

**SHOW LOW REGIONAL AIRPORT  
FBO FACILITY LEASE AGREEMENT**

**[OPERATOR NAME] [ADDRESS]**

Show Low Regional Airport  
3150 Airport Loop Rd., #100  
Show Low, AZ 85901  
(928) 532-4190/(928) 532-4199 (fax)

|   |    |
|---|----|
| ARTICLE 1 – DEFINITIONS .....   | 7  |
| 1.1 “Airport” .....   | 7  |
| 1.2 “Airport Director” .....  | 7  |
| 1.3 “City” .....  | 7  |
| 1.4 “Lease Year” .....  | 7  |
| 1.5 “F.A.A.” .....  | 7  |
| 1.6 “Minimum Annual Guarantee” or “MAG” .....                         | 7  |
| 1.7 “Aviation Tenant Improvement Process” .....                       | 7  |
| 1.8 “Reporting Period” .....  | 7  |
| 1.9 “Premises” .....  | 7  |
| 1.10 “Minimum Standards” .....  | 7  |
| 1.11 “Common Area Site” or “CAS” .....                                | 8  |
| ARTICLE 2 – PREMISES AND PRIVILEGES .....                             | 8  |
| 2.1 Description .....   | 8  |
| 2.2 General Privileges .....  | 8  |
| 2.3 Specific Privileges .....   | 9  |
| 2.4 Prohibited Activities .....                                       | 10 |
| 2.5 Operation of Business .....                                       | 10 |
| 2.6 Condition of Premises .....                                       | 11 |
| 2.7 Rental Credits .....  | 11 |
| ARTICLE 3 – TERM .....  | 11 |
| 3.1 Term .....  | 11 |
| 3.2 Renewal Options .....   | 12 |
| ARTICLE 4 – RENTAL .....  | 12 |
| 4.1 Annual Rent .....   | 12 |
| 4.2 Payment .....   | 12 |
| 4.3 Delinquent Rental .....   | 12 |
| 4.4 Reports and Percentage Rent Payments .....                        | 13 |
| 4.5 Gross Sales .....   | 13 |
| 4.6 Credits and Discounts .....                                       | 15 |
| 4.7 Books and Records .....   | 15 |
| 4.8 Independent Audits .....  | 17 |
| 4.9 Final Audit Binding .....   | 18 |
| 4.10 Payments .....   | 18 |
| ARTICLE 5 – LESSEE’S IMPROVEMENTS .....                               | 19 |
| 5.1 Lessee Responsibilities .....                                     | 19 |
| 5.2 Approval of Plans and Specifications and Subsequent Changes ..... | 20 |
| 5.3 Title to Leasehold Improvements .....                             | 20 |
| 5.4 Removal and Demolition .....                                      | 21 |
| 5.5 Lessor Responsibilities .....                                     | 22 |
| 5.6 Lessor’s Authority .....  | 22 |
| 5.7 Compensation .....  | 22 |
| 5.8 Condemnation .....  | 22 |
| 5.9 Notice .....  | 22 |
| 5.10 Airport Aviation Easement .....                                  | 23 |

|   |    |
|---|----|
| ARTICLE 6 – FORCE MAJEURE .....                               | 23 |
| ARTICLE 7 – ASSIGNMENT AND SUBLETTING .....                   | 23 |
| ARTICLE 8 – SIGNAGE .....                                     | 25 |
| ARTICLE 9 – CANCELLATION BY LESSOR .....                      | 25 |
| 9.1 Default Events.....                                       | 25 |
| 9.2 Right of Lessor Upon Default .....                        | 26 |
| 9.3 No waiver by Lessor of Default by Lessee .....            | 27 |
| ARTICLE 10 – CANCELLATION BY LESSEE .....                     | 27 |
| ARTICLE 11 – INDEMNITY AND INSURANCE.....                     | 28 |
| 11.1 Indemnity .....  | 28 |
| 11.2 Insurance Requirements .....                             | 28 |
| 11.3 All Risk Coverage .....                                  | 28 |
| 11.4 Lessor Named as Additional Insured .....                 | 29 |
| ARTICLE 12 – UTILITIES .....                                  | 30 |
| ARTICLE 13 – MAINTENANCE AND CUSTODIAL.....                   | 30 |
| 13.1 Maintenance .....  | 30 |
| 13.2 Repairs.....   | 31 |
| 13.3 Right to Enter .....                                     | 31 |
| 13.4 Failure to Maintain or Repair .....                      | 32 |
| 13.5 Operation Costs .....                                    | 32 |
| 13.6 Custodial.....   | 32 |
| ARTICLE 14 – LIENS, PAYMENT BONDS & SECURITY DEPOSIT .....    | 33 |
| 14.1 Liens .....  | 33 |
| 14.2 Payment Bond .....                                       | 33 |
| 14.3 Security Deposit.....                                    | 34 |
| ARTICLE 15 – QUIET ENJOYMENT .....                            | 34 |
| ARTICLE 16 – REDELIVERY AND HOLDING OVER .....                | 35 |
| 16.1 Redelivery .....   | 35 |
| 16.2 Holding Over .....                                       | 35 |
| ARTICLE 17 – RIGHTS OF ENTRY RESERVED.....                    | 35 |
| ARTICLE 18 – NOTICE .....                                     | 36 |
| ARTICLE 19 – PARAGRAPH HEADINGS.....                          | 36 |
| ARTICLE 20 – SAVINGS CLAUSE.....                              | 36 |
| ARTICLE 21 – GENERAL PROVISIONS .....                         | 36 |
| 21.1 Non-Exclusive Rights .....                               | 36 |
| 21.2 Subordination to Agreements with the United States ..... | 36 |
| 21.3 Approvals, Consents, and Notices .....                   | 37 |
| 21.4 Transactional Conflicts of Interest.....                 | 37 |
| 21.5 Waiver of Claims .....                                   | 37 |
| 21.6 Corporation Authorization .....                          | 37 |
| 21.7 Right to Develop Airport .....                           | 37 |
| 21.8 Incorporation of Exhibits.....                           | 37 |
| 21.9 Incorporation of Required Provisions .....               | 37 |
| 21.10 Successors and Assigns Bound .....                      | 38 |
| 21.11 Right to Amend.....                                     | 38 |
| 21.12 Time of Essence.....                                    | 38 |

|   |    |
|---|----|
| 21.13 Good Faith .....  | 38 |
| 21.14 Interpretation .....  | 38 |
| 21.15 Entire Lease .....  | 38 |
| 21.16 Hazard, Potential Hazard, Nuisance, or Annoyance .....            | 39 |
| 21.17 Lessor Improvements .....   | 39 |
| 21.18 Statutory Remedies .....  | 39 |
| 21.19 Non-Waiver .....  | 39 |
| 21.20 Lessee Liability Continues.....                                   | 39 |
| 21.21 Laws of Arizona; Consent to Jurisdiction; Mediation .....         | 40 |
| ARTICLE 22 – TAXES AND LICENSES.....                                    | 40 |
| ARTICLE 23 – SUCCESSORS AND ASSIGNS BOUNDS .....                        | 41 |
| ARTICLE 24 – ATTORNEYS’ FEES.....                                       | 41 |
| ARTICLE 25 – COMPLIANCE .....   | 42 |
| 25.1 General .....  | 42 |
| 25.2 Supplemental Terms and Conditions .....                            | 42 |
| 25.3 Subordination.....   | 42 |
| ARTICLE 26 – NO WAIVER OF SUBSEQUENT BREACHES OR DEFAULTS.....          | 42 |
| ARTICLE 27 – SECURITY PLAN .....  | 42 |
| ARTICLE 28 – RELATIONSHIP OF PARTIES .....                              | 43 |
| ARTICLE 29 – PROHIBITED INTERESTS.....                                  | 43 |
| ARTICLE 30 – COMPLIANCE WITH ENVIRONMENTAL LAWS .....                   | 43 |
| A. Definitions.....   | 43 |
| B. Compliance.....  | 45 |
| C. Termination of Agreement.....  | 48 |
| EXHIBITS .....  | 51 |
| EXHIBIT A – AIRPORT FUEL DISPENSER PERMIT .....                         | 52 |
| ARTICLE I – DEFINITIONS.....  | 52 |
| ARTICLE II – TERM.....  | 55 |
| ARTICLE III – FUEL DISPENSING ACTIVITY.....                             | 55 |
| ARTICLE IV – SOLICITATION FOR SALES PROHIBITED .....                    | 55 |
| ARTICLE V – FEES, REPORTING AND RECORDS .....                           | 55 |
| ARTICLE VI – EQUIPMENT AND PERSONNEL REQUIREMENTS.....                  | 56 |
| ARTICLE VII – RECORDS AND PROCEDURES .....                              | 57 |
| ARTICLE VIII – FUELING SAFETY REQUIREMENTS.....                         | 58 |
| ARTICLE VIX – SPILLAGE AND CLEANUP.....                                 | 58 |
| ARTICLE X – COMPLIANCE WITH ENVIRONMENTAL RULES AND<br>REGUATLIONS..... | 58 |
| ARTICLE XI – INDEMNIFICATION AND INSURANCE REQUIREMENTS<br>.....        | 58 |
| A. Indemnification.....   | 58 |
| B. Insurance Requirements.....  | 60 |
| ARTICLE XII – AIRPORT ACCESS.....                                       | 60 |
| A. PSHIA Permits.....   | 60 |
| B. DVT or SOW Permits.....  | 60 |
| ARTICLE XIII – AIRPORT SECURITY PLAN .....                              | 61 |
| A. PSHIA Permits.....   | 61 |

|   |     |
|---|-----|
| B. DVT and SOW .....  | 61  |
| ARTICLE XIV – RULES AND REGULATIONS .....                             | 61  |
| ARTICLE XV – PERMITTEE’S ACKNOWLEDGEMENTS .....                       | 62  |
| ARTICLE XVI – ASSIGNMENT .....  | 62  |
| ARTICLE XVII – NOTICES .....  | 62  |
| ARTICLE XVIII – ATTORNEYS’ FEES .....                                 | 63  |
| ARTICLE XIX – COMPLETE AGREEMENT .....                                | 63  |
| ARTICLE XX – SAVINGS CLAUSE .....                                     | 63  |
| EXHIBIT B – FUELING FACILITY AND EQUIPMENT .....                      | 65  |
| EXHIBIT C – TERMINAL MAP .....  | 66  |
| EXHIBIT D – AERIAL