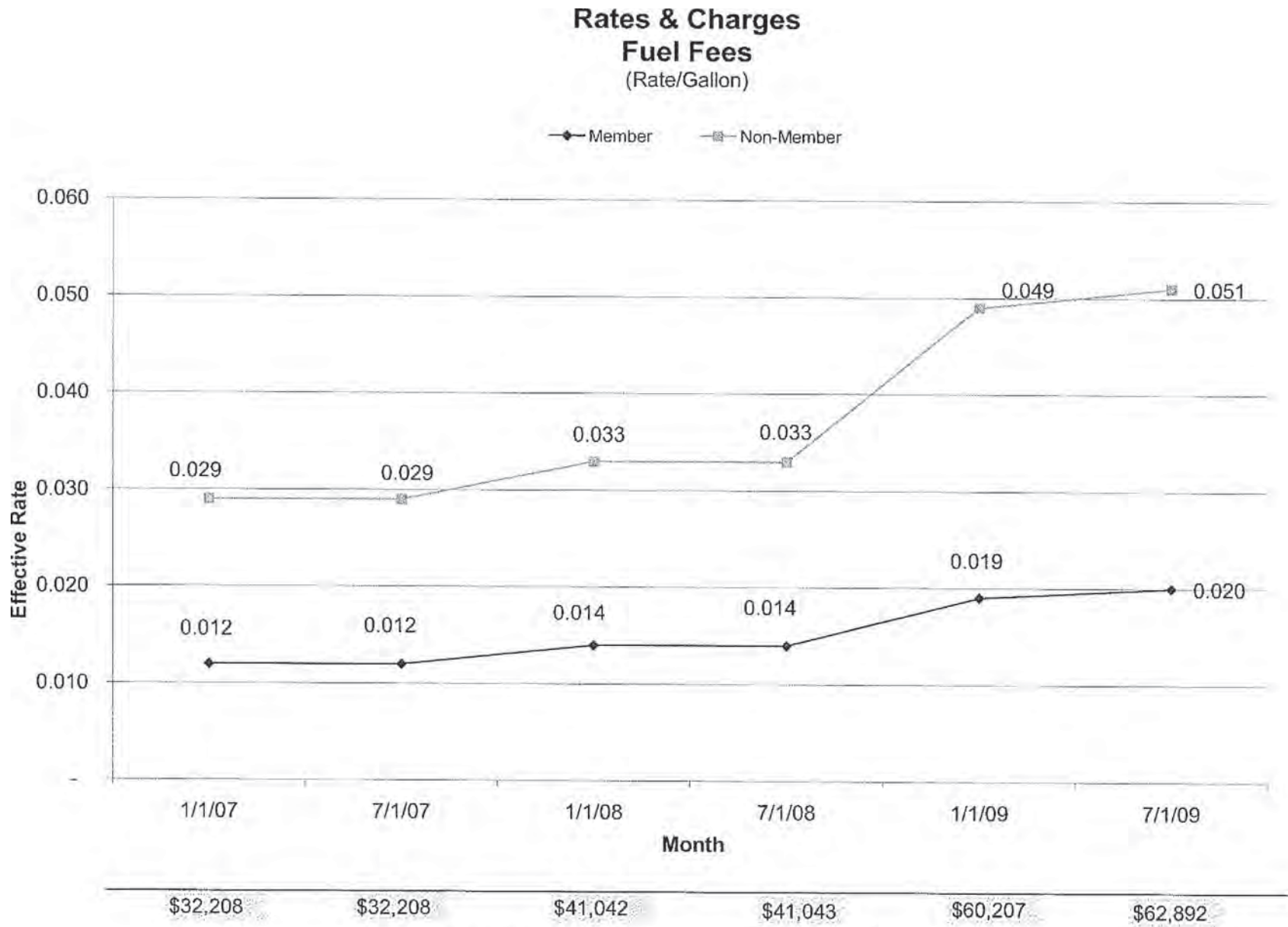
◆ Member    □ Non-Member



APPENDIX 8. B.

Exhibit E

**APPENDIX 8. B.**



Shaded gray boxes represents members annual per capita

Exhibit F



**SFOTEC**  
**San Francisco Terminal Equipment Company, LLC**

**ANNUAL  
MEMBER COMMITTEE  
MEETING**

**APRIL 6, 2010**





## APPENDIX 8. C.

# TABLE OF CONTENTS

## AGENDA

### *Letter to Members*

Tab  
Insert  
Color

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### MINUTES OF PREVIOUS ANNUAL MEETING

**Clear**

### FINANCIAL REPORT – PERIOD ENDING December 31, 2009

**Blue**

### STAFFING, FACILITY AND EQUIPMENT

- Overview
- Member Airlines
- Organization Chart
- Daily SFOTEC Operations Manager Report (sample)
- Responsibilities: Systems, Facilities & Equipment
- Asset Listing
- Facility and Equipment Maintenance Report
- Baggage System Schematic
- Significant Issues & Events
- Gate Use – Individual Activity
- Gate Use by Member Airlines
- Gate Usage Comparison 2001-2009
- Passenger Activity Comparison 2001-2009
- Member Billings
- Member Share – Passengers – 2009
- Member Share – Flights - 2009
- Member Share Expense - 2009
- Flight, Passengers & Expense Statistics 2001-2009

**Orange**

### Descriptions of Systems, Facilities & Equipment

**Yellow**

### OPERATING BUDGET/FORECAST – 2009/2010

- Allocation of Expenses 2009/2010
- Expense Allocation Comparison 2001-2010
- Budget Comparison Data 2001-2010
- 2009/2010 Operating Budget Forecast – Detail
- Accounts Receivable

## APPENDIX 8. C.

# SFOTEC ANNUAL MEMBER COMMITTEE MEETING

Tuesday, April 6, 2010

## A G E N D A

0900 Annual Meeting – Room 28L, 5<sup>th</sup> Floor, Int'l Terminal

- Chairman's Opening Remarks
- Minutes of Previous Meeting
  - Set date for 2011 Meeting
- 2009 Financial Report
  - Nancy Ferrell – SLD, Certified Public Accountants
- Election of Officers & Member Committee
- Appointment of Executive Committee Members
- Appointment of Operation Committee Members
  
- Executive Director's Report
  - Overview
  - Facilities & Equipment
  - 2009 Activity Data & Usage
  - 2009/2010 Operating Budget/Forecast
- Other Business

1130 Hosted Luncheon – Firewood Grill, Intl Terminal

## APPENDIX 8. C.

### *Letter to Members:*

SFOTEC ended the 2009 calendar year with net expenses 5.3 percent below the budgeted operating forecast or \$583,000 under the estimate.

Reductions were achieved in some areas through the continued monitoring of staffing requirements, the successful negotiation of contracts and operating agreements and increases in revenue offsets from domestic airlines operating in the International Terminal.

Gross Expense projections were very close to forecasted amounts and were under by \$117,600 or 0.9 percent.

Total Net Expense was helped by revenue offsets exceeding forecasted amounts by \$465,400 due to an increased number of domestic flights by Virgin America and JetBlue.


During the year SFOTEC worked closely with the Airport and its contractors, both initially and during the various phases, all focused towards improvements from modifications and hardware/component upgrades to the Baggage Handling System. This was an extensive project targeted at improving overall throughput to the CTX machines. It encompassed replacing and/or upgrading various components and hardware in phases that began in May 2008 and was completed in October 2009 at a cost of over \$5M. The project's scope included modifying the decline angle of the conveyor belts to both Baggage Inspection Rooms, replacing key pushers with high speed diverters to obtain true load balancing to the CTX machines, optimizing tracking and programmable logic, installation of state-of-the-art laser readers to improve baggage sortation and read rates, installation of a new sort controller and the replacement of the plow merges ahead of the CTX machines.

SFOTEC continued its contract with Continental Airlines through SFOTEC's sub contractor, ELS, to maintain and support Continental's domestic baggage system in T1. This takes advantage of existing synergies and results in a significant offset and reduction to SFOTEC's BHS labor expense, however, this contract will terminate on February 28, 2010.

In order to further encourage domestic activity and usage in the International Terminal a revised tier fee was approved in February 2007. This currently contributes to reducing ITB expenses through expense offsets to SFOTEC member invoices and in reductions to Joint Use charges invoiced by the Airport to the international airlines. During 2009, carriers operating domestic flights in the ITB offset SFOTEC expenses by \$2,597,893 in addition to reducing SFO Joint Use invoices to the ITB carriers by \$4,094,106 for a total contribution or offset of \$6,691,999.

The Equipment, Maintenance and Operating Agreement in effect through 2011 enables SFOTEC to maintain its contribution in administration, planning, support, maintenance, and expense control for the International Terminal and its adjacent two concourses and ramp towers. We will continue to focus on overall expenses, while also insuring that levels of service are adequately maintained to support the investment in equipment and facilities.

With its every day involvement, liaison and intervention, SFOTEC continues to succeed in preventing and/or minimizing operational problems and expenses on behalf of the airlines.

  
Executive Director  
January 29, 2010

APPENDIX 8. C.



MINUTES OF THE ANNUAL MEETING OF THE MEMBER COMMITTEE

SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLC

The Annual meeting of the Member Committee of the San Francisco Terminal Equipment Company, LLC (SFOTEC), a Delaware limited liability company, was held on April 7, 2009. The meeting commenced at 9:07 am at the San Francisco International Airport in Room 28L on the fifth floor of the International Terminal Building, San Francisco, California.

Attendance. The following Member Representatives, representing a majority in number of authorized member Representatives pursuant to Article 8.2 of the SFOTEC Member Agreement were present at the meeting in person or by proxy:

<u>Member Airline</u>	<u>Member Committee Member</u>
Aer Lingus	A large black rectangular redaction box covers the names of the member committee members for all 20 airlines listed.
AeroMexico	
Air China	
Air France	
Alaska Airlines	
All Nippon Airways	
Air New Zealand	
Asiana Airlines	
British Airways	
Cathay Pacific Airlines	
China Airlines	
Emirates	
EVA Airways	
Japan Airlines	
KLM Royal Dutch Airlines	
Korean Airlines	
Lufthansa German Airlines	
Mexicana Airlines	
Northwest/Delta Airlines	
Philippines Airlines	
Qantas Airways	
Singapore Airlines	
TACA Int'l	
United Airlines	
Virgin Atlantic Airways Ltd.	

**APPENDIX 8. C.**



Also attending the meeting were the following persons:

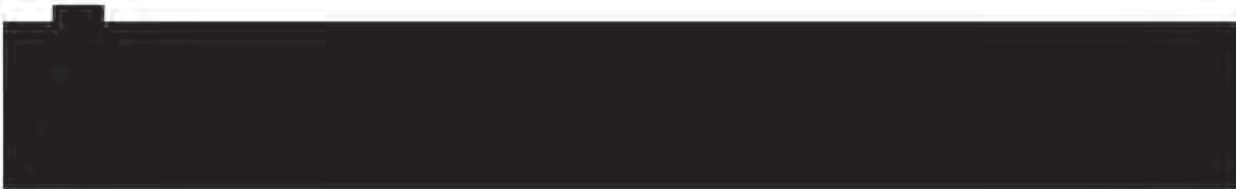
Attendee



Representing

SFOTEC-AvAirPros Services, Inc.  
SFOTEC-AvAirPros Services, Inc.  
Shea Labagh Dobberstein, CPA  
(formerly Elwood Espina Ferrell, LLP)  
Virgin Atlantic Airways  
Singapore Airlines

Call To Order. The Chairperson of the Member Committee called the meeting to order and announced that the meeting was held pursuant to notice duly given pursuant to Article 8.2 of the SFOTEC Member Agreement. It was noted that this was the 11<sup>th</sup> Annual Meeting.



**APPENDIX 8. C.**



Elections. The Chairperson announced that the election of SFOTEC Members was in order. Member Representatives have been elected by each member, pursuant to Article 8.1(b) of the SFOTEC Member Agreement, to serve until the next annual meeting or until their respective successors are elected.

<u>Member Airline</u>	<u>Member Committee Member</u>
Aer Lingus	
AeroMexico	
Air China	
Air France	
Air New Zealand	
Alaska Airlines	
All Nippon Airways	
Asiana Airlines	
British Airways	
Cathay Pacific Airlines	
China Airlines	
Emirates	
EVA Airways	
Japan Airlines	
KLM Royal Dutch Airlines	
Korean Airlines	
Lufthansa German Airlines	
Mexicana Airlines	
Northwest/Delta Airlines	
Philippine Airlines	
Qantas Airways	
Singapore Airlines	
TACA Int'l	
United Airlines	
Virgin Atlantic Airways Ltd.	

## APPENDIX 8. C.



Operations Committee Representatives. The next order of business was the appointment of each member's representative on the Operations Committee pursuant to Article 8.6 of the SFOTEC Members' Agreement. [REDACTED]

<u>Member</u>	<u>Operations Committee Member</u>
Aer Lingus	[REDACTED]
AeroMexico	[REDACTED]
Air China	[REDACTED]
Air France	[REDACTED]
Air New Zealand	[REDACTED]
Alaska Airlines	[REDACTED]
All Nippon Airways	[REDACTED]
Asiana Airlines	[REDACTED]
British Airways	[REDACTED]
Cathay Pacific Airlines	[REDACTED]
China Airlines	[REDACTED]
EVA Airways	[REDACTED]
Emirates	[REDACTED]
Japan Airlines	[REDACTED]
KLM Royal Dutch Airlines	[REDACTED]
Korean Airlines	[REDACTED]
Lufthansa German Airlines	[REDACTED]
Mexicana Airlines	[REDACTED]
Northwest/Delta Airlines	[REDACTED]
Philippine Airlines	[REDACTED]
Qantas Airways	[REDACTED]
Singapore Airlines	[REDACTED]
TACA Int'l	[REDACTED]
United Airlines	[REDACTED]
Virgin Atlantic Airways Ltd.	[REDACTED]

APPENDIX 8. C.



Election of Officers. The Chairperson called for the election of SFOTEC officers. A motion to elect [REDACTED] as Chairperson and [REDACTED] as Vice Chairperson for another term was made by UA and was seconded by MX. The motion was unanimous in passing.

<u>Officer</u>	<u>Person Serving</u>
Chairperson	[REDACTED]
Vice Chairperson	[REDACTED]

Executive Committee. The Chairperson named the current members comprising the Executive Committee and asked if there was anyone who did not wish to remain or if anyone wanted to nominate anyone else as a replacement. [REDACTED] will replace [REDACTED].  
[REDACTED]

Annual Meeting Date. The Chairperson stated that next year's meeting would be scheduled in April 2010 with the exact date to be determined. As always, every effort will be made to schedule the SFOTEC annual meeting during the same week as the Executive Committee/Quarterly SFAAAC meeting. The tentative date is April 6, 2010.

Executive Director's Overview Report [REDACTED]  
[REDACTED] thanked everyone for attending and stated for new members or representatives that SFOTEC was formed on January 20, 1999 to perform a wide and varied range of responsibilities including administration and maintenance of all airline related equipment and systems, gate and facilities scheduling for both short and long term planning and management and distribution of income and expenses. The newest member airlines are Emirates, who joined on December 1, 2008 and AeroMexico who joined on February 1, 2009. There are presently 25 member carriers.

[REDACTED] noted that Jet Airways withdrew from SFOTEC membership in January 2009 as service was terminated.



## APPENDIX 8. C.



The Executive Director reviewed and discussed the following items and information which was included in the binder provided to the attendees and/or subsequently delivered to any Member Committee persons who were not in attendance.

- Organization Chart
- Daily SFOTEC Operations Manager Report (sample)
- Equipment and Systems Responsibilities
- Asset Listing
- Facility and Equipment Maintenance Report
- Baggage System Composition
- Significant Issues & Events
- Descriptions: Equipment, Facility & Systems
- Operational Statistics for 2008
  - Gate Usage –Individual Activity
  - Gate Usage – SFOTEC Member Airlines
  - Gate Usage Comparison 2001-2008
  - Passenger Activity Comparison 2001-2008
  - SFOTEC Cost per Enplanement
  - Member Billings
  - Member Share-Passengers-2008
  - Member Share-Flights-2008
  - Member Share Expense – 2008
  - Flight, Passengers & Expense Statistics – 2001-2008

The allocation of expenses for 2008 and those forecasted for 2009 were presented for comparison with any variances being explained, along with past years and present budget/forecast data.

The Executive Director reviewed the SFOTEC budget/operating expense forecast for 2009 and noted that the numbers are not inflated, but to the contrary, they are more conservative in nature...

SFOTEC 2008 actual expenses were 3.6% under Forecast or \$403,300. Contributing to this underage was \$200K projected, but not spent, for Capital Expenditures, \$221K in 2007 ELS Labor Credits (given in 2008) and \$118.4K more than expected in Non Member Domestic flight Expense Offsets.

The 2009 Expense Forecast of \$11,002.0 is 1.4% above 2008 actuals. Total Net 2009 Forecast is under actuals for 2006 and 2007 by 6/10<sup>th</sup> of 1 % and 4% respectively.

Total Net Expense for 2009 excluding the Revenue Expense Offsets is 9/10<sup>th</sup> of 1% over 2008 actuals.

## APPENDIX 8. C.



The 2009 Budget Forecast is now \$77K less due to new SFIA Janitorial Cost reduction announced after the preliminary forecast was sent to members. Even though the airport janitorial costs have risen 5.7%, the Executive Director had negotiated a credit back for domestic enplaned passengers.

The 2009 forecast has \$100K budgeted for capital costs. The Executive Director noted that this will probably have to be spent in 2009 to repair the A11 passenger loading bridge. The bridge was damaged when it was first in use and the airline involved paid for all repairs. However, over 7 years of use, the tunnels have become worn and significant parts will have to be repaired and/or replaced.

The Executive Director noted the substantial Expense Offsets gained by the Domestic Carriers using the International Terminal. The Tiered Revenue sharing agreement dictates that SFOTEC invoice \$200 per domestic flight and SFO invoice domestic carriers the remaining \$377 (narrow body) or \$513 (widebody) amount. These amounts will be increased in July 2009 to \$596 (Narrowbody) and \$739 (widebody), with SFOTEC's portion to increase in the first tiers to \$208.

Virgin America and JetBlue contributed \$1.92M in Expense Offsets in 2008 and are predicted to contribute approximately \$1.98M in 2009. The SFIA portion of the billing from these domestic flights reduces the SFOTEC members' Joint Use Space Charges.

The Executive Director briefed the members on SFOTEC's cash reserves. In July 2006, \$1M was placed in 4 12-month high-earning CDs, of \$500K, \$250K, \$250K, and \$406,605 (the last amount being the airport required 6 months of rent). These CDs, at a 1% bonus rate over the normal rate, expired in August 1, 2008, and were converted to 1 year CDs with the normal fluctuating bank rates plus a 25 Basis Point bonus rate. [REDACTED] noted that the present cash and cash equivalents are sufficient for the SFOTEC requirement for 2 months of reserves.

[REDACTED]

The Executive Director reviewed Accounts Receivable balances as of March 2, 2009. SFOTEC members had 94% in the 0-30 day category and 6% or \$38,894 in the 31-60 day category. The one member invoice in question was cleared two days later on day 34. .

Accounts Receivable balances for ramp tower handling fees, non member/Itinerant airlines and member airlines were reviewed noting that follow up and accountability on all receivables is very satisfactory .

The Executive Director also noted that United Airlines has satisfied all post petition bankruptcy expenses of \$28,364 as of this meeting.

## APPENDIX 8. C.



The Executive Director briefed the members on the progress of SFIA Capital Plan relating to the International Terminal Baggage Handling System, Gate Modifications, and FIDS Upgrades for ITB and T2.

ITB Baggage Handling System (2008) the major upgrade and modifications included:

- Reduction in Slope Decline to the BIRs
- Pushers ahead of CTXs replaced with HSDs (High Speed Diverters)
- PLC optimized
- SICK Laser Scanners installed increasing read rates by 10% to mid 90's
- New sort controller installed with centralized reporting systems
  - Applications to the Manual Encode Stations replaced with new upgraded applications

ITB Baggage Handling System (2009):

- Plow merges behind BAA CTXs replaced
- BAG now funded for same component replacement (as BAA) by mid summer
  - Recently TSA changed policy of 4-5% total bags to BIR to upwards of 11%, more than doubling bags to BIRs
  - Eliminated use of unknown pushers 3 weeks later so improvements somewhat negated although it would have been disastrous if load balancing had not already been completed.
  - TSA requesting that SFO improve and expand BIRs

ITB Gate Modifications:

- New gate and modifications are still in the Punch List/Open Items phase and being pursued by SFO

FIDS Upgrades:

- Design and Planning in progress- with construction to begin in early 2010- with completion forecast for mid 2010
- FIDS (Flight Information), GIDS (Gate Information), BIDS (Baggage Information), and CIDS (Counter Information) will all be upgraded
- Replacing all CRTs with FLAT Screen LCDs. At Gates replacing current CRTs and LED with single large 52" LCD displays- with carriers able to template their display information at gates
- Combined LCD/LED signs over check in counters
- LEDs in FIS not replaced by driven by new system
- Airport SUN Servers have reached the end of their useful life and these will be upgraded

It is estimated that all hardware upgrades to the BHS will be completed by August 2009.



## APPENDIX 8. C.



The Chairperson thanked the Executive Director and his staff for their sincere representation of airlines interests and for their managerial expertise and efforts in expense and cost control.

There being no further business, the meeting was adjourned at 11:00 p.m. and a hosted luncheon at the Firewood Café followed.



**APPENDIX 8. C.**



**SFOTEC  
ANNUAL MEETING**

April 7, 2009

**MEMBER COMMITTEE ATTENDANCE**

Airline	MEMBER COMMITTEE REPRESENTATIVE	Proxy To	Signature
Aer Lingus			
AeroMexico			
Air China			
Air France			
Air New Zealand			
Alaska Airlines			
All Nippon Airways			
Asiana Airlines			
British Airways			
Cathay Pacific			
China Airlines			
Emirates			
EVA Airways			
Japan Airlines			
KLM			
Korean Airlines			
Lufthansa			
Mexicana			
Northwest			
Philippine Airlines			
Qantas Airways			
Singapore Airlines			
TACA International			
United Airlines			
Virgin Atlantic			

**APPENDIX 8. C.**

SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLC

FINANCIAL STATEMENTS

Years Ended December 31,  
2009 and 2008

## APPENDIX 8. C.

### SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLC

Years Ended December 31,  
2009 and 2008

#### Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Balance Sheets	2
Statements of Income	3
Statements of Changes in Members' Equity (Deficit)	4
Statements of Cash Flows	5
Notes to Financial Statements	6-15



**APPENDIX 8. C.**



**SHEA LABAGH DOBBERSTEIN**

*Certified Public Accountants, Inc.*

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER COMMITTEE / BOARD OF DIRECTORS

SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLC

We have audited the accompanying balance sheets of SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLC (a Delaware Limited Liability Company) as of December 31, 2009 and 2008, and the related statements of income, changes in members' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLC as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

SHEA LABAGH DOBBERSTEIN  
Certified Public Accountants, Inc.

March 29, 2010

**APPENDIX 8. C.**SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLCBALANCE SHEETSASSETS

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 654,955	\$ 343,559
Short-Term Deposits –		
Unrestricted	1,250,339	1,234,688
Restricted	434,052	412,381
Accounts Receivable –		
Nonmember Airlines	674,490	422,136
Other	171,201	453,399
Prepaid Expenses	200,595	210,323
Prepaid Income Taxes	18,478	52,619
<u>TOTAL CURRENT ASSETS</u>	<u>3,404,110</u>	<u>3,129,105</u>
<u>PROPERTY AND EQUIPMENT, Net</u>	<u>363,455</u>	<u>372,568</u>
<u>TOTAL ASSETS</u>	<u>\$ 3,767,565</u>	<u>\$ 3,501,673</u>

LIABILITIES AND MEMBERS' EQUITY

<u>CURRENT LIABILITIES</u>		
Current Maturities on Long-Term Debt	\$ 328,245	\$ 339,871
Payable to Member Airlines	1,958,196	1,699,730
Accounts Payable and Accrued Expenses	948,625	933,401
<u>TOTAL CURRENT LIABILITIES</u>	<u>3,235,066</u>	<u>2,973,002</u>
<u>LONG-TERM DEBT, Net of Current Maturities</u>		
Shown Above	-	328,245
<u>COMMITMENTS AND CONTINGENCIES</u>		
<u>MEMBERS' EQUITY</u>		
Members' Contributions to Capital	385,000	360,000
Retained Earnings (Accumulated Deficit)	147,499	(159,574)
<u>TOTAL MEMBERS' EQUITY</u>	<u>532,499</u>	<u>200,426</u>
<u>TOTAL LIABILITIES AND MEMBERS' EQUITY</u>	<u>\$ 3,767,565</u>	<u>\$ 3,501,673</u>

**APPENDIX 8. C.**SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLCSTATEMENTS OF INCOME

	December 31,	
	<u>2009</u>	<u>2008</u>
<u>REVENUE</u>		
Member Airlines	\$ 10,456,438	\$ 10,352,910
Nonmember Airlines	3,027,277	2,486,554
<u>TOTAL REVENUE</u>	<u>13,483,715</u>	<u>12,839,464</u>
<u>OPERATING EXPENSES</u>		
Operations	13,066,643	12,727,750
Depreciation	38,194	39,891
Property Taxes	159,682	211,127
<u>TOTAL OPERATING EXPENSES</u>	<u>13,264,519</u>	<u>12,978,768</u>
<u>INCOME (LOSS) FROM OPERATIONS</u>	219,196	(139,304)
<u>OTHER INCOME (EXPENSE)</u>		
Interest Expense	(28,068)	(46,094)
Interest Income	52,084	93,217
Gain on Sale of Property and Equipment	1,161	-
Other	80,000	400,000
<u>INCOME BEFORE PROVISION FOR TAXES ON INCOME</u>	<u>324,373</u>	<u>307,819</u>
<u>PROVISION FOR TAXES ON INCOME</u>	<u>17,300</u>	<u>34,074</u>
<u>NET INCOME</u>	<u>\$ 307,073</u>	<u>\$ 273,745</u>

**APPENDIX 8. C.**

SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLC

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

	<u>Members' Contributions to Capital</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total Members' Equity (Deficit)</u>
<u>BALANCE (DEFICIT), JANUARY 1, 2008</u>	\$ 310,000	\$ (433,319)	\$ (123,319)
Capital Contribution From New Members	50,000	-	50,000
Net Income For The Year	<u>-</u>	<u>273,745</u>	<u>273,745</u>
<u>BALANCE (DEFICIT), DECEMBER 31, 2008</u>	360,000	(159,574)	200,426
Capital Contribution From New Member	25,000	-	25,000
Net Income For The Year	<u>-</u>	<u>307,073</u>	<u>307,073</u>
<u>BALANCE, DECEMBER 31, 2009</u>	<u>\$ 385,000</u>	<u>\$ 147,499</u>	<u>\$ 532,499</u>

**APPENDIX 8. C.**SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLCSTATEMENTS OF CASH FLOWS

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Income	\$ 307,073	\$ 273,745
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Depreciation	38,194	39,891
Changes in Operating Assets:		
Short-Term Deposits	(37,322)	(67,349)
Nonmember Airlines Accounts Receivable	(252,354)	(81,793)
Other Accounts Receivable	282,198	(188,019)
Prepaid Expenses	9,728	1,482
Prepaid Income Taxes	34,141	(52,619)
Changes in Operating Liabilities:		
Payable to Member Airlines	258,466	336,075
Accounts Payable and Accrued Expenses	15,224	(4,044)
Accrued Taxes on Income	-	(23,630)
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>655,348</u>	<u>233,739</u>
<u>CASH FLOWS FROM INVESTING ACTIVITY:</u>		
Payments for Purchases of Property and Equipment	(29,081)	(40,937)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Contribution From New Members	25,000	50,000
Principal Payments on Long-Term Debt	(339,871)	(321,845)
<u>NET CASH USED IN FINANCING ACTIVITIES</u>	<u>(314,871)</u>	<u>(271,845)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	311,396	(79,043)
<u>CASH AND CASH EQUIVALENTS, Beginning of Year</u>	<u>343,559</u>	<u>422,602</u>
<u>CASH AND CASH EQUIVALENTS, End of Year</u>	<u>\$ 654,955</u>	<u>\$ 343,559</u>
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION -</u>		
Cash Paid During the Year for -		
Interest	\$ 28,068	\$ 46,094
Income Taxes	19,000	110,323

## APPENDIX 8. C.

### SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLC

#### NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

#### NOTE 1 – COMPANY STRUCTURE

San Francisco Terminal Equipment Company, LLC (“Company”) is a Limited Liability Company formed on January 20, 1999 under the laws of the State of Delaware. As a Limited Liability Company, each member’s liability is limited to amounts reflected in their respective member accounts.

The Company has an agreement with the City and County of San Francisco (“the City”) operating through the Airports Commission, which gives it the right to maintain, operate and use the equipment located in the International Terminal Complex, comprising the International Terminal building, Boarding Area A, Boarding Area G, and the two shoulder buildings, as the same may be modified and expanded from time to time (“the Terminal”) at San Francisco International Airport (the “Airport”).

In addition, the Company owns certain equipment and leasehold improvements in the International Terminal Complex. Operations began on December 10, 2000.

At December 31, 2009, the Company was owned by the following 24 member airlines:

- AeroMexico
- Air China
- Air France
- Air New Zealand
- Alaska Airlines
- All Nippon Airways
- Asiana Airlines
- British Airways
- Cathay Pacific
- China Airlines
- Emirates
- EVA Airways
- Japan Airlines
- KLM Royal Dutch Airlines
- Korean Air
- Lufthansa German Airlines
- Mexicana Airlines
- Northwest Airlines
- Philippine Airlines
- Qantas Airways
- Singapore Airlines

**APPENDIX 8. C.**SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLCNOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 1 – COMPANY STRUCTURE (Continued)

Taca International  
United Airlines  
Virgin Atlantic Airways, Ltd.

AeroMexico commenced service to the airport and became a member of the Company in February 2009. Jet Airways (India) Ltd. and Aer Lingus withdrew from operations and terminated their membership with the Company in January 2009 and November 2009, respectively.

NOTE 2 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Basis of Presentation — The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Codification of Accounting Standards — On June 30, 2009, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standard No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (as amended)*. This standard established the FASB Accounting Standards Codification (“FASB ASC”) as the single source of authoritative accounting principles generally accepted in the United States of America recognized by the FASB to be applied by nongovernmental entities. Substantially all previous United States generally accepted accounting principle standards issued by a standard setter are superseded and are codified into the FASB ASC. The FASB ASC is effective for financial statements issued for periods ending after September 15, 2009. Adoption of the FASB ASC had no impact on the Company’s financial condition or results of operations.

Cash and Cash Equivalents — Cash and cash equivalents consist of commercial bank deposits available upon demand, certificates of deposit with maturities of 90 days or less, and money market fund deposits.

**APPENDIX 8. C.**

SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 2 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued):

The Company has concentrated its credit risk for cash by maintaining deposits in a financial institution at December 31, 2009, and periodically throughout the year, which exceeded the amounts covered by the U.S. Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Short-Term Deposits — In November 2009, the Company transferred a significant portion of its cash in certificate of deposits to various banks having a maximum deposit of \$250,000 (FDIC insured) which bear interest rates ranging from 1.75% to 2.00% and which will expire on various dates in 2010. Upon expiration, the Company presently intends to renew the existing certificates provided interest rates are compatible with other banks.

Member/Nonmember Accounts Receivable — The Company provides an allowance for doubtful accounts, as needed, for accounts deemed uncollectible. At December 31, 2009 and 2008, accounts receivable are deemed collectible as such allowance for doubtful account is not warranted.

Property and Equipment — Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Maintenance and repairs are expensed as incurred, while renewals and betterments are capitalized. The estimated useful lives for significant property and equipment categories are as follows:

<u>Description</u>	<u>Life</u>
Stanchions	7 years
Fire Extinguishers	7 years
Furniture and Office Equipment	5 - 7 years
Baggage Tuhs	7 years
Radio Ramp Tower and Security Equipment	7 years
Vehicles	5 years
Leasehold Improvements	39 years



**APPENDIX 8. C.**SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLCNOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 2 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)Property and Equipment (Continued):

The Company assesses potential impairments to its long-lived assets when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. An impairment loss is recognized when the undiscounted cash flows expected to be generated by an asset (or group of assets) is less than its carrying amount. Any required impairment loss is measured as the amount by which the asset's carrying value exceeds its fair value and is recorded as a reduction in the carrying value of the related asset and a charge to operating results. The Company has not identified any such impairment losses as of December 31, 2009 and 2008.

Income Taxes — The Company has elected to be classified as an association taxable as a corporation for both federal and state income tax purposes. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred taxes related primarily to timing differences between the depreciation methods used for financial and income tax reporting. Deferred taxes also are recognized for operating losses that are available to offset future taxable income. A valuation allowance is provided, as needed, to reduce deferred tax assets to the estimated amount management expects to realize.

Recent Accounting Pronouncements — Effective January 1, 2009, the Company has adopted the guidelines of the *Income Taxes and Disclosures Topic of the FASB ASC*. This pronouncement clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. It prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. During the year ended December 31, 2009, the Company performed an evaluation of uncertain tax positions and did not note any matters that would require recognition on the Company's financial statements.

**APPENDIX 8. C.**

SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 3 -- MEMBER / NONMEMBER AIRLINES TRANSACTIONS

Charges to member and nonmember airlines are based upon the fees for use of the facilities owned by the City and the cost of facilities maintenance services. Such charges are prorated to the member airlines based primarily upon the number of flights and passengers utilizing the facility and equipment. Charges to nonmember international airlines for use of facilities and services are greater than corresponding charges to member airlines. Charges to member airlines also include property taxes, insurance, debt service costs, income taxes and other expenditures. Collections from nonmember airlines reduce the subsequent charges to member airlines.

Normally, nonmember airlines must be sponsored by a member airline or provide the Company with a deposit before they may use the facilities.

NOTE 4 -- OTHER RECEIVABLES

At December 31, 2009 and 2008, the Company had receivables totaling \$63,823 and \$125,694, respectively, from the City for technical support and professional service reimbursements provided by ARINC Incorporated ("ARINC").

NOTE 5 -- PROPERTY AND EQUIPMENT

At December 31, property and equipment consisted of the following:

	<u>2009</u>	<u>2008</u>
Stanchions	\$ 188,866	\$ 185,014
Fire Extinguishers	104,205	104,205
Furniture and Office Equipment	91,433	89,612
Baggage Tubs	128,752	108,109
Radio Ramp Tower and Security Equipment	69,868	69,868
Vehicles	21,139	27,984
Leasehold Improvements	<u>348,138</u>	<u>348,138</u>
Total	952,401	932,930
Less - Accumulated Depreciation	<u>(588,946)</u>	<u>(560,362)</u>
Property and Equipment, Net	<u>\$ 363,455</u>	<u>\$ 372,568</u>

**APPENDIX 8. C.**SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLCNOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 6 – LONG-TERM DEBT

The long-term debt of the Company at December 31 consisted of the following note payable to the City:

	<u>2009</u>	<u>2008</u>
Unsecured Note Payable Due in Monthly Principal and Interest Installments of \$30,662 With the Balance due December 2010	\$ 328,245	\$ 668,116
Less - Current Maturities	<u>(328,245)</u>	<u>(339,871)</u>
Long-Term Debt, Net	<u>\$ -</u>	<u>\$ 328,245</u>

The interest rate on the note is charged at the City's bond rate. At December 31, 2009 and 2008, the interest rate in effect was 5.462%.

NOTE 7 – PAYABLE TO MEMBER AIRLINES

The payable to member airlines at December 31, 2009 totaled \$1,958,196, consisting of nonmember receivables totaling \$674,490, which will reduce future member billings once collected, and \$1,283,706 of credit invoices outstanding. The payable to member airlines at December 31, 2008 totaled \$1,699,730, consisting of nonmember receivables totaling \$422,136, which will reduce future member billings once collected, and \$1,277,594 of credit invoices outstanding.

Within the total of member credit invoices outstanding (as stated above) there is an amount due from United Airlines ("United") of \$1,349 at December 31, 2008. The total had previously consisted of amounts due from United directly and amounts inadvertently paid to the Airport. During 2003, United inadvertently made payments to the Airport for fees charged by the Company.

In July 2004, the Company and United entered into a debt waiver agreement for the amount owed directly to United. The waiver was contingent upon the bankruptcy court issuing a final, non-appealable order approving the Plan of Reorganization. The court issued the final order on February 1, 2006. Payments were due starting March 1, 2006 in thirty-six monthly installments of \$818.63, together with interest accruing at the rate of 2.5% per year on the unpaid balance. The amount due from the Airport was returned to the Company in the form of credits against electricity bills charged by the Airport to the Company. The amount was fully paid in February 2009.

**APPENDIX 8. C.**SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLCNOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 8 – PROVISION FOR TAXES ON INCOME

The Company is subject to federal income and California franchise tax laws. The provision for taxes on income consisted of the following:

<u>December 31,</u>	<u>2009</u>	<u>2008</u>
Currently Payable -		
Federal	\$ 8,700	\$ 10,527
California	<u>8,600</u>	<u>23,547</u>
 Provision for Taxes on Income	 <u>\$ 17,300</u>	 <u>\$ 34,074</u>

Because the Company is operated primarily to furnish services to members, deductions in any tax year attributable to furnishing services to members are allowed only to the extent of income derived from members. Any excess deductions may be carried over to succeeding years. For the year ended December 31, 2009, the cumulative excess deductions in prior years of \$245,800 and \$228,500 have been fully applied during the current year for federal income tax and California tax purposes, respectively.

The Company is subject to federal and California taxes on net income from nonmember airlines. Such net income is calculated based on nonmember airline revenue less operating expenses allocable to such revenue.

NOTE 9 – COMMITMENTS

The Company has an agreement with ARINC to provide technical support and professional services. The term of the agreement is from January 1, 2005 to December 31, 2007 with two (2) one year options. The agreement was extended in September 2008 and will be in effect through the year 2011. The monthly fee effective January 1, 2009 was increased in accordance with the agreement and is now \$202,480 of which the City was charged 30.62%. Under the agreement, the Company incurred \$1,662,907 and \$1,643,982 of net costs for the years ended December 31, 2009 and 2008, which are included in Operating Expenses on the accompanying statements of income.

**APPENDIX 8. C.**SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLCNOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 9 – COMMITMENTS (Continued)

The Company has an Equipment Maintenance and Operating Agreement with the City which allows the Company the right to maintain, operate and use equipment located in the Terminal of the Airport. The term of the agreement began December 10, 2000, the day on which the Terminal was deemed open and operational, and terminated on September 30, 2005. On November 1, 2005, the Company entered into a new agreement with the City which terminates on June 30, 2011, unless terminated earlier in accordance with the terms of the agreement. The Company does not incur any costs under this agreement at present because the City charges the Company with the fees being collected through the application of passenger facility charges.

The Company has a Maintenance Service Agreement with Elite Line Services (“ELS”) to provide maintenance services for airport equipment. The term of the agreement began July 1, 2004 and will continue, unless terminated earlier in accordance with the terms of the agreement, for a period commensurate with the Equipment Maintenance and Operating Agreement (described above) and any subsequent renewals or extensions. The initial term of the contract is for a period of no less than thirty-six months. Billings are made on a monthly basis and consist of all costs incurred by ELS for providing services plus an administration fee and a labor mark-up. Total expenses under this contract for the years ended December 31, 2009 and 2008 were \$4,180,949 and \$4,139,041, respectively.

The Company has a Baggage System Maintenance agreement with Continental. The contract is open-ended and can be terminated by either party with 45 days notice. Under the terms of the agreement, the Company bills Continental for labor and parts related to providing on-call and preventative maintenance services. The total amounts billed under this agreement for the years ended December 31, 2009 and 2008 were \$107,433 and \$114,597, respectively, and are included in nonmember airlines revenue on the accompanying statements of income.

The Company leases office and terminal space from the City on a month-to-month basis. Effective June 2009, the monthly rent increased to \$72,342 from \$68,730. The agreement requires that the Company maintain a surety bond or cash equivalent equal to \$434,052 and \$412,381 or six (6) months of permit fees at December 31, 2009 and 2008, respectively. The Company holds a standby letter of credit, in favor of the Airport, collateralized by bank deposits in the amount equivalent to six (6) months rent. Rent expense for the years ended December 31, 2009 and 2008 was \$854,385 and \$813,357, respectively.

**APPENDIX 8. C.**SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLCNOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 9 – COMMITMENTS (Continued)

The Company has entered into two agreements with Total Airport Services, Inc. (“TAS”) as follows:

Under the first agreement, TAS will provide ramp sweeping services for the International Terminal. The term of this agreement is for three years commencing January 1, 2005. The monthly fees are to be increased by 3% on the second and third years in the agreement. Effective January 2008, the contract is on a month-to-month basis with monthly payments of \$54,636 for services rendered by TAS. The total amounts incurred by the Company under this agreement for the years ended December 31, 2009 and 2008 were \$655,632 for both years, and are included in Operating Expenses on the accompanying statements of income.

Under the second agreement, TAS will provide ramp tower control and mutual services at Ramp Tower A of the airport. The term of the agreement is co-terminus with the first agreement above. The agreement calls for the Company to remit payments of \$6,700 plus all reimbursable costs for services rendered by TAS on a monthly basis. The total amounts incurred under this agreement for the years ended December 31, 2009 and 2008 were \$612,038 and \$627,627, respectively, and are also included in Operating Expenses on the accompanying statements of income.

The Company has an Agreement with Alcatel for the off-hours network monitoring operations and helpdesk support services at the Airport. The term of the agreement is for a period of four (4) years commencing on January 31, 2007 until January 31, 2011. The amount billed by Alcatel to the Company on a quarterly basis is \$76,363 plus out of pocket costs which is fully reimbursable from the City. At December 31, 2009 and 2008, the receivable from the City and the payable to Alcatel arising from this pass through represents the last quarter billing of approximately \$76,000 for both years.

Also, on September 1, 2007, the Company entered into an Agreement with IER, Inc. for the electronic systems support services on Kiosks or Servers stationed at the Airport. The terms of the agreement will be in effect until June 30, 2011 unless otherwise terminated by both parties. The amount billed by IER, Inc. to the Company which is about \$24,000 is partially reimbursable from the City.

**APPENDIX 8. C.**SAN FRANCISCO TERMINAL EQUIPMENT COMPANY, LLCNOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 10 – OTHER MATTERS

The Company is assessed by the County of San Mateo (“County”) with a taxable possessory interest in the equipment that is the subject of the Maintenance & Operating Agreement with the City and County of San Francisco. This assessment was contested by the Company. After a series of court proceedings, in November 2007, the Court ordered the County to pay the Company the sum of \$300,000 within 60 days and a total of \$230,000 in tax credits payable in tranches beginning January 1, 2008 to January 1, 2010. For the year ended December 31, 2008, the Company had received an aggregated amount of \$400,000 which represents \$300,000 in payments and \$100,000 in credits from the County. During the year ended December 31, 2009, the Company received \$80,000 in credits.

NOTE 11 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 29, 2010, the date the financial statements were available to be issued.

## APPENDIX 8. C.

### SFOTEC OVERVIEW

San Francisco Terminal Equipment Company, LLC (SFOTEC) was formed on January 20, 1999 as a Delaware limited liability company and contracts with AvAirPros Services, Inc. to provide a broad range of operations, facility, equipment and managerial services to airlines, airport and other related aviation entities.

SFOTEC serves as an important interface between the owners (airport) and users (airlines) of facilities and equipment, providing increased efficiency and reduced cost.

SFOTEC performs a wide and varied range of responsibilities ranging from administering the maintenance of all airline related equipment and systems, to the scheduling of gates and facilities for both short and long range planning, to the management and distribution of income and expenses.

The administration office is located on the 5th floor in the International Terminal building above ticket counters 11 & 12. An SFOTEC Operations Duty Manager provides the necessary daily coverage between 0600 through 0130 hours. The hours of 0130-0600 are covered, if required, in the event of off schedule operations. Any SFOTEC representative is contactable day or night by cell phone.







## **MEMBER AIRLINES**

(as of April 1, 2010)

**AeroMexico**  
**Air China**  
**Air France**  
**Air New Zealand**  
**Alaska**  
**All Nippon Airways**  
**Asiana Airways**  
**British Airways**  
**Cathay Pacific**  
**China Airlines**  
**Emirates**  
**EVA Airways**  
**Japan Airlines**  
**KLM**  
**Korean Airlines**  
**Lufthansa**  
**Mexicana**  
**Northwest**  
**Philippine Airlines**  
**Qantas Airways**  
**Singapore Airlines**  
**TACA**  
**United Airlines**  
**Virgin Atlantic**

**Expected to join prior to July 1, 2010**

**Air Berlin**  
**LAN**  
**SWISS**

## APPENDIX 8. C.



**APPENDIX 8. C.**



**Daily Activity Report**

March 14, 2010

Prepared by:

AM Shift - Wayne Johnson

PM Shift - Doug Kam

ITEM	TIME	ISSUE	ACTION/COMMENTS	STATUS
Forward Phone	0600			ok
Review Report	0605			ok
ELS Pier Assignments	0630			ok
Tower A				ok
Tower G				ok
CTX Status	0615	XR6/G166 remains OOS	Refer. Item 0829. Ops.Mgr. Reports 13, March 10 / 3 Tec's on duty	pending
PLB	0620	ELS reports 93b & 94 still OOS	93b pending parts delivery. 94a on-going	pending
BHS	0645	ELS reports BIR1-9 still OOS	Refer. Item 2145 Ops Mgr. Report 13, March 10 this is the outbound merge belt / diverted TC6 & 7 to A side to relive strain on G BIR / notified all G side operating carriers to pick-up searched bags @ roll-up door or OS line	pending
CTX	0651	Morpho reports XR5 OOS	no power / Tec's dispatched	back in service @ 0756
BHS	0700	G BIR reports 2 MX971 bags	late divert / MX for pick-up	closed
400hz	0740	ELS reports 91b 400hz cable OOS	replacement	back in service @ 0900
Ultra & GM	0800	Service Tec reports GM/Ultra ok	no work yet as to repair / Refer. Item 2100 Ops. Mgr. Report 13, March 10	closed
Miss-sort A side	0900	2 AS to UA transfer on MUA8	UA for runner pick-up	closed
CUTE	0905	NH reports position 94 BPP not working	Service Tec	closed
BHS	0950	A side TC stop and go during peak	your normal jams & CTX F/R's and 6 & 7 to A all day kept the lines cascaded during the peak. BIR rooms fully staffed and ok.	last bags down were OZ & CX @ 1215
FIS	various		delivered 1 NZ/ 2 UA / 1 KL bags to carriers	closed
ELS update	1545		ELS reports BIR1-9 and G94a on-going and pass down to swings	pending
Forward Phone	1545			Closed
Review Report	1600			Closed
Tower A	1800		1 Staff on duty	Closed
Tower G	1900		1 Staff on duty	Closed
CTX Status	1700		<b>G166 still down. Ref item 0615 this report</b>	<b>Pending</b>
BIR Activity	0130	BAG Cleared =1 Alarmed =444 Unk =131 Err =0 Timeout =3 TTL =579	BAA Cleared =3 Alarmed =822 Unk =230 Err =4 Timeout =0 TTL =1059	Totals for the day
Fax Report	0130			
BHS	1630	ELS reports BIR1-9 belt still OOS.	UA/CA/NZ/BR/LH/MX/SW advised cleared bags from "G"BIR will be placed on "G"Oversize belt for pick up	Pending
PLB G94	1700	Problem still being analyzed. PLB 94A remains OOS UFN	Ref Item 0620 this report	Pending
Aisle 2 Position 17	1800	UA reports the slide out drawer with the BPP/BTP will not slide out.	UA unable to remove their BPP and BTP stock. A FAA/TSA violation. ELS called to assist.	Closed
CTX	1840	G166 (XR6) is back in service	Ref Item 0615 this report	Closed
BHS	2130	BIR1-9 repair completed and back in service	Ref item 1630 this report	Closed



## APPENDIX 8. C.

### SFOTEC Equipment and Systems Responsibilities

- Baggage Handling System
- Baggage Makeup Carrousel
- Baggage Claim Carrousel
- Lighting in Baggage Makeup Areas
- CUTE/iMUSE System
- CUSS Kiosks
- Passenger Loading Bridges
- PC Air Hoses
- 400hz Ground Power, not including Converters
- Aircraft Guidance/Docking System
- Potable Water System
- Dynamic Airline Identification Signage
  - Ticket Counters
  - Gate Hold Rooms
  - Baggage Makeup Areas
  - Baggage Transfer Points
- Gate Management System
  - Gate Assignments
  - FIDS Display and Updates
  - Baggage Makeup Devices
  - Baggage Claim Devices
  - Ticket Counter and Position Allocations
- Ramp Tower Control for FAA Designated Non Movement Areas
  - Radio Equipment
  - Furnishings, Computers, Equipment and Casework
- Security Screening Equipment Integration
  - In-Line Checked Baggage Conveyor System
  - Oversize Screening Rooms
  - Baggage Inspection Rooms
- Pneumatic Tube/Transfer System
- Ticket Counters & Bagwell Scales
- Ancillary & Security Service Liaison/Management & Control
  - Manual Encode Staffing
  - Line Control at Security Checkpoints
  - Wheelchair Services
  - Porters / Skycaps
  - Tub Runners
- Ramp Sweeping/Gate Scrubbing to VSR / Baggage Makeup & Delivery / Joint Use Space
- Eyewash and Emergency Shower Locations
- Janitorial/Custodial
  - Ticket Counters
  - Ramp Control Towers
  - BHS Offices
  - SFOTEC Office
  - Ramp Office Corridors BAA/BAG

## APPENDIX 8. C.

### SFOTEC ASSET LISTING

(as of December 31, 2009)

(single assets over \$1,000)

Description of Item	Quantity	Purchase Date	Orig. Cost
Wheeled Fire Extinguishers	20	1-Aug-00	104,204.69
Wheeled Fire Extinguishers from Old Int'l Terminal Building	6	N/A	N/A
Stanchions	640	1-Sep-00	68,538.65
Stanchions	150	2001	14,898.14
Stanchion Parts	Various	23-Jun-03	332.50
Stanchions & Signs	50	1-Mar-02	5,762.08
Stanchions (Reimbursed by TSA)	90	2-May-02	
Stanchions	50	4-Apr-04	5,486.43
Stanchions	100	1-Jul-04	11,422.20
Stanchions	100	5-Apr-05	11,276.40
Stanchions & 25 Bell Cartridges	100	5-Jul-05	12,459.06
Stanchion Bell Cartridges	25	1-Jun-05	629.98
Stanchion Bell Cartridges	25	1-Aug-05	954.70
Stanchion Bell Cartridges	25	1-Oct-05	
Stanchion Plates	10	1-Oct-05	1,089.79
50 Stanchions & 25 Replacement Belts	50/25	7-Feb-07	6,872.65
50 Stanchions & 80 Cover Plates	50/80	1-Apr-07	5,864.68
50 Stanchion Replacement Belts	50	1-Aug-06	1,893.01
125 Stanchions	125	1-Sep-07	13,826.45
120 Stanchions	120	1-Apr-08	13,444.91
50 Stanchion Belts	50	1-May-08	1,901.59
50 Stanchion Belts	50	1-Jul-08	1,892.92
50 Stanchions	50	1-Oct-08	6,418.13
Baggage Tubs	500	1-Mar-08	9,686.00
50 Stanchion Belts	50	9-Jan-09	1,925.69
50 Stanchion Belts	50	1-Mar-09	1,928.03
Ticket Counter Mats	168	1-Jun-04	10,569.92
Trash cans and Lids	15	1-Aug-05	2,910.40
Checkpoint Signs			2,527.98
Baggage Tubs	2,767	Sep-Dec 2000	52,239.50
Baggage Tubs	909	1-Aug-02	16,435.00
Baggage Tubs	1,000	5-Jun-05	14,000.00
Baggage Tubs	500	Dec -06	8,976.48
Baggage Tubs	275	1-Aug-07	5,111.59
Baggage Tubs	500	1-Mar-08	9,686.00
Baggage Tubs	500	1-Mar-09	10,343.71
Baggage Tubs	500	1-Aug-09	10,300.00
Radios - Ramp Towers	4	1-Jun-00	60,016.00
Radios - Ramp Towers	4	1-Jun-00	40,920.00
CEIA Metal Detectors	1	1-Apr-99	6,447.00
CEIA Metal Detectors	11	1-Feb-00	69,972.36
Metal Detector Emergency Batteries	4	1-Feb-00	1,970.15
Offices and Buildout Walls - ITS	Various	1999 & 2000 & 2001	418,948.43
Offices and Buildout - Reimbursement		1-Aug-00	55,449.75
Offices and Buildout - Reimbursement		24-Jun-05	(69,228.61)
Offices and Buildout - Reimbursement		24-Jun-05	(1,584.00)
Office Furniture	Misc	1-Oct-00	38,338.21
Office Equipment	Misc	22-Jun-05	8,098.51
Office Equipment	Misc	23-Jun-05	4,820.00
Ramp Tower A - AudioLog Equipment		1-Jun-06	9,851.70
Electric Maintenance Carts (used by ELS)	4	Dec-02	9,674.01
Baggage System Welder	1	1-Apr-04	4,286.03
Used Scissor lifts	2	1-Mar-06	12,990.00
Infrared Image Scanner	1	1-Mar-08	7,593.31
PLB Jack	1	Sept-05	8,489.13
Vehicle - Ford Explorer	1	1-Jan-00	9,610.00
Vehicle - 1999 Ford Escort Wagon	1	1-Sep-09	2,765.08
<b>TOTAL</b>			<b>1,142,519.24</b>

e equipment turned over to TSA in 2003 and fully written off

**APPENDIX 8. C.****Facility and Equipment Synopsis – 2009****Potable Water:**

Various potable water cabinets were damaged at the International Terminal. ELS is replacing potable water cabinets as needed due to damage. ELS is starting to build Potable water cabinet frames to keep the cost down. This work will be done in house by ELS staff using soft dollars.

**Passenger Loading Bridges:**

SFOTEC and ELS worked with Thyssen to resolve problems with bridges that have not been accepted. Problems are, but not limited to, Hydraulic O ring failures at the main hydraulic block, failing hydraulic hoses, failing tunnel bearings, and STU failures.



Passenger Loading Bridge A11B had major work done twice to straighten the bridge due to an earlier collision. There have been no new reported problems noted at this time after repairs were completed.

## APPENDIX 8. C.

ELS modified PCA hose carriers to allow the replacement of foam filled tires to solid tires. This reduces tire replacement costs and down time.



The Collision Avoidance System has been activated on all new bridges and has been now certified by the Airport's contractor.

### **Baggage Scales:**

San Mateo County Weights and Measures recertifies all scales in all areas in the International Terminal every two years. This was recently done in January 2010 and no significant issues were found or reported.

### **Aircraft Docking System:**

ELS continues to repair damaged control pendants and cables due to misuse by operators. A number of ADS reels have been replaced as well. New reels with brakes are now being installed, as needed, to prevent damage to the cord and pendent.



## APPENDIX 8. C.

### **Preconditioned Air Delivery:**

During the year various newly installed Passenger Loading Bridges had issues with a bad smell coming out of the PCA hoses. A number of the hoses were replaced. INET continued to work on the problem for a number of months. New PCA hoses are being tested to increase the reliability and longevity and decrease down time.

### **Ticket Counters:**

A number of ticket counter pull out boards were replaced with a new heavier built unit. To date, none of the new units have failed. ELS keeps spare boards in stock.

### **Baggage Handling System:**

Plow merges were replaced with HCD's for increased reliability.



## APPENDIX 8. C.

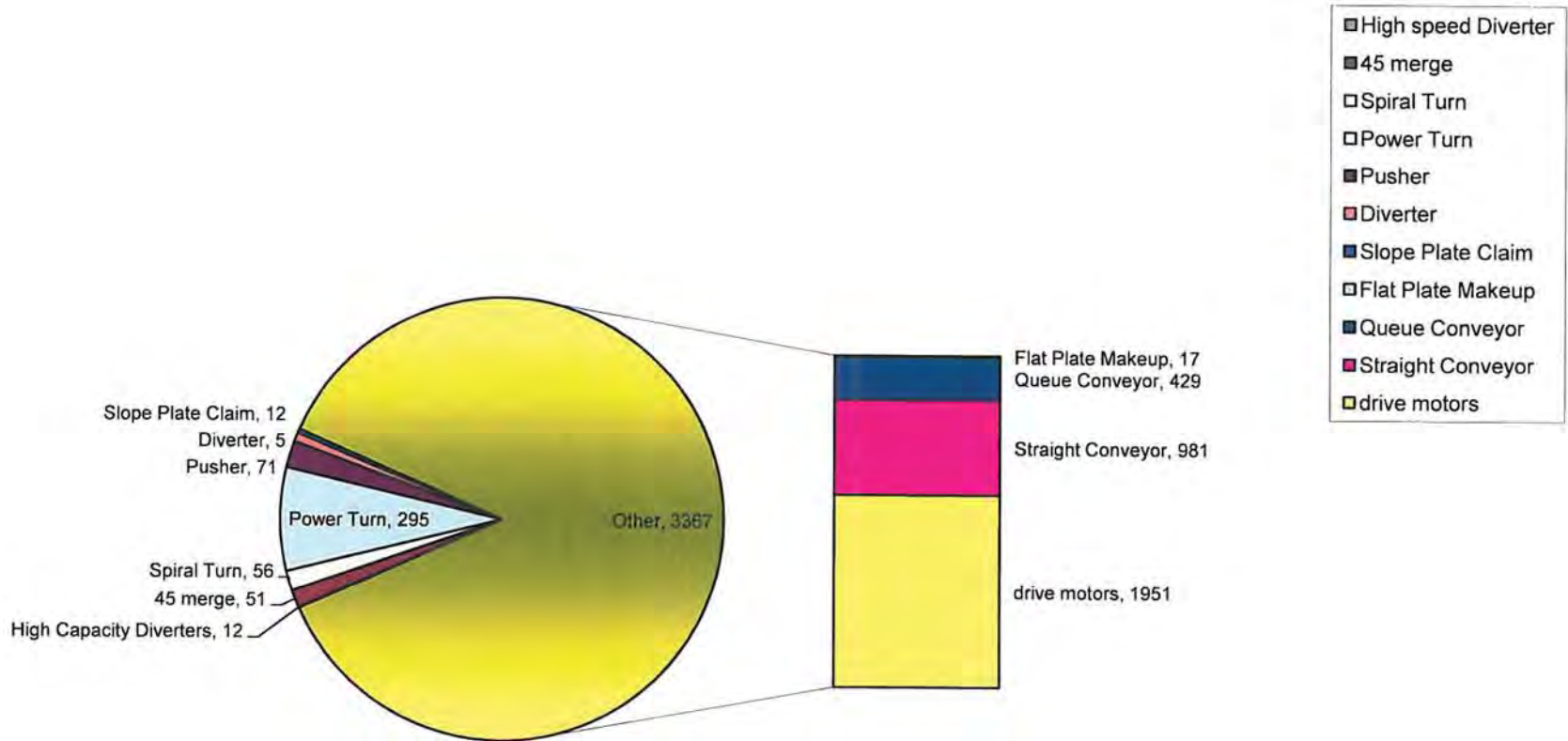
This system and its components are now over 10 years old and increases in maintenance and parts expense are being kept to a minimum by thorough preventative maintenance. ELS has raised the bar on preventive maintenance to increase system reliability. ELS Supervisors and Manager do weekly Management by Walking Around (MBWA) to ensure preventive maintenance is completed properly.

SFOTEC and ELS continue to actively search out vendors to obtain the best value and the lowest price for repair materials. ELS is also working on a program to rebuild Reducers and Clutch/Brakes to lower the cost by using soft dollars. ELS is working with our tire vendor to obtain a better price on solid PLB tires. This will increase reliability and decrease down time and labor cost.

A number of safety screens have been replaced due to damage and wear and tear at the make-up units.

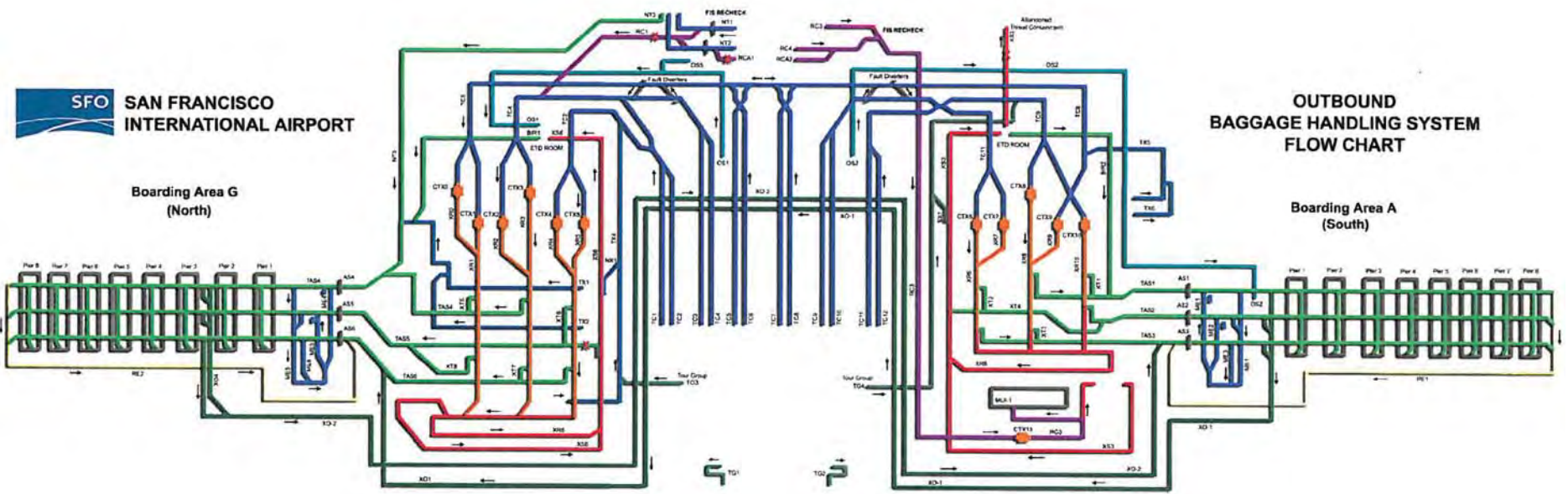


## BAGGAGE SYSTEM COMPONENT COMPOSITION International Terminal



### APPENDIX 8. C.

APPENDIX 8. C.



## APPENDIX 8. C.

### Technical Support for CUTE System and related components - 2009

ServiceTec subcontracted under ARINC, supports the CUTE/MUSE and FIDS equipment in the International Terminal. They are on site 19 hours every day and on call for the remaining hours. They coordinate support from each of the airline hosts as well as from ARINC, Ultra, Ascent Technology, IER, the Airport Network and other related services and vendors. Over 6500 pieces of equipment are supported in the International Terminal. Major and/or continuing projects occurring in 2009 included:

Repair of MUSE Printers

Continued to improve expertise on the repair of IER and Okidata printers.

Reviewed sources and continue relationship with new service provider for more economical outsourced repair of devices.

Helped to coordinate and facilitate the upgrade of numerous Airlines applications.

Worked with most of the carriers to perform several upgrades or patches for each airline. Monitored system performance to assure successful deployment of the new software, and assisted with a rollback to the previous version in cases where the upgrade created problems.

Maintained functionality of BRS and FIDS database equipment. Performed several component replacements of the Sun servers.

Participated in the deployment of new Airlines and the retirement of some existing carriers in the IT.

#### IER 567 ATB Factory Recall

Jointly coordinated with IER the logistics of returning 90 printers to the factory for design changes to be implemented.

#### Secure Connector FIDS

Configured and installed the Digital Video Controllers for the LCD displays installed by the Airport.

#### Decommission of Old Muse equipment

ServiceTec coordinated the decommissioning of 182 old Muse equipment with the Airport over to the warehouse. ServiceTec inventoried this equipment and provided ITT with a spreadsheet of the data.

#### Passport Reader

ServiceTec helped work with Desko and SFOTEC in testing and procuring 10 additional serial passport readers.

#### IER Kiosk

ServiceTec provided first level support and preventative maintenance for 31 SFO kiosks located within the ITB and participated in the weekly IER/ITT conference calls.

#### ITB FIDS Display Upgrade Project

ServiceTec participated in assisting the Airport of escorting the B&M electrical engineers to tenant wiring closets, SSR's, and other secure areas throughout the ITB in order for B&M to map out work to be performed for the project to go out for bid.

**APPENDIX 8. C.**

**SIGNIFICANT ISSUES & EVENTS**

<b><u>Date</u></b>	<b><u>Issue or Event</u></b>	<b><u>Savings</u></b>
15Nov <b>2001</b>	Swissair advises intent to terminate membership on 1/15/02	
02Jan <b>2002</b>	Airport/ALO reimbursement for cost premiums & reconciliation of CTIG tenant build out program	\$ 69,226
10Jan	Non Member Intl rate submitted to Airport @150% of highest member cost (\$1000=\$1500)	
13Feb	Ryan Intl advises intent to terminate membership on 4/12/02	
22Feb	SFFFC officially dissolved with California Sec of State	
01Mar	Rebuilt all 400hz gate boxes with better contactors through direct purchase from manufacturer, reimbursed by SFIA	\$10,000
10May	Property taxes reduced by 34 percent over original assessment by ITA on behalf of SFOTEC	\$139,074
10May	Alitalia advises intent to terminate membership 7/09/02	
14May	Corrective action response, preventing fine, to U.S. Food & Drug Administration regarding potable water use by carriers	
31May	Installed screw-down plug & connectors on all metal detectors at checkpoints per TSA directive	
31May	Response to SFIA on increase to SFOTEC janitorial cost	\$800,635/yr
01Jul	Allegro advises intent to terminate membership 8/31/02	
15Jul	First A.T. inline x-ray replaced with EDSCTX9000	
22Jul	Letter to SFIA regarding proposed tenant/airline roof parking resulted in "any floor" use and proximity card	
27Aug	Follow up with SFIA resulted in landing fee credits for capital costs/debt service paid by SFOTEC Dec00-Nov01	\$4,445,532
13Sep	Relinquished 423sf of ramp office back to SFIA	\$36,339/yr
16Oct	New Wheelchair vendor assumed servicing Intl Terminal	
19Nov	TSA/Covenant (privatized vendor) assumed staffing for all security related functions at SFO	
22Nov	Previously submitted request for start up expenses eventually approved & reimbursed by SFIA	\$181,141
09Dec	United Airlines files Chapter 11 bankruptcy protection	
14Jan <b>2003</b>	Security related reimbursement from TSA received	\$443,934
29Jan	Security related reimbursement from Siemens (TSA) received	\$141,000

## APPENDIX 8. C.

21Feb	Security related reimbursement from Siemens (TSA) received	\$ 4,500
05Mar	New Baggage Inspection Rooms online with passive TRI displays with out feed belts to makeup sortation	
19Mar	Negotiated with ARINC to delete RFID Maintenance	\$164,523/yr
27Mar	Reduced Parts Storage Space Rental	\$2,129/mo
28Mar	Eliminated baggage belt staffing eff 4/01/03 on BAG	\$3,800/mo
02Apr	Negotiated AGI Mgmt Fee decrease for Ramp Tower	\$1,041/mo
15Apr	Negotiated for Airport Janitorial decrease with Leo Fermin	\$130,000/yr
05Aug	Negotiated interim maint agmt w/Airport for domestic EDS	\$2,900/mo
15Sep	Negotiated decrease w/Express Maint for ramp sweeping	\$2,436/mo
19Nov	Consolidated ServiceTec parts storage on BAA	\$1,484/mo
26Jan <b>2004</b>	Aeroflot officially advises withdrawing service from SFO	
26Jan	Air New Zealand officially announces service from SFO	
15Feb	Negotiated Agreement for Continental Baggage Maint	\$1500-\$7500/mo
27 Mar	Aeroflot terminates service to SFO	
19 May	Updated Procedural Binders (Rev #3) distributed to airlines	
16 Jun	SFAAAC/SFIA asked to review charging TSA for transit lounge in BAA under joint use	
01 Jul	Air New Zealand becomes a member airline	
01 Jul	New domestic rate of \$560/690 approved for Intl Terminal with trigger clause to encourage domestic usage and reduce joint use charges with \$200 SFOTEC/\$360 to Joint Use.	
20 Sep	SFOTEC contracted Ticket Aisle carpet repairs for \$3222 vs.SFIA vendor quotation of \$35732	\$32510
04 Oct	WestJet begins service from Intl Terminal to Calgary 2x/wk	
10 Nov	Negotiated Ramp Sweeping Services Contract with significant savings combining both concourses	\$106,000
22 Dec	Reached agreement with ARINC for technical support over 3 year period Jan 1-Dec31, 2007 at annual savings:	\$336,200
23 Dec	Finalized negotiated SFOTEC reimbursement of EDS project labor from 2002 from SFIA/TSA	\$117,700
01Jan <b>2005</b>	TAS assumes ramp sweeping contract with estimated negotiated savings	\$100,000
01 May	Independence Air begins domestic service from International Terminal	
18 May	IcelandAir commences service to SFO during summer season	

**APPENDIX 8. C.**

01 Jun	Domestic rate trigger for joint billing by SFOTEC/SFIA in effect due Independence Air domestic flight additions	
01 Jul	Working with SFIA planners reviewing A380 gate modification plans	
01 Sep	Funding for deferred carousel approved by SFIA and SFOTEC recommendation for removal of BAG domestic claim until used approved in Joint Use Charges.	\$699,000 annually
30 Sep	New SFOTEC Equipment Maintenance and Operating Agreement signed and approved to 2011.	
01 Nov	Independence Air announces suspension of service to SFO effective 28Nov. Westjet announces same effective 08Jan06	
01 Dec	Due to reduced domestic flts affecting trigger, SFOTEC reverts back to billing entire fee for domestic flights	
02 Dec	Proposed to Senior Airport Staff the funding of the upcoming IMUSE upgrade through PFC's - consistent with current infrastructure and common use system debt service	\$688,600 annually
<b>2006</b> 01Feb	United Airlines emerges from bankruptcy	All payments have been satisfied
22Feb	Deferred Claim Intl Carrousel in BAG opened for use. Domestic Claim removed from Joint Space Rental to offset	\$200,000+ annually
27 Jun	Reiterated to Airport that SFOTEC will not be responsible for further significant parts replacement to 400hz converters since SFO has not yet taken any corrective action w/ original consultant and installation contractor has previously recommended by SFOTEC	\$30,000-\$60,000
28 Aug	San Mateo County Appeals Board officially rejected SFOTEC's claim for possessory tax refund 2002-2004	
26 Sep	Due to required SFIA hydrant fuel repairs on BAG, A380 modifications and engine start repaving, one Intl gate now forecasted to be out of service through July, 2009	
10 Dec	Reviewing opinions for filing claim for possessory tax relief in San Mateo County Superior Court	Possible savings of btwn \$300,000-\$1M



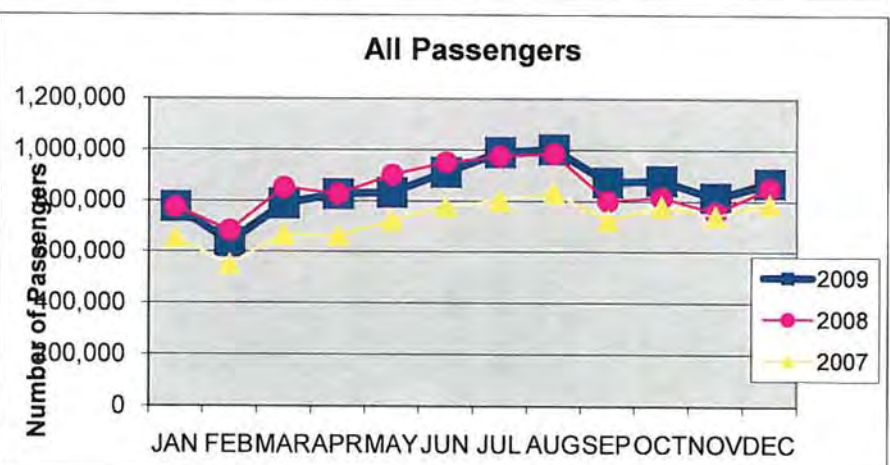
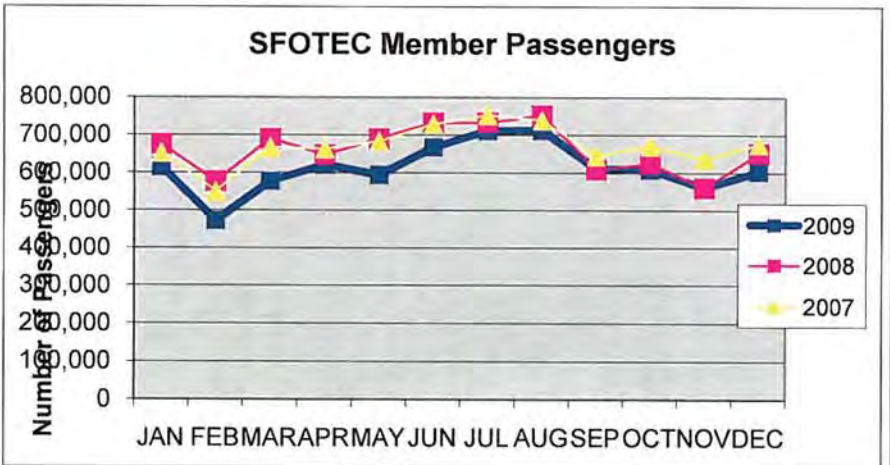
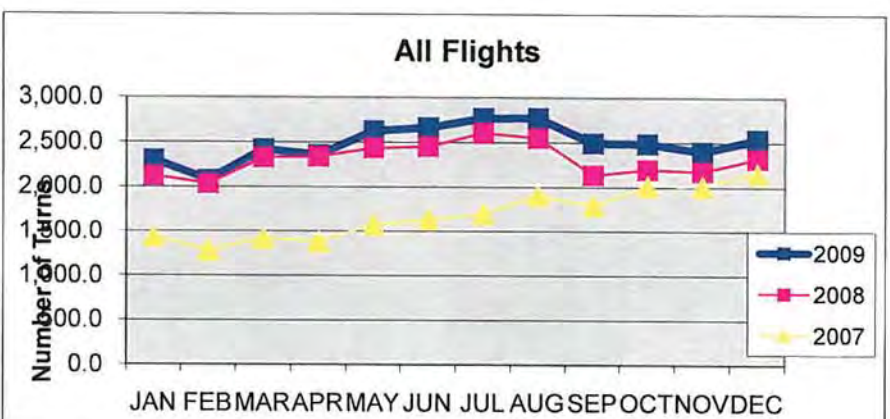
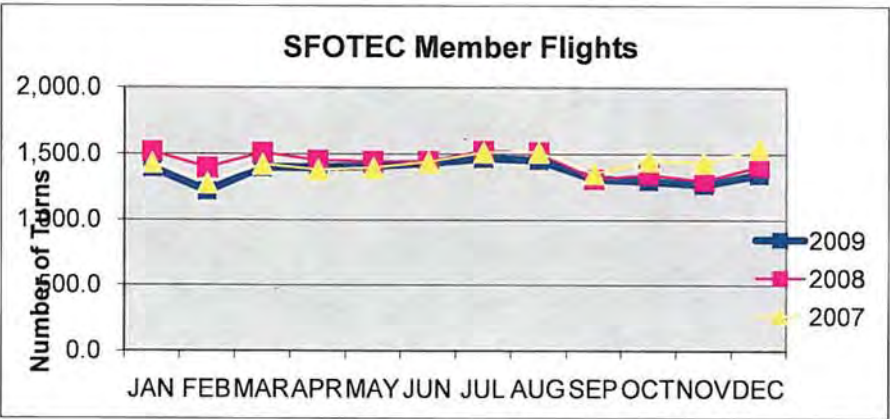
**APPENDIX 8. C.**

<b>2007</b> 01Jan	iMUSE upgrade in progress	
20Feb	Decision made and supported by membership to file suit in Superior Court over possessory interest ruling by San Mateo County Appeals Board	
28Mar	Stage 3 removed by SFO to enable TSA certification of BHS	
01May	Tiered Rate Structure approved for all domestic flights in ITB goes into effect with Jet Blue service followed by Virgin America in August. Also applicable to AS & UA.	
04Jun	SFO again advised of recommendation to upgrade BHS	
01Oct	TSA takes over documentation check at security checkpoints	
30Nov	Settlement reached with San Mateo County on possessory interest tax from 2002-2011	\$530,000
05Dec	BHS failed TSA/Battelle certification prompting SFO to request captial fund BHS improvements and redesign	
<b>2008</b> 22Jan	Airport Commission approves funding for BHS improvements to load balancing, throughput and component upgrades.	
17Mar	Negotiated skycap coverage at curbside at limited or no cost to airlines through agreement to return QSP wages in return for fees collected satisfying airport requirement..	\$8900/month
10Apr	RFP for Wheelchair Services sent to five vendors	
15Apr	Credit issued to member airlines for ELS labor in 2007 billings for vacation/holiday accruals and duplication.	\$214,042
02Sep	SFOTEC 4 <sup>th</sup> revision Systems Information Binders distributed to airlines	
18Sep	Members voted unanimously to defer wheelchair contract award decision until January 2009	
14Oct	SFOTEC audit revealed unnecessary shift overlaps in scheduling FIS porters & ME resulting in credits by PrimeFlight back to airlines in Nov & Dec08 invoices	\$50,860
<b>2009</b> 01Jan	Jet Airways withdraws from SFOTEC. Cancels services to SFO	
6Jan	Alaska Airlines receives permission to depart Mexico flights from their domestic terminal. SFOTEC per Member Agreement still applies departures to member billings, however.	

## APPENDIX 8. C.

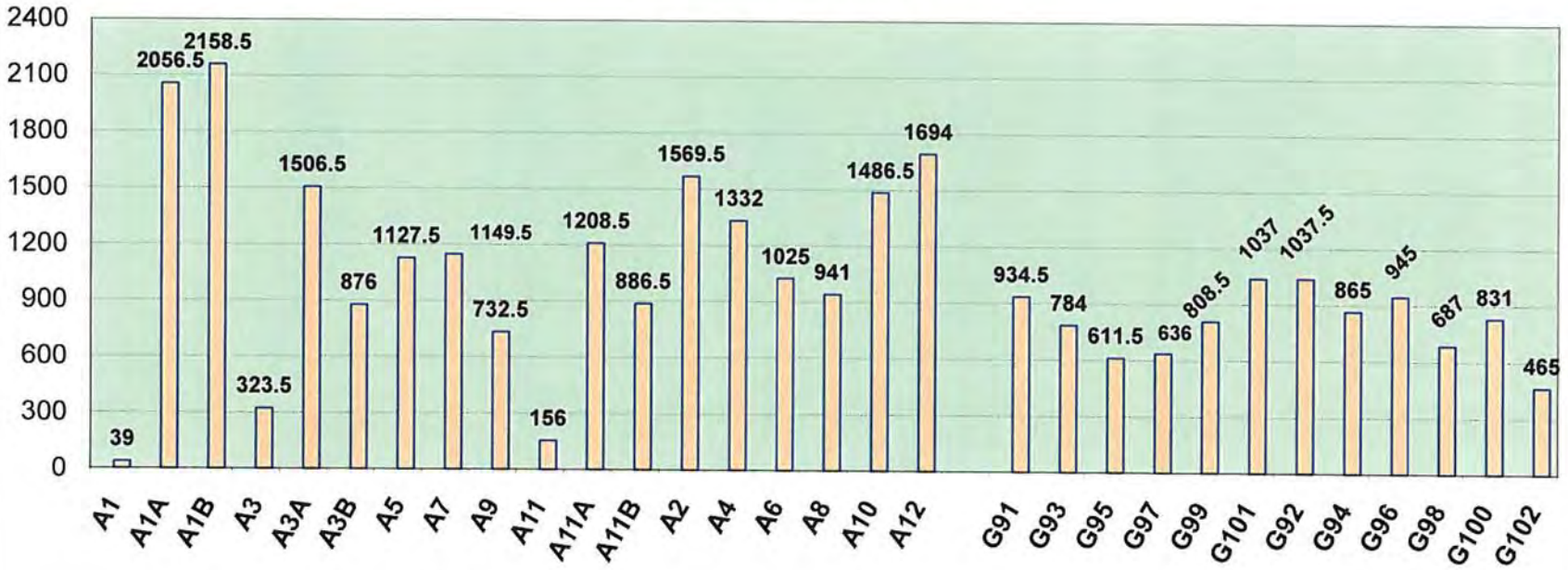
26 Jan	\$5M of upgrades and modifications begin on BHS by SFO and coordinated with SFOTEC. Plow merges ahead of CTX machines scheduled to be replaced with High Speed Diverters to modify load balancing. Other work includes modifications to decline belts feeding BIR's, new sortation scanner arrays and sort controller replacement.	
01Feb	AeroMexico join SFOTEC. First flight 12Feb.	
16Mar	TSA turns off BHS unknown pushers directing approx 500-700 more bags to the BIR's on a daily basis	
19May	Repair work commenced on PLB 11A to repair tunnel rollers and associated tunnel tracking problems	
01Nov	Aer Lingus withdraws from SFOTEC as service suspended to SFO.	

APPENDIX 8. C.



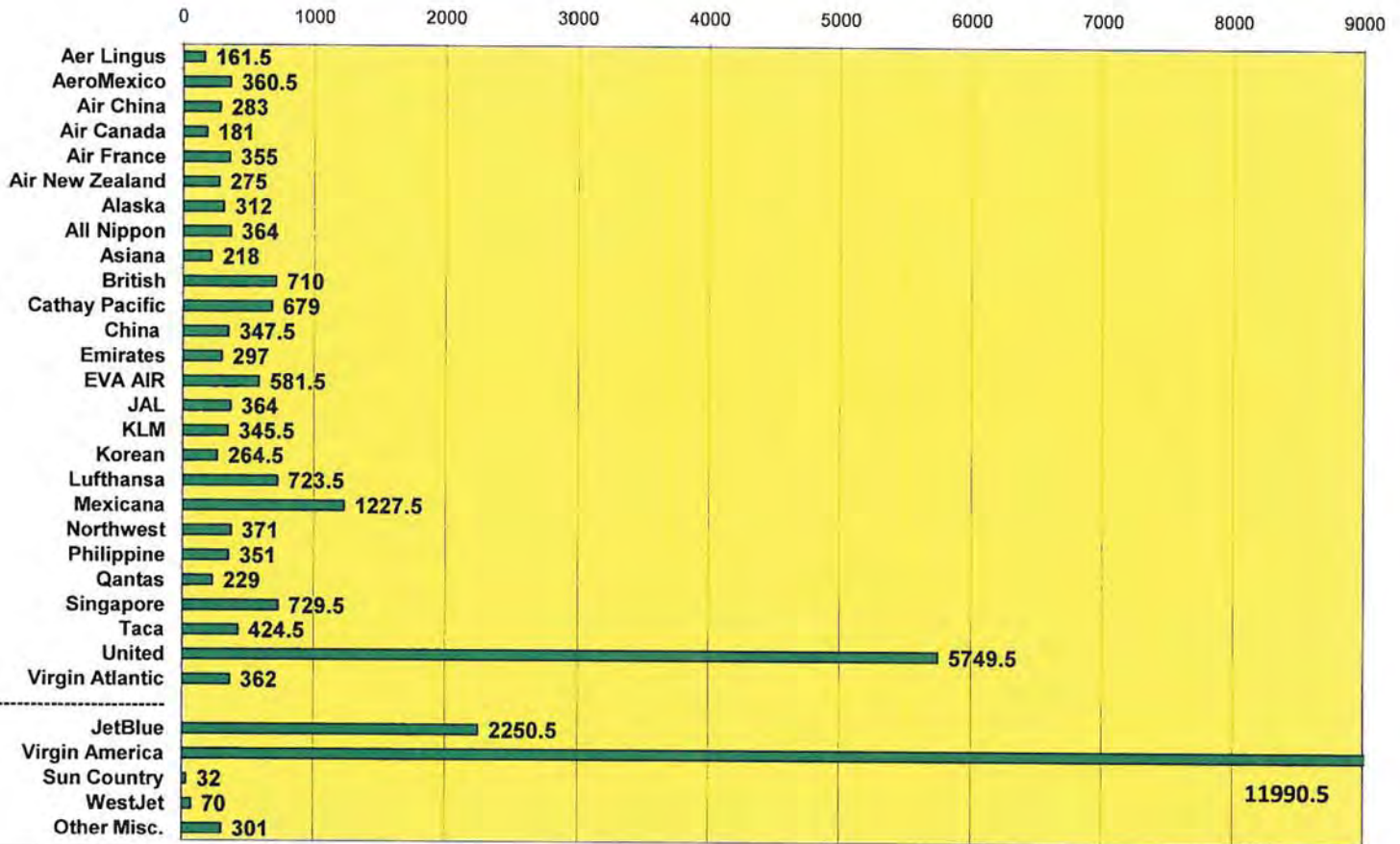
# Individual Gate Activity - 2009

29,910.5 Live Turnarounds

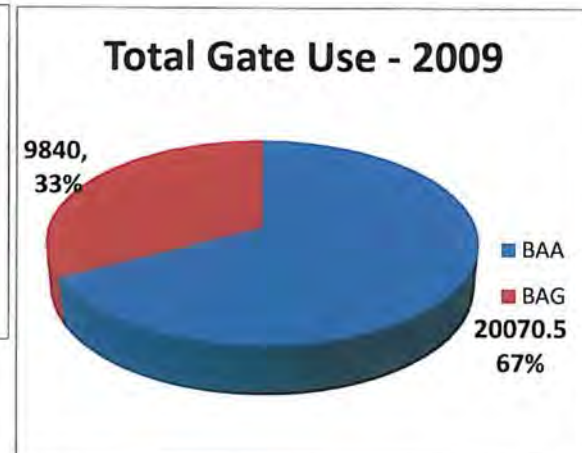
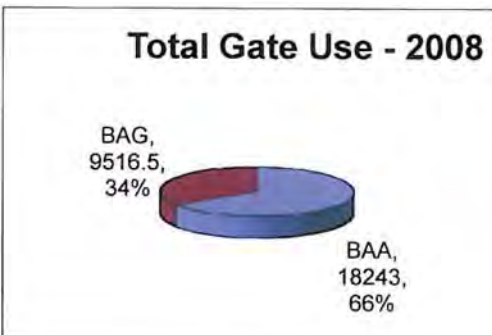
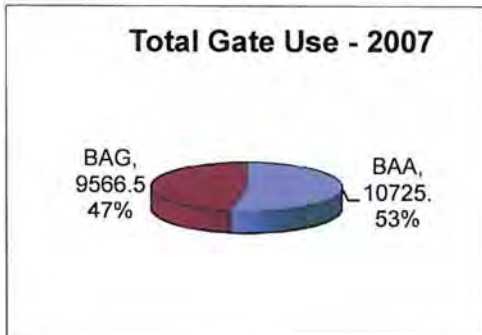
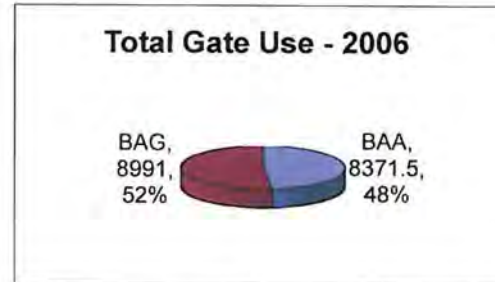
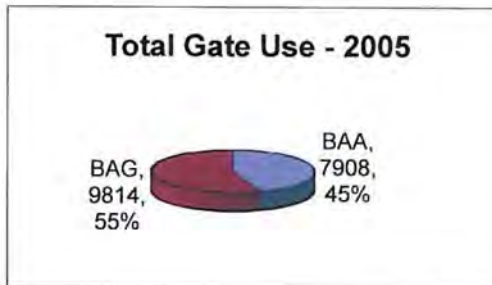
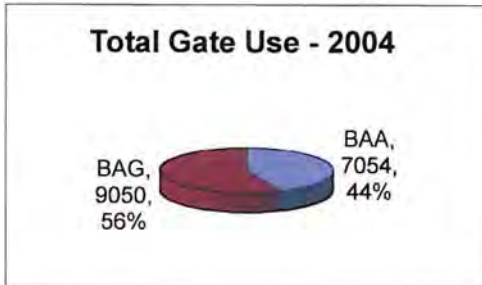
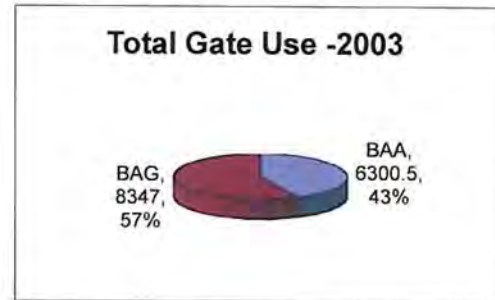
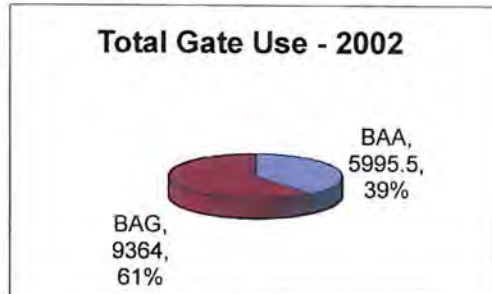
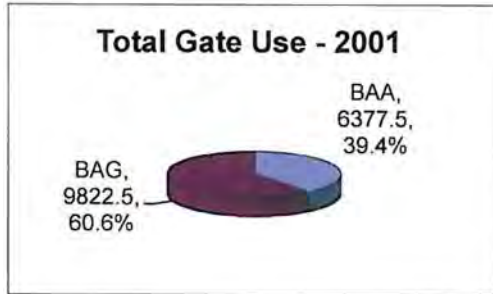


## APPENDIX 8. C.

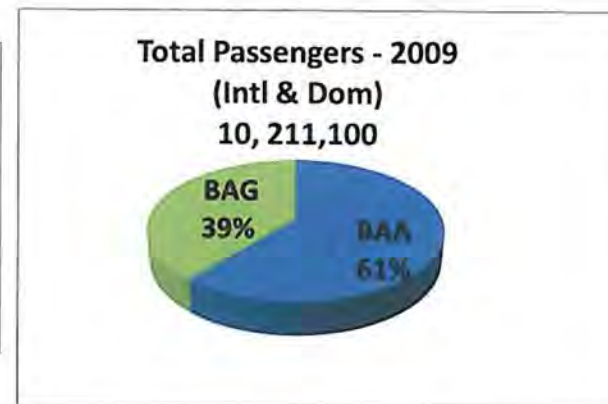
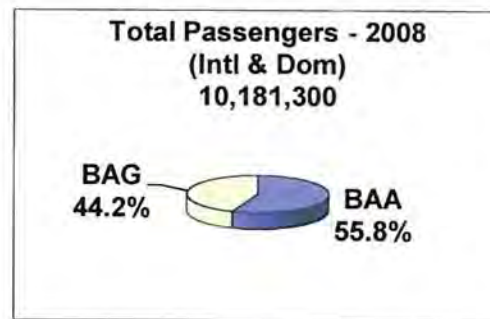
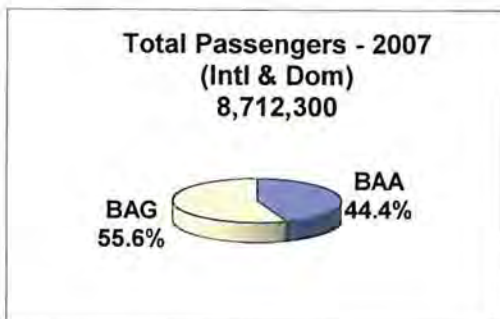
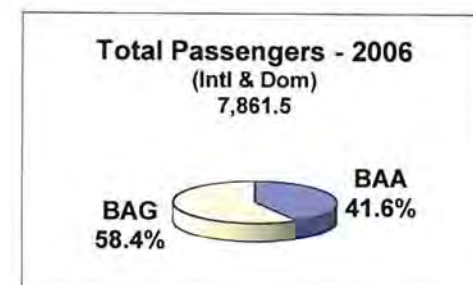
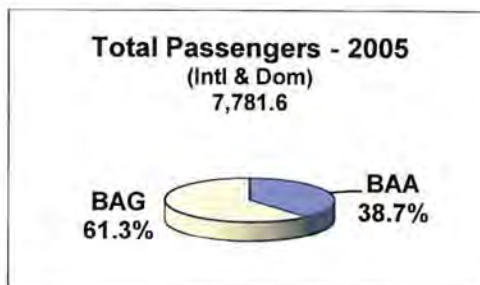
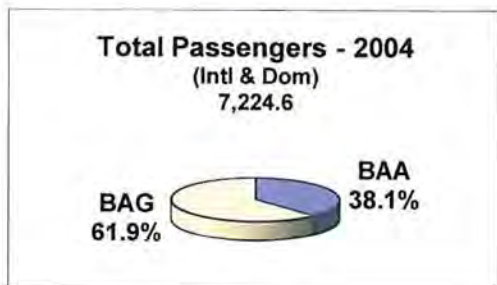
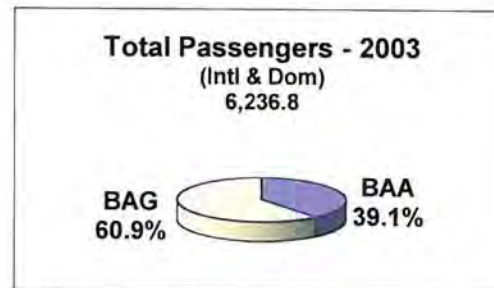
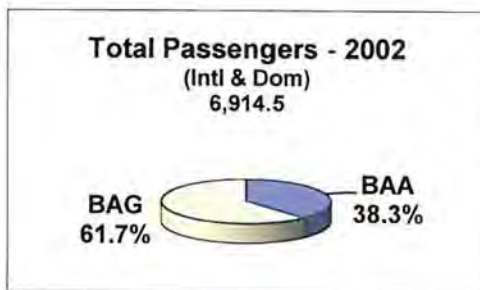
Gate Use by SFOTEC & Non Mbr Airlines - 2009 (turns)



APPENDIX 8. C.

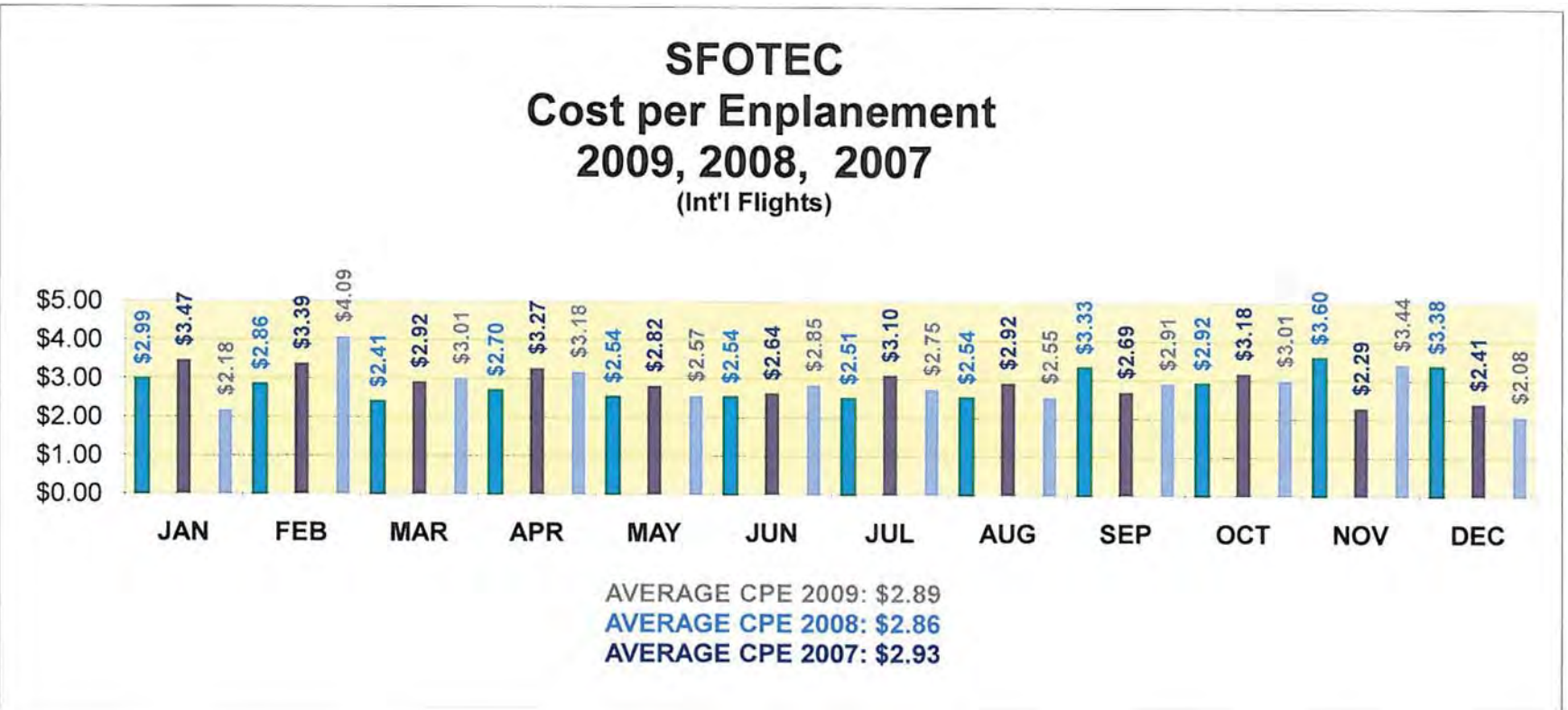


Sheet1



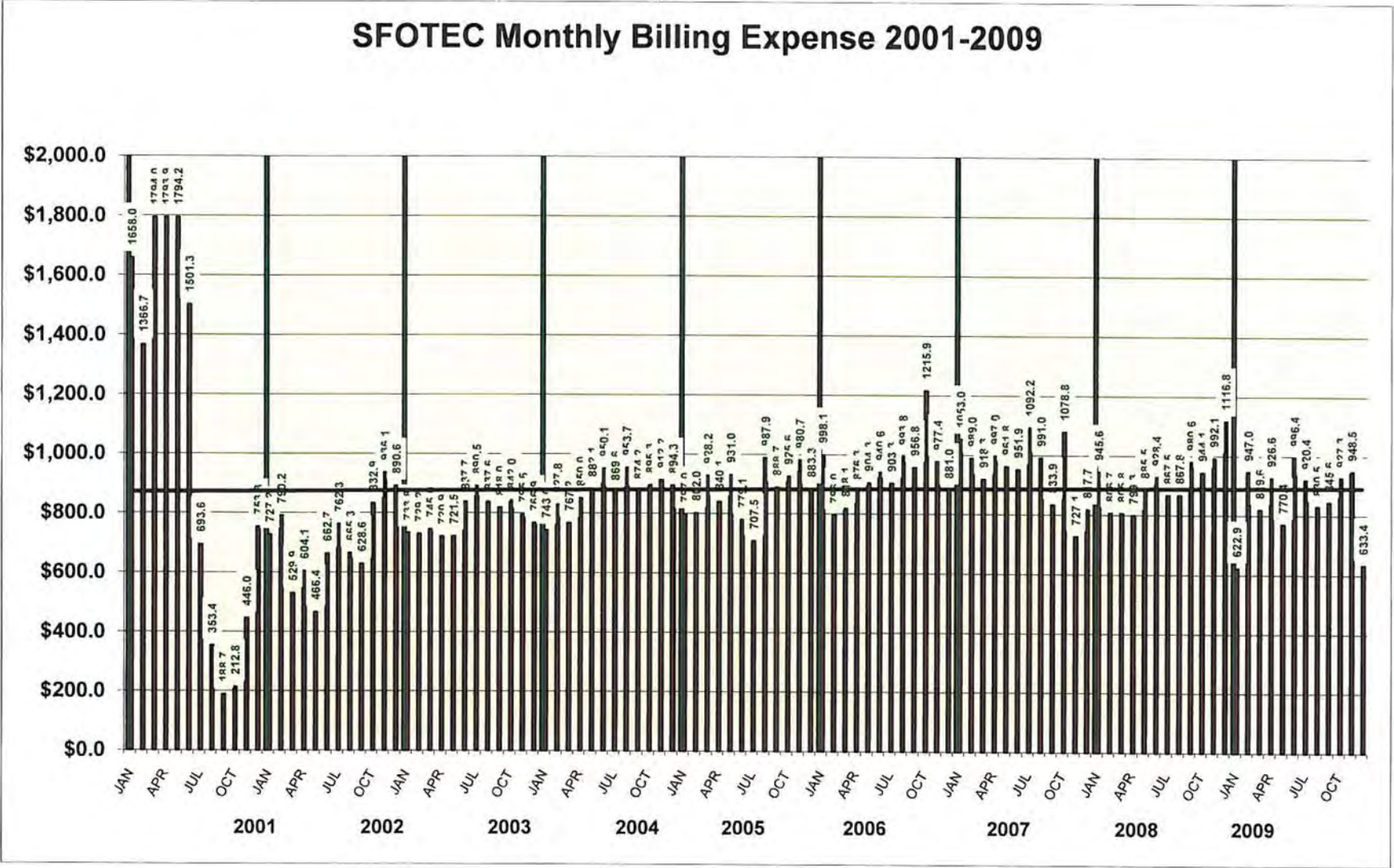
APPENDIX 8. C.

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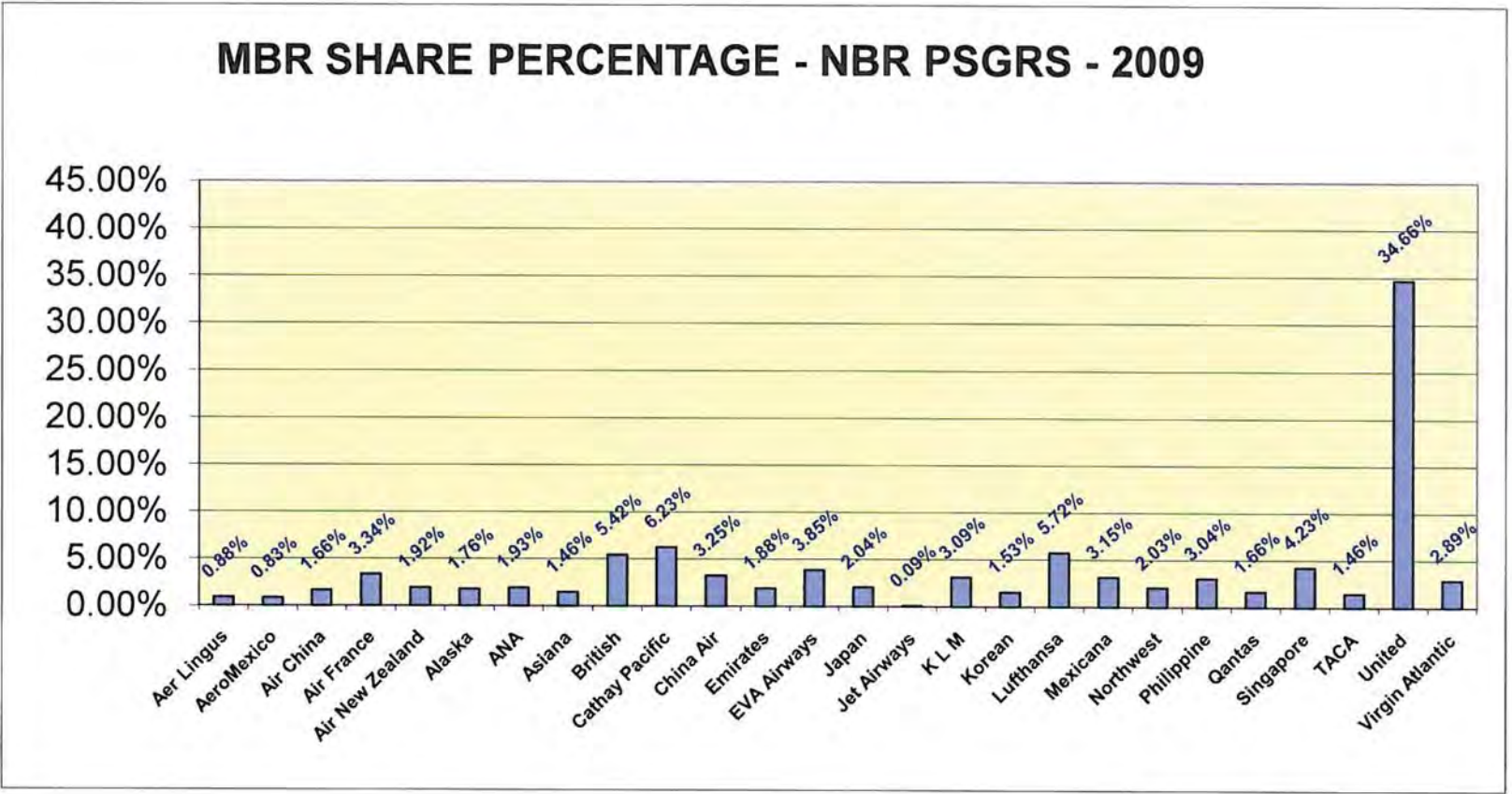




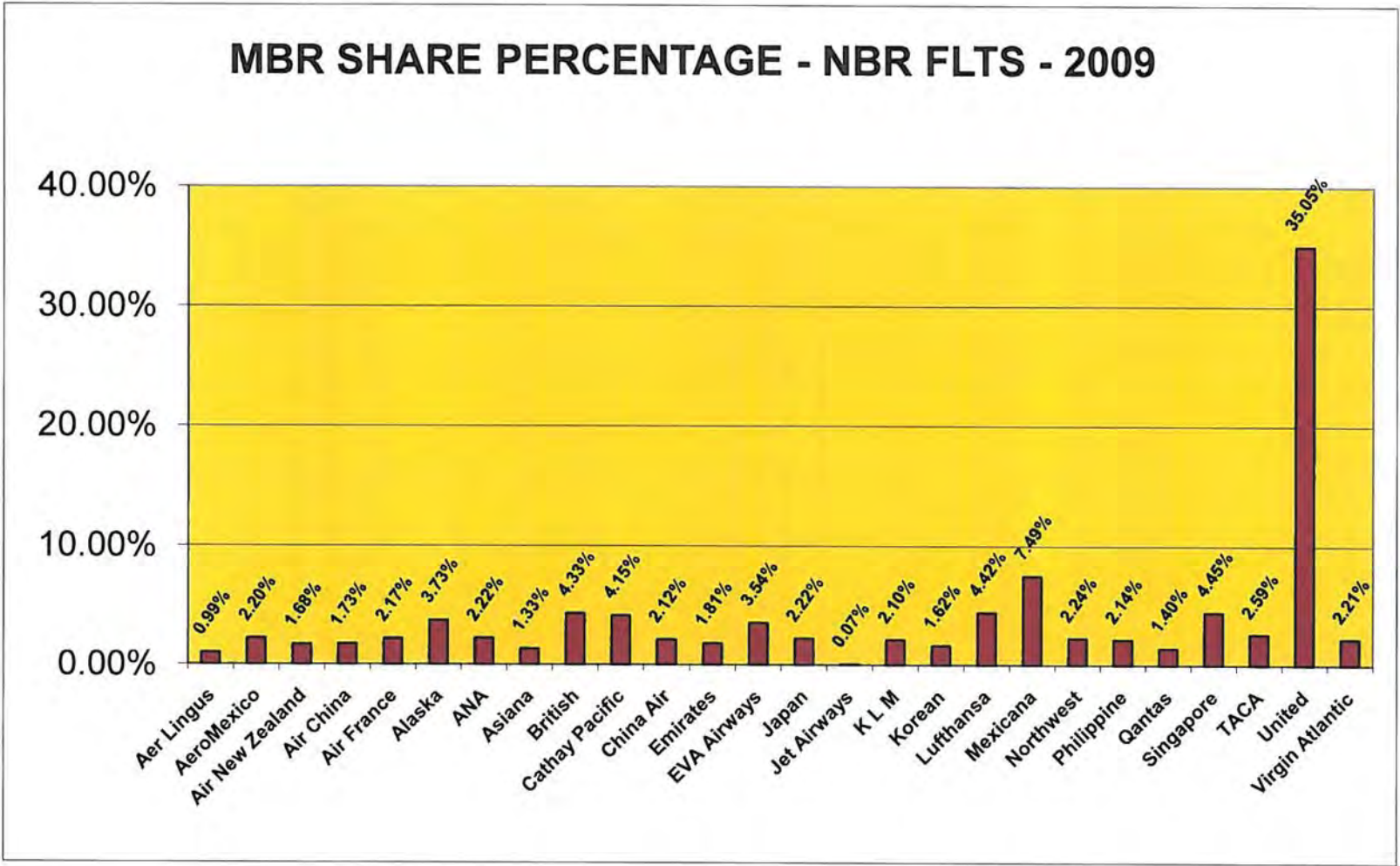
APPENDIX 8. C.



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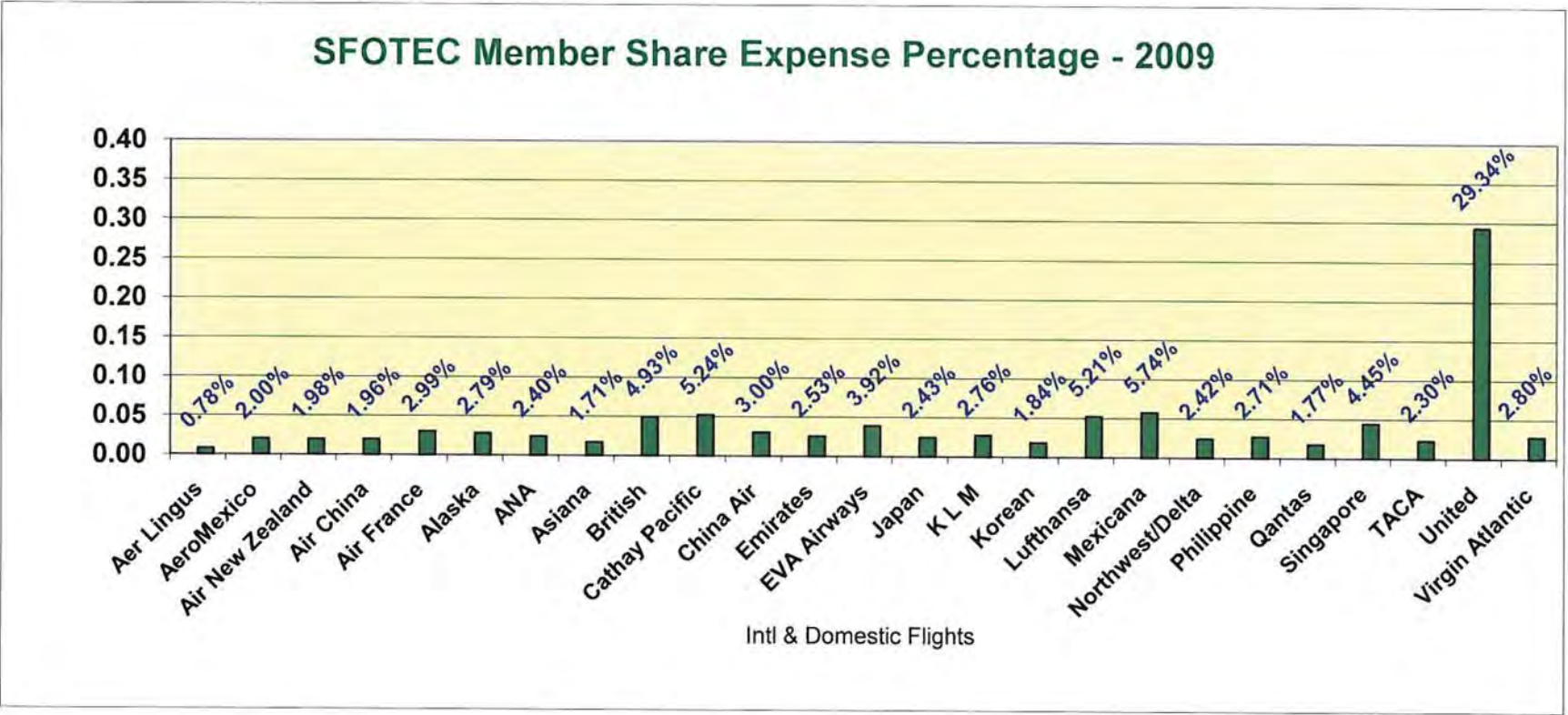


APPENDIX 8. C.



2/18/2010

APPENDIX 8. C.



SFOTEC MEMBERS

TOTAL SFOTEC BILLED AMOUNTS (INTERNATIONAL & DOMESTIC FLIGHTS) 2009															Y-T-D	% of Total
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC				
1 Air New Zealand	\$21,433.83	\$26,410.19	\$12,740.36	\$8,780.07	\$11,971.13	\$14,979.10	\$20,314.09	\$14,003.55	17,892.34	\$18,115.00	\$22,977.19	\$14,829.77	\$204,416.82	1.98%		
2 Air China	\$8,915.66	\$16,716.98	\$16,971.69	\$21,687.51	\$18,873.38	\$22,807.96	\$15,171.65	\$12,068.54	14,336.54	\$21,584.96	\$19,175.90	\$13,994.89	\$202,305.66	1.96%		
3 Air France	\$8,933.37	\$21,662.96	\$24,154.90	\$36,374.54	\$35,416.24	\$35,005.24	\$27,625.24	\$23,474.38	32,114.26	\$33,704.43	\$21,610.43	\$8,821.37	\$308,797.36	2.99%		
4 Alaska	\$20,509.94	\$30,915.02	\$27,745.43	\$32,729.23	\$21,758.37	\$31,332.42	\$11,076.91	\$3,682.82	4,397.12	\$15,923.25	\$48,605.70	\$39,381.07	\$288,037.28	2.79%		
5 ANA	\$13,335.74	\$20,880.96	\$18,031.35	\$21,682.71	\$16,236.06	\$22,214.51	\$21,346.51	\$19,664.43	22,983.94	\$28,485.88	\$26,171.07	\$17,069.50	\$248,102.96	2.40%		
6 Asiana	\$13,783.66	\$21,018.02	\$14,380.85	\$11,174.93	\$10,811.55	\$14,415.86	\$15,694.63	\$12,063.49	16,713.37	\$16,331.79	\$18,718.32	\$11,197.68	\$178,102.35	1.71%		
7 British	\$24,904.23	\$40,774.99	\$43,939.87	\$48,955.71	\$45,793.76	\$49,916.32	\$47,918.31	\$40,828.92	51,829.42	\$67,694.53	\$46,976.74	\$11,951.38	\$509,475.18	4.93%		
8 Cathay Pacific	\$41,016.19	\$43,419.11	\$39,793.32	\$54,764.32	\$43,630.14	\$49,335.94	\$41,143.73	\$38,289.81	32,558.99	\$42,274.68	\$65,324.00	\$49,047.34	\$540,597.64	5.24%		
9 China Air	\$23,567.08	\$29,138.63	\$31,309.49	\$28,620.75	\$25,948.57	\$24,257.50	\$23,489.18	\$21,511.30	20,380.13	\$22,581.98	\$34,473.03	\$24,678.74	\$309,964.47	3.00%		
10 EVA Airways	\$26,830.35	\$36,840.23	\$29,107.61	\$35,034.65	\$30,173.46	\$37,646.40	\$33,990.29	\$33,789.66	26,369.25	\$31,102.54	\$47,074.10	\$37,146.48	\$405,105.02	3.92%		
11 Japan	\$13,300.44	\$23,947.12	\$19,929.19	\$21,284.79	\$14,890.72	\$21,296.12	\$21,370.07	\$20,715.26	23,540.39	\$26,730.92	\$27,597.03	\$16,793.40	\$251,395.45	2.43%		
12 K L M	\$5,989.33	\$17,263.61	\$19,167.99	\$35,415.89	\$33,074.75	\$35,694.41	\$27,160.28	\$24,265.58	31,085.33	\$31,063.37	\$17,785.19	\$6,538.64	\$284,510.37	2.76%		
13 Korean	\$23,279.35	\$20,275.13	\$13,417.57	\$6,046.68	\$9,190.91	\$15,118.70	\$22,032.07	\$26,797.95	17,639.99	\$15,925.43	\$9,765.09	\$10,260.87	\$189,749.64	1.84%		
14 Lufthansa	\$29,360.56	\$50,780.35	\$51,304.01	\$45,424.35	\$39,010.28	\$44,096.59	\$46,212.00	\$40,124.13	50,597.42	\$57,811.79	\$53,944.22	\$29,861.53	\$537,527.23	5.21%		
15 Mexicana	\$47,685.96	\$69,625.13	\$53,471.48	\$53,580.39	\$24,980.49	\$40,879.92	\$45,483.42	\$46,456.93	44,859.61	\$59,014.58	\$64,108.38	\$42,822.93	\$692,740.22	6.74%		
16 Northwest	\$15,664.72	\$21,595.81	\$18,254.52	\$17,389.76	\$15,108.05	\$26,802.90	\$22,461.27	\$19,678.95	20,403.56	\$25,600.46	\$28,566.52	\$18,289.93	\$249,716.45	2.42%		
17 Philippine	\$25,324.48	\$33,152.21	\$23,964.79	\$23,885.59	\$19,120.00	\$26,809.65	\$22,280.60	\$20,967.66	20,893.92	\$19,826.03	\$21,727.52	\$23,366.83	\$280,319.48	2.71%		
18 Qantas	\$13,413.26	\$16,533.01	\$13,059.89	\$14,882.27	\$12,461.52	\$16,536.60	\$18,716.69	\$15,522.26	16,276.26	\$17,775.77	\$17,223.91	\$9,364.18	\$182,545.62	1.77%		
19 Singapore	\$29,341.38	\$30,958.34	\$33,443.42	\$33,791.62	\$32,259.34	\$40,022.28	\$41,042.65	\$40,728.54	33,502.69	\$47,985.13	\$48,760.52	\$37,516.64	\$459,150.73	4.45%		
20 TACA	\$19,516.45	\$22,226.69	\$12,590.35	\$14,095.86	\$14,123.37	\$25,941.86	\$28,774.89	\$22,970.15	14,139.58	\$14,702.81	\$18,954.15	\$28,668.97	\$237,705.13	2.30%		
21 United	\$171,885.17	\$291,108.12	\$253,288.92	\$303,779.96	\$224,961.65	\$310,446.53	\$278,701.78	\$260,412.94	281,922.08	\$270,191.91	\$243,040.91	\$147,122.44	\$3,036,639.22	29.41%		
22 Virgin Atlantic	\$13,798.92	\$27,352.51	\$23,460.19	\$28,157.34	\$23,830.30	\$27,705.01	\$24,741.59	\$21,148.13	28,098.05	\$1,406.27	\$26,728.39	\$13,171.40	\$289,596.10	2.80%		
23 Aer Lingus	3,998.56	14,317.63	\$14,016.41	14,953.21	10,930.29	13,808.95	\$14,613.10	\$13,667.43	(2,161.44)	(\$3,994.39)	(\$13,934.34)	\$0.00	\$80,255.41	0.78%		
24 AeroMexico	16,556.01	8,378.93	\$17,903.20	17,420.08	17,491.48	16,715.05	\$27,198.34	\$29,969.65	15,922.33	\$13,752.22	\$12,838.93	\$12,986.57	\$206,242.79	2.00%		
25 Emirates	8,736.54	13,690.03	\$11,264.05	12,261.30	28,315.74	33,681.77	\$32,088.35	\$19,027.36	20,136.94	\$26,189.69	\$32,328.62	\$23,274.25	\$261,194.64	2.53%		
26 Jet Airways	(2,486.58)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(\$2,486.58)	-0.02%		
27 Kingfisher Airlines	(3,561.53)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(\$3,561.53)	-0.03%		
<b>TOTAL</b>	<b>\$634,809.02</b>	<b>\$958,079.71</b>	<b>\$835,799.85</b>	<b>\$939,973.51</b>	<b>\$779,141.55</b>	<b>\$996,458.89</b>	<b>\$933,453.85</b>	<b>\$841,727.91</b>	<b>856,431.07</b>	<b>\$939,781.03</b>	<b>\$962,541.52</b>	<b>\$647,947.00</b>	<b>\$10,326,144.91</b>	<b>100.00%</b>		

Please note that UA and AS have domestic flights, pax, and \$ in the formula for each category.



APPENDIX 8. C.

SFOTEC MEMBER INTERNATIONAL FLIGHT ACTIVITY - ITB														AVG COST	AVG COST	
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	PER FLT	PER PSGR	
AIR FRANCE	2001 FLTS	30.0	28.0	31.0	30.0	32.0	35.0	44.0	44.0	30.0	31.0	30.0	396.0			
	2002 FLTS	31.0	25.0	28.0	30.0	31.0	30.0	31.0	31.0	26.0	31.0	30.0	355.0			
	2003 FLTS	30.0	28.0	30.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	363.0			
	2004 FLTS	31.0	29.0	30.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	365.0			
	2005 FLTS	31.0	27.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	364.0			
	2006 FLTS	31.0	28.0	31.0	29.0	31.0	29.5	31.5	31.0	30.0	31.0	30.0	31.0	364.0		
	2007 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	31.0	30.0	30.0	31.0	363.0		
	2008 FLTS	30.0	29.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	29.0	30.0	355.0		
	2009 FLTS	30.0	24.0	29.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	29.0	29.0	355.0		
	2001 PSGR	10.2	9.5	12.5	18.0	18.1	22.4	26.2	27.1	18.4	14.7	14.0	9.5	200.7		\$1.83
	2002 PSGR	10.5	8.7	11.6	14.3	17.1	21.6	21.2	21.0	18.2	20.3	11.1	12.5	188.2		\$1.35
	2003 PSGR	11.0	10.3	11.5	12.1	14.9	18.8	22.5	23.1	20.9	15.0	11.5	13.6	185.2		\$1.61
	2004 PSGR	12.1	10.9	13.6	14.7	15.3	19.7	23.7	23.5	20.9	15.1	12.1	13.4	195.0		\$1.57
	2005 PSGR	13.1	11.0	15.5	20.6	22.6	23.0	23.7	22.9	22.1	21.3	14.7	14.6	225.1		\$1.41
	2006 PSGR	14.7	13.0	17.6	22.9	23.9	23.9	25.0	23.7	22.3	21.8	13.3	14.0	236.1		\$1.40
	2007 PSGR	13.7	12.4	16.0	20.9	23.1	23.2	24.8	24.5	22.5	21.6	14.0	14.0	231.3		\$1.38
	2008 PSGR	13.0	12.0	15.9	23.2	24.1	24.7	26.1	26.1	24.9	23.4	13.7	15.0	242.1		\$1.28
	2009 PSGR	14.1	11.2	15.8	24.0	25.2	24.9	26.0	25.4	25.4	23.7	14.1	14.8	245.6		\$1.26
	2001 BILLINGS	\$25.4	\$32.7	\$43.6	\$55.8	\$53.6	\$61.0	\$42.7	\$26.5	\$10.8	\$2.2	\$1.4	\$11.1	\$366.8		\$926
	2002 BILLINGS	\$13.9	\$18.0	\$13.9	\$19.2	\$19.8	\$27.3	\$25.4	\$21.4	\$20.7	\$31.2	\$22.7	\$21.2	\$255.7		\$720
	2003 BILLINGS	\$9.9	\$20.9	\$21.5	\$30.1	\$36.4	\$37.0	\$33.9	\$25.2	\$29.1	\$21.3	\$16.9	\$16.0	\$288.3		\$622
	2004 BILLINGS	\$18.4	\$25.7	\$24.2	\$28.4	\$29.6	\$30.5	\$31.2	\$34.1	\$29.8	\$20.3	\$16.2	\$17.0	\$305.4		\$837
	2005 BILLINGS	\$18.5	\$19.7	\$26.7	\$30.5	\$35.9	\$28.4	\$22.6	\$30.0	\$32.1	\$31.5	\$24.8	\$17.7	\$318.5		\$875
	2006 BILLINGS	\$21.4	\$21.2	\$25.6	\$31.9	\$34.5	\$31.4	\$28.4	\$29.7	\$33.9	\$39.2	\$19.7	\$14.8	\$331.7		\$911
	2007 BILLINGS	\$19.3	\$26.3	\$26.7	\$34.6	\$34.5	\$30.8	\$33.1	\$28.5	\$27.3	\$31.1	\$13.3	\$12.9	\$318.5		\$875
	2008 BILLINGS	\$15.5	\$18.9	\$15.2	\$31.9	\$31.7	\$32.3	\$26.1	\$26.5	\$35.7	\$32.7	\$22.8	\$20.3	\$310.5		\$855
	2009 BILLINGS	\$8.9	\$21.6	\$24.0	\$36.4	\$35.4	\$35.0	\$27.6	\$23.5	\$32.1	\$33.7	\$21.6	\$8.8	\$306.6		\$869

SFOTEC MEMBER INTERNATIONAL FLIGHT ACTIVITY - ITB

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	AVG COST PER FLT	AVG COST PER PSGR	
ALASKA	2001 FLTS	46.0	49.0	60.5	61.0	46.0	45.5	48.0	11.5	63.5	94.0	101.0	102.5	828.5			
	2002 FLTS	101.0	104.0	117.0	114.0	102.5	90.0	93.0	93.0	67.0	93.0	123.0	127.5	1,225.0			
	2003 FLTS	125.0	116.0	128.0	119.5	93.0	90.0	93.0	90.0	87.0	99.0	120.0	124.5	1,285.5			
	2004 FLTS	121.5	114.5	122.5	114.0	93.0	90.0	93.0	93.0	89.0	94.0	118.5	123.5	1,265.5			
	2005 FLTS	123.0	112.0	123.5	119.0	92.0	89.5	93.0	93.0	89.0	95.0	119.5	124.0	1,272.5			
	2006 FLTS	124.0	111.5	123.0	119.5	93.0	90.0	92.5	93.0	94.5	98.0	132.5	135.0	1,295.5			
	2007 FLTS	135.0	123.5	136.5	129.0	93.0	89.0	93.0	93.0	88.0	96.5	124.0	127.5	1,325.0			
	2008 FLTS	124.5	119.5	129.5	120.0	93.0	86.5	62.0	61.0	52.0	60.0	60.0	62.0	62.0	1,023.0		
	2009 FLTS	62.0	56.0	62.0	60.0	62.0	60.0	40.0	31.0	30.0	31.0	31.0	31.0	31.0	610.0		
	2001 PSGR	6.8	6.8	7.4	10.5	8.3	7.9	8.8	18.2	7.8	12.2	16.9	16.7	126.3		\$3.93	
	2002 PSGR	15.7	15.5	17.4	19.2	17.5	15.8	15.7	16.6	9.8	13.9	19.5	19.8	196.4		\$2.60	
	2003 PSGR	15.6	12.3	18.3	18.5	16.8	16.3	16.6	16.2	6.1	12.9	19.9	17.4	195.2		\$3.24	
	2004 PSGR	15.6	12.3	11.3	14.5	9.2	12.5	15.0	15.6	9.2	12.5	19.9	20.3	167.9		\$3.49	
	2005 PSGR	18.6	17.0	19.7	18.3	13.6	14.2	15.8	15.7	10.9	12.8	21.9	19.8	199.3		\$2.97	
	2006 PSGR	20.0	15.6	16.4	19.3	13.6	14.1	14.5	13.0	10.2	14.0	22.1	22.2	195.0		\$3.19	
	2007 PSGR	22.1	17.8	20.7	23.2	13.2	12.4	13.3	15.0	10.6	13.6	25.2	23.2	210.3		\$2.88	
	2008 PSGR	21.4	18.3	20.0	20.1	18.7	16.0	13.4	16.7	11.8	13.3	14.6	13.7	198.0		\$2.06	
	2009 PSGR	12.1	9.7	10.9	13.8	9.8	13.2	10.0	7.9	6.6	6.2	10.3	14.7	129.2		\$2.24	
	2001 BILLINGS	\$45.3	\$44.1	\$53.5	\$66.7	\$36.6	\$29.2	\$10.4	\$40.0	\$26.6	\$46.7	\$44.4	\$61.0	\$504.5	\$609	\$417	
	2002 BILLINGS	\$44.8	\$52.2	\$39.6	\$45.6	\$20.3	\$24.7	\$27.4	\$28.1	\$12.9	\$47.4	\$63.8	\$84.2	\$511.0	\$492	\$492	
	2003 BILLINGS	\$62.6	\$55.6	\$67.5	\$69.4	\$48.7	\$40.3	\$30.8	\$48.0	\$26.0	\$47.2	\$74.5	\$71.7	\$632.4	\$463	\$463	
	2004 BILLINGS	\$59.9	\$54.0	\$50.6	\$55.0	\$32.2	\$30.4	\$29.6	\$48.0	\$38.2	\$43.7	\$72.0	\$79.0	\$586.0	\$463	\$463	
	2005 BILLINGS	\$60.8	\$50.0	\$58.8	\$50.5	\$30.0	\$23.0	\$20.0	\$47.9	\$43.0	\$41.7	\$65.8	\$87.2	\$622.6	\$480	\$480	
2006 BILLINGS	\$75.2	\$45.2	\$47.0	\$51.7	\$32.2	\$34.5	\$27.3	\$43.0	\$41.7	\$65.8	\$87.2	\$77.0	\$622.6	\$480	\$480		
2007 BILLINGS	\$86.3	\$63.7	\$61.7	\$65.0	\$24.5	\$18.2	\$23.3	\$42.0	\$36.1	\$52.5	\$66.0	\$64.8	\$606.1	\$456	\$456		
2008 BILLINGS	\$58.4	\$46.4	\$31.4	\$45.4	\$28.7	\$12.8	\$4.7	\$18.5	\$32.3	\$37.6	\$42.9	\$39.4	\$407.1	\$399	\$399		
2009 BILLINGS	\$20.1	\$30.9	\$27.7	\$32.7	\$21.7	\$31.3	\$11.1	\$3.7	\$4.4	\$16.9	\$48.6	\$39.3	\$287.4	\$471	\$471		
ALITALIA	2001 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	27.0	0.0	0.0	0.0	270.0			
	2002 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
	2003 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
	2004 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
	2001 PSGR	7.8	6.8	9.3	10.0	11.4	11.6	10.2	10.1	8.4	0.0	0.0	0.0	85.4		\$2.62	
	2002 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		N/A	
	2003 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		N/A	
	2004 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		N/A	
	2001 BILLINGS	\$67.9	\$24.9	\$38.0	\$38.2	\$40.9	\$34.7	\$16.1	\$4.4	\$6.0	\$0.0	\$0.0	\$0.0	\$8.1	N/A	N/A	
	2002 BILLINGS	\$3.1	\$3.5	\$2.5	\$2.7	\$0.4	\$2.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	N/A	N/A	
	2003 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	N/A	N/A	
	2004 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	N/A	N/A	
	ALLEGRO	2001 FLTS	27.0	24.0	33.0	23.0	16.0	23.0	28.0	21.0	8.0	0.0	0.0	0.0	203.0		
2002 FLTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
2003 FLTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
2004 FLTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
2001 PSGR		7.5	6.4	8.4	7.2	8.8	6.9	7.5	6.8	2.0	0.0	0.0	0.0	0.0		\$2.15	
2002 PSGR		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		N/A	
2003 PSGR		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		N/A	
2004 PSGR		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		N/A	
2001 BILLINGS		\$25.3	\$23.0	\$35.2	\$26.2	\$16.6	\$16.6	\$16.7	\$7.2	-\$10.4	-\$17.5	-\$9.8	-\$0.8	\$128.1	\$631	\$631	
2002 BILLINGS		\$3.1	\$3.6	\$2.5	\$2.7	\$2.2	\$3.3	\$3.5	\$3.0	-\$3.4	-\$3.4	-\$3.4	\$0.0	\$13.7	N/A	N/A	
2003 BILLINGS		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	N/A	N/A	
2004 BILLINGS		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	N/A	N/A	
ALL NIPPON		2001 FLTS	21.0	20.0	23.0	26.0	27.0	24.0	23.0	21.0	21.0	26.0	21.0	23.0	276.0		
	2002 FLTS	21.0	20.0	23.0	30.0	31.0	30.0	31.0	32.0	30.0	31.0	30.0	31.0	343.0			
	2003 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	365.0			
	2004 FLTS	31.0	29.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	365.0			
	2005 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	365.0			
	2006 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	365.0			
	2007 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	365.0			
	2008 FLTS	31.0	29.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	366.0			
	2009 FLTS	31.0	28.0	30.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	364.0			
	2001 PSGR	6.9	6.4	6.9	6.5	8.0	8.7	7.9	7.9	6.1	4.0	3.8	6.2	78.3		\$2.74	
	2002 PSGR	8.7	6.3	9.5	9.5	11.9	13.8	12.6	13.6	12.2	11.3	12.0	12.0	130.7		\$1.80	
	2003 PSGR	11.7	9.5	9.8	7.3	9.5	11.5	12.2	13.0	12.0	11.7	11.2	12.0	131.4		\$1.98	
	2004 PSGR	12.0	10.2	11.2	10.9	12.8	13.3	13.2	13.1	12.6	12.4	11.2	11.2	144.1		\$1.88	
	2005 PSGR	12.0	9.6	11.3	9.9	12.0	13.0	12.8	12.7	11.8	11.7	10.8	11.2	138.8		\$1.85	
	2006 PSGR	12.6	9.4	11.3	10.8	12.4	13.9	12.7	13.0	12.2	12.9	12.0	11.1	144.3		\$1.89	
	2007 PSGR	11.3	10.2	12.5	11.7	11.9	14.2	13.9	13.9	12.4	12.9	11.9	12.0	148.8		\$1.78	
	2008 PSGR	12.0	10.6	12.2	11.3	11.8	13.4	12.7	13.2	11.6	11.8	10.6	11.1	142.3		\$1.73	
	2009 PSGR	10.7	8.1	9.6	10.0	12.2	13.8	13.4	12.6	13.4	13.0	13.5	14.2	142.1		\$1.75	
	2001 BILLINGS	\$22.9	\$22.8	\$28.3	\$31.7	\$33.7	\$29.3	\$12.2	\$11.1	\$2.2	\$6.8	\$9.2	\$15.0	\$214.2	\$776	\$776	
	2002 BILLINGS	\$13.2	\$17.2	\$12.3	\$19.1	\$18.2	\$22.5	\$20.0	\$17.5	\$18.9	\$24.8	\$28.7	\$23.1	\$235.5	\$687	\$687	
	2003 BILLINGS	\$18.2	\$18.2	\$19.9	\$20.2	\$26.7	\$26.6	\$24.4	\$18.2	\$21.8	\$23.4	\$22.5	\$20.3	\$260.4	\$713	\$713	
	2004 BILLINGS	\$20.9	\$24.6	\$22.7	\$22.9	\$26.5	\$23.3	\$21.0	\$22.0	\$22.6	\$23.3	\$21.8	\$19.8	\$271.4	\$742	\$742	
	2005 BILLINGS	\$18.8	\$18.9	\$22.6	\$17.8	\$22.9	\$19.7	\$18.1	\$23.7	\$23.9	\$24.6	\$25.2	\$23.2	\$256.4	\$702	\$702	
2006 BILLINGS	\$24.9	\$18.5	\$19.7	\$18.5	\$22.7	\$23.7	\$21.4	\$23.3	\$23.2	\$23.5	\$24.2	\$18.1	\$272.7	\$747	\$747		
2007 BILLINGS																	



SFOTEC MEMBER INTERNATIONAL FLIGHT ACTIVITY - ITR

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	AVG COST PER FLT	AVG COST PER PSGR	
ASIANA	2001 FLTS	17.5	16.0	18.0	17.0	17.5	15.5	17.5	18.0	15.0	17.5	17.5	17.5	204.5			
	2002 FLTS	17.5	16.0	18.0	17.0	18.0	17.0	17.5	18.0	17.0	17.5	17.5	18.0	209.0			
	2003 FLTS	18.0	16.0	17.5	17.0	17.5	17.0	18.0	17.5	17.0	18.0	17.0	18.0	208.0			
	2004 FLTS	18.0	16.5	17.5	17.5	17.5	17.0	17.5	14.0	17.5	17.5	17.0	18.0	204.5			
	2005 FLTS	17.5	16.0	17.5	17.5	17.5	18.0	17.0	18.0	17.0	18.0	17.0	18.0	209.0			
	2006 FLTS	17.0	16.0	18.0	17.0	18.0	17.0	18.0	18.0	17.0	17.0	18.0	17.0	208.0			
	2007 FLTS	17.0	16.0	18.0	17.0	18.0	17.0	18.0	18.0	17.0	17.0	18.0	17.0	211.0			
	2008 FLTS	18.0	17.0	17.0	17.0	18.0	17.0	18.0	17.0	18.0	17.0	17.0	18.0	218.0			
	2009 FLTS	22.0	20.0	19.0	17.0	18.0	17.0	18.0	8.0	8.7	6.7	6.4	7.1	83.1	\$2.34		
	2001 PSGR	6.6	6.2	7.0	6.9	7.1	7.2	8.0	9.5	9.6	7.7	9.1	8.8	7.9	101.6	\$1.58	
	2002 PSGR	7.9	6.6	7.7	7.0	8.8	8.5	8.4	9.5	10.3	7.7	8.0	8.1	7.9	96.6	\$1.30	
	2003 PSGR	8.2	7.0	7.1	7.0	7.4	8.4	9.5	10.3	7.7	8.0	8.1	7.9	96.6	\$1.30		
	2004 PSGR	9.1	7.4	8.3	9.5	10.0	10.0	10.1	9.4	9.2	9.7	8.3	7.7	108.7	\$1.81		
	2005 PSGR	8.7	8.3	9.5	10.1	9.8	10.2	9.6	7.5	9.9	10.1	9.4	9.8	112.9	\$1.70		
	2006 PSGR	9.9	8.1	8.9	8.9	8.6	9.2	8.8	9.3	8.4	9.0	8.4	8.9	106.4	\$1.67		
	2007 PSGR	8.5	7.8	9.9	9.0	9.7	9.7	9.5	10.1	7.7	8.2	8.4	8.2	105.7	\$1.67		
	2008 PSGR	9.1	8.1	8.8	8.9	9.7	9.5	9.1	10.2	8.3	9.5	8.7	9.3	107.8	\$1.63		
	2009 PSGR	10.2	8.1	8.1	7.7	9.2	9.0	9.8	9.8	9.3	8.6	8.7	9.3	114.4	\$194.7	\$552	
	2001 BILLINGS	\$21.7	\$21.2	\$25.7	\$25.0	\$23.9	\$19.5	\$12.3	\$6.6	\$5.3	\$7.0	\$12.1	\$14.4	\$16.2	\$160.5	\$768	
	2002 BILLINGS	\$13.4	\$13.8	\$10.9	\$10.7	\$9.1	\$11.3	\$13.7	\$11.9	\$11.7	\$17.5	\$20.3	\$16.2	\$16.2	\$183.1	\$880	
2003 BILLINGS	\$12.5	\$13.1	\$14.4	\$17.1	\$19.4	\$18.4	\$15.6	\$16.4	\$13.7	\$13.8	\$15.6	\$15.1	\$13.6	\$196.5	\$938		
2004 BILLINGS	\$15.7	\$17.4	\$16.9	\$18.4	\$19.6	\$19.0	\$14.3	\$14.8	\$15.7	\$17.1	\$16.8	\$13.8	\$15.8	\$191.5	\$936		
2005 BILLINGS	\$12.8	\$15.4	\$17.9	\$16.6	\$16.3	\$14.0	\$11.0	\$11.5	\$18.5	\$19.3	\$22.5	\$15.8	\$15.8	\$192.1	\$919		
2006 BILLINGS	\$17.6	\$14.0	\$13.7	\$13.9	\$14.4	\$15.8	\$13.8	\$16.9	\$17.2	\$23.1	\$16.7	\$15.0	\$15.0	\$189.1	\$894		
2007 BILLINGS	\$16.3	\$17.6	\$17.0	\$17.5	\$16.4	\$14.6	\$17.2	\$15.8	\$12.7	\$16.6	\$12.1	\$12.1	\$12.1	\$185.9	\$894		
2008 BILLINGS	\$16.1	\$13.8	\$9.4	\$12.7	\$14.0	\$15.0	\$12.9	\$14.0	\$16.6	\$16.4	\$19.9	\$18.5	\$18.6	\$181.6	\$861		
2009 BILLINGS	\$13.8	\$21.0	\$14.4	\$11.2	\$10.6	\$14.4	\$15.7	\$12.0	\$16.7	\$16.3	\$18.7	\$11.2	\$17.0	\$176.0	\$807		
BRITISH	2001 FLTS	62.0	48.0	55.0	60.0	61.0	60.0	62.0	62.0	49.0	57.0	56.0	58.0	660.0			
	2002 FLTS	62.0	56.0	62.0	60.0	62.0	60.0	62.0	62.0	59.0	60.0	61.0	56.0	718.0			
	2003 FLTS	62.0	50.0	59.0	60.0	60.0	60.0	62.0	62.0	60.0	61.0	56.0	57.0	703.0			
	2004 FLTS	60.0	58.0	62.0	60.0	62.0	60.0	62.0	62.0	60.0	62.0	57.0	57.0	720.0			
	2005 FLTS	62.0	56.0	62.0	60.0	62.0	60.0	62.0	60.0	60.0	62.0	59.0	59.0	722.0			
	2006 FLTS	62.0	56.0	62.0	60.0	62.0	60.0	62.0	62.0	60.0	62.0	58.0	59.0	725.0			
	2007 FLTS	62.0	56.0	62.0	60.0	62.0	60.0	62.0	62.0	60.0	62.0	56.0	60.0	718.0			
	2008 FLTS	61.5	56.0	61.0	59.0	62.0	60.0	62.0	62.0	60.0	62.0	58.0	60.0	710.0			
	2009 FLTS	62.0	50.0	62.0	60.0	62.0	60.0	62.0	62.0	60.0	62.0	60.0	60.0	710.0		\$1.81	
	2001 PSGR	23.9	22.3	26.2	26.5	28.0	32.1	31.4	31.3	22.1	21.8	20.5	24.0	310.1	\$1.29		
	2002 PSGR	26.7	24.0	31.9	29.2	27.9	32.5	29.6	31.6	31.8	30.8	20.8	27.8	345.0	\$1.46		
	2003 PSGR	27.6	24.8	27.9	36.2	36.6	40.0	39.9	40.1	39.5	35.7	28.5	32.3	408.2	\$1.37		
	2004 PSGR	31.1	25.0	34.9	38.8	34.8	41.0	42.7	41.4	41.8	37.4	26.7	29.1	424.7	\$1.31		
	2005 PSGR	31.2	24.0	34.6	37.0	37.8	40.7	42.3	40.4	41.1	38.9	30.8	30.3	429.1	\$1.35		
	2006 PSGR	32.0	25.9	35.6	40.0	39.2	41.1	42.0	38.2	40.1	39.0	29.6	32.8	435.5	\$1.31		
	2007 PSGR	32.6	25.5	35.5	39.3	38.2	39.2	40.5	40.5	38.5	38.6	31.0	31.6	431.1	\$1.27		
	2008 PSGR	30.0	25.1	36.0	33.4	37.0	38.0	39.9	40.0	36.9	37.0	27.7	32.1	414.4	\$1.28		
	2009 PSGR	30.0	22.1	30.2	33.1	34.7	38.1	40.5	40.4	38.8	38.4	28.6	23.8	398.6	\$824		
	2001 BILLINGS	\$41.4	\$59.0	\$78.0	\$80.2	\$76.9	\$76.9	\$36.7	\$16.1	\$7.1	\$16.6	\$39.6	\$39.1	\$41.0	\$445.9	\$621	
	2002 BILLINGS	\$39.8	\$43.9	\$34.6	\$32.7	\$22.0	\$33.2	\$34.9	\$33.1	\$40.3	\$50.6	\$39.1	\$33.7	\$33.7	\$596.8	\$849	
2003 BILLINGS	\$31.2	\$45.0	\$46.4	\$77.0	\$79.5	\$89.8	\$43.6	\$33.3	\$48.8	\$50.4	\$34.3	\$32.0	\$32.0	\$884.0	\$805		
2004 BILLINGS	\$37.2	\$49.8	\$55.3	\$62.1	\$57.8	\$52.0	\$44.7	\$39.3	\$51.8	\$58.9	\$66.4	\$49.1	\$31.7	\$862.5	\$781		
2005 BILLINGS	\$34.6	\$39.0	\$32.9	\$62.1	\$54.8	\$50.8	\$46.1	\$47.3	\$80.0	\$70.7	\$44.1	\$33.4	\$33.4	\$590.3	\$818		
2006 BILLINGS	\$44.3	\$38.6	\$48.9	\$52.1	\$54.0	\$50.8	\$46.1	\$47.3	\$47.3	\$47.3	\$30.9	\$29.1	\$29.1	\$694.5	\$778		
2007 BILLINGS	\$44.9	\$47.5	\$49.9	\$56.6	\$54.6	\$47.0	\$51.3	\$47.7	\$47.7	\$55.2	\$47.7	\$47.8	\$47.8	\$526.7	\$733		
2008 BILLINGS	\$35.5	\$33.9	\$31.2	\$40.2	\$46.3	\$44.1	\$43.7	\$42.7	\$55.0	\$55.2	\$47.7	\$47.8	\$47.8	\$509.3	\$717		
2009 BILLINGS	\$24.9	\$40.6	\$43.9	\$46.9	\$45.8	\$49.9	\$47.9	\$40.8	\$51.8	\$57.7	\$47.0	\$11.9	\$11.9	\$509.3	\$717		
CATHAY PACIFIC	2001 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	30.0	31.0	26.0	31.0	30.0	31.0	360.0			
	2002 FLTS	31.0	28.0	31.0	29.0	26.0	26.0	31.0	31.0	30.0	31.0	30.0	31.0	355.0			
	2003 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	360.0			
	2004 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	365.0			
	2005 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	364.0			
	2006 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	364.0			
	2007 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	364.0			
	2008 FLTS	62.0	56.0	62.0	60.0	62.0	60.0	62.0	62.0	60.0	62.0	60.0	62.0	680.0			
	2009 FLTS	62.0	44.0	60.0	60.0	62.0	60.0	62.0	62.0	60.0	62.0	60.0	62.0	680.0		\$2.12	
	2001 PSGR	12.8	10.0	12.3	11.8	12.9	13.5	11.6	14.3	8.0	9.3	11.0	13.4	141.6	\$1.39		
	2002 PSGR	15.2	12.3	14.1	13.7	14.5	14.0	18.8	20.5	15.9	16.2	18.3	19.6	193.1	\$1.56		
	2003 PSGR	21.5	16.5	18.2	6.3	5.1	9.9	17.4	23.5	19.1	18.0	20.9	20.4	194.8	\$1.38		
	2004 PSGR	22.0	18.9	20.3	21.4	22.6	21.9	21.4	20.5	19.1	21.2	20.5	20.4	250.2	\$1.32		
	2005 PSGR	21.3	18.2	21.3	21.1	22.3	22.9	20.6	20.8	18.2	20.7	20.1	20.3	247.8	\$1.37		
	2006 PSGR	21.9	18.5	22.1	20.9	22.0	22.2	22.8	20.9	18.8	20.2	20.4	20.6	251.3	\$1.37		
	2007 PSGR	21.7	18.2	22.3	23.6	21.8	21.5	22.5	21.7	21.0	27.0	36.8	38.1	293.2	\$1.45		
	2008 PSGR	45.1	35.0	42.3	36.3	39.9	41.7	40.9	37.0	31.5	34.6	37.6	38.4	480.3	\$1.26		
	2009 PSGR	42.2	30.9	36.0	45.0	37.6	38.1	41.8	40.1	31.0	34.2	39.4	41.6	457.9	\$833		
	2001 BILLINGS	\$37.9	\$29.1	\$39.3	\$35.8	\$39.3	\$34.9	\$15.3	\$8.1	\$4.0	\$11.3	\$19.7	\$25.5	\$31.2	\$268.0	\$800	
	2002 BILLINGS	\$24.5	\$23.0	\$15.0													

APPENDIX 8. C.

		SFOTEC MEMBER INTERNATIONAL FLIGHT ACTIVITY - ITB												AVG COST		AVG COST	
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	PER FLT	PER PSGR	
CHINA AIR	2001 FLTS	32.0	28.0	30.0	30.0	31.0	30.0	30.5	29.5	24.5	24.0	21.0	28.0	339.5			
	2002 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	25.0	24.0	30.0	31.0	357.0			
	2003 FLTS	31.0	28.0	31.0	26.0	28.0	27.0	31.0	31.0	30.0	31.0	30.0	31.0	355.0			
	2004 FLTS	31.0	29.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	356.0			
	2005 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	365.0			
	2006 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	366.0			
	2007 FLTS	32.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	30.0	24.0	30.0	348.0			
	2008 FLTS	31.0	29.0	31.0	30.0	31.0	30.0	30.0	30.0	22.0	30.0	24.0	30.0	348.0			
	2009 FLTS	31.0	23.0	31.0	30.0	31.0	30.0	31.0	31.0	24.0	25.0	30.0	31.0	348.0			
	2001 PSGR	21.6	19.5	17.4	18.6	20.1	18.7	18.1	18.5	11.4	11.0	11.4	16.8	205.1		\$1.09	
	2002 PSGR	20.9	17.4	20.1	20.1	21.2	19.1	18.9	18.3	13.7	13.1	15.8	19.8	216.4		\$1.25	
	2003 PSGR	21.7	15.8	14.5	9.5	7.1	11.6	11.6	12.2	22.9	21.0	17.4	17.1	18.3	245.3		\$1.38
	2004 PSGR	22.5	18.5	20.0	22.1	23.0	22.8	22.9	21.0	17.4	17.1	18.3	19.2	21.2	256.0		\$1.34
	2005 PSGR	21.5	18.7	21.4	20.8	22.3	22.5	24.5	25.6	18.7	19.2	19.2	20.7	22.1	254.1		\$1.37
	2006 PSGR	23.2	18.7	21.8	21.3	22.0	22.5	23.6	21.9	17.3	20.0	20.7	22.1	254.1		\$1.37	
	2007 PSGR	23.4	19.2	22.2	21.2	22.8	23.1	23.1	21.3	17.5	17.4	19.0	20.7	251.1		\$1.31	
	2008 PSGR	22.8	17.6	22.1	18.7	20.5	22.5	21.5	21.6	15.0	16.5	15.9	17.9	232.5		\$1.25	
	2009 PSGR	21.0	15.5	20.7	21.1	21.0	20.3	21.0	22.1	17.6	16.6	20.3	21.3	239.2		\$1.30	
	2001 BILLINGS	\$58.3	\$42.4	\$41.2	\$41.3	\$46.5	\$40.2	\$17.4	\$32.7	\$16.1	\$14.3	\$18.1	\$33.3	\$33.3	\$273.7	\$767	
	2002 BILLINGS	\$32.5	\$33.3	\$19.6	\$18.1	\$15.3	\$19.6	\$20.2	\$28.2	\$16.1	\$14.3	\$27.4	\$28.4	\$31.7	\$312.9	\$881	
2003 BILLINGS	\$34.2	\$25.5	\$21.7	\$14.3	\$13.9	\$20.5	\$31.9	\$34.6	\$28.7	\$27.4	\$28.4	\$31.7	\$28.3	\$309.3	\$927		
2004 BILLINGS	\$31.2	\$32.6	\$28.1	\$32.1	\$34.3	\$29.0	\$24.4	\$24.7	\$23.3	\$23.7	\$27.5	\$28.3	\$28.3	\$342.2	\$891		
2005 BILLINGS	\$25.1	\$27.6	\$30.5	\$25.5	\$29.0	\$23.9	\$28.2	\$29.7	\$28.9	\$25.3	\$27.2	\$28.3	\$27.2	\$347.9	\$953		
2006 BILLINGS	\$34.8	\$26.7	\$26.5	\$24.8	\$27.6	\$27.4	\$26.1	\$28.5	\$27.4	\$37.9	\$31.4	\$26.7	\$26.7	\$328.6	\$898		
2007 BILLINGS	\$35.7	\$32.1	\$26.4	\$27.9	\$28.5	\$27.3	\$30.8	\$25.0	\$21.0	\$26.8	\$24.0	\$24.0	\$24.0	\$280.9	\$836		
2008 BILLINGS	\$31.5	\$23.3	\$17.9	\$19.4	\$23.5	\$25.8	\$23.3	\$18.1	\$25.4	\$25.7	\$33.8	\$33.8	\$20.9	\$836			
2009 BILLINGS	\$23.5	\$29.1	\$21.3	\$28.5	\$25.9	\$24.3	\$23.5	\$21.5	\$20.4	\$22.6	\$34.5	\$24.7	\$309.9	\$891			
EMIRATES	2005 FLTS									0.0	0.0	0.0	7.0	0.0			
	2009 FLTS	14.0	12.0	13.0	13.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	297.0			
	2008 PSGR									0.0	0.0	0.0	2.7	7.0			
	2009 PSGR	5.9	4.9	6.0	6.4	12.1	14.4	15.1	14.2	11.7	13.8	16.0	18.2	138.4		\$1.86	
	2009 BILLINGS	\$8.7	\$13.9	\$11.3	\$12.3	\$26.3	\$33.7	\$32.1	\$19.0	\$20.1	\$11.7	\$12.3	\$14.1	\$45.5	\$179.5		
EVA AIR	2001 FLTS	44.0	40.0	45.0	42.0	45.0	43.0	44.0	44.0	36.5	38.0	43.0	44.0	508.5			
	2002 FLTS	45.0	40.0	44.0	43.0	46.0	47.0	48.0	50.0	44.0	45.0	45.0	48.0	545.0			
	2003 FLTS	49.0	44.0	48.0	42.0	41.0	40.0	45.0	44.0	43.0	45.0	42.0	44.0	527.0			
	2004 FLTS	45.0	41.0	45.0	44.0	43.0	43.0	45.0	44.0	43.0	44.0	43.0	45.0	525.0			
	2005 FLTS	43.0	40.0	45.0	43.0	47.0	47.0	51.0	57.0	52.0	48.0	48.0	51.0	576.0			
	2006 FLTS	51.0	48.0	52.0	48.0	46.0	46.0	50.0	53.0	56.0	52.0	53.0	52.0	629.5			
	2007 FLTS	53.0	48.0	54.0	51.0	53.0	52.0	53.0	54.0	48.0	48.0	45.0	51.0	587.0			
	2008 FLTS	53.0	50.0	53.0	51.0	49.0	50.0	53.0	54.0	36.0	45.0	42.0	51.0	587.0			
	2009 FLTS	47.0	40.0	46.0	51.0	53.0	53.0	53.0	53.0	41.0	40.0	51.0	63.0	581.0			
	2001 PSGR	20.9	17.0	19.1	19.1	19.8	20.1	19.9	21.2	12.4	12.3	14.7	17.8	214.2		\$1.96	
	2002 PSGR	20.1	17.1	20.5	20.7	22.4	22.9	23.3	23.3	17.4	18.0	19.0	21.0	245.0		\$1.41	
	2003 PSGR	21.9	15.0	16.0	14.0	8.7	12.0	20.1	22.5	15.4	18.8	18.7	20.8	211.9		\$1.76	
	2004 PSGR	22.4	19.1	19.5	21.1	21.5	22.2	22.7	21.1	17.5	18.7	19.7	21.1	245.6		\$1.61	
	2005 PSGR	21.2	19.5	21.4	19.6	22.4	24.7	26.3	25.5	20.7	21.4	22.5	23.4	267.6		\$1.57	
	2006 PSGR	25.8	22.1	24.0	23.1	23.4	25.9	28.0	26.8	21.4	22.6	23.8	28.5	293.2		\$1.57	
	2007 PSGR	27.3	23.8	27.5	25.9	26.7	28.8	28.8	28.5	25.0	25.3	26.0	25.5	318.9		\$1.45	
	2008 PSGR	27.4	23.4	26.5	24.0	24.2	25.8	27.3	28.6	20.6	22.9	22.4	24.8	297.7		\$1.35	
	2009 PSGR	26.4	19.0	21.3	22.9	22.0	23.4	26.2	28.3	20.6	21.8	26.5	28.0	283.4		\$1.43	
	2001 BILLINGS	\$61.4	\$48.7	\$57.3	\$50.2	\$53.1	\$48.9	\$24.3	\$9.6	\$27.5	\$27.5	\$25.2	\$33.2	\$33.2	\$420.6	\$827	
	2002 BILLINGS	\$34.5	\$31.3	\$21.7	\$23.1	\$20.0	\$28.1	\$25.5	\$28.1	\$22.4	\$31.3	\$38.8	\$38.6	\$34.5	\$345.5	\$634	
2003 BILLINGS	\$34.0	\$33.5	\$31.7	\$28.2	\$19.2	\$22.2	\$34.1	\$35.1	\$36.1	\$33.2	\$31.6	\$31.3	\$370.2	\$702			
2004 BILLINGS	\$33.9	\$37.4	\$33.8	\$35.7	\$36.6	\$32.7	\$29.0	\$30.5	\$27.7	\$30.1	\$34.0	\$34.5	\$305.9	\$754			
2005 BILLINGS	\$29.1	\$29.9	\$34.1	\$28.5	\$35.5	\$34.9	\$36.3	\$42.2	\$34.7	\$33.7	\$43.9	\$36.7	\$419.8	\$728			
2006 BILLINGS	\$44.4	\$35.8	\$34.4	\$30.6	\$30.7	\$36.5	\$39.0	\$43.3	\$38.2	\$49.0	\$39.7	\$38.2	\$459.8	\$754			
2007 BILLINGS	\$46.3	\$45.3	\$40.3	\$39.0	\$37.2	\$36.9	\$42.4	\$39.6	\$34.9	\$42.7	\$30.3	\$29.5	\$453.5	\$736			
2008 BILLINGS	\$38.7	\$32.4	\$23.3	\$28.4	\$27.5	\$32.9	\$35.9	\$36.9	\$27.7	\$34.2	\$38.1	\$48.4	\$402.5	\$688			
2009 BILLINGS	\$28.0	\$36.8	\$29.1	\$35.0	\$30.2	\$37.6	\$34.0	\$33.8	\$26.4	\$31.1	\$47.1	\$37.1	\$405.0	\$697			
JAPAN	2001 FLTS	35.0	32.0	36.0	34.0	35.0	35.0	35.0	35.0	32.0	34.0	30.0	31.0	404.0			
	2002 FLTS	31.0	28.0	31.0	33.0	31.0	30.0	32.0	33.5	32.0	31.0	30.0	31.0	370.5			
	2003 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	32.5	30.0	31.0	366.5			
	2004 FLTS	31.0	29.0	32.0	30.0	31.0	30.0	31.0	31.0	30.0	30.0	31.0	31.0	366.0			
	2005 FLTS	31.5	28.0	31.0	30.0	31.0	30.0	31.0	31.0	31.0	30.0	31.0	31.0	365.5			
	2006 FLTS	29.5	28.0	31.0	30.0	31.0	30.0	32.0	31.0	30.0	31.5	30.5	31.0	366.0			
	2007 FLTS	31.5	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.5	365.5			
	2008 FLTS	31.0	29.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	364.0			
	2009 FLTS	31.0	28.0	30.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	364.0			
	2001 PSGR	17.4	16.1	17.7	17.2	18.7	21.6	19.3	20.3	12.9	10.1	10.7	15.4	196.9		\$1.81	
	2002 PSGR	16.5	14.6	17.9	16.4	18.5	19.0	19.5	20.0	17.9	15.3	14.6	16.5	206.7		\$1.28	
	2003 PSGR	17.5	13.0	12.2	10.6	14.9	17.6	17.9	19.5	15.8	17.5	16.0	17.1	185.1		\$1.63	
	2004 PSGR	17.9	14.3	16.1	15.1	17.4	18.4	18.2	16.9	18.1	15.9	15.4	15.7	197.4		\$1.64	
	2005 PSGR	17.9	14.3	16.1	15.1	17.4	18.4	18.3	17.2	15.3	15.1	15.0	16.3	193.5		\$1.51	
	2006 PSGR	17.9	14.5	16.1	14.4</												

APPENDIX 8. C.

		SFOTEC MEMBER INTERNATIONAL FLIGHT ACTIVITY - ITB												TOTAL	AVG COST PER FLT	AVG COST PER PSGR	
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC				
JET AIRWAYS	2008 FLTS			0.0	0.0	0.0	17.0	31.0	31.0	22.0	22.0	22.0	24.0	169.0			
	2009 FLTS	12.0	0.0	0.0	0.0	0.0	5.2	11.1	14.0	7.7	7.6	9.2	9.6	64.4			
	2008 PSGR			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
	2009 PSGR	6.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.6	\$2,059		
	2008 BILLINGS			\$13.6	\$21.8	\$20.7	\$10.7	\$15.0	\$19.3	\$21.8	\$8.6	(\$2.3)	\$3.4	\$132.6			
2009 BILLINGS	(\$2.5)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0			\$-2.5	
KINGFISHER	2008 FLTS					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
	2009 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
	2008 PSGR					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
	2009 PSGR	0.0	0.0	0.0	0.0	\$19.0	50.0	\$19.2	(\$0.3)	\$12.3	(\$15.7)	(\$18.8)	(\$12.3)	\$3.4			
	2008 BILLINGS					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
2009 BILLINGS	(\$3.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			(\$3.6)	
K L M	2001 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	26.0	26.5	26.0	27.0	348.5			
	2002 FLTS	26.0	24.0	30.0	30.0	31.0	30.0	31.0	31.0	39.0	30.0	30.0	28.0	351.0			
	2003 FLTS	30.0	28.0	30.0	21.0	23.0	26.0	31.0	31.0	30.0	29.0	22.0	21.0	322.0			
	2004 FLTS	23.0	21.0	23.0	30.0	31.0	29.0	31.0	31.0	30.0	31.0	30.0	31.0	353.0			
	2005 FLTS	27.0	24.0	27.0	30.0	31.0	30.0	29.0	31.0	30.0	30.5	30.5	30.0	360.0			
	2006 FLTS	31.0	25.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	361.0			
	2007 FLTS	30.0	27.0	31.0	29.0	30.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	364.0			
	2008 FLTS	31.0	28.0	31.0	28.0	31.0	30.0	31.0	31.0	30.0	30.0	25.0	27.0	245.0			
	2009 FLTS	28.0	24.0	27.0	30.0	31.0	30.0	31.0	31.0	30.0	30.0	13.1	11.4	195.9		\$1.70	
	2001 PSGR	16.9	13.7	18.8	19.3	19.2	19.7	18.7	19.4	14.9	15.6	14.8	12.2	12.6	169.5		\$1.41
	2002 PSGR	10.9	10.7	15.7	14.9	15.4	15.9	14.9	16.0	15.6	14.8	12.2	10.5	10.2	155.8		\$1.65
	2003 PSGR	12.3	9.9	12.6	10.5	12.0	13.8	16.4	17.2	15.7	14.7	10.5	12.2	12.5	171.0		\$1.65
	2004 PSGR	11.0	9.8	12.1	15.2	17.1	16.5	17.4	17.3	15.2	14.7	12.2	12.5	14.5	202.2		\$1.60
	2005 PSGR	12.5	11.7	16.1	18.3	18.9	18.7	19.7	19.5	19.1	18.5	14.7	14.5	15.0	187.0		\$1.59
	2006 PSGR	13.9	11.6	16.5	16.5	16.6	16.6	15.8	16.8	16.3	16.4	15.0	16.7	17.0	246.6		\$1.26
	2007 PSGR	14.2	12.6	18.3	22.4	23.3	24.7	24.1	24.4	24.9	24.0	24.0	14.9	16.0	247.7		\$1.26
	2008 PSGR	16.2	14.1	19.0	19.9	23.7	24.7	24.9	25.4	24.7	24.2	21.7	12.5	13.1	226.8		\$1.25
	2009 PSGR	13.0	9.7	14.0	22.3	22.5	23.9	24.7	26.2	24.2	24.2	21.7	12.5	13.1	226.8		\$1.25
	2001 BILLINGS	\$41.3	\$33.6	\$49.7	\$49.8	\$48.7	\$40.0	\$17.8	\$7.1	\$8.0	\$8.6	\$13.4	\$15.7	\$333.7		\$958	
	2002 BILLINGS	\$14.1	\$19.2	\$18.8	\$21.1	\$16.5	\$18.2	\$19.1	\$17.3	\$20.8	\$26.5	\$27.2	\$20.0	\$238.8		\$680	
	2003 BILLINGS	\$16.7	\$19.3	\$24.6	\$19.7	\$24.9	\$25.0	\$30.4	\$24.0	\$26.9	\$23.7	\$13.6	\$8.8	\$257.8		\$800	
	2004 BILLINGS	\$12.7	\$21.4	\$23.1	\$32.9	\$36.5	\$29.4	\$22.9	\$24.2	\$22.4	\$21.1	\$17.7	\$17.7	\$282.0		\$858	
	2005 BILLINGS	\$17.0	\$20.0	\$27.1	\$29.2	\$31.5	\$24.3	\$20.0	\$28.0	\$30.6	\$29.9	\$26.9	\$19.7	\$304.2		\$852	
	2006 BILLINGS	\$22.2	\$17.8	\$24.2	\$24.9	\$27.0	\$23.5	\$20.1	\$25.6	\$29.5	\$26.0	\$28.6	\$19.7	\$297.7		\$827	
	2007 BILLINGS	\$23.6	\$24.4	\$28.6	\$36.1	\$34.3	\$31.8	\$31.5	\$28.6	\$29.5	\$35.7	\$18.6	\$14.9	\$335.4		\$929	
2008 BILLINGS	\$18.3	\$20.0	\$18.5	\$24.1	\$29.7	\$30.4	\$27.5	\$26.1	\$36.4	\$34.4	\$26.0	\$22.5	\$311.9		\$857		
2009 BILLINGS	\$5.9	\$17.3	\$19.2	\$36.4	\$33.1	\$35.7	\$27.2	\$24.2	\$31.1	\$31.1	\$17.8	\$6.5	\$284.5		\$825		

SPOTEC MEMBER INTERNATIONAL FLIGHT ACTIVITY - ITB

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	AVG COST PER FLT	AVG COST PER PSGR
KOREAN AIR	2001 FLTS	25.0	19.0	22.0	21.0	26.0	23.0	31.0	31.0	20.5	22.0	21.0	22.0	286.5		
	2002 FLTS	22.0	20.0	23.0	21.0	22.0	22.0	22.0	22.0	21.0	22.0	22.0	27.0	266.0		
	2003 FLTS	31.0	20.0	20.0	18.0	19.0	24.0	30.0	31.0	21.0	22.0	22.0	26.0	284.0		
	2004 FLTS	25.0	21.0	22.0	17.0	19.0	24.0	31.0	31.0	21.0	23.0	21.0	26.0	281.0		
	2005 FLTS	26.0	20.0	22.0	17.0	20.0	25.0	22.0	31.0	17.0	17.0	21.0	21.0	258.0		
	2006 FLTS	24.0	20.0	22.0	22.0	26.0	27.0	27.0	27.0	17.0	18.0	17.0	15.0	265.0		
	2007 FLTS	17.0	16.0	16.0	17.0	19.0	17.0	16.0	19.0	18.0	17.0	17.0	18.0	210.0		
	2008 FLTS	18.0	16.0	18.0	17.0	19.0	22.0	31.0	18.0	18.0	17.0	17.0	18.0	210.0		
	2009 FLTS	31.0	20.0	24.0	17.0	18.0	21.0	25.0	20.0	22.0	21.0	17.0	19.0	255.0		
	2001 PSGR	11.1	7.9	8.7	8.9	11.1	14.2	15.3	16.4	8.8	7.1	7.2	9.5	126.6		\$2.05
	2002 PSGR	9.6	8.1	10.3	8.6	10.7	12.4	13.3	14.8	9.6	9.4	9.4	11.4	129.1		\$1.50
	2003 PSGR	11.3	7.7	7.7	8.1	8.6	11.0	13.1	15.8	8.7	9.1	9.5	10.7	121.3		\$1.88
	2004 PSGR	11.5	9.3	9.2	7.9	9.8	13.0	15.0	15.9	9.1	10.2	9.2	11.6	131.7		\$1.79
	2005 PSGR	11.3	9.0	9.4	8.2	10.3	13.2	11.8	16.0	7.8	7.9	8.9	9.6	123.9		\$1.86
	2006 PSGR	11.1	8.9	9.0	11.2	11.9	13.9	13.2	13.6	6.3	6.3	9.0	8.7	126.1		\$1.75
	2007 PSGR	8.7	7.6	8.3	8.3	9.3	8.7	11.8	12.8	6.8	7.5	7.3	10.2	107.2		\$1.74
	2008 PSGR	8.3	6.7	7.5	6.9	8.3	10.3	13.2	16.0	8.5	7.7	8.0	11.1	111.2		\$1.77
	2009 PSGR	12.9	7.5	7.9	7.3	7.7	8.8	11.3	15.2	8.8	8.5	7.4	8.9	112.2		\$1.69
	2001 BILLINGS	\$37.4	\$22.2	\$24.1	\$24.5	\$30.4	\$44.2	\$30.7	\$30.0	\$0.0	\$0.9	\$7.1	\$16.4	\$259.6	\$401	
2002 BILLINGS	\$16.2	\$16.5	\$12.7	\$12.3	\$10.4	\$15.2	\$18.3	\$16.8	\$13.9	\$17.4	\$20.3	\$24.2	\$194.2	\$730		
2003 BILLINGS	\$23.3	\$15.1	\$11.0	\$13.4	\$20.3	\$26.6	\$29.5	\$27.3	\$13.2	\$13.2	\$12.9	\$21.1	\$225.9	\$795		
2004 BILLINGS	\$21.3	\$21.2	\$18.3	\$11.5	\$17.0	\$23.6	\$30.5	\$32.8	\$13.8	\$13.7	\$10.6	\$22.9	\$235.2	\$837		
2005 BILLINGS	\$19.2	\$17.0	\$15.4	\$9.8	\$16.7	\$21.0	\$17.3	\$33.0	\$13.5	\$18.6	\$12.9	\$18.6	\$205.6	\$797		
2006 BILLINGS	\$25.2	\$17.0	\$17.2	\$17.2	\$22.0	\$28.0	\$24.8	\$25.5	\$11.2	\$16.3	\$10.7	\$14.5	\$221.0	\$834		
2007 BILLINGS	\$16.3	\$7.6	\$15.0	\$10.4	\$15.9	\$14.5	\$21.0	\$19.9	\$15.5	\$15.1	\$8.5	\$10.6	\$186.5	\$890		
2008 BILLINGS	\$14.7	\$12.1	\$8.7	\$11.0	\$13.7	\$19.5	\$25.9	\$27.5	\$15.6	\$9.0	\$12.2	\$26.3	\$186.7	\$787		
2009 BILLINGS	\$23.3	\$20.3	\$13.4	\$6.0	\$9.2	\$15.1	\$22.0	\$26.8	\$17.6	\$15.9	\$9.8	\$10.2	\$189.5	\$715		
LUFTHANSA	2001 FLTS	44.0	43.0	43.0	60.0	60.0	60.0	62.0	62.0	62.0	62.0	62.0	62.0	610.0		
	2002 FLTS	31.0	28.0	32.0	60.0	60.0	60.0	62.0	62.0	62.0	62.0	62.0	62.0	600.0		
	2003 FLTS	44.0	40.0	45.0	60.0	60.0	60.0	62.0	62.0	62.0	62.0	62.0	62.0	638.0		
	2004 FLTS	45.5	38.0	45.0	60.0	60.0	60.0	62.0	62.0	62.0	61.0	63.0	62.0	642.5		
	2005 FLTS	44.0	40.0	55.0	60.0	61.5	60.0	62.0	62.0	62.0	62.0	62.0	62.0	665.9		
	2006 FLTS	54.0	48.0	54.0	60.0	62.0	60.0	62.0	62.0	62.0	62.0	62.0	62.0	705.0		
	2007 FLTS	62.0	56.0	62.0	60.0	62.0	60.0	62.0	62.0	62.0	62.0	62.0	62.0	727.0		
	2008 FLTS	62.0	58.0	62.0	60.0	62.0	60.0	62.0	62.0	62.0	62.0	62.0	62.0	724.0		
	2009 FLTS	61.0	58.0	62.0	60.0	60.0	60.0	62.0	62.0	60.0	62.0	62.0	62.0	724.0		
	2001 PSGR	24.2	20.7	23.7	35.8	37.6	40.1	41.1	42.7	32.9	28.8	18.4	22.5	372.9		\$1.35
	2002 PSGR	16.7	17.0	21.5	21.5	35.8	33.5	36.4	36.6	35.3	33.2	23.5	24.6	347.7		\$1.19
	2003 PSGR	24.8	21.8	27.8	33.0	36.5	35.9	36.6	38.1	37.4	35.1	26.2	25.9	379.9		\$1.44
	2004 PSGR	26.4	22.2	29.3	35.2	40.5	42.0	40.9	42.5	42.4	40.3	26.5	25.8	413.3		\$1.34
	2005 PSGR	27.4	22.5	33.3	36.8	41.2	41.9	42.9	43.4	41.9	40.3	30.5	29.6	431.8		\$1.29
	2006 PSGR	30.3	26.4	32.7	39.9	41.5	41.4	43.3	43.0	40.9	41.1	30.6	37.8	453.9		\$1.35
	2007 PSGR	47.8	33.3	39.1	35.2	37.4	36.1	37.8	36.9	35.0	36.9	34.3	32.5	434.2		\$1.28
	2008 PSGR	34.3	31.0	35.6	34.2	35.4	36.4	37.7	38.0	35.8	36.1	32.5	32.3	417.3		\$1.28
	2009 PSGR	33.6	27.7	34.3	33.6	34.5	36.2	39.4	39.7	36.9	38.0	32.8	33.8	420.6		\$1.28
	2001 BILLINGS	\$29.3	\$50.9	\$79.7	\$108.0	\$106.8	\$95.5	\$42.4	\$19.6	\$29.0	\$22.0	\$3.3	\$10.6	\$588.0	\$854	
2002 BILLINGS	\$4.2	\$24.0	\$18.0	\$49.7	\$48.7	\$49.5	\$40.6	\$33.1	\$40.2	\$49.4	\$34.3	\$22.7	\$414.6	\$691		
2003 BILLINGS	\$17.4	\$34.2	\$46.8	\$78.3	\$85.8	\$67.7	\$43.3	\$30.6	\$49.1	\$48.9	\$28.7	\$16.9	\$547.5	\$898		
2004 BILLINGS	\$23.0	\$36.5	\$44.7	\$65.3	\$78.4	\$64.6	\$45.7	\$51.3	\$64.9	\$54.6	\$21.3	\$15.8	\$354.1	\$862		
2005 BILLINGS	\$17.5	\$31.7	\$54.3	\$56.1	\$66.0	\$49.1	\$40.0	\$54.9	\$50.3	\$58.1	\$42.4	\$25.9	\$553.3	\$831		
2006 BILLINGS	\$35.7	\$34.4	\$42.8	\$55.5	\$60.1	\$55.6	\$47.6	\$53.2	\$61.7	\$73.2	\$52.0	\$40.2	\$612.0	\$968		
2007 BILLINGS	\$51.1	\$54.7	\$50.6	\$48.4	\$47.3	\$40.8	\$49.8	\$43.8	\$45.8	\$57.0	\$38.2	\$31.7	\$558.9	\$769		
2008 BILLINGS	\$42.7	\$39.6	\$30.7	\$39.0	\$40.1	\$43.1	\$40.4	\$38.2	\$57.0	\$55.1	\$60.9	\$46.1	\$532.9	\$736		
2009 BILLINGS	\$29.3	\$50.8	\$51.2	\$45.4	\$38.0	\$44.1	\$46.2	\$40.1	\$50.8	\$57.8	\$63.9	\$29.9	\$537.4	\$742		
MEXICANA	2001 FLTS	154.0	135.0	138.0	143.5	142.0	137.0	145.0	145.0	102.0	105.0	108.0	117.0	1,572.5		
	2002 FLTS	112.0	103.0	90.0	82.0	86.0	85.0	97.0	98.5	77.5	78.0	84.5	91.0	1,052.5		
	2003 FLTS	92.5	71.0	75.0	71.0	56.0	58.0	55.0	60.0	47.0	48.0	49.0	56.0	738.5		
	2004 FLTS	63.0	47.0	47.0	56.0	59.0	54.0	69.0	65.0	63.5	60.0	61.5	78.0	720.0		
	2005 FLTS	76.0	64.0	61.0	61.0	61.0	60.0	64.0	60.0	50.0	62.0	75.0	51.0	783.0		
	2006 FLTS	77.0	71.0	79.0	76.5	78.0	76.0	81.0	76.0	68.0	71.0	71.0	72.0	856.5		
	2007 FLTS	70.0	64.0	68.0	69.0	70.0	68.0	71.0	70.0	69.0	71.0	68.0	73.0	831.0		
	2008 FLTS	76.0	65.0	72.0	69.0	71.0	69.0	84.0	62.0	60.0	61.5	60.0	67.5	840.5		
	2009 FLTS	98.0	96.0	106.5	102.0	109.5	99.5	105.5	104.5	100.5	105.0	104.0	105.0	1,226.0		
	2001 PSGR	31.6	27.1	28.0	31.2	30.9	30.2	36.5	34.5	15.3	16.9	20.3	26.2	330.4		\$2.77
	2002 PSGR	24.0	20.6	19.7	17.2	13.7	17.2	20.9	22.4	12.6	12.3	15.6	21.9	216.1		\$1.99
	2003 PSGR	20.4	12.7	13.3	12.3	9.9	11.1	12.2	13.0	7.6	8.2	8.3	11.6	140.8		\$2.42
	2004 PSGR	11.6	9.3	9.3	10.8	10.9	11.2	15.3	14.4	9.5	11.9	11.9	16.2	142.0		\$2.91
	2005 PSGR	15.1	12.1	13.4	11.6	12.0	12.9	15.6	13.1	8.8	12.1	13.6	16.3	156.6		\$2.61
	2006 PSGR	15.3	13.4	14.1	16.8	13.7	15.7	18.2	15.9	10.2	12.0	13.7	13.9	171.9		\$2.88
	2007 PSGR	12.3	9.2	11.1	14.2	13.4	12.8	15.4	15.4	11.5	13.2	12.3	15.5	157.1		\$2.67
	2008 PSGR	14.4	12.1	15.3	13.8	18.1	16.4	16.2	15.4	13.5	14.8	17.1	22.7	187.9		\$2.37
	2009 PSGR	20.4	18.8	21.7	22.1	13.3	18.6	21.6	21.0	14.1	19.1	19.6	21.4	231.6		\$2.55
	2001 BILLINGS	\$159.6	\$123.8	\$121.0	\$115.2	\$110.9	\$107.8	\$95.9	\$98.0	\$7.8	\$4.7	\$32.6	\$65.7	\$914.0	\$581	
2002 BILLINGS	\$55.1	\$52.4	\$17.3	\$17.6	\$4.2	\$30.6	\$45.9	\$44.2	\$29.4	\$31.8	\$48.9	\$69.5	\$4			

**APPENDIX 8. C.**

		SFOTEC MEMBER INTERNATIONAL FLIGHT ACTIVITY - ITB												TOTAL	AVG COST PER FLT	AVG COST PER PSGR	
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC				
NORTHWEST	2001 FLTS	31.0	28.0	31.0	30.0	30.0	30.0	31.0	32.0	28.5	30.0	30.0	32.0	363.5			
	2002 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	30.0	30.0	31.0	365.5			
	2003 FLTS	31.0	27.5	31.0	25.0	27.0	26.0	31.0	31.0	30.0	30.0	30.0	28.5	31.0	363.5		
	2004 FLTS	31.0	29.0	30.0	30.0	32.0	30.0	31.0	31.0	31.0	30.0	31.0	30.0	31.0	365.0		
	2005 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	30.0	30.0	31.0	363.0			
	2006 FLTS	30.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	30.0	30.0	31.0	365.0			
	2007 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	30.0	30.0	31.0	365.0			
	2008 FLTS	31.0	29.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	30.0	30.0	32.0	365.0			
	2009 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	31.0	365.0			
	2001 PSGR	16.3	13.1	14.8	14.2	16.5	18.8	17.8	19.4	11.2	8.7	10.1	15.5	176.4		\$1.85	
	2002 PSGR	16.3	15.4	17.0	15.0	17.9	19.2	17.4	19.6	17.3	16.9	14.8	18.2	205.0		\$1.32	
	2003 PSGR	17.6	12.9	14.6	10.6	12.7	14.9	15.7	13.8	14.8	12.8	14.8	12.8	168.4		\$1.88	
	2004 PSGR	12.0	12.6	13.8	12.2	14.8	15.3	14.8	14.9	12.2	12.3	11.1	13.0	161.0		\$1.73	
	2005 PSGR	12.0	10.8	13.1	11.2	13.3	13.9	13.8	13.6	11.5	12.8	12.1	12.8	150.9		\$1.77	
	2006 PSGR	12.5	11.6	14.4	12.3	13.7	13.9	14.0	14.0	12.6	12.9	13.9	13.2	158.1		\$1.77	
	2007 PSGR	13.3	11.5	14.4	13.0	13.7	13.9	14.0	14.1	13.0	13.5	12.9	12.8	159.8		\$1.71	
	2008 PSGR	13.0	11.5	13.9	13.0	14.0	13.4	13.5	13.3	13.4	13.2	13.5	14.3	160.0		\$1.63	
	2009 PSGR	13.3	9.7	11.1	10.0	10.3	14.6	13.3	13.4	12.0	12.6	12.2	14.1	147.6		\$1.69	
2001 BILLINGS	\$43.1	\$34.2	\$42.3	\$37.7	\$42.1	\$43.3	\$22.9	\$11.7	\$3.9	\$4.2	\$14.3	\$26.3	\$326.5	\$888			
2002 BILLINGS	\$26.3	\$28.5	\$16.3	\$16.2	\$13.4	\$20.6	\$21.8	\$19.4	\$21.4	\$28.6	\$30.1	\$28.5	\$271.6	\$743			
2003 BILLINGS	\$22.7	\$21.7	\$23.1	\$18.7	\$28.3	\$21.0	\$26.7	\$19.2	\$25.1	\$26.8	\$23.2	\$22.6	\$279.1	\$792			
2004 BILLINGS	\$21.0	\$27.6	\$23.9	\$23.4	\$28.4	\$24.3	\$22.0	\$22.4	\$20.7	\$22.2	\$19.8	\$22.5	\$278.3	\$760			
2005 BILLINGS	\$19.2	\$21.2	\$23.8	\$19.5	\$23.6	\$19.5	\$18.7	\$24.1	\$22.8	\$25.5	\$26.8	\$22.6	\$267.3	\$732			
2006 BILLINGS	\$23.4	\$21.0	\$22.6	\$20.8	\$22.6	\$21.7	\$21.9	\$23.8	\$25.8	\$31.1	\$25.1	\$20.4	\$280.2	\$772			
2007 BILLINGS	\$25.6	\$24.9	\$24.4	\$22.5	\$24.4	\$22.9	\$19.3	\$18.6	\$18.0	\$27.2	\$17.6	\$17.5	\$272.7	\$747			
2008 BILLINGS	\$21.2	\$19.1	\$14.4	\$18.7	\$20.9	\$19.3	\$18.6	\$18.0	\$26.7	\$25.2	\$30.7	\$28.4	\$251.2	\$716			
2009 BILLINGS	\$15.6	\$21.6	\$18.3	\$17.4	\$15.1	\$25.8	\$22.1	\$19.6	\$20.4	\$25.6	\$28.5	\$18.3	\$249.3	\$683			
PHILIPPINE	2001 FLTS	45.0	34.0	40.0	40.0	45.0	43.0	44.0	44.0	37.0	44.0	43.0	42.0	501.0			
	2002 FLTS	47.0	36.0	42.0	43.0	46.0	46.0	41.0	49.0	37.0	31.0	30.0	35.0	483.0			
	2003 FLTS	36.0	28.0	32.0	31.0	35.0	30.0	31.0	31.0	36.0	30.0	31.0	30.0	360.0			
	2004 FLTS	37.0	30.0	32.0	34.0	34.0	34.0	34.0	36.0	36.0	30.0	34.0	36.0	400.0			
	2005 FLTS	36.0	31.0	35.0	35.0	35.0	34.0	38.0	35.0	33.0	34.0	34.0	36.0	414.0			
	2006 FLTS	35.0	32.0	36.0	37.0	39.0	34.0	35.0	35.0	31.0	33.0	33.5	37.0	417.5			
	2007 FLTS	37.0	32.0	36.0	35.0	37.5	30.0	31.0	31.0	30.0	31.0	29.5	39.0	399.0			
	2008 FLTS	37.0	29.0	31.0	33.5	38.0	34.0	31.0	31.0	30.0	31.0	30.0	33.0	388.5			
	2009 FLTS	33.0	28.0	31.0	30.0	30.0	31.0	31.0	30.0	23.0	22.0	21.0	21.0	351.0			
	2001 PSGR	24.2	16.0	19.5	22.4	25.1	24.5	24.9	26.1	14.5	14.1	15.7	19.1	246.4		\$1.91	
	2002 PSGR	22.3	17.2	21.5	21.0	25.0	22.5	20.9	22.6	14.0	14.7	15.6	19.4	236.8		\$1.24	
	2003 PSGR	22.5	15.2	13.5	17.0	9.1	27.2	16.5	17.1	13.6	14.9	15.5	18.7	200.8		\$1.58	
	2004 PSGR	25.5	13.8	18.1	22.7	23.5	24.3	25.5	24.1	15.6	16.2	15.3	20.8	245.4		\$1.45	
	2005 PSGR	26.0	18.4	20.7	23.3	24.0	23.1	23.1	21.6	16.2	21.9	17.2	20.3	255.8		\$1.39	
	2006 PSGR	23.4	16.6	19.7	23.9	24.6	22.7	23.7	21.8	16.4	19.3	19.0	21.9	253.0		\$1.43	
	2007 PSGR	25.9	22.1	24.0	24.9	26.2	24.3	23.0	22.5	18.7	19.2	22.6	27.1	272.1		\$1.31	
	2008 PSGR	27.1	20.6	22.6	22.9	26.2	24.3	23.0	21.5	16.2	18.7	17.3	20.6	261.0		\$1.25	
	2009 PSGR	24.0	17.4	18.2	20.4	19.2	18.5	19.6	20.1	14.9	15.0	14.9	20.2	223.5		\$1.25	
2001 BILLINGS	\$81.5	\$49.8	\$50.9	\$51.5	\$70.9	\$59.1	\$29.2	\$9.7	\$3.0	\$9.7	\$23.7	\$31.9	\$470.9	\$940			
2002 BILLINGS	\$35.3	\$28.0	\$21.3	\$21.4	\$24.4	\$27.2	\$23.6	\$23.2	\$12.6	\$20.8	\$24.7	\$32.0	\$294.5	\$610			
2003 BILLINGS	\$34.7	\$25.2	\$19.9	\$30.0	\$23.8	\$47.9	\$20.6	\$22.0	\$11.4	\$25.3	\$26.4	\$30.9	\$318.1	\$637			
2004 BILLINGS	\$41.0	\$26.4	\$27.3	\$31.3	\$41.1	\$35.3	\$28.9	\$31.0	\$17.9	\$19.1	\$19.2	\$34.2	\$354.7	\$807			
2005 BILLINGS	\$37.3	\$31.3	\$29.8	\$27.3	\$33.0	\$26.3	\$21.4	\$28.6	\$24.5	\$33.2	\$31.2	\$31.4	\$355.3	\$858			
2006 BILLINGS	\$34.8	\$26.3	\$25.8	\$31.2	\$36.2	\$30.9	\$25.9	\$25.3	\$36.4	\$30.1	\$32.4	\$32.4	\$381.3	\$865			
2007 BILLINGS	\$42.8	\$39.7	\$32.4	\$32.7	\$33.7	\$25.6	\$26.2	\$27.1	\$22.6	\$30.2	\$19.3	\$29.7	\$357.0	\$895			
2008 BILLINGS	\$39.4	\$26.3	\$14.4	\$22.0	\$32.0	\$30.2	\$21.8	\$18.2	\$23.1	\$27.9	\$32.1	\$36.3	\$325.7	\$838			
2009 BILLINGS	\$25.3	\$33.1	\$24.0	\$23.9	\$19.1	\$25.8	\$22.3	\$21.0	\$20.9	\$19.8	\$21.7	\$23.4	\$280.3	\$799			
CANTAS AIRWAYS	2006 FLTS	0.0	\$0.0	0.0	13.0	13.0	21.0	26.0	19.0	13.0	13.0	13.0	28.0	159.0			
	2007 FLTS	26.0	12.0	15.0	22.0	21.0	22.0	35.0	28.0	22.0	22.0	21.0	30.0	276.0			
	2008 FLTS	32.5	21.0	23.0	21.0	22.0	22.0	21.0	23.0	21.0	22.0	22.0	22.0	272.5			
	2009 FLTS	22.0	18.0	20.0	19.0	16.8	11.5	15.9	10.2	6.9	7.2	6.6	11.2	83.4		\$0.43 **	
	2006 PSGR	0.0	0.0	0.0	7.1	16.6	12.0	13.6	14.3	11.5	11.4	10.2	14.9	140.5		\$0.58	
	2007 PSGR	15.9	6.3	8.0	11.8	10.5	11.4	11.3	12.1	10.7	10.1	10.2	11.9	138.6		\$0.65	
	2008 PSGR	17.2	11.0	11.3	10.9	10.5	11.4	11.3	12.1	10.7	10.1	10.2	11.9	121.8		\$0.67	
	2009 PSGR	11.3	8.1	8.9	9.9	10.0	10.8	13.0	11.3	10.0	10.6	9.1	8.6	121.8		\$1.211 **	
	2006 BILLINGS	\$12.5	\$13.5	\$12.0	\$12.8	\$11.4	\$23.5	\$29.8	\$21.3	\$9.8	\$9.3	\$10.7	\$25.9	\$92.5		\$884	
	2007 BILLINGS	\$36.5	\$14.7	\$7.5	\$16.8	\$21.8	\$23.0	\$30.5	\$25.5	\$17.7	\$18.0	\$10.5	\$22.9	\$44.0		\$779	
2008 BILLINGS	\$32.0	\$18.1	\$6.4	\$7.7	\$14.0	\$17.0	\$14.6	\$17.3	\$20.3	\$19.7	\$22.5	\$22.8	\$12.5		\$797		
2009 BILLINGS	\$13.4	\$16.5	\$13.1	\$14.6	\$12.5	\$16.5	\$19.7	\$16.5	\$16.3	\$17.8	\$17.2	\$9.4	\$8.5				
RYAN INTL	2001 FLTS	5.0	5.0	0.5	3.0	4.0	5.0	4.0	5.0	1.0	0.0	0.0	0.0	32.5			
	2002 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
	2003 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
	2004 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
	2001 PSGR	2.6	6.0	0.3	1.5	2.1	3.2	2.9	3.4	0.4	0.0	0.0	0.0	0.0		\$5.27	
	2002 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		N/A	
	2003 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		N/A	
	2004 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		N/A	
2001 BILLINGS	\$35.5	\$19.5															

APPENDIX 8. C.

		SFOTEC MEMBER INTERNATIONAL FLIGHT ACTIVITY - ITB												TOTAL	AVG COST PER FLT	AVG COST PER PSGR
SINGAPORE		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC			
2001 FLTS		62.0	55.0	61.5	60.0	62.0	60.0	62.0	62.0	53.0	60.0	52.0	62.0	711.5		
2002 FLTS		64.0	52.0	52.5	60.0	62.0	60.0	62.0	62.0	60.0	62.0	60.0	61.0	717.5		
2003 FLTS		62.0	56.0	61.5	43.0	29.0	37.0	58.5	62.0	60.5	62.5	60.0	62.0	654.0		
2004 FLTS		62.0	58.0	62.0	60.0	62.0	60.0	62.0	62.0	60.0	62.0	60.0	62.0	732.0		
2005 FLTS		62.0	56.0	62.0	60.0	62.0	60.0	62.0	62.0	60.0	62.0	60.0	62.0	730.0		
2006 FLTS		62.0	56.0	62.0	60.0	62.0	60.0	62.0	62.0	60.0	62.0	60.0	62.0	730.0		
2007 FLTS		62.0	56.0	62.0	60.0	62.0	60.0	62.0	62.0	60.0	62.0	60.0	62.0	730.0		
2008 FLTS		62.0	56.0	62.0	60.0	62.0	60.0	62.0	62.0	60.0	62.0	60.0	62.0	730.0		
2009 FLTS		62.0	56.0	62.0	60.0	62.0	60.0	62.0	62.0	60.0	62.0	60.0	62.0	730.0		
2001 PSGR		33.0	24.6	26.8	27.7	29.3	34.1	33.6	34.5	21.4	18.8	18.8	29.5	332.3		\$1.76
2002 PSGR		33.6	26.2	30.7	29.1	32.5	35.1	34.0	34.2	26.5	24.3	26.1	31.5	363.8		\$1.27
2003 PSGR		32.6	23.8	24.3	11.5	10.9	18.9	32.3	36.8	26.4	24.6	28.0	31.8	301.9		\$1.58
2004 PSGR		34.9	26.2	28.5	28.2	34.3	26.4	36.2	35.3	28.0	30.6	29.0	33.1	370.6		\$1.50
2005 PSGR		34.1	27.0	30.4	29.5	33.5	35.6	36.3	36.3	29.2	31.9	31.4	35.1	390.3		\$1.39
2006 PSGR		36.5	29.2	30.4	30.5	33.2	36.0	37.5	36.0	29.4	30.6	30.4	34.6	394.3		\$1.42
2007 PSGR		35.4	29.2	33.7	31.6	34.4	35.4	37.4	34.0	28.9	28.5	29.3	32.3	380.1		\$1.37
2008 PSGR		32.7	26.4	29.3	27.6	33.0	33.4	33.5	33.3	26.0	27.5	27.9	30.7	361.3		\$1.38
2009 PSGR		28.2	20.1	23.0	22.6	24.9	26.6	29.4	34.1	19.9	26.8	26.4	29.0	311.0		\$1.48
2001 BILLINGS		\$65.9	\$61.5	\$74.0	\$65.9	\$73.1	\$76.9	\$40.6	\$18.1	\$6.4	\$11.5	\$23.0	\$48.4	\$585.3		\$623
2002 BILLINGS		\$51.6	\$47.4	\$23.4	\$27.3	\$26.6	\$39.6	\$39.7	\$32.7	\$31.7	\$40.5	\$51.2	\$50.5	\$462.2		\$644
2003 BILLINGS		\$45.9	\$40.6	\$38.2	\$12.1	\$4.2	\$20.7	\$62.0	\$67.0	\$55.9	\$40.9	\$42.9	\$45.7	\$476.1		\$728
2004 BILLINGS		\$51.5	\$50.7	\$44.6	\$42.7	\$56.0	\$36.9	\$45.4	\$45.1	\$45.2	\$44.4	\$44.1	\$48.6	\$555.2		\$759
2005 BILLINGS		\$43.2	\$40.9	\$44.4	\$37.4	\$47.4	\$41.6	\$37.9	\$50.6	\$45.4	\$50.3	\$54.4	\$49.3	\$542.8		\$744
2006 BILLINGS		\$55.4	\$42.2	\$37.1	\$36.9	\$43.6	\$47.9	\$46.9	\$49.6	\$48.3	\$60.1	\$47.2	\$44.7	\$560.1		\$767
2007 BILLINGS		\$55.5	\$52.4	\$45.2	\$43.8	\$46.4	\$43.5	\$52.5	\$42.2	\$37.7	\$45.3	\$33.6	\$37.6	\$525.7		\$704
2008 BILLINGS		\$46.1	\$36.7	\$20.3	\$31.6	\$40.9	\$46.4	\$40.1	\$37.7	\$44.4	\$45.9	\$54.5	\$54.4	\$498.6		\$682
2009 BILLINGS		\$29.3	\$40.0	\$33.4	\$33.6	\$32.3	\$40.0	\$41.8	\$40.7	\$33.6	\$48.0	\$48.6	\$37.5	\$459.1		\$629

APPENDIX 8. C.

SPOTEC MEMBER INTERNATIONAL FLIGHT ACTIVITY - ITB

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	AVG COST PER FLT	AVG COST PER PSGR
<b>SWISSAIR</b>															
2001 FLTS	22.0	20.0	23.0	20.0	31.0	30.0	30.0	31.0	26.0	20.0	0.0	0.0	245.0		
2002 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
2003 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
2004 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
2001 PSGR	7.4	5.2	0.0	11.2	12.4	13.4	13.0	13.6	10.9	0.7	0.0	0.0	86.6	\$2.22	
2002 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A	
2003 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A	
2004 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A	
2001 BILLINGS	\$14.2	\$21.2	\$36.1	\$46.9	\$48.9	\$42.4	\$18.1	\$7.8	\$7.7	-\$20.6	-\$17.6	-\$12.6	\$197.4	\$806	
2002 BILLINGS	\$2.6	-\$3.0	-\$3.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	-\$8.6	N/A	
2003 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	N/A	
2004 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	N/A	
<b>TACA</b>															
2001 FLTS	30.0	28.0	31.0	29.0	31.0	30.0	31.0	31.0	23.0	26.0	30.0	34.0	354.0		
2002 FLTS	29.0	24.0	27.0	29.0	31.0	30.0	28.0	41.0	31.0	31.0	35.0	48.0	441.0		
2003 FLTS	42.0	31.0	32.0	32.0	33.0	33.0	49.0	62.0	62.0	36.0	31.0	46.0	61.0		
2004 FLTS	49.0	32.0	36.0	35.0	33.0	45.0	62.0	52.0	38.0	36.0	34.0	61.0	61.0		
2005 FLTS	48.0	33.0	36.0	34.0	35.0	40.0	46.0	47.0	26.0	26.0	34.0	49.0	49.0		
2006 FLTS	41.0	32.0	35.0	34.0	35.0	46.0	62.0	62.0	35.0	35.0	30.0	44.0	44.0		
2007 FLTS	45.0	29.0	31.0	30.0	19.0	28.0	42.0	35.0	30.0	31.0	30.0	44.0	44.0		
2008 FLTS	39.0	28.0	31.0	30.0	31.0	38.0	45.0	41.0	30.0	31.0	30.0	50.0	50.0		
2009 FLTS	39.0	28.0	31.0	30.0	31.0	38.0	45.0	41.0	30.0	31.0	30.0	50.0	50.0		
2001 PSGR	7.9	6.3	7.1	6.6	6.5	7.6	8.9	8.2	5.1	5.1	7.1	9.0	65.4	\$3.36	
2002 PSGR	8.3	6.4	7.6	7.6	8.1	7.6	9.9	10.5	6.6	6.6	7.8	10.1	97.3	\$2.20	
2003 PSGR	10.4	7.3	7.7	8.1	7.3	8.2	10.4	11.5	7.2	7.3	8.4	10.6	104.4	\$2.58	
2004 PSGR	10.2	7.5	8.3	7.7	8.0	10.5	13.4	12.8	7.4	7.2	9.6	13.2	115.8	\$2.46	
2005 PSGR	12.1	7.9	8.5	8.0	8.1	10.0	13.3	12.5	7.3	7.5	8.3	12.9	116.5	\$2.33	
2006 PSGR	11.6	8.1	8.8	8.9	8.9	9.8	12.5	11.2	6.2	6.5	8.1	10.8	111.4	\$2.37	
2007 PSGR	10.2	8.1	9.4	8.7	8.8	12.6	16.5	15.0	9.0	9.0	9.3	13.0	129.6	\$2.20	
2008 PSGR	11.1	7.3	8.2	7.4	5.2	7.5	10.3	8.9	7.6	8.0	7.7	11.0	100.2	\$2.22	
2009 PSGR	10.2	7.5	8.4	7.7	8.1	10.2	11.5	10.1	7.3	7.0	7.6	11.5	107.1		
2001 BILLINGS	\$67.2	\$26.6	\$32.8	\$28.8	\$29.6	\$28.7	\$18.9	\$7.9	\$1.5	\$3.3	\$16.9	\$24.6	\$295.8	\$810	
2002 BILLINGS	\$19.1	\$14.5	\$8.2	\$12.9	\$11.8	\$15.8	\$20.5	\$21.8	\$18.2	\$17.0	\$24.3	\$23.3	\$214.0	\$549	
2003 BILLINGS	\$27.0	\$16.2	\$13.5	\$21.4	\$24.6	\$26.4	\$30.5	\$30.2	\$15.3	\$13.3	\$32.6	\$32.6	\$299.9	\$612	
2004 BILLINGS	\$26.6	\$21.9	\$14.2	\$17.0	\$22.5	\$26.5	\$43.5	\$46.6	\$14.4	\$5.3	\$19.5	\$42.8	\$312.0	\$603	
2005 BILLINGS	\$33.1	\$14.8	\$11.4	\$11.0	\$16.1	\$25.7	\$35.5	\$45.4	\$20.0	\$12.4	\$14.1	\$17.4	\$41.2	\$549	
2006 BILLINGS	\$35.8	\$24.5	\$8.7	\$14.0	\$20.0	\$25.2	\$30.2	\$32.4	\$13.0	\$14.1	\$17.4	\$33.6	\$265.0	\$564	
2007 BILLINGS	\$34.5	\$24.5	\$18.6	\$19.4	\$20.5	\$34.9	\$50.6	\$43.9	\$14.1	\$11.9	\$6.7	\$32.2	\$307.8	\$602	
2008 BILLINGS	\$28.0	\$13.8	(\$0.2)	\$8.5	\$6.4	\$15.8	\$24.7	\$24.5	\$22.4	\$17.3	\$22.5	\$35.5	\$220.2	\$559	
2009 BILLINGS	\$19.5	\$22.2	\$12.6	\$14.1	\$14.1	\$25.9	\$23.8	\$23.0	\$14.1	\$14.7	\$19.0	\$28.7	\$237.7	\$559	
<b>UNITED</b>															
2001 FLTS	436.5	409.0	457.0	444.0	463.5	446.5	353.0	431.0	390.0	372.0	360.0	386.5	4,949.0		
2002 FLTS	372.0	336.0	372.0	362.0	372.0	351.0	405.5	402.5	366.5	371.5	360.5	371.5	4,451.8		
2003 FLTS	371.5	335.5	371.5	362.0	371.5	341.0	316.0	346.0	371.5	360.0	372.0	359.0	4,092.5		
2004 FLTS	372.0	348.0	372.0	350.0	371.0	380.0	402.5	402.0	390.0	400.5	388.5	436.5	4,622.8		
2005 FLTS	469.5	422.0	473.5	484.5	474.0	457.0	474.5	472.5	405.5	435.0	404.0	440.0	5,415.0		
2006 FLTS	437.0	393.5	438.0	452.0	442.0	448.0	468.0	469.0	410.5	439.5	454.5	468.0	5,320.0		
2007 FLTS	446.5	389.0	441.5	437.0	463.5	517.0	543.0	542.5	472.0	514.5	472.0	505.0	5,773.5		
2008 FLTS	489.0	466.0	506.0	481.0	495.0	510.5	549.5	545.5	435.0	436.5	407.0	435.0	5,776.0		
2009 FLTS	429.5	380.5	439.0	457.0	439.0	468.5	456.5	469.5	423.5	385.5	346.0	372.0	5,036.5		
2001 PSGR	263.0	181.5	229.9	220.8	235.4	242.6	258.1	277.7	171.2	162.9	163.3	169.8	2,546.9	\$1.60	
2002 PSGR	193.4	183.6	225.8	199.0	209.5	205.1	250.6	241.7	206.8	216.5	163.0	199.6	2,545.0	\$1.05	
2003 PSGR	201.6	162.9	169.8	116.3	123.3	176.4	208.8	224.6	202.2	208.7	201.7	212.6	2,208.1	\$1.31	
2004 PSGR	202.7	185.6	213.6	203.9	210.7	232.4	235.7	239.6	218.4	218.5	200.4	222.4	2,123.9	\$1.24	
2005 PSGR	230.0	197.4	246.3	239.1	248.3	257.3	280.9	265.1	225.7	232.9	217.3	233.9	2,880.5	\$1.29	
2006 PSGR	230.9	195.5	241.5	238.8	244.3	257.7	265.0	260.2	225.2	232.9	217.3	233.9	2,880.5	\$1.25	
2007 PSGR	233.7	204.2	246.5	239.0	258.0	283.7	288.5	281.6	249.2	260.2	235.4	252.7	3,028.6	\$1.26	
2008 PSGR	293.2	215.7	263.1	233.4	251.3	258.8	258.3	270.8	203.3	209.1	180.3	224.3	2,813.6	\$1.18	
2009 PSGR	191.4	163.1	189.1	201.7	190.7	221.3	232.9	231.9	212.7	194.2	168.1	183.2	2,370.3	\$1.22	
2001 BILLINGS	\$552.2	\$465.2	\$641.3	\$601.7	\$692.1	\$432.8	\$138.2	\$99.7	\$64.2	\$104.3	\$189.0	\$251.7	\$4,072.9	\$623	
2002 BILLINGS	\$222.5	\$255.2	\$171.3	\$179.9	\$123.0	\$197.4	\$262.9	\$215.8	\$216.2	\$273.4	\$291.2	\$286.4	\$2,667.2	\$569	
2003 BILLINGS	\$201.2	\$227.4	\$234.2	\$164.0	\$147.5	\$242.5	\$302.7	\$291.2	\$282.0	\$292.2	\$273.9	\$244.9	\$2,893.8	\$707	
2004 BILLINGS	\$227.6	\$295.3	\$282.8	\$280.6	\$284.5	\$272.9	\$264.0	\$256.1	\$277.0	\$281.3	\$266.4	\$267.6	\$3,316.3	\$718	
2005 BILLINGS	\$285.0	\$296.9	\$333.7	\$300.0	\$321.0	\$268.9	\$222.5	\$294.4	\$268.7	\$312.1	\$308.8	\$267.2	\$3,539.9	\$659	
2006 BILLINGS	\$311.8	\$259.7	\$273.5	\$292.0	\$298.0	\$305.6	\$292.5	\$331.9	\$315.0	\$409.4	\$334.5	\$283.4	\$3,705.1	\$697	
2007 BILLINGS	\$316.3	\$306.7	\$291.5	\$319.1	\$335.1	\$363.6	\$397.7	\$350.4	\$264.6	\$369.2	\$216.7	\$257.9	\$3,787.8	\$656	
2008 BILLINGS	\$269.0	\$269.0	\$193.2	\$255.0	\$277.0	\$317.4	\$293.3	\$302.3	\$272.5	\$266.0	\$263.8	\$338.8	\$3,318.2	\$674	
2009 BILLINGS	\$169.9	\$280.0	\$237.8	\$292.5	\$216.3	\$298.8	\$266.1	\$249.3	\$271.1	\$258.0	\$228.0	\$132.0	\$2,392.2	\$574	
<b>VIRGIN ATLANTIC</b>															
2001 FLTS	31.0	28.0	31.0	30.0	31.0	37.0	48.0	49.0	41.0	35.0	30.0	28.0	420.0		
2002 FLTS	31.0	28.0	31.0	30.0	31.0	32.0	30.0	31.0	31.0	31.0	30.0	29.0	384.0		
2003 FLTS	31.0	28.0	31.0	30.0	31.0	31.0	30.0	31.0	31.0	31.0	30.0	29.0	363.0		
2004 FLTS	31.0	28.0	31.0	30.0	31.0	31.0	30.0	31.0	31.0	31.0	30.0	30.0	385.0		
2005 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	31.0	31.0	30.0	30.0	364.0		
2006 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	29.5	31.0	30.0	30.0	363.5		
2007 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	31.0	30.0	365.0		
2008 FLTS	31.0	28.0	31.0	30.0	31.0	30.0	31.0	31.0	30.0	31.0	30.0	30.0	362.0		
2009 FLTS	29.0	29.0	31.0	30.0	31.0	31.0	31.0	31.0	30.0	31.0	30.0	29.0	362.0		
2001 PSGR	20.2	17.7	25.4	23.1	21.3	27.9	32.0	35.0	24.5	17.6	15.0	17.3	276.3	\$1.66	
2002 PSGR	17.7	16.6	22.1	2											





**APPENDIX 8. C.**

**SFOTEC MEMBER DOMESTIC FLIGHT ACTIVITY - ITB**

														TOTAL	AVG COST PER FLT	AVG COST PER PSGR			
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC						
UNITED	2001 FLTS	26.0	29.5	31.0	54.5	55.5	53.0	46.0	50.5	37.5	24.5	45.0	61.5	505.5					
	2002 FLTS	52.0	58.0	44.5	74.0	71.0	67.0	78.0	76.0	73.5	77.0	66.5	74.5	818.0					
	2003 FLTS	81.0	70.0	78.0	48.5	45.5	53.0	65.0	59.0	69.5	60.5	70.0	77.0	766.0					
	2004 FLTS	81.0	80.0	95.0	66.0	67.0	70.5	67.5	85.0	73.0	80.5	60.0	68.5	922.0					
	2005 FLTS	87.0	83.5	89.0	60.5	70.0	72.0	68.5	76.0	22.5	41.0	30.0	53.0	773.0					
	2006 FLTS	87.5	63.0	62.5	66.5	29.0	36.0	46.0	41.5	34.0	23.5	41.0	48.0	577.5					
	2007 FLTS	44.0	42.0	49.0	33.0	25.5	47.5	45.5	53.0	25.5	38.5	19.5	31.5	455.5					
	2008 FLTS	36.0	25.0	27.5	27.5	25.5	37.0	47.5	52.0	38.5	37.5	57.0	51.0	462.0					
	2009 FLTS	64.0	66.5	77.5	66.5	43.5	59.0	60.5	51.0	52.0	68.5	57.5	79.0	707.5					
	2001 PSGR	7.1	9.0	8.2	11.3	11.6	15.9	17.8	18.1	11.6	8.2	20.8	17.6	156.0		\$1.43			
	2002 PSGR	14.5	24.8	15.2	18.7	22.6	23.1	29.0	27.8	23.1	24.4	20.3	25.6	269.0		\$1.28			
	2003 PSGR	24.2	20.4	24.1	13.3	10.5	12.5	21.6	16.7	13.6	13.7	19.4	22.5	212.6		\$1.91			
	2004 PSGR	18.5	22.8	17.4	23.5	24.4	23.4	23.8	30.7	24.6	28.6	18.9	25.6	282.2		\$1.85			
	2005 PSGR	21.5	21.5	25.8	20.0	20.6	23.0	20.8	24.1	5.6	10.5	7.7	12.1	213.0		\$1.29			
	2006 PSGR	15.5	12.4	13.5	12.7	6.1	10.6	12.0	9.2	7.4	5.4	12.6	14.7	132.1		\$1.17			
	2007 PSGR	13.2	13.3	17.7	11.3	10.8	14.5	13.9	14.0	7.9	11.5	6.5	6.4	141.1		\$0.75			
	2008 PSGR	9.3	6.1	5.6	7.0	8.2	10.6	12.9	13.1	9.6	9.3	15.7	17.7	124.1		\$0.81			
	2009 PSGR	15.0	14.0	21.5	13.4	10.1	15.1	15.6	13.4	12.1	14.6	17.4	16.9	179.3		\$0.81			
	2001 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$55.6	\$40.0	\$32.0	\$24.7	\$13.1	\$29.2	\$29.2	\$223.6	\$443				
	2002 BILLINGS	\$25.2	\$26.7	\$15.1	\$26.9	\$25.2	\$27.7	\$36.7	\$31.2	\$31.7	\$32.4	\$35.0	\$33.0	\$346.8	\$424				
2003 BILLINGS	\$43.1	\$43.3	\$43.4	\$26.8	\$24.1	\$28.7	\$36.9	\$27.3	\$28.8	\$31.6	\$35.2	\$33.9	\$406.1	\$530					
2004 BILLINGS	\$37.3	\$54.9	\$51.6	\$58.6	\$17.8	\$44.3	\$35.4	\$61.0	\$42.1	\$47.1	\$45.3	\$32.3	\$423.3	\$568					
2005 BILLINGS	\$38.2	\$38.2	\$42.5	\$30.3	\$31.6	\$14.4	\$15.2	\$4.5	\$15.2	\$4.5	\$8.2	\$6.0	\$73.8	\$354					
2006 BILLINGS	\$49.1	\$35.4	\$35.4	\$33.3	\$37.4	\$18.6	\$21.1	\$27.1	\$13.3	\$25.6	\$30.5	\$30.5	\$335.7	\$581					
2007 BILLINGS	\$27.9	\$28.4	\$32.1	\$20.8	\$13.4	\$1.2	\$9.1	\$10.6	\$5.1	\$7.9	\$3.6	\$6.3	\$164.7	\$362					
2008 BILLINGS	\$7.6	\$5.0	\$5.5	\$5.5	\$5.1	\$7.4	\$9.5	\$10.4	\$7.7	\$7.5	\$11.4	\$10.2	\$92.8	\$201					
2009 BILLINGS	\$10.8	\$11.1	\$15.5	\$11.3	\$8.7	\$11.8	\$12.6	\$11.0	\$10.8	\$12.2	\$14.0	\$14.6	\$144.4	\$204					
						Credit \$17.9 for 2 months wk													
Misc. - Other	2001 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
	2002 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	2.0	0.0	0.5	0.5	7.0					
	2003 FLTS	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	2.0					
	2004 FLTS	0.5	1.5	0.3	0.0	0.5	0.0	0.0	0.0	0.0	0.5	0.0	0.0	3.0					
	2005 FLTS	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5					
	2006 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
	2007 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	16.0					
	2008 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5					
	2009 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		N/A			
	2001 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.1	0.1	0.5		\$5.40			
	2002 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.2		\$15.50			
	2003 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		\$7.08			
	2004 PSGR	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3		N/A			
	2005 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		\$0.00			
	2006 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		\$2.03			
	2007 PSGR	0.0	0.0	0.0	0.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4		N/A			
	2008 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		\$0.43			
	2009 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		N/A			
	2001 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		\$457			
	2002 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5	\$1.4	\$1.0	\$0.0	\$0.0	\$0.3	\$3.2		\$1,560			
2003 BILLINGS	\$0.0	\$0.0	\$0.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.4	\$0.0	\$0.0	\$3.1		\$567				
2004 BILLINGS	\$0.3	\$0.9	\$0.4	\$0.0	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.3		\$600				
2005 BILLINGS	\$0.0	\$0.0	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		N/A				
2006 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		\$699				
2007 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		\$0				
2008 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		\$200				
2009 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.4	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.6		\$200				
SUBTOTAL	DOMESTIC FLTS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	AVG COST PER FLT	AVG COST PER PSGR			
	2001 FLTS	54.0	51.5	56.0	84.5	87.5	98.0	98.0	103.5	62.5	52.5	75.0	80.5	904.5					
	2002 FLTS	75.5	75.5	106.0	138.5	125.5	118.0	137.0	132.0	119.5	129.5	137.5	146.0	1,442.5					
	2003 FLTS	150.5	134.0	162.0	117.0	102.0	105.5	118.5	111.5	110.6	117.0	132.0	141.0	1,489.5					
	2004 FLTS	141.0	149.0	159.0	120.0	112.5	125.5	125.5	134.0	118.5	128.0	119.5	149.5	1,581.0					
	2005 FLTS	150.0	139.5	152.0	130.0	116.0	118.5	115.5	123.5	67.0	88.5	90.0	114.8	1,416.0					
	2006 FLTS	149.0	119.5	125.5	125.5	76.5	81.0	92.5	91.5	68.0	58.5	103.0	112.5	1,203.0					
	2007 FLTS	105.0	98.5	111.5	92.0	72.0	101.5	93.0	99.5	65.5	65.0	74.5	88.5	1,091.5					
	2008 FLTS	87.5	77.0	82.0	77.5	57.5	65.5	78.5	80.0	53.5	53.0	71.0	66.0	849.0					
	2009 FLTS	66.0	65.5	77.5	66.6	43.5	59.0	62.6	54.0	62.0	66.5	67.6	70.0	712.5					
	2001 PSGR	19.6	14.0	23.8	31.5	30.1	44.3	49.2	52.2	25.9	21.4	32.8	31.8	376.6		\$1.13			
	2002 PSGR	26.1	33.7	33.4	26.7	30.5	31.4	37.7	37.0	27.9	32.1	28.0	34.7	368.8		\$1.52			
	2003 PSGR	32.2	27.7	31.8	21.3	15.4	18.5	27.5	25.0	16.7	19.4	26.2	29.2	293.9		\$2.50			
	2004 PSGR	23.7	27.3	21.5	26.9	28.7	29.2	32.1	36.0	30.6	31.4	23.7	32.3	245.4		\$2.33			
	2005 PSGR	25.8	26.2	30.5	25.1	24.9	26.1	24.4	29.5	8.9	13.0	14.3	18.4	267.5		\$1.78			
	2006 PSGR	22.5	16.5	18.4	16.6	11.5	16.2	18.5	15.1	11.9	8.7	15.8	22.5	199.2		\$3.44			
	2007 PSGR	19.0	18.8	23.5	18.6	16.0	22.9	20.6	22.0	14.3	17.0	12.7	13.1	215.2		\$1.75			
	2008 PSGR	13.7	11.3	11.5	12.2	8.3	15.1	16.7	13.9	11.7	10.7	15.1	19.8	160.0		\$1.06			
	2009 PSGR	16.4	14.0	21.5	13.4	10.1	16.1	16.7	13.5	12.1	14.8	17.4	16.9	182.2		\$0.80			
	2001 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$168.0	\$86.5	\$67.3	\$46.4	\$28.4	\$46.6	\$44.3	\$425.5	\$470				
	2002 BILLINGS	\$38.																	

**APPENDIX 8. C.**

SFOTEC MEMBER DOMESTIC & INTERNATIONAL FLIGHT ACTIVITY COMBINED - ITB														TOTAL	AVG COST PER FLT	AVG COST PER PSGR	
GRAND TOTAL	ALL FLIGHTS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC				
2001 FLTS		1,370.0	1,253.5	1,399.5	1,422.0	1,451.5	1,441.5	1,400.0	1,541.5	1,221.0	1,214.5	1,181.0	1,259.0	16,155.0			
2002 FLTS		1,235.5	1,113.5	1,347.0	1,293.5	1,311.0	1,265.0	1,363.0	1,376.5	1,225.5	1,267.0	1,286.5	1,341.0	15,325.0			
2003 FLTS		1,352.0	1,182.5	1,313.5	1,133.5	1,023.0	1,107.0	1,231.0	1,269.5	1,193.5	1,241.0	1,224.5	1,286.0	14,557.0			
2004 FLTS		1,287.0	1,195.5	1,280.0	1,235.6	1,239.0	1,261.5	1,356.0	1,355.5	1,264.0	1,305.5	1,268.5	1,407.5	15,458.5			
2005 FLTS		1,428.5	1,259.5	1,420.5	1,409.0	1,366.0	1,351.0	1,420.5	1,413.0	1,230.0	1,297.0	1,285.5	1,408.5	16,296.0			
2006 FLTS		1,426.0	1,264.5	1,399.5	1,405.5	1,344.0	1,356.5	1,424.5	1,412.5	1,254.5	1,312.5	1,392.0	1,471.5	15,483.5			
2007 FLTS		1,434.0	1,270.0	1,422.5	1,381.5	1,397.0	1,441.5	1,514.0	1,515.0	1,352.5	1,452.5	1,435.5	1,543.5	17,167.5			
2008 FLTS		1,517.0	1,397.0	1,510.5	1,452.5	1,444.5	1,448.0	1,523.0	1,514.0	1,389.5	1,345.0	1,299.0	1,410.0	17,167.0			
2009 FLTS		1,394.5	1,316.5	1,386.0	1,396.5	1,410.0	1,432.0	1,457.5	1,454.0	1,311.0	1,285.0	1,258.5	1,346.0	16,392.5			
2001 PSGR		571.2	484.3	585.4	617.4	649.2	706.9	737.1	782.0	483.2	427.6	431.2	526.1	7,001.6		\$1.85	
2002 PSGR		529.1	484.7	577.2	554.1	591.4	634.2	675.5	686.5	549.8	562.6	504.1	509.0	6,858.2		\$1.31	
2003 PSGR		572.1	455.4	485.1	394.3	388.6	506.5	592.4	640.0	538.6	541.9	529.9	508.6	6,213.4		\$1.64	
2004 PSGR		564.9	481.8	547.9	559.6	595.2	637.5	683.5	680.1	586.4	594.3	531.2	592.4	7,075.4		\$1.67	
2005 PSGR		604.9	510.3	628.6	619.6	651.1	682.4	700.5	694.9	585.6	606.1	565.8	610.4	7,461.4		\$1.48	
2006 PSGR		623.0	514.6	619.3	646.1	647.6	692.6	723.1	690.4	599.4	623.7	609.5	647.7	7,637.5		\$1.56	
2007 PSGR		652.0	559.7	667.7	653.1	684.0	728.4	753.1	738.9	644.7	671.2	630.5	676.3	8,056.6		\$1.46	
2008 PSGR		675.0	577.1	689.9	647.2	689.9	732.6	733.1	751.8	609.3	624.2	580.2	651.6	7,942.8		\$1.37	
2009 PSGR		615.1	472.0	577.4	621.1	594.1	667.6	711.2	712.0	610.6	608.4	605.2	7,354.0		\$1.40		
2001 BILLINGS		\$1,658.0	\$1,366.7	\$1,794.0	\$1,793.9	\$1,794.2	\$1,607.3	\$780.1	\$420.3	\$235.1	\$241.2	\$192.4	\$797.8	\$12,981.3		\$304	
2002 BILLINGS		\$705.6	\$627.0	\$560.6	\$650.4	\$608.0	\$707.5	\$821.3	\$715.2	\$676.5	\$881.8	\$997.6	\$946.5	\$9,050.5		\$591	
2003 BILLINGS		\$805.2	\$502.8	\$620.9	\$783.1	\$775.2	\$694.5	\$953.0	\$909.2	\$871.3	\$900.2	\$856.4	\$823.1	\$10,194.9		\$700	
2004 BILLINGS		\$826.0	\$958.3	\$910.8	\$985.3	\$993.4	\$963.7	\$916.6	\$1,017.7	\$881.3	\$891.0	\$841.0	\$919.4	\$11,115.2		\$718	
2005 BILLINGS		\$859.3	\$865.8	\$936.5	\$869.2	\$931.1	\$802.8	\$730.9	\$1,012.5	\$902.0	\$942.9	\$995.6	\$948.6	\$10,929.2		\$671	
2006 BILLING		\$1,081.8	\$863.0	\$986.7	\$947.3	\$947.4	\$995.9	\$856.4	\$1,046.1	\$985.5	\$1,249.0	\$1,037.9	\$947.6	\$11,947.7		\$720	
2007 BILLING		\$1,115.0	\$1,048.5	\$985.3	\$1,051.7	\$984.5	\$968.2	\$1,110.7	\$898.4	\$834.6	\$1,002.1	\$742.0	\$836.9	\$11,757.2		\$666	
2008 BILLINGS		\$963.4	\$822.0	\$968.4	\$914.8	\$898.0	\$941.0	\$883.8	\$883.5	\$991.2	\$954.6	\$962.7	\$1,130.1	\$10,808.4		\$636	
2009 BILLINGS		\$634.8	\$658.8	\$836.7	\$939.9	\$779.1	\$886.2	\$933.4	\$841.7	\$856.4	\$939.7	\$962.5	\$647.9	\$10,328.1		\$630	
% Inet. or Decr																	
Flts 2009 vs 2008		-8.06%	-12.78%	-7.45%	-3.72%	-2.39%	-0.97%	-3.64%	-3.96%	0.11%	-3.72%	-2.27%	-4.61%	-4.51%			
Pass 2009 vs 2008		-8.87%	-18.08%	-16.31%	-4.03%	-13.89%	-8.87%	-2.89%	-5.28%	0.21%	-2.53%	0.04%	-7.43%	-7.41%			
Exp 2009 vs 2008		-34.11%	16.64%	37.36%	15.88%	-13.24%	5.87%	9.61%	-4.73%	-13.60%	-1.96%	0.02%	-42.67%	-5.28%			

**APPENDIX 8. C.**

Notes: E1 billed for in Aug. for Nov/Dec 07 Estimated \$12.7 (but not yet a member) (amounts not in this sheet)  
 NON MEMBER DOMESTIC & INTERNATIONAL FLIGHT ACTIVITY COMBINED - ITB

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	AVG COST PER FLT	AVG COST PER PSGR
AMERICAN TRANS AIR	2001 FLTS	0.0	0.0	0.0	0.0	0.0	2.0	7.5	0.0	0.0	0.0	0.0	0.0	9.5		
	2002 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
	2003 FLTS	0.0	0.0	0.0	3.5	5.0	4.0	4.0	5.0	4.0	4.0	5.0	4.0	38.5		
	2004 FLTS	5.0	4.0	4.0	4.0	5.0	4.0	5.0	4.5	4.0	5.0	4.0	4.0	52.5		
	2005 FLTS	5.0	3.5	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	2.0	0.0	11.0		
	2006 FLTS	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
	2001 PSGR	0.0	0.0	0.0	0.0	0.0	0.8	3.2	0.0	0.0	7.0	0.0	0.0	11.0		\$0.91
	2002 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		N/A
	2003 PSGR	0.0	0.0	0.0	1.0	1.3	1.3	0.7	1.9	0.8	1.1	1.5	1.4	11.0		\$5.25
	2004 PSGR	1.5	1.4	1.4	1.5	1.7	1.4	1.6	1.5	1.3	1.8	1.2	1.0	17.4		\$5.07
	2005 PSGR	1.3	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	2.5		\$6.40
	2006 PSGR	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4		\$2.25
	2001 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.1	\$7.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$10.0	\$1,053	
	2002 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		N/A
	2003 BILLINGS	\$0.0	\$0.0	\$0.0	\$5.3	\$7.5	\$6.0	\$6.0	\$7.5	\$6.0	\$6.0	\$7.5	\$6.0	\$57.8	\$1,501	
	2004 BILLINGS	\$10.9	\$9.3	\$9.1	\$6.0	\$7.5	\$6.0	\$7.5	\$6.7	\$6.0	\$7.5	\$6.0	\$6.0	\$88.5	\$1,685	
2005 BILLINGS	\$7.5	\$5.2	\$0.0	\$0.0	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3.0	\$0.0	\$16.0	\$1,455		
2006 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.9	\$900		
AIRTRAN	2001 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
	2002 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
	2003 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.0	30.0	49.0		
	2004 FLTS	30.0	29.0	30.0	30.0	36.0	59.0	62.0	62.0	52.0	53.5	52.0	57.0	552.5		
	2005 FLTS	33.0	28.0	50.0	52.0	53.0	59.0	62.0	62.0	60.0	62.0	60.0	62.0	643.0		
	2006 FLTS	34.0	28.0	40.0	60.0	62.0	64.5	63.0	117.0	94.5	0.0	0.0	0.0	613.0		
	2001 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		N/A
	2002 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		N/A
	2003 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.9	7.4	11.3		\$1.85
	2004 PSGR	5.9	4.7	7.4	3.5	8.8	15.7	16.9	15.6	9.6	10.9	10.7	13.0	122.6		\$2.02
	2005 PSGR	7.3	6.0	12.6	12.4	13.2	15.6	16.0	16.0	13.8	13.7	11.8	11.7	150.1		\$1.52
	2006 PSGR	8.2	6.3	9.3	14.7	15.4	21.2	23.2	26.5	18.7	0.0	0.0	0.0	143.5		\$2.39
	2001 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		N/A
	2002 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		N/A
	2003 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$8.1	\$12.8	\$20.9		\$427
	2004 BILLINGS	\$12.8	\$12.5	\$12.8	\$12.8	\$15.3	\$25.1	\$26.3	\$26.3	\$22.1	\$22.7	\$26.7	\$32.0	\$247.1		\$447
2005 BILLINGS	\$18.4	\$15.7	\$26.0	\$29.1	\$29.7	\$11.8	\$12.4	\$12.4	\$12.0	\$12.4	\$12.0	\$34.7	\$228.6		\$356	
2006 BILLINGS	\$19.0	\$15.7	\$22.4	\$33.6	\$34.7	\$47.3	\$52.1	\$65.5	\$52.9	\$0.0	\$0.0	\$0.0	\$343.2		\$550	
WESTJET	2004 FLTS										8.0	9.0	9.0	26.0		
	2005 FLTS	15.0	16.0	18.0	17.0	23.0	21.0	22.0	22.0	17.0	12.0	12.0	12.0	217.0		
	2006 FLTS	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0		
	2004 PSGR										1.7	1.9	2.1	5.7		\$2.54
	2005 PSGR	1.8	2.7	3.4	3.0	2.9	3.2	4.7	4.5	4.0	2.8	2.5	2.3	37.8		\$2.11
	2006 PSGR	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0		\$2.20
	2004 BILLINGS										4.5	\$5.0	\$5.0	\$14.5		\$558
	2005 BILLINGS	\$8.4	\$8.9	\$10.1	\$9.5	\$12.9	\$4.2	\$4.4	\$4.4	\$4.4	\$3.4	\$2.4	\$6.7	\$79.7		\$367
	2006 BILLINGS	\$2.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.2		\$550
	2009 FLTS	0	0	0	0	0	15.0	13.0	13.0	13.0	13.0	0.0	0.0	0.0	\$67.0	
2009 PSGR	0	0	0	0	0	3.1	3.3	3.3	2.9	2.6	0.0	0.0	\$15.4	\$0.50		
2009 BILLINGS	0	0	0	0	0	\$3.0	\$2.7	\$2.7	\$2.7	\$2.7	\$0.0	\$0.0	\$13.8	\$206		
INDEPENDENCE AIR	2005 FLTS	0.0	0.0	0.0	0.0	61.5	89.0	93.0	93.0	64.5	50.0	17.0	0.0	488.0		
	2006 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
	2005 PSGR	0.0	0.0	0.0	0.0	11.4	19.0	22.3	19.4	10.7	8.9	3.1	0.0	94.8		\$1.22
	2006 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
	2005 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$34.4	17.3	\$18.6	\$18.6	\$12.9	\$10.0	\$3.6	\$0.0	\$115.9	\$248	
	2006 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		
ICELAND AIR	2005 FLTS	0.0	0.0	0.0	0.0	4.0	18.0	17.0	18.0	8.0	5.0	\$0.0	\$0.0	70.0		
	2006 FLTS	0.0	0.0	0.0	0.0	5.0	17.0	18.0	18.0	9.0	5.0	\$0.0	\$0.0	72.0		
	2005 PSGR	0.0	0.0	0.0	0.0	1.8	6.3	8.3	9.1	3.8	1.9	\$0.0	\$0.0	31.2		\$3.37
	2006 PSGR	0.0	0.0	0.0	0.0	1.9	7.1	8.8	9.6	3.7	1.4	\$0.0	\$0.0	32.5		\$3.32
	2005 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	6.0	27.0	\$25.5	\$27.0	\$12.0	\$7.5	\$0.0	\$0.0	\$105.0	\$1,500	
	2006 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$7.5	\$25.5	\$27.0	\$27.0	\$13.5	\$7.5	\$0.0	\$0.0	\$108.0	\$1,500	

		NON MEMBER DOMESTIC & INTERNATIONAL FLIGHT ACTIVITY COMBINED - ITB												TOTAL	AVG COST	AVG COST	
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC				
SPIRIT AIR	2006 FLTS	0.0	0.0	0.0	0.0	7.0	29.0	31.0	31.0	30.0	31.0	30.0	\$0.0	189.0			
	2007 FLTS	0.0	0.0	0.0	0.0	31.0	30.0	31.0	30.0	4.0	0.0	0.0	0.0	126.0			
	2006 PSGR	0.0	0.0	0.0	0.0	1.5	6.4	7.4	7.2	5.8	6.7	6.4	0.0	41.4		\$2.96	
	2007 PSGR	0.0	0.0	0.0	0.0	4.1	7.0	7.1	7.1	1.0	0.0	0.0	0.0	26.3		\$2.04	
	2006 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$3.9	\$16.2	\$17.4	\$17.4	\$16.8	\$17.4	\$16.8	\$0.0	\$165.3	\$560		
	2007 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$5.2	\$6.0	\$6.2	\$6.0	\$8.0	\$0.0	\$0.0	\$0.0	\$32.4	\$257		
JET BLUE	2007 FLTS	0.0	0.0	0.0	0.0	144.5	149.0	156.0	182.0	175.0	182.0	149.0	153.0	1,290.5			
	2008 FLTS	153.0	142.5	154.0	150.0	208.0	199.5	181.0	162.0	122.0	123.0	149.0	151.0	1,895.0			
	2009 FLTS	155.0	137.0	155.0	148.0	215.0	210.5	216.0	217.0	201.0	202.0	188.0	205.5	2,250.0			
	2007 PSGR	0.0	0.0	0.0	0.0	36.4	40.4	42.2	49.0	38.3	41.1	34.1	34.6	316.1		\$0.82	
	2008 PSGR	33.3	30.5	37.2	33.2	45.3	48.4	45.6	41.6	30.3	27.8	26.6	27.2	427.0		\$0.89	
	2009 PSGR	24.8	22.1	28.1	29.2	44.2	45.8	49.5	50.4	41.4	42.2	34.1	39.5	451.3		\$1.02	
	2007 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$28.9	\$29.8	\$31.2	\$36.4	\$35.0	\$36.4	\$29.8	\$30.6	\$258.1	\$200		
	2008 BILLINGS	\$30.6	\$28.5	\$30.8	\$30.3	\$41.6	\$39.9	\$36.2	\$32.4	\$24.4	\$24.6	\$29.8	\$30.2	\$379.3	\$200		
	2009 BILLINGS	\$31.0	\$27.4	\$31.0	\$29.6	\$43.0	\$42.1	\$44.9	\$45.1	\$41.8	\$42.0	\$39.1	\$42.7	\$459.7	\$204		
VIRGIN AMERICA	2007 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	178.0	262.0	390.0	426.5	461.5	1,718.0			
	2008 FLTS	453.5	496.5	665.0	738.0	783.5	868.0	901.5	876.5	707.0	731.0	733.0	752.0	8,656.5			
	2009 FLTS	753.5	722.0	869.0	911.6	974.5	976.5	1,040.5	1,057.5	938.0	851.0	935.5	860.0	10,989.5			
	2007 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	37.3	41.5	68.9	72.0	57.3	299.0		\$1.13	
	2008 PSGR	67.7	76.0	125.5	146.5	167.2	170.6	194.4	150.3	161.2	162.8	169.8	172.0	1,804.0		\$0.85	
	2009 PSGR	137.1	142.1	164.1	177.0	192.2	193.3	221.9	216.1	225.6	217.5	222.6	216.5	2,363.5		\$0.82	
	2007 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$35.6	\$52.4	\$78.0	\$85.3	\$87.9	\$339.2	\$197		
	2008 BILLINGS	\$88.0	\$94.5	\$119.8	\$130.7	\$137.5	\$141.2	\$155.2	\$151.5	\$126.1	\$129.7	\$129.9	\$134.3	\$1,538.4	\$178		
	2009 BILLINGS	\$133.0	\$128.3	\$150.2	\$141.7	\$166.2	\$166.5	\$184.4	\$187.1	\$168.2	\$170.4	\$167.8	\$171.7	\$1,935.5	\$176		
SUN COUNTRY	2009 FLTS											8.0	22.0	30.0			
	2009 PSGR											1.7	6.0	7.7		\$0.82	
	2009 BILLINGS											\$1.7	\$4.6	\$5.3		\$210	
QANTAS AIRWAYS PRIOR TO MEMBERSHIP	2006 FLTS			2.0										2.0			
	2006 PSGR			1.1										1.1			
	2006 BILLINGS			\$3.0										\$3.0			
AER LINGUS PRIOR TO MEMBERSHIP	2007 FLTS											3.0		3.0			
	2007 PSGR											1.4		1.4			
	2007 BILLINGS											\$4.5		\$4.5			

		NON MEMBER DOMESTIC & INTERNATIONAL FLIGHT ACTIVITY - ITB												TOTAL	AVG COST	AVG COST
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC		PER FLT	PER PSGR
MISC FLIGHT OPNS	2001 FLTS	35.5	0.0	0.0	0.0	0.0	0.0	8.0	0.0	0.0	0.0	0.0	0.0	35.5		
	2002 FLTS	0.5	0.0	1.5	0.0	0.0	4.0	13.0	14.0	0.5	0.0	0.0	0.0	33.5		
	2003 FLTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0	0.0	1.0	0.0	3.0		
	2004 FLTS	0.0	0.0	0.0	0.0	1.5	1.5	4.0	4.0	3.0	0.0	0.0	0.0	14.0		
	2005 FLTS	0.0	0.0	1.5	0.0	0.0	2.0	5.0	5.0	2.5	0.5	0.0	0.0	16.5		
	2006 FLTS	0.0	0.0	0.0	1.0	2.0	1.0	4.0	6.0	2.0	0.0	0.0	2.0	18.0		
	2007 FLTS	0.5	0.0	1.0	1.0	2.0	1.0	4.5	4.0	1.0	0.5	0.0	1.0	16.5		
	2008 FLTS	0.0	1.0	0.0	1.0	0.5	0.0	22.0	14.5	3.0	0.0	0.0	0.0	42.0		
	2009 FLTS	0.0	0.0	0.0	0.0	26.5	30.0	32.0	32.0	31.0	26.0	0.0	3.0	180.5		
	2009 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	1.0		N/A
	2001 PSGR	16.3	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.3		\$2.98
	2002 PSGR	0.2	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5		\$4.36
	2003 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.5	0.0	1.1		\$4.70
	2004 PSGR	0.0	0.0	0.0	0.0	0.4	0.2	1.2	1.3	0.2	0.0	0.0	0.0	3.3		\$5.92
	2005 PSGR	0.0	0.0	0.3	0.0	0.0	0.3	1.3	1.1	0.6	0.1	0.0	0.0	3.7		\$4.49
	2006 PSGR	0.0	0.0	0.0	0.8	0.6	0.2	0.9	1.5	0.5	0.0	0.0	0.0	4.9		\$4.44
2007 PSGR	0.1	0.0	0.5	0.4	0.5	0.2	1.1	1.3	0.3	0.2	0.0	0.0	4.8		\$3.07	
2008 PSGR	0.0	0.4	0.0	0.3	0.1	0.0	3.9	2.9	0.8	0.0	0.0	0.0	8.4		\$1.97	
2009 PSGR	0.0	0.0	0.0	0.0	2.5	3.1	4.0	3.3	3.2	2.5	0.0	0.1	18.7		\$3.00	
2009 PSGR	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.5			
2001 BILLINGS	\$87.9	\$3.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$87.9	\$2,476	
2002 BILLINGS	\$0.8	\$0.0	\$1.3	\$0.0	\$0.0	\$6.0	\$19.5	\$21.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$48.6	\$1,451	
2003 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.5	\$0.6	\$0.0	\$1.5	\$0.0	\$4.8	\$1,600		
2004 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$1.8	\$5.1	\$1.5	\$5.1	\$2.0	0.0	0.0	0.0	\$15.5	\$1,107		
2005 BILLINGS	\$0.0	\$0.0	\$1.8	\$0.0	\$0.0	\$2.5	\$6.6	\$7.3	\$3.0	0.7	0.0	0.0	\$21.9	\$1,327		
2006 BILLINGS	\$0.0	\$0.0	\$0.0	\$1.3	\$2.4	\$1.3	\$5.1	\$7.3	\$2.1	0.0	0.0	\$0.9	\$20.4	\$1,133		
2007 BILLINGS	\$1.1	\$0.0	\$1.5	\$1.3	\$2.5	\$1.2	\$5.6	\$5.1	\$1.3	\$0.5	0.0	\$0.4	\$20.5	\$1,242		
2008 BILLINGS	\$0.0	\$0.9	\$0.0	\$0.4	\$18.6	\$5.5	\$0.0	\$0.3	\$0.0	\$0.0	0.0	\$0.0	\$25.7	\$612		
2009 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$5.3	\$6.0	\$6.6	\$6.6	\$6.4	\$6.4	0.0	\$0.6	\$36.9	\$204		
2009 BILLINGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1.5	\$0.0	\$0.0	\$0.0	0.0	\$0.0	\$1.5	\$1,500		

**APPENDIX 8. C.**

**NON MEMBER DOMESTIC & INTERNATIONAL FLIGHT ACTIVITY - ITB**

SUB TOTAL	NON MBR ACTIVITY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	AVG COST PER FLT	AVG COST PER PSGR
2001 FLTS		35.5	0.0	0.0	0.0	0.0	2.0	7.5	0.0	0.0	0.0	0.0	0.0	45.0		
2002 FLTS		0.5	0.0	1.5	0.0	0.0	4.0	13.0	14.0	0.5	0.0	0.0	0.0	33.5		
2003 FLTS		0.0	0.0	0.0	3.5	5.0	4.0	4.0	7.0	4.0	4.0	25.0	34.0	90.5		
2004 FLTS		35.0	33.0	34.0	34.0	42.5	64.5	71.0	70.5	59.0	66.5	65.0	70.0	645.0		
2005 FLTS		53.0	47.5	69.5	69.0	142.0	189.0	199.0	200.0	157.0	134.5	91.0	74.0	1,425.5		
2006 FLTS		38.0	28.0	42.0	61.0	77.0	131.5	146.0	172.0	135.5	36.0	30.0	2.0	899.0		
2007 FLTS		0.5	0.0	1.0	1.0	177.5	180.0	191.5	394.0	442.0	575.5	575.5	615.5	3,154.0		
2008 FLTS		605.5	640.0	619.0	899.0	992.0	1,007.5	1,104.5	1,053.0	832.0	854.0	852.0	913.0	10,592.5		
2009 FLTS		908.6	859.0	1,023.0	959.5	1,216.0	1,232.0	1,302.5	1,319.5	1,183.0	1,193.0	1,131.5	1,190.5	13,518.0		
2001 PSGR		16.3	0.0	0.0	0.0	0.0	0.0	3.2	0.0	0.0	0.0	0.0	0.0	27.3		\$3.59
2002 PSGR		0.2	0.0	0.3	0.0	0.0	2.0	6.5	7.0	0.3	0.0	0.0	0.0	16.3		\$2.98
2003 PSGR		0.0	0.0	0.0	1.0	1.3	1.3	0.7	2.5	0.8	1.1	5.9	8.8	23.4		\$3.57
2004 PSGR		7.3	6.1	8.7	5.0	10.9	17.3	19.9	18.4	11.1	14.4	13.8	16.1	149.1		\$1.77
2005 PSGR		10.4	9.3	16.3	15.4	29.3	44.4	52.6	50.1	32.9	27.4	18.0	14.0	320.1		\$2.60
2006 PSGR		9.2	6.3	10.4	15.5	19.8	34.9	40.3	44.8	28.7	8.1	6.4	0.0	224.4		\$1.01
2007 PSGR		0.1	0.0	0.5	0.4	41.0	47.6	50.4	94.7	81.1	111.6	106.1	113.9	647.4		\$0.87
2008 PSGR		101.0	109.9	162.7	180.0	212.6	219.0	243.9	234.8	192.3	190.6	196.4	199.2	2,239.4		\$0.86
2009 PSGR		161.9	164.2	212.2	206.2	238.9	245.3	279.2	291.1	263.6	273.0	253.3	268.2	2,867.1		\$0.86
2001 BILLINGS		\$87.9	\$0.0	\$0.0	\$0.0	\$0.0	\$2.1	\$7.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$97.9	\$2.176	
2002 BILLINGS		\$0.8	\$0.0	\$1.3	\$0.0	\$0.0	\$6.0	\$19.5	\$21.0	\$0.0	\$0.0	\$0.0	\$0.0	\$48.6	\$1,451	
2003 BILLINGS		\$0.0	\$0.0	\$0.0	\$5.3	\$7.5	\$6.0	\$6.0	\$10.0	\$5.8	\$6.0	\$17.1	\$18.8	\$93.5	\$567	
2004 BILLINGS		\$23.6	\$21.6	\$21.8	\$18.8	\$24.6	\$36.2	\$35.3	\$38.1	\$30.1	\$34.7	\$37.7	\$43.0	\$305.6	\$357	
2005 BILLINGS		\$34.3	\$29.8	\$39.9	\$38.6	\$83.3	\$83.3	\$67.5	\$69.7	\$44.3	\$34.0	\$21.0	\$41.4	\$567.1	\$398	
2006 BILLINGS		\$21.2	\$15.7	\$25.4	\$34.9	\$49.4	\$90.3	\$101.6	\$117.2	\$85.3	\$24.9	\$16.8	\$0.9	\$583.6	\$649	
2007 BILLINGS		\$1.1	\$0.0	\$1.5	\$1.3	\$37.6	\$37.0	\$43.0	\$83.1	\$96.7	\$119.4	\$115.1	\$118.9	\$654.7	\$208	
2008 BILLINGS		\$118.6	\$123.9	\$150.6	\$161.4	\$197.7	\$186.6	\$191.4	\$184.2	\$150.5	\$154.3	\$150.7	\$164.5	\$1,943.4	\$183	
2009 BILLINGS		\$164.0	\$156.7	\$181.2	\$171.3	\$214.5	\$217.6	\$239.0	\$241.5	\$219.1	\$220.5	\$208.5	\$219.5	\$2,452.5	\$181	
<b>GRAND TOTAL ALL FLIGHTS</b>																
2001 FLTS		1,405.5	1,253.5	1,309.5	1,422.0	1,451.5	1,443.5	1,407.5	1,541.5	1,221.0	1,214.5	1,181.0	1,259.0	16,200.0		
2002 FLTS		1,236.0	1,113.5	1,248.5	1,263.5	1,311.0	1,269.0	1,376.0	1,390.5	1,225.0	1,267.0	1,286.5	1,341.0	15,358.5		
2003 FLTS		1,352.0	1,182.5	1,313.5	1,137.0	1,026.0	1,110.0	1,235.0	1,276.5	1,197.5	1,245.0	1,249.5	1,320.0	14,847.5		
2004 FLTS		1,322.0	1,228.5	1,314.0	1,269.5	1,281.5	1,326.0	1,427.0	1,429.0	1,323.0	1,372.0	1,333.5	1,477.5	16,104.0		
2005 FLTS		1,481.5	1,317.0	1,490.0	1,475.0	1,508.0	1,540.0	1,619.5	1,613.0	1,387.0	1,431.5	1,376.5	1,492.5	17,721.5		
2006 FLTS		1,464.0	1,292.5	1,441.5	1,466.5	1,421.0	1,488.0	1,570.5	1,584.5	1,390.0	1,348.5	1,422.0	1,473.5	17,382.5		
2007 FLTS		1,434.5	1,278.0	1,423.5	1,382.5	1,574.5	1,621.5	1,705.5	1,909.0	1,794.5	2,028.0	2,011.0	2,159.0	20,321.5		
2008 FLTS		2,123.5	2,037.0	2,329.5	2,341.5	2,436.5	2,453.5	2,627.5	2,567.0	2,141.5	2,199.0	2,180.0	2,323.0	27,759.5		
2009 FLTS		2,303.0	2,077.5	2,421.0	2,368.0	2,626.0	2,664.0	2,770.0	2,773.5	2,494.0	2,488.0	2,400.0	2,535.5	29,910.5		
2001 PSGR		587.5	484.3	585.4	617.4	649.2	707.7	740.3	782.0	483.2	434.6	431.2	526.1	7,026.9		\$1.86
2002 PSGR		529.3	484.7	577.5	554.1	591.4	656.2	662.0	673.5	550.1	562.6	504.1	569.0	6,914.5		\$1.32
2003 PSGR		572.1	455.4	485.1	395.3	389.9	507.8	593.1	642.5	539.4	543.0	535.8	577.4	6,236.8		\$1.65
2004 PSGR		572.2	487.9	558.7	574.6	606.1	654.3	703.4	698.5	607.5	608.7	545.0	608.5	7,223.9		\$1.59
2005 PSGR		615.3	519.6	645.1	635.0	680.4	726.8	753.1	745.0	618.5	633.5	584.8	624.5	7,781.6		\$1.48
2006 PSGR		632.2	520.9	629.7	661.6	667.4	727.5	763.4	735.2	628.1	631.8	615.9	647.8	7,881.5		\$1.42
2007 PSGR		652.1	550.7	668.2	663.5	725.0	778.0	803.5	833.6	725.8	782.8	742.6	789.9	8,713.7		\$1.59
2008 PSGR		776.0	684.0	852.6	827.2	802.5	951.6	977.0	986.6	801.6	814.8	756.6	850.8	10,181.3		\$1.26
2009 PSGR		777.0	637.1	789.6	827.3	833.0	912.9	990.4	1,003.1	674.2	881.4	813.7	871.4	10,211.1		\$1.25
2001 BILLINGS		\$1,745.9	\$1,306.7	\$1,794.0	\$1,793.9	\$1,794.2	\$1,609.4	\$788.0	\$420.8	\$235.1	\$241.2	\$492.4	\$797.6	\$13,079.2	\$807	
2002 BILLINGS		\$766.4	\$827.0	\$561.9	\$650.4	\$508.0	\$713.5	\$840.8	\$736.2	\$676.8	\$881.8	\$997.8	\$948.5	\$9,109.1	\$593	
2003 BILLINGS		\$865.2	\$802.8	\$820.9	\$783.4	\$782.7	\$900.5	\$959.0	\$919.2	\$878.1	\$906.2	\$973.5	\$841.9	\$10,278.4	\$702	
2004 BILLINGS		\$849.6	\$951.0	\$932.6	\$1,004.1	\$1,018.0	\$999.9	\$951.9	\$1,050.8	\$921.4	\$925.7	\$978.7	\$962.4	\$11,481.1	\$713	
2005 BILLINGS		\$903.8	\$893.5	\$1,036.5	\$928.8	\$1,054.4	\$981.1	\$788.4	\$1,082.2	\$846.3	\$976.9	\$1,019.6	\$989.9	\$11,486.3	\$649	
2006 BILLINGS		\$1,102.8	\$878.7	\$914.1	\$962.2	\$996.8	\$1,077.2	\$1,059.0	\$1,163.3	\$1,000.9	\$1,273.9	\$1,054.7	\$948.5	\$12,531.0	\$722	
2007 BILLINGS		\$1,116.1	\$1,048.5	\$986.8	\$1,053.0	\$1,022.1	\$1,005.2	\$1,153.7	\$1,081.5	\$931.3	\$1,201.5	\$957.1	\$954.8	\$12,411.6	\$611	
2008 BILLINGS		\$1,082.0	\$945.9	\$759.0	\$976.0	\$1,095.7	\$1,127.6	\$1,075.2	\$1,067.7	\$1,141.7	\$1,108.9	\$1,122.4	\$1,284.6	\$12,796.7	\$481	
2009 BILLINGS		\$798.8	\$1,114.5	\$1,016.9	\$1,111.2	\$993.6	\$1,213.8	\$1,172.4	\$1,083.2	\$1,076.5	\$1,180.2	\$1,171.0	\$867.5	\$12,778.6	\$427	
% Incr. or Decr	Fits 2005 vs 2004	12.07%	7.20%	13.39%	16.19%	17.67%	16.14%	13.49%	12.88%	4.84%	4.34%	3.22%	0.34%	10.04%		
% Incr. or Decr	Pax 2005 vs 2004	7.53%	6.49%	15.89%	10.52%	12.26%	11.00%	7.07%	6.66%	1.81%	4.07%	7.31%	2.63%	7.72%		
% Incr. or Decr	Exp 2005 vs 2004	5.17%	-8.91%	11.14%	-7.59%	4.59%	-13.39%	-16.13%	2.50%	2.70%	5.53%	16.04%	2.86%	0.13%		
% Incr. or Decr	Fits 2006 vs 2005	-1.18%	-1.86%	-3.28%	-0.58%	-5.77%	-3.38%	-3.03%	-1.77%	0.22%	-5.30%	3.31%	-0.61%	-2.03%		
% Incr. or Decr	Pax 2006 vs 2005	2.75%	0.25%	-2.39%	4.19%	-1.91%	0.10%	1.37%	-1.32%	1.55%	-0.27%	5.32%	3.73%	1.03%		
% Incr. or Decr	Exp 2006 vs 2005	23.41%	-1.67%	-1.81%	5.75%	-6.35%	24.37%	32.52%	7.49%	14.21%	30.40%	3.44%	-4.18%	9.00%		
% Incr. or Decr	Fits 2007 vs 2006	-2.02%	-1.12%	-1.25%	-5.73%	10.80%	8.97%	8.80%	20.48%	29.10%	50.39%	41.42%	46.52%	17.04%		
% Incr. or Decr	Pax 2007 vs 2006	3.14%	5.72%	6.11%	0.29%	8.63%	6.87%	5.25%	13.38%	15.55%	23.90%	20.57%	21.94%	10.84%		
% Incr. or Decr	Exp 2007 vs 2006	1.21%	19.32%	7.95%	7.21%	2.54%	-6.68%	9.05%	-7.03%	-13.83%	-5.68%	-18.74%	0.66%	-0.95%		
% Incr. or Decr	Fits 2008 vs 2007	48.03%	59.39%	63.65%	69.37%	54.75%	51.31%	54.06%	34.47%	19.34%	8.43%	8.40%	7.60%	36.60%		
% Incr. or Decr	Pax 2008 vs 2007	19.01%	24.21%	27.80%	24.67%	24.48%	22.63%	21.59%	18.35%	10.44%	4.08%	1.89%	7.71%	16.84%		
% Incr. or Decr	Exp 2008 vs 2007	-3.09%	-9.79%	-23.08%	-7.31%	7.20%	12.18%	-6.80%	-1.28%	22.59%	-7.71%	30.95%	35.59%	3.10%		
% Incr. or Decr	Fits 2009 vs 2008	8.45%	1.99%	3.93%	0.70%	7.78%	8.58%	5.42%	8.04%	16.46%	13.14%	10.09%	9.15%	7.75%		
% Incr. or Decr	Pax 2009 vs 2008	0.13%	-7.36%	-7.98%	0.01%	-8.34%	-4.24%	1.35%	1.64%	8.30%	7.56%	7.02%	2.36%	0.29%		
% Incr. or Decr	Exp 2009 vs 2008	-35.45%	15.13%	25.36%	12.17%	-10.26%	7.10%	8.28%	1.43%	-6.16%	4.42%	4.15%	-49.23%	-0.14%		

NOTES: 1) Non-Member Flight Activity - Jan 2001 = Hawaiian Airlines  
 2) Non-Member Flight Activity - June to August 2002 = Corsair  
 3) March 2008 includes \$214.1K ELS credit given to Members

## APPENDIX 8. C.

### BAGGAGE HANDLING SYSTEM (BHS)

The Baggage Handling System is divided into two separate base systems and a number of subsystems.

#### Inbound Baggage System

This system includes all input conveyors located on the ramp level of the International Terminal Facility which feed a series of twelve (12) claim devices on the Arrivals Level (6 for B/A "A" and 6 for B/A "G"). Of these, three (3) claim devices are enclosed and separated from international arrivals and are designated for domestic use (or for use when a departing international flight is cancelled after boarding). B/A "A" has (2) adjoining domestic and (4) international claim devices. B/A "G" has one (1) domestic (presently inactive) and 5 international claim devices. There are also two (2) oversize conveyor lines, which also terminate on the Arrivals Level inside the international baggage claim area.

#### Outbound Baggage System

This system includes the FIS recheck conveyor system located on the Arrivals Level. This extends to a sort device on the Ground Level and terminates at the sort devices located in Boarding Areas "A" and "G". A Security Screening System is located on both the north and south sides of the International Terminal, where bags are inspected and then conveyed to the boarding areas or the reconciliation rooms (BIR) on the Ground Level. This system is fed by three (3) main lines per side. There are eight (8) make-up units on each concourse. Included in the outbound system are two (2) oversize conveyors originating on the Departures Level, which terminate in the baggage makeup area.

Transfer Recheck Subsystem - This subsystem consists of a series of conveyors and twenty-one (21) re-accommodation counter positions with a scale in each bagwell. These conveyors, which originate on the Arrivals Level of the International Terminal Building, descend to the Ground Level where they either merge into the base outbound system upstream of the Security Screening Area or join the Terminal 3 Connection. There are also two over-sized belts on level 2. OS5 merges with OSI from level 3. All of these over-sized belts terminate on level 1 for outbound baggage.

Terminal 3 Connection Subsystem - This subsystem connects both the North Transfer recheck and the base Outbound Systems with the existing Terminal 3 building via three (3) conveyor lines. Two of these lines connect to the Outbound System of Terminal 3 and one connects with the Outbound System of the International Terminal.

## APPENDIX 8. C.

Terminal 1 Recheck/Re-Accommodation Baggage System – The RC3, RC4 and RCA3 systems feed rechecked baggage through CTX screening to the Terminal 1 baggage makeup device. RC3 and RC4 are drop belts for passengers who have cleared customs with previously tagged, checked through baggage. RCA2 is a ticket counter for passengers who must re-book their flights and re-check their baggage.

Boarding Area Cross-Over Subsystem - This subsystem consists of a series of conveyors, which transfer bags from one boarding area to the other through the International Terminal. This subsystem is composed of four (4) independent conveyor lines, each of which originates in one boarding area, transverses the International Terminal Ground Level, and merges into the outbound system of the other boarding area.

Inbound Claim Subsystem - This subsystem consists of feed conveyor subsystems. These subsystems carry inbound baggage from the ramp-side load conveyors on Level 1 of the International Terminal Building to claim devices in the Arrivals Area on Level 2 for passenger retrieval.

X-Ray Sortation - The Stage 1 and Stage 2 security screening systems are fed from three main lines in each Concourse. The Ticket Counter, Transfer and the Recheck/Reaccommodation Systems feed the Stage 1 & Stage 2 Security Screening Systems.

Automatic Tag Readers (ATR) – An array of eight laser bar code scanners are provided as part of each of the Pusher Sortation Systems and Make-Up subsystems. These scanners read bar coded bag tags. Bar coded tag information is used to determine sort destinations for each bag. The ATR devices have their own dedicated photocells and belt position indicators that interface only to the ATR logic decoder/multiplexers.

Sortation Recirculation - The Sortation Recirculation Baggage Systems receive baggage from the Pusher Sortation Systems and transports it back to the Pusher Sortation System.

Manual Encode - The Manual Encoding Systems receive baggage from the no-read pushers located on the Pusher Sortation Systems. At the encode belt the bag tag is scanned with the hand held scanner or a flight number is manually encoded. When a valid destination is received by the PLC, the bag will be advanced to the merge and be merged onto the AS1, AS2, AS4, or AS5 mainline and sorted. The PLC will track the bag from the encoding point forward to the Sortation Mainline.

## APPENDIX 8. C.

Outbound Oversize Systems - The Outbound Oversize System consists of four distinct subsystems. OS1 transports baggage from load conveyors on level three to the ramp level in the North Shoulder Area. OS2 transports baggage from load conveyors on level three to the ramp level in Concourse A. OS1 and OS2 are reversible and incorporate a manual x-ray screening device. The reversible belt can be utilized for retrieving tubs from the belt systems to be reused at the ticket counters. OS5 is recheck oddsize for the north recheck area and merges into OS1. OS6 is a recheck oddsize for the south recheck area and terminates in the South Shoulder area. OS5 and OS6 are not reversible.

Tour Group Baggage Systems - The Tour Group Baggage System consists of four distinct subsystems. TG1 and TG2 load belts are located at level 2 in the claim areas. They are capable of transporting inbound tour group baggage from load conveyors located in the claim area to its final destination at level 1 for loading onto vans or buses after customs clearance. Two belts at the claim level feed a non-powered spiraled chute that discharges baggage onto a transport conveyor feeding an indexing unload belt. TG3 and TG4 load belts are located at level 1 and feed outbound tour group baggage into the North and South security screening subsystems for transport to the outbound sortation systems in Concourse A and G.

### Performance Standards

Bags per Minute	
Outbound Oversize	20
Inbound Oversize	20
Manual Encode (each area)	20
Recheck	30
Ticket Counter (each mainline)	60
Outbound	80
Primary Screening	30
Secondary Screening	10
Sortation	60
Cross-Over	60
Recirculation	80
Re-Accommodation	30
Re-Check	30
Inbound	20
Transfer	30

### Integrated Security Components

- o CTX 9000 Explosives Detection – Twelve units manufactured by InVision division of GE.
- o ETD (Explosives Trace Detection) – Units utilized at each checkpoint; recheck on “A” ramp level, shoulder CTXs, oversize bag room on “A” and each BIR.



## APPENDIX 8. C.

### COMMON USE TERMINAL EQUIPMENT (CUTE)

The Common Use Terminal Equipment Systems (CUTE) comprise the various aspects of passenger check-in, boarding, and baggage tracking. The CUTE systems allow check-in and gate hardware to be used by multiple airlines. The CUTE system emulates each airline's host systems. At the CUTE workstation, the screen and keyboard interface is no different than a direct host connection. The CUTE connection to the host ensures that any applications which are available on the host system will be accessible through CUTE. Workstations are connected via the communications infrastructure to the core computer rooms. The equipment in these rooms provides gateways to the host systems via Remote Access Servers (RAS). Each workstation has various common use hardware connected depending on the location. The Automatic Ticket and Boarding Pass Printers (ATB) and the Bag Tag Printers (BTP) use common stock, however, each airline is responsible to load their own stock when utilizing a position.

In fiscal year 2007 the current CUTE system installed in 1999 was upgraded from ARINC's product MUSE/NT to iMUSE XP, to fully utilize all the features offered by the Microsoft Windows 2003 and XP server and desktop operating systems. The significant benefits include being fully web-based, support for wireless technology, greater ease for users in applications to run on the MUSE/CUTE system, enhanced performance, and improved reliability and maintainability.

As part of this project the following were also upgraded:

1. The Baggage Source Messaging (BSM) interface to the Baggage Handling System (BHS) from BVIS to BagLINK in order to permit the various airlines to utilize the full range of connectivity options now available, significantly improved throughput and eliminating the run time dependencies on Oracle.
2. Upgrade Ascent "SmartAirport" Resource Allocation Tool to include Ascent SE to permit the user to create "what if" scenarios independent of the live system being used to manage current resource allocations.
3. Upgrade the Baggage Reconciliation System (BRS) from TagTrak to latest version UltraTrak.

The Local Boarding Application (LBA) allows each airline to perform automated passenger boarding reconciliation through the comparison of the Passenger Name List (PNL) and data from the passenger's boarding pass obtained via a Boarding Gate Reader (BGR). The LBA is capable of obtaining the PNL from each airline host system. Passenger reconciliation is done automatically as the passenger passes the magnetically encoded boarding pass through a BGR and the LBA reconciles the data against the current PNL. The boarded passenger data is also transmitted dynamically to the Baggage Reconciliation System (BRS). All airlines at SFIA are required to use SFIA's LBA. The Baggage Make-up System (BMS) receives and transmits Baggage Service Messages (BSM) from each airline host system. The BMS dynamically provides BSMs to the Baggage Handling System (BHS) and to the BRS. To ensure full recovery of the

## APPENDIX 8. C.

BHS and BRS in the event of a failed link, the BMS provides a database of the Baggage Service Messages. Additionally, the on-line database is archived off-line prior to data purging.

The passenger boarded information from the LBA and Baggage Service Messages from the host systems are integrated into the BRS to provide full Baggage Reconciliation for each airline. The bags are scanned using Industrial Fixed Terminals and Portable Radio Terminals (PRT). The terminals transmit scanned bag tag data to the BRS servers via the Airport LAN. Portions of this network use a Radio Frequency Data Communications (RFDC) network in order to accommodate the PRT'S. The BRS creates an audit trail (i.e., history) of each bag's location. The BRS identifies unaccompanied baggage and provides the approximate location of the bag (e.g., container and sequence number) in order to facilitate retrieval of a bag. The BRS provides clear indication of 'Load/No Load' during aircraft/container loading.

When A CUTE workstation is powered on and no session is in progress, a logo will appear on the screen. A graphical icon for each airline/agency is provided for login. Once an icon is selected, the airline/agency specific login and password is required to continue. Once an employee has logged in, a set of icons for the various applications available (i.e. Host connections, LBA, BRS ) shall be displayed. The icons available will be dependent on the user's login profile. The CUTE system supports both a pointing device and keyboard interface. All pointing device actions have a "hot key" equivalent. The system also provides context sensitive, on-line help capabilities. Once the system is on-line with the host system, the employee should follow the airline/agency normal operational procedures. The workstations are mutually independent of each other.

The CUTE system is designed to support the operational, functional and performance requirements, for a minimum of 20 new flight operations per hour with 500 passengers and 1,000 registered bags per flight.

The following is an example of the type of reports available for the Local Boarding Application (LBA):

- List of passengers boarded
- List of passengers not boarded
- Total Passengers boarded / not boarded
- Audit trail of problems encountered during boarding

Reports available from the Baggage Reconciliation System (BRS) include:

- Flight Status
- Reject Bags
- Total by location
- Passenger details
- Missing passenger(s)
- Missing bags
- Loading process
- Total passenger / bag count
- ULD loading progress

## APPENDIX 8. C.

- Onward ULDs

Note 1: The BRS produces alerts on the flight status screen when a passenger is a no-show through the LBA. This alerts the baggage handlers to off-load the no-show passenger's baggage. In the event of a system failure, each carrier is responsible for having developed a contingency plan that is consistent with and is most efficient for their individual systems. This plan should include developing manual passenger check-in and baggage check procedures that will enable the carrier to perform a "positive bag match system" required for all international flights.

Note 2: TSA is now logging all tag numbers of inspected baggage in BIRs A and G in addition to both Oversize locations.

### Definitions

**ATB** – Automatic Ticket and Boarding Pass Printer

**BTP** – Bag Tag Printer

**BGR** – Boarding Gate Reader

**LBA** – Local Boarding Application – This application allows each airline to perform automated passenger boarding reconciliation through the comparison of the Passenger Name List (PNL) and data from the passenger's boarding pass obtained via the Boarding Gate Reader (BGR). The boarded passenger data is also transmitted dynamically to the Baggage Reconciliation System (BRS).

**BSM** – Baggage Service Message – Messages containing baggage identification data transmitted from the airline host system to the BRS to facilitate baggage sorting and reconciliation.

**BRS** – Baggage Reconciliation System – The passenger boarded information from the LBA and BSM from the host systems are integrated into the BRS to provide full baggage Reconciliation for each airline. The BRS identifies unaccompanied baggage and provides the approximate location of the bag in order to facilitate retrieval of the bag, if necessary.

Total equipment, including MUFIDS & including back office terminals for the ITB is over 6,000 pieces versus the 670 pieces available in the old international terminal.

## APPENDIX 8. C.

### GATE MANAGEMENT SYSTEM

The Gate Management System (GMS) allocates various terminal resources (i.e., gates, ticket counters, baggage make-up carousels, and baggage claim devices). The GMS provides the tools to assist GMS operators in allocating terminal resources most efficiently and with the least impact to airlines, ground crews, passengers and airport personnel.

#### Gate Allocation

The Gate Allocation Module provides gate planning scheduling and real-time gate management for aircraft gates and off-gate parking positions. The system manages a minimum of 29 aircraft gates (15 on B/A A & 14 on B/A G) and 5 off-gate parking positions (2 on B/A A & 3 on B/A G). The module optimizes allocation of gates and remote gate parking positions using the GMS software, defined rule-base for the gates, and current flight information.

#### Check-in Counter Positions

The Check-In Counter Allocation Module provides check-in counter planning / scheduling and real-time management for check-in counters in the ITB. Check-in counters managed by this module include the 168 ticket counters (6 islands of 28 counters in the ITB, level 3), the 21 recheck-in counters (12 on the north and 9 on the south side of the ITB, level 2), and the 2 four-position tour check-in counters (1 counter on each side of the ITB, level 1). The module optimizes allocation of check-in counters using the GMS software, defined rule-base for check-in counters, and current flight information. GMS provides ticket counters, recheck counters and tour check-in counter allocation for both off-line planning and real-time activity.

#### Baggage Make-up Carousel Allocation

The Baggage Make-up Carousel Allocation Module provides daily outbound baggage carousel planning / scheduling for make-up carousels in the boarding areas. There are 8 baggage make-up carousels in BAA, level 1, and 8 in BAG, level 1 managed by this module. The module optimizes allocation of baggage make-up carousels using the GMS software, defined rule base for the baggage make-up carousels, current flight data, and current gate assignments. The module is capable of operating in real-time. Carousel assignment data is downloaded into the Baggage Handling System (BHS) automatically. Flights are assigned to the 16 available baggage make-up carousels on a daily basis.

#### Baggage Claim Device Allocation

The Baggage Breakdown Conveyor Allocation Module provides inbound baggage conveyor planning / scheduling and real-time conveyor management for the baggage claim conveyors in the ITB. The module manages a minimum of 14 conveyors on each side of the ITB, level 1. The module optimizes allocation of baggage breakdown conveyors using the GMS software, defined rule-base for baggage breakdown conveyors, and current flight data.

**Rule Base:** The GMS is able to weigh-in various factors when planning and scheduling terminal resource allocation and when readjusting resource assignments in real-time. Various constraints for resource allocation are definable including physical limitations (e.g., gate can not support wide body aircraft), convenience (e.g., ground handling equipment location), marketing considerations, and carrier preferred resources.

## APPENDIX 8. C.

### MULTIPLE USER FLIGHT INFORMATION SYSTEM (MUFIDS)

MUFIDS provides the public, airline employees and airport personnel with accurate and timely flight information and other types of information on designated display devices located in convenient locations throughout the ITB. MUFIDS includes the video monitors, which are used to display flight information throughout the ITB, Baggage Information display monitors (BIDS), as well as Light Emitting Diode (LED) and Liquid Crystal Display (LCD) signage. The system consists of Application Display Server (ADS) computer systems, intelligent display device controllers (DDC), video monitors, LED signs, LCD signs, master clock displays, terminal servers, local databases as well as the ability to update and maintain its data in the Operational Database, and the software required to meet all of the functionality requirements.

User-Defined Parameters & Triggers: the authorized user is able to specify a number of parameters or "triggers" that define how and when data will be displayed using any specific display format. In some cases, these are the automatic actions that are performed if no contradictory inputs are received from another source. These parameters or triggers include but are not limited to the items below.

Length of time a flight is displayed with a "DEPARTED" (or similar) status after the flight has actually departed. This shall be definable both on a system-wide basis, and on an airline-specific basis.

Length of time before a flight arrives to display the arriving flight information. This is definable both on a system-wide basis, and an airline-specific basis.

For flight departures, the user is able to specify how long before departure time the flight status changes to "Boarding" and/or "Final Boarding". This is definable both on a system-wide basis, and on an airline-specific basis.

In conjunction with this trigger, there shall be a parameter, changeable by the user, which indicates whether or not to utilize this automatic feature, or to require manual input from an authorized user.

For flight arrivals, the user is able to specify how long before the flight the flight actually arrives that the flight status changes to "In Range" and/or "Landing", and finally "At Gate". This is definable both on a system-wide basis, and on an airline-specific basis.

In conjunction with this trigger, there is a parameter, changeable by the authorized user, which indicates whether or not to utilize this automatic timing feature, or to require manual input from an authorized user.

Fields that are specified to be sort criteria include but are not limited to:

## APPENDIX 8. C.

Flight number  
 Airline  
 Domestic/International  
 Gate  
 City name (origin/destination)  
 Scheduled time of arrival/departure  
 Actual time of arrival/departure.

The MUFIDS allows a free-text format to be displayed on a monitor. This format is different from other formats in that there may be no data coming from the MUFIDS databases to update the contents of the display. The data shall be something of the Project Manager's choosing; i.e., a monitor displaying "Welcome Airline Convention Delegates", please pre-register for the conference at the airport information desk".

Multi-lingual Requirements: MUFIDS is capable of displaying data in multiple languages with the appropriate accent and diacritical markings for each multi-national character. Languages provided in addition to English, include:

French  
 Japanese  
 Spanish  
 Mandarin Chinese.

Although displayed data may be in different languages, the user interface at the workstation shall always be in English.

The Executive Director of SFOTEC or his designee will be the MUFIDS System Administrator. All flight information to be input into MUFIDS will be channeled through TAS. It is the responsibility of each airline to provide the system administrator with schedule updates that will be input into MUFIDS.

The MUFIDS system is designed to support the operational, functional, and performance requirements for a minimum of 50 users simultaneously logged onto the system.

### Contingency Plan

In the event of a system failure (video displays not available) contractor will utilize a manual system for providing information to the airlines in as many of the impacted areas as possible. In order to minimize the disruption to the overall operation the following information should be readily available for use by the airlines, information counter staff, and the contractor operating the MUFIDS system.

#### Allocation of aircraft gates

Manual gate plot charts for "BAA" and "BAG" concourses will be utilized to assign aircraft gates based on the current day's activity.

## APPENDIX 8. C.

### Airline ticket counter use

A Master Plan detailing the ticket counter assignments based on the current flight schedule will be available in the SFOTEC office. Copies will be provided to carriers as needed. Adjustments will be made manually to the Master Plan, if necessary.

### Use of baggage make-up carousels

Manual Plot Charts for controlling the use of the outbound baggage make-up carousels will be available in Tower A and copies may be distributed to the carriers as needed.

### Use of inbound baggage delivery carousels

Manual plot charts for controlling the use of the inbound baggage delivery carousels will be available in Tower A and copies may be distributed to the carriers as needed.

If the MUFIDS system is down, information in the public areas of the ITB will be critical. The following plan is suggested to provide as much information as possible to both the public and the airline personnel:

**Ticket Counter Signs** – The airlines should check with contractor to verify the ticket counter positions they will be using. The airlines will be responsible for providing logo signs and specific information signs (e.g. First Class Check-in) above their ticket counter check-in positions. These signs will replace the (CIM) Check In Monitors.

**Flight Arrival Information for All Airlines** – A manually updated flight arrival information board will be located at the “Information Counter” next to the Customs exit door on the 2<sup>nd</sup> level.

**Flight Departure Information Board for All Airlines** – Manually updated flight departure information board (replacing FIDS monitors) will be available at the four (4) staffed “Information Counters” located on the 3<sup>rd</sup> level.

Information will be conveyed to these locations from TAS via phone or walkie-talkies or through periodic hand delivery by SFOTEC Operations Managers.

**Gate Departure Information** – Airlines will be responsible for providing signs at the gates during the time they are being used that will indicate the airline, flight number, departure/arrival time.

**Inbound Baggage Carousel Information Boards** – Airlines will be responsible for providing signs on the inbound carousels that indicate which flights are having baggage unloaded onto that carousel. At a minimum, the sign should include the airline name and flight number, and originating location(s).

## APPENDIX 8. C.

### 400 HERTZ AIRCRAFT GROUND POWER

The Ground Power Cable is to supply operational power to the aircraft when it is parked and no power is being generated by the aircraft. The normal operational objective of this system is to have ground power available for the aircraft parked at gates 24 hours a day. The 400-Hertz frequency converter converts incoming 60-Hertz power to a controlled DC current. This DC current is then put through transistorized inverters to produce the desired frequency of 400-Hertz. There are three (3) FCX solid-state converters on each of the boarding areas.

During fiscal year 2007 the three (3) solid state converters on B/A "G" were replaced with Motor-Generators due to fire damage.

The major components are the 400-Hertz converters on BAA and the Motor-Generators on BAG (to produce the desired power frequency), the Line Drop Compensator (to boost the voltage as current draw rises), the Gate Box (to monitor power faults) and the Aircraft Ground Power Cable. Power cables are attached to cable hoists on the PLB that, when lowered, prevent PLB movement.

All handling of ground power must be accomplished with particular attention to operator safety. The operator should always handle cables as if they were energized, with insulated dry gloves.

The cables and electronics are inspected on a schedule to keep the system safe for the users and the aircraft. The 400-Hertz system is maintained by both the Airport (Converters/Motor-Generators) and ELS (Gate Box and cables) with a preventative maintenance schedule to insure users a safe working environment.

In the event of an electrical outage, the alternatives are the use of portable or mobile GPUs or the aircraft's APUs (Auxiliary Power Unit).



## APPENDIX 8. C.

### AIRCRAFT DOCKING SYSTEM (ADS)

The Aircraft Docking System (ADS) is an operating system used for positioning the aircraft parking on the ramp. The ADS will allow ramp agents to control the aircraft parking of different types of wide body aircraft in conjunction with centerline markings. Narrow body aircraft are hand wand signaled in. The ADS and its controls are such that it can be easily operated by personnel possessing no special skills and with minimum training.

The Aircraft Docking System incorporates a stoplight design with an azimuth alignment aimed toward the pilot 21 inches left of the centerline as viewed from the cockpit. The ADS allows the ramp staff to control the aircraft parking with a selector switch in conjunction with the aircraft centerline markings. The “dead man” control switch on an electrical cord signals the pilot as to go (green), caution (yellow) and stop (red). When the ramp is clear for parking, the ramp staff will signal the pilot with the green light to proceed by depressing the associated push button for green. As the aircraft approaches the stop line, the ramp staff will depress the yellow push button to signal the pilot to slow aircraft approach. When the aircraft reaches it’s marking, the ramp staff will release the push button to light the red stoplight. If the ADS is inoperable the ramp agent will revert to hand wand signaling.

ELS performs a daily check of the ADS for operational malfunctions. This includes the checking of the display unit in addition to all the indicator lights and azimuth lights. In 2004 an “on/off” switch was added to Gate A11 only, for night operational use on departure.

## APPENDIX 8. C.

### PASSENGER LOADING BRIDGES

Passenger Loading Bridges (PLB) are comprised of mechanical and electrical components, hydraulics, fixed tunnels and other components including 400 Hertz, preconditioned air, potable water and aircraft docking systems on each gate. Each bridge is capable of simultaneous omni directional movement including vertical elevation, rotation in a horizontal plane in addition to extension and retraction capability.

Most of the twenty four (24) gates (12 each B/A) are equipped with two (2) PLB's with the following exceptions:

1. Gates A2 and A10 have one PLB each and are configured for 767 and smaller aircraft.
2. Gates G101 and A9 have three (3) PLB's each and can accommodate the New A380 with two (2) main and one (1) upper level access, plus 747 and smaller aircraft.
3. Gate A1 with two (2) PLB's which can accommodate the New A380 with one (1) main and one (1) upper level access, plus 747 and smaller aircraft.
4. Gates G99, G101, A1, A3 and A11 are also designated "Dual Aircraft Gates" and can accommodate two (2) narrow body aircraft at a time when necessary.

The 400hz ground power cables, PC air and potable water are attached mostly to the primary (B) PLB while the secondary (A) PLB is primarily used for first/business class passengers (except dual aircraft gates which have duplicate accessories on each bridge for dual use).

Components:

- Auto-Leveling – The automatic leveling device is designed to correct small changes in the aircraft sill height to the relationship of the cab floor. It will function on each specified aircraft regardless of door location, fuselage contour and aircraft sill height.
- Articulating Cab Floor – The cab floor is synchronized with the up/down control providing a horizontal position relative to the aircraft.
- Aircraft Height Indicator – An operator may pre-position the bridge to a height of the incoming aircraft with a digital indicator.
- Collision Avoidance – A warning in the form of a red flashing light and an audible alarm will indicate close proximity of the adjacent bridge. The horizontal movement of the PLB will be reduced to its slowest speed; however, the bridge will not stop to avoid collision until the operator stops the movement.

## APPENDIX 8. C.

### POTABLE WATER SYSTEM (PWS)

The Potable Water is supplied to the passenger loading bridge (PLB) via the service transport unit (STU) mounted under the PLB. The water is supplied through a backflow and filtration device to the reel mounted on the PLB. The supply of drinking water for the aircraft tanks is processed via a standard aircraft coupler.

This Potable Water System includes a motorized take-up reel, hoses, valves, coupling, a gauge backflow prevention device, and a service cabinet. This PWS is mounted near the lift columns of the PLB.

When the aircraft is parked for servicing, the service person will unwind the water hose from the reel and attach it to the aircraft water fill coupler. After water filling is complete, the hose will be removed from the aircraft and wound back into the water hose cabinet and attach the coupler inside the cabinet.

The backflow device prevents any water from backing up into the city's water supply that may be contaminated. Any back pressure from the hose at the aircraft that exceeds the supply pressure will dump onto the ground. A water filtration unit will further clean the water before entering the aircraft. The motorized unit will facilitate the operators in rewinding the hose. The PWS and its controls are such that it can be easily operated by personnel possessing no special skills and with minimum training. Personnel authorized to operate the PWS may be ramp agents, maintenance staff, or maintenance contractors.

## APPENDIX 8. C.

### PNEUMATIC TUBE SYSTEM

A multi-zone pneumatic tube system using a PC-based system control center with Microsoft Windows NT is installed in the ITB. The system moves materials in special containers (Carriers) between fixed stations through pneumatic tubes. A transaction occurs each time a carrier is placed in the dispatcher of a sending station, the receiving station's address is entered and the send button is pressed. The system processes the carrier and delivers it to the receiving station in a prioritized order. The system consists of eleven (11) zones, seventy-two (72) terminals and eight (8) sit-down stations.

Currently, the only carriers using the system are UA and LH.

This tube system has proven to be stable and reliable with well over 800,000 successful transactions since February 2001 when Translogic Corporation (now Swisslog) upgraded their most recent software program. There are, however, occasions when minor problems occur. In the event of such an occurrence, the involved airline contacts SFOTEC through the HELP Desk and the matter is rectified by the duty SFOTEC Operations Manager through the System Control Center PC located in the SFOTEC administrative office. For hardware and/or electrical problems, Elite Line Services (ELS), the services division of G & T Automated Systems, is the contracted company.

Manufacturer – TransLogic Corporation  
Maintenance – Elite Line Services (ELS)

## APPENDIX 8. C.

### RAMP CONTROL TOWERS

Two ramp control towers have been constructed within the Airport's master Plan. One tower is at the end of Boarding Area A (BAA) and other in the same location on Boarding Area G (BAG). SFOTEC is responsible for the operation and management of both towers. SFOTEC currently contracts with TAS for the operation on BAA and with United Airlines on BAG. Each tower is responsible for directing aircraft in and around gate areas designated by the FAA as "non-movement" areas on the airfield, which are beyond the line of sight from the FAA operated control tower. BAA's assigned VHF frequency is 127.575 and BAG's assigned frequency is 119.225.

Gate assignments, ticket counter & baggage claim/makeup carousel designation and MUFIDS updates for the entire terminal is controlled from the tower located on BAA and staffed 24 hours per day. Total Airport Services (TAS) staffs tower A. Backup CRTs are located in the BAG Tower, SFOTEC Office and Activation Office in the event that access is ever restricted to the BAA Tower. United Airlines is responsible for staffing the tower on BAG and for coordinating all non-movement area designated traffic activity under BAG's assigned parameter.

Tower frequencies for each tower are shared with each other so that in the event one tower loses a frequency or capability, the other is able to monitor and transmit applicable information. Should it become impossible to conduct operations (i.e. fire), control can/will revert to the FAA tower and/or airline ground personnel. However, it is *always* the responsibility of each air carrier to push back at its' own discretion.

## APPENDIX 8. C.

### X-RAY SCREENING EQUIPMENT

SFOTEC is responsible for maintaining and/or coordinating servicing for the X-ray units and associated equipment at the following locations:

#### Baggage System

- 12 CTX9000 Explosives Detection System units
- 1 CTX5500 Explosives Detection System units located next to the BIR in the G shoulder.

#### Baggage Screening Room

- Multiplexed monitoring system that encompasses all CTX9000 baggage conveyors for an integrated security inspection for SFO, Domestic and International.

CTX-9000 – GE/InVision Explosives Detection System – An FAA/TSA certified x-ray based scanner that automatically screens for explosive material. The CTX is derived from medical Computed Tomography scanner technology. A total of 12 units are integrated in the baggage conveyer system operating with all screening performed in a new screening room. There is an additional unit on the “A” shoulder supporting the new protocol procedures and the new BIR. The maximum processing rate for the 9000 is 600 bags per hour per unit.

CTX-5500 – GE/InVision Explosives Detection System – An FAA certified x-ray based scanner. The lone remaining unit is located on the ground level next to the G BIR room.

## APPENDIX 8. C.

### AIRPORT SECURITY

#### Staffing

Covenant Aviation Security (CAS) was awarded the Transportation Security Administration (TSA) contract to provide security screener staffing at San Francisco International Airport. This award is part of a pilot project introduced by the TSA to have non-federal security screeners staffing a number of airports throughout the country.

#### Permitted and Prohibited Items at Security Checkpoints

Prohibited items are weapons, explosives, incendiaries and any item that is seemingly harmless but may be used as a weapon. These items are prohibited at the security checkpoints. The following chart lists items that may or may not be accepted for travel, be it carry-on or checked baggage.

Item	Carry-On	Checked
<i>Personal Items</i>		
Aerosol spray bottles and cans	Yes – 3 oz. or smaller container	Yes
All creams and lotions including Neosporin or first-aid creams and ointments, topical or rash creams and ointments, suntan lotions, moisturizers, etc.	Yes – 3 oz. or smaller container	Yes
Bubble bath balls, bath oils or moisturizers	Yes – 3 oz. or smaller container	Yes
Bug and mosquito sprays and repellents	Yes - 3 oz. or smaller container	Yes
Cigar cutters	Yes	Yes
Corkscrews	Yes	Yes
Cuticle Cutters	Yes	Yes
Deodorants made of gel or aerosol	Yes – 3 oz. or smaller container	Yes
Eye drops – You are allowed to carry a 3 oz. or smaller container of eye drops in a clear, one-quart plastic bag. There is no restriction on the amount you may carry, but containers greater than 3 oz. must be declared to the Security Officer and cannot be carried in your clear, one-quart bag.	Yes	Yes
Gel filled bras and similar prosthetics – Gel-filled bras may be worn through security screening and aboard aircraft.	Yes	Yes
Hair styling gels and spray of all kinds including aerosol.	Yes – 3 oz. or smaller container	Yes
Hair straightener or detangler	Yes – 3oz. or smaller container	Yes
Eyeglass Repair Tools (Including screwdrivers)	Yes	Yes
Eyelash Curlers	Yes	Yes
Knitting and Crochet Needles	Yes	Yes
Knives – except for plastic or round bladed knives.	No	Yes
Lip gels such as Carmex or Blistex	Yes – 3 oz. or smaller container	Yes

## APPENDIX 8. C.

Liquid lip glosses or other liquids for lips	Yes – 3 oz. or smaller container	Yes
Liquid bubble bath including gel or liquid filled	Yes – 3 oz. or smaller container	Yes
Liquid foundations	Yes – 3 oz. or smaller container	Yes
Liquid, gel or spray perfumes and colognes	Yes – 3 oz. or smaller container	Yes
Liquid sanitizers	Yes – 3 oz. or smaller container	Yes
Liquid soaps	Yes – 3 oz. or smaller container	Yes
Liquid mascara	Yes – 3 oz. or smaller container	Yes
Make up removers or facial cleansers	Yes – 3 oz. or smaller container	Yes
Mouthwash	Yes – 3 oz. or smaller container	Yes
Nail Clippers	Yes	Yes
Nail Files	Yes	Yes
Nail polish and removers	Yes – 3 oz. or smaller container	Yes
Non-prescription liquid or gel medicines like cough syrup and gel cap type pills – You are allowed to carry up to 3 oz. of eye drops in a clear, one-quart plastic bag. Volumes greater than 3 oz. must be declared to the Security Officer and cannot be carried in your clear, one-quart bag.	Yes – 3 oz. or smaller container	Yes
Personal lubricants – You are allowed to carry up to 3 oz. of eye drops in a clear, one-quart plastic bag. Volumes greater than 3 oz. must be declared to the Security Officer and cannot be carried in your clear, one-quart bag.	Yes – 3 oz. or smaller container	Yes
Safety Razors (including disposable razors)	Yes	Yes
Saline solution – You are allowed to carry up to 3 oz. of eye drops in a clear, one-quart plastic bag. Volumes greater than 3 oz. must be declared to the Security Officer and cannot be carried in your clear, one-quart bag.	Yes – 3 oz. or smaller container	Yes
Scissors-plastic or metal with blunt tips	Yes	Yes
Scissors-metal with pointed tips and blades shorter than four inches in length.	Yes	Yes
Shampoos and conditioners	Yes – 3 oz. or smaller container	Yes
Toothpaste	Yes – 3 oz. or smaller container	Yes
Toy Transformer Robots	Yes	Yes
Toy Weapons (if not realistic replicas)	Yes	Yes
Tweezers	Yes	Yes
Umbrellas (allowed in carry-on baggage once they have been inspected to ensure that prohibited items are not concealed)	Yes	Yes
Walking Canes (allowed in carry-on baggage once they have been inspected to ensure that prohibited items are not concealed)	Yes	Yes



## APPENDIX 8. C.

<i>Medication and Special Needs Devices</i> — Medications must be labeled with a professionally printed label identifying the medication and manufacturer's name or pharmaceutical label. The prescription medicine must match the name on the passenger's ticket. All disability-related equipment, aids, and devices continue to be allowed through security checkpoints once cleared through screening.		
<i>Electronic Devices</i>		
Camcorders	Yes	Yes
Camera equipment (Checked baggage screening equipment will damage undeveloped film in camera equipment. It is recommended that undeveloped film and cameras containing undeveloped film in carry-on baggage and request hand inspection)	Yes	Yes
Laptop computers	Yes	Yes
Mobile phones	Yes	Yes
Pagers	Yes	Yes
Personal data assistants (PDA's)	Yes	Yes
<i>Sharp Objects</i>		
Box cutters	No	Yes
Ice Axes/Ice Picks	No	Yes
Knives (any length and type except round-bladed, butter and plastic cutlery)	No	Yes
Meat cleavers	No	Yes
Razor-type blades — such as box cutters, utility knives, razor blades not in a cartridge, but excluding safety razors.	No	Yes
Sabers	No	Yes
Scissors — metal with pointed tips and blades shorter than four inches.	Yes	Yes
Swords	No	Yes
<i>Sporting Goods</i>		
Baseball bats	No	Yes
Bows and arrows	No	Yes
Cricket bats	No	Yes
Golf clubs	No	Yes
Hockey sticks	No	Yes
Lacrosse sticks	No	Yes
Pool cues	No	Yes
Ski poles	No	Yes
Spear guns	No	Yes
<i>Guns and Firearms</i>		
Ammunition (If the carrier does permit the transport of ammunition, it must be declared at check-in. Small arms ammunition for personal use must be packed in fiber, wood or metal boxes or other packaging specifically designed to carry small amounts of ammunition. Limitations or fees may apply.)	No	Yes
BB guns	No	Yes
Compressed air guns (to include paintball markers) — Carried in checked luggage without compressed air cylinder attached	No	Yes
Firearms — Firearms carried as checked baggage MUST be unloaded, packed in a locked hard-sided container, and declared to the airline at check-in.	No	Yes
Flare guns — May be carried as checked baggage, MUST be unloaded, packed in a locked hard-sided container and declared to the airline at check-in.	No	Yes
Flares	No	No
Gun lighters	No	Yes
Gun powder (including black powder and percussion caps)	No	No
Parts of guns and firearms	No	Yes
Pellet guns	No	Yes

**APPENDIX 8. C.**

Realistic replicas of firearms	No	Yes
Starter pistols	No	Yes
<i>Food and Drinks</i>		
Beverages brought from home or purchased before reaching the security checkpoint in containers LARGER than 3 oz.	No	Yes
Beverages brought from home or purchased before reaching the security checkpoint in a 3 oz. or smaller container and in your quart-size, zip-top plastic bag.	Yes	Yes
Beverages purchased after security screening	Yes	Yes
Medications, baby formula and food, breast milk and other juice are allowed in reasonable quantities exceeding three ounces and are not required to be in the zip-top bag. Declare these items for inspection at the checkpoint.	Yes	Yes
Canned or jarred goods such as soup, sauces, peanut butter, fruits, vegetables and jellies.	Yes – 3 oz. or smaller container	Yes
Cheese in pressurized containers	Yes – 3 oz. or smaller container	Yes
Duty free alcohol and other items	Yes, but some restrictions apply	Yes
Gel based sports supplements	Yes – 3 oz. or smaller container	Yes
Jell-O's	Yes – 3 oz. or smaller container	Yes
Pudding	Yes – 3 oz. or smaller container	Yes
Whipped cream	Yes – 3 oz. or smaller container	Yes
Yogurt or gel like food substances	Yes – 3 oz. or smaller container	Yes
Flameless Ration Heater (FRH) – A product most commonly found in MRE's, used to heat food packages. No limit on the number of MRE's an individual may possess in checked or carry-on baggage, but the MRE(s) containing FRH(s) must be unopened. (original factory seal is unbroken)	Yes	Yes
<i>Other Items</i>		
Gel-type candles	No	Yes
Gel shoe inserts – Gel shoe inserts are not permitted, but shoes constructed with gel heels are allowed and must be removed and screened.	No	Yes
Non-flammable liquid, gel, or aerosol paint	Yes – 3 oz. or smaller container	Yes
Flammable liquid, gel, or aerosol paint	No	No
Snow globes and like decorations regardless of size or amount of liquid inside, even with documentation.	No	Yes
<i>Tools</i>		
Axes and hatchets	No	Yes
Cattle prods	No	Yes
Crowbars	No	Yes
Hammers	No	Yes
Drills (including cordless portable power drills and drill bits)	No	Yes

**APPENDIX 8. C.**

Saws (including cordless portable power saws)	No	Yes
Screwdrivers (seven inches or less in length)	Yes	Yes
Tools (greater than seven inches in length)	No	Yes
Tools (seven inches or less in length)	Yes	Yes
Wrenches and pliers (seven inches or less in length)	Yes	Yes
<i>Martial Arts/Self Defense Items</i>		
Billy clubs	No	Yes
Black jacks	No	Yes
Brass knuckles	No	Yes
Kubaton	No	Yes
Mace/Pepper spray (one 118 ml or 4 fluid ounce of mace or pepper spray is permitted in checked baggage provided it is equipped with a safety mechanism to prevent accidental discharge)	No	Yes
Martial arts weapons	No	Yes
Night sticks	No	Yes
Nunchakus	No	Yes
Stun guns/Shocking devices	No	Yes
Throwing stars	No	Yes
<i>Explosive Materials</i>		
Blasting caps	No	No
Dynamite	No	No
Fireworks	No	No
Flare in any form	No	No
Hand grenades	No	No
Plastic explosives	No	No
Realistic Replicas of Explosives	No	No
<i>Flammable Items</i>		
Aerosol (any except for personal care or toiletries in limited quantities)	No	No
Fuels (including cooking fuels and any flammable liquid fuel)	No	No
Gasoline	No	No
Gas torches	No	No
Lighter fluid	No	No
<b>Common Lighters</b> - Lighters without fuel are permitted in checked baggage. Lighters with fuel are prohibited in checked baggage, unless they adhere to DOT exemptions, which allow s up to two fueled lighters if properly enclosed in a DOT approved case. If there is any uncertainty, do not bring your lighter.	Yes	No
Strike-anywhere matches — One book of safety (non-strike anywhere) matches are permitted as carry-on items, but all matches are prohibited in checked baggage.	No	No
Flammable Paints	No	No
Turpentine and paint thinner	No	No
Realistic Replicas of Incendiaries	No	No
<i>Disabling Chemicals and other dangerous Items</i>		
Chlorine for pools and spas	No	No
Small compressed gas cartridges (Up to life vests and 2 spares The spares must accompany the life vests and presented as one unit)	Yes	Yes
Compressed gas cylinders (including fire extinguishers)	No	No
Liquid bleach	No	No

**APPENDIX 8. C.**

Spillable batteries (except those in wheelchairs)	No	No
Spray paint	No	No
Tear gas	No	No

## APPENDIX 8. C.

### Notification of Baggage Inspection

Each IT operating carrier has been provided with TSA produced signs advising the traveling public to UNLOCK all checked baggage for inspection purposes along with advice on undeveloped film. Undeveloped film is to be removed from all checked baggage to prevent damage. These signs are displayed at all check-in areas.

TSA has produced flyers to place in checked baggage that has been opened for inspection without the knowledge of the passenger/owner. These flyers explain why the inspection was necessary and also provide for packing tips and contacts for the TSA Consumer Response Center.



**APPENDIX 8. C.****SFOTEC BUDGET/FORECAST COMPARISION DATA**

<u>Date</u> <u>Approved</u>	<u>Year</u>	<u>Type</u>	<u>Amount</u>
27-Jun-00	2001	Proforma (est)	\$22,413,676
10-Apr-01	2001	Annual Mtg (est)	\$20,726,033
25-Apr-01(rev)	2001	Proforma (est)	\$20,923,881
<b>31-Dec-01</b>	<b>2001</b>	<b>Actual</b>	<b>\$14,121,100</b>
9-Apr-02	2002	Annual Mtg (est)	\$11,692,800
<b>31-Dec-02</b>	<b>2002</b>	<b>Actual</b>	<b>\$10,205,600</b>
8-Apr-03	2003	Annual Mtg (est)	\$10,117,400
<b>31-Dec-03</b>	<b>2003</b>	<b>Actual</b>	<b>\$9,625,900</b>
6-Apr-04	2004	Annual Mtg (est)	\$10,960,200
<b>31-Dec-04</b>	<b>2004</b>	<b>Actual</b>	<b>\$10,427,600</b>
12-Apr-05	2005	Annual Mtg (est)	\$10,538,800
<b>31-Dec-05</b>	<b>2005</b>	<b>Actual</b>	<b>\$10,373,300</b>
11-Apr-06	2006	Annual Mtg (est)	\$11,000,500
<b>31-Dec-06</b>	<b>2006</b>	<b>Actual</b>	<b>\$11,069,400</b>
10-Apr-07	2007	Annual Mtg (est)	\$11,700,800
<b>31-Dec-07</b>	<b>2007</b>	<b>Actual</b>	<b>\$11,466,700</b>
8-Apr-08	2008	Annual Mtg (est)	\$11,258,400
<b>31-Dec-08</b>	<b>2008</b>	<b>Actual</b>	<b>\$10,855,100</b>
6-Apr-09	2009	Annual Mtg (est)	\$11,002,900
<b>31-Dec-09</b>	<b>2009</b>	<b>Actual</b>	<b>\$10,419,900</b>
<b>Forecast</b> <b>6-Apr-10</b>	<b>2010</b>	<b>Annual Mtg (est)</b>	<b>\$10,959,600</b>

**SFOTEC EXPENSE REVIEW and FORECAST - 2009/2010**

DESCRIPTION	PAYEE	2008	2009	2009	Var \$	Var %	2010	Var \$	Var %	Comments
		ACTUAL	FCST	ACTUAL	2009Act- vs. Fcst	2009Act vs.Fcst	FCST	2010 Fcst vs. 2009 Act	2010 Fcst vs. 2009 Act	
<b>Debt Svc</b>										
Airport Purchased Equipment or Debt Svc	SFIA	0.0	100.0	0.0	-100.0	-100.0%	0.0	0.0	100.0%	PFC#2 eff 12/01 covers cap costs for Mstr/Plan IMUSE upgrade fcst
Limited Funding Agreement	SFIA	368.2	367.0	368.4	1.4	0.4%	337.3	-31.1	-8.4%	amortized through 2011@\$3.2M -(62K/mo)eff 5/06 Fcstg zero exp 2010 10yr amortization Payment schedule ends Nov 2010 (11 pymts in 2010)
<b>Subtotal Debt Service</b>		<b>368.2</b>	<b>467.0</b>	<b>368.4</b>	<b>-98.6</b>	<b>-21.1%</b>	<b>337.3</b>	<b>-31.1</b>	<b>-8.4%</b>	\$200K max cap costs for replacement components
<b>Operations &amp; Maintenance Expenses</b>										
Baggage System, PLB, 400 Hz & Other Equip.	ELS	3326.9	3306.7	3039.6	-267.1	-8.1%	3429.5	389.9	12.8%	3.1% over 2008 actuals (2009 incl \$221K rcvd for 2008 credits)
Other BHS Expenses	ELS	167.2	168.6	138.3	-30.3	-18.0%	140.0	1.7	1.2%	parking, uniforms, laundry, permits, Gen Liab insurance
CUTE/MUFIDS/RFID Maintenance(net)	ARINC	1640.0	1665.9	1663.4	-2.5	-0.2%	1791.4	128.0	7.7%	Contractual increase eff 1/01 inclg Ultra Svc contract-scanners
CUSS Kiosk Technical Support & Parts	IER	57.5	60.1	66.4	6.3	10.5%	75.0	8.6	13.0%	Increased use increases consumables expenses over start up
Pneumatic Tube Maintenance	TransLogic	5.0	20.0	21.8	1.8	9.0%	20.0	-1.8	-8.3%	service contract. New computer purchased in 2009 for \$1.8 includes annual PM on unused blowers/terminals
Spare Parts	ELS	947.5	925.0	972.6	47.6	5.1%	970.0	-2.6	-0.3%	parts expensed in addition to base inventory
BHS/PLB/400hz/other (xpt Arinc)										
Spare Parts/consumables-ARINC	ARINC	102.6	95.0	117.4	22.4	23.6%	118.0	0.6	0.5%	printheads, nbbons, keyboards, monitor,ocr, component repair includes passport reader purchase vs. repair in 2008
Ramp Control Tower A (staffing) (MUFIDS/Equip/Fac Asgmts/Ramp Ctl)	TAS	606.0	623.2	625.1	1.9	0.3%	654.9	29.8	4.8%	no hourly increase in 2009 2010 includes incentives and insurance increas
Ramp Sweeping	TAS	653.6	673.0	655.2	-17.8	-2.6%	674.9	19.7	3.0%	
Janitorial - By SFOTEC	Exp.Maint.	220.8	221.2	220.8	-0.4	-0.2%	220.9	0.1	0.0%	Express Maintenance
Janitorial - By Airport	SFIA	1483.8	1448.0	1447.9	-0.1	0.0%	1460.0	12.1	0.8%	allocation based on psgr volume/formula/redtn for domestic vol
Miscellaneous/Other/Contingency	Various	134.1	115.0	297.8	182.8	159.0%	158.0	-139.8	-104.3%	includes telex,PFLT & MX baggage hndlg,per tags, labels,tkl ctr mats, stanchions, scale fees,ramp twr radio svc, fire ext maint, PLC/Brock,etc. 2009 included \$173.6 for major PLB tunnel repair to 11A
<b>Subtotal O &amp; M Expenses</b>		<b>9,345.0</b>	<b>9,321.7</b>	<b>9,266.3</b>	<b>-55.4</b>	<b>-0.6%</b>	<b>9,712.6</b>	<b>446.3</b>	<b>4.8%</b>	

**APPENDIX 8. C.**

**SFOTEC EXPENSE REVIEW and FORECAST - 2009/2010**

DESCRIPTION	PAYEE	2008	2009	2009	Var \$	Var %	2010	Var \$	Var %	Comments
		ACTUAL	FCST	ACTUAL	2009Act- vs. Fcst	2009Act vs. Fcst	FCST	2010 Fcst vs. 2009 Act	2010 Fcst vs. 2009 Act	
<b>EXPENSES</b>										
<b>Utilities</b>										
Electrical	SFIA	1551.4	1550.0	1756.4	206.4	13.3%	1760.0	3.6	0.2%	8 17% incr and additional frequencies in 2009
Water & Sewer	SFIA	64.6	65.0	61.9	-3.1	-4.8%	65.0	3.1	5.0%	
Telephone	SFIA	31.0	30.3	29.9	-0.4	-1.3%	30.0	0.1	0.3%	switched cell provider in Jun2008 Reduced expense fcst 2009
<b>Subtotal Utilities</b>		<b>1,647.0</b>	<b>1,645.3</b>	<b>1,848.2</b>	<b>202.9</b>	<b>12.3%</b>	<b>1,855.0</b>	<b>6.8</b>	<b>0.4%</b>	
<b>General</b>										
Management/Administrative Services	APS	920.3	947.8	896.2	-51.6	-5.4%	922.8	26.6	3.0%	further distnbion of corp overhead expense possible in 2009
General Liability & Property Insurance	MOS	167.6	172.6	165.5	-7.1	-4.1%	170.0	4.5	2.7%	Includes liab/property/vehicle with excess coverage - \$400M
Director's & Officer's Insurance	MOS	4.6	4.6	4.3	-0.3	-6.5%	4.4	0.1	2.3%	coverage \$2M with \$5K deductible
Accounting	Elwood	25.5	25.5	30.0	4.5	17.6%	25.0	-5.0	-16.7%	annual audited financial report & property tax filing 2009 incl State Audit. criteria adjustment & Increase in 2008
Legal	LC	52.1	5.0	1.3	-3.7	100.0%	1.3	0.0	0.0%	Includes Possessory Interest Tax & Filing Expense in 2007/2008
Other Outside Professional Services	ITA/Legal	1.0	1.1	0.2	-0.9	-81.8%	0.2	0.0	0.0%	less requirement in 2009 as Agreement reached with County thru 2010
Office Equipment Lease/Maintenance	Various	6.5	8.8	9.0	0.2	2.3%	9.0	0.0	0.0%	based new lease/purchase contract eff Nov2008 due spare parts unavailability and downtime 2 mos credit applied in 2008
Vehicle Maintenance & Lic/Registration	Various	0.1	0.5	0.3	-0.2	-40.0%	0.3	0.0	0.0%	
Office Supplies & Materials & Postage	Various	20.3	20.9	26.7	5.8	27.8%	27.0	0.3	1.1%	includes document/UULD printer paper
<b>Subtotal General</b>		<b>1,198.0</b>	<b>1,186.8</b>	<b>1,133.5</b>	<b>-53.3</b>	<b>-4.5%</b>	<b>1,160.0</b>	<b>26.5</b>	<b>2.3%</b>	
<b>Space Rental</b>										
Office Rental -ITB (2096sqft) (Cat II)	SFIA	257.8	269.6	271.2	1.6	0.6%	305.8	34.6	12.8%	18% increase fcstd for FY2010/2011
Office Rental (Ramp) (423sqft) (Cat III)	SFIA	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	relinquished under permit back to SFIA 10/15/02
Ramp Towers) (521/496sqft) CatII)	SFIA	125.2	130.4	131.4	1.0	0.8%	148.9	17.5	13.3%	18% increase fcstd for FY2010/2011
BHS/Vendors (468/4442sf) (Cat II/III)	SFIA	425.9	445.3	447.7	2.4	0.5%	505.1	57.4	12.8%	18% increase fcstd for FY2010/2011 (includes space for ARINC - SFIA percentage of rent)
<b>Subtotal Office Rental</b>		<b>808.9</b>	<b>845.3</b>	<b>850.3</b>	<b>5.0</b>	<b>0.6%</b>	<b>959.8</b>	<b>109.5</b>	<b>12.9%</b>	

**APPENDIX 8. C.**



**SFOTEC EXPENSE REVIEW and FORECAST - 2009/2010**

DESCRIPTION	PAYEE	2008	2009	2009	Var \$	Var %	2010	Var \$	Var %	Comments	
EXPENSES		ACTUAL	FCST	ACTUAL	2009Act- vs. Fcst	2009Act vs. Fcst	FCST	2010 Fcst vs. 2009 Act	2010 Fcst vs. 2009 Act		
<b>Taxes</b>											
Income Taxes	Fed/State	85.7	90.0	-16.8	-106.8	-118.7%	50.0	66.8	-397.6%	\$35K refund rcvd in 2009 for 2008 \$19K est tax paid in 2009	
Personal Property Taxes	SM Cnty	111.5	131.5	120.1	-11.4	-8.7%	110.0	-10.1	-8.4%	negotiated credit settlement \$300K cash, \$100K in 2008 will receive credit of \$80K in 2009 and \$50K in 2010	
<b>Subtotal Taxes</b>		<b>197.2</b>	<b>221.5</b>	<b>103.3</b>	<b>-118.2</b>	<b>-53.4%</b>	<b>160.0</b>	<b>56.7</b>	<b>54.9%</b>		
<b>Total Expenses</b>		<b>13,564.3</b>	<b>13,687.6</b>	<b>13,570.0</b>	<b>-117.6</b>	<b>-0.9%</b>	<b>14,184.7</b>	<b>614.7</b>	<b>4.5%</b>	<b>2010 expense fcst 4.5% over 2009 actuals; 4.6% over 2008 actuals</b>	
<b>EXPENSE OFF-SETS</b>	<b>PAYER</b>										
Exp Offsets	Non-Member Charges - Intl Opns	Airlines	-18.2	-20.0	-1.5	18.5	-92.5%	-4.5	-3.0	200.0%	Thomas Cook Chtrs
	Domestic Flight Charges - Member	Airlines	-169.7	-134.7	-145.4	-10.7	7.9%	-145.0	0.4	-0.3%	includes UA & AS (Alaska dplrs in T1/2009) Accts for less total billing going to SFOTEC as billings split eff May07 with Intl Joint Use credits
	Domestic Flight Charges - Non Member	Airlines	-1922.9	-1980.0	-2455.0	-475.0	24.0%	-2617.4	-162.4	6.6%	B6 began May07, VX began Aug07 Tier structure @\$208/flt (\$388/flt offsetting Intl Joint/Use Fees in 2009/2010 Incr VX/B6 in 2010
	Continental Baggage Service Agmt	CO	-99.9	-100.0	-92.7	7.3	-7.3%	-15.1	77.6	-83.7%	previously included in ELS/BHS Expense as an offset in 2007
	Alcatel & IER Agreements - Administration Fee	SFIA	-15.5	-14.0	-12.0	2.0	-14.3%	-12.0	0.0	0.0%	CO contract terminates 3/01/2010 Agmt with SFIA to administer contract for off hrs Help Desk Support and IER CUSS Support each \$2,000/\$1500 per quarter
	Ramp Sweeping Fees	Grd Hndrs	-88.8	-90.0	-88.8	1.2	-1.3%	-88.8	0.0	0.0%	billed to Ground Support Vendors
	Domestic 'A Tower' Ramp Control	Dom A/L	-262.5	-265.0	-272.5	-7.5	2.8%	-275.0	-2.5	0.9%	invoiced to all carriers under control of BAA and BAG ramp towers
	Vending Machine Revenue + stanchion rent	Rico Vending	-6.0	-6.0	-5.3	0.7	-11.7%	-5.3	0.0	0.0%	ramp vending machines for BAA ramp offices
	Interest Earnings	CB&T/Banks	-93.0	-60.0	-51.6	8.4	-14.0%	-37.0	14.6	-28.3%	reserve funds partially in CD's versus money mkt account lower int rates for CD's in 2009 vs 2008. CD's spread to other banks 2%
	Facility/Eqpt Damage Recovery	Misc	-32.7	-15.0	-25.3	-10.3	68.7%	-25.0	0.3	-1.2%	scanner reimbursement & grd damages for repair due neglect scanner repair/damage fcst to decrease in 2009
<b>Total Expense Off-Sets</b>		<b>-2,709.2</b>	<b>-2,684.7</b>	<b>-3,150.1</b>	<b>-465.4</b>	<b>17.3%</b>	<b>-3,225.1</b>	<b>-75.0</b>	<b>2.4%</b>		
<b>NET EXPENSES</b>		<b>10,855.1</b>	<b>11,002.9</b>	<b>10,419.9</b>	<b>-583.0</b>	<b>-5.3%</b>	<b>10,959.6</b>	<b>539.7</b>	<b>5.2%</b>	2010 fcst .4% under 2009 fcst and 1% over 2008 actuals in part due to increased expected domestic carrier revenue/expense offsets (VX/B6/WS)	

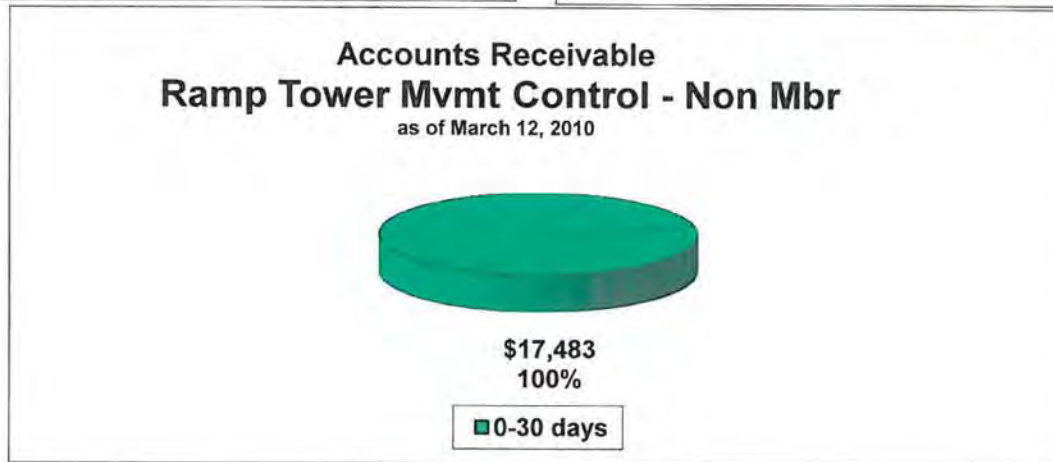
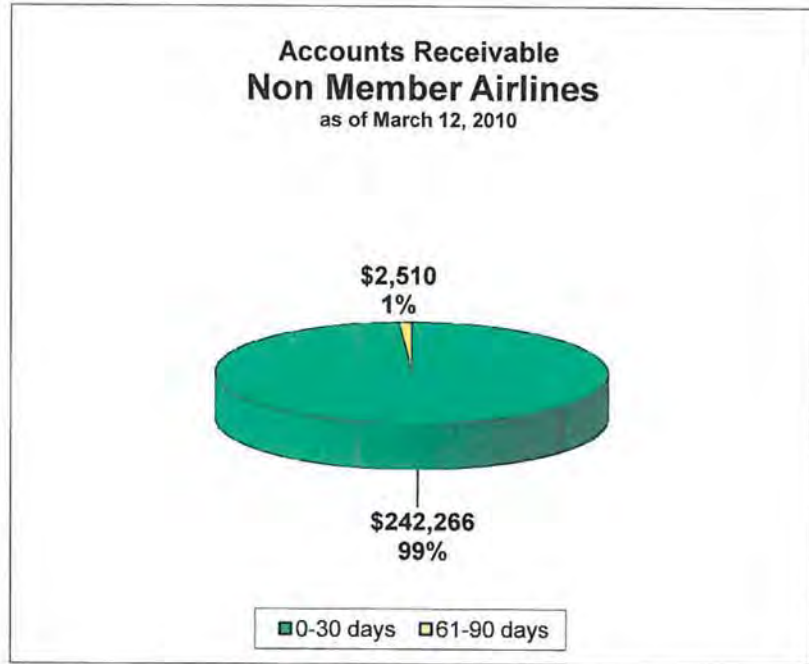
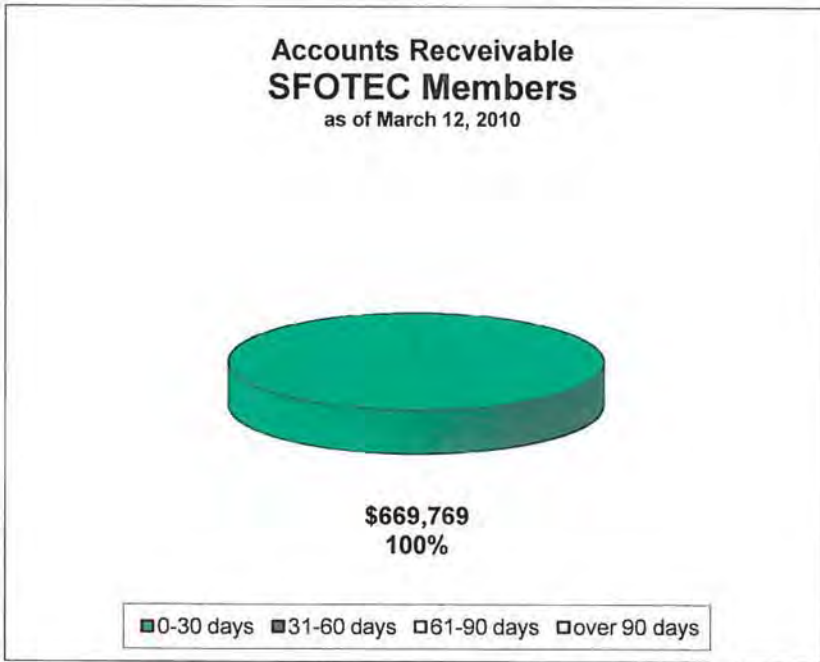
**APPENDIX 8. C.**

**Allocation of Expenses  
2009**



**Allocation of Expenses  
2010 Forecast**





Abbreviations used without definitions in TRB publications:

AAAE	American Association of Airport Executives
AASHO	American Association of State Highway Officials
AASHTO	American Association of State Highway and Transportation Officials
ACI-NA	Airports Council International-North America
ACRP	Airport Cooperative Research Program
ADA	Americans with Disabilities Act
APTA	American Public Transportation Association
ASCE	American Society of Civil Engineers
ASME	American Society of Mechanical Engineers
ASTM	American Society for Testing and Materials
ATA	Air Transport Association
ATA	American Trucking Associations
CTAA	Community Transportation Association of America
CTBSSP	Commercial Truck and Bus Safety Synthesis Program
DHS	Department of Homeland Security
DOE	Department of Energy
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
FHWA	Federal Highway Administration
FMCSA	Federal Motor Carrier Safety Administration
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
HMCRP	Hazardous Materials Cooperative Research Program
IEEE	Institute of Electrical and Electronics Engineers
ISTEA	Intermodal Surface Transportation Efficiency Act of 1991
ITE	Institute of Transportation Engineers
NASA	National Aeronautics and Space Administration
NASAO	National Association of State Aviation Officials
NCFRP	National Cooperative Freight Research Program
NCHRP	National Cooperative Highway Research Program
NHTSA	National Highway Traffic Safety Administration
NTSB	National Transportation Safety Board
PHMSA	Pipeline and Hazardous Materials Safety Administration
RITA	Research and Innovative Technology Administration
SAE	Society of Automotive Engineers
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (2005)
TCRP	Transit Cooperative Research Program
TEA-21	Transportation Equity Act for the 21st Century (1998)
TRB	Transportation Research Board
TSA	Transportation Security Administration
U.S.DOT	United States Department of Transportation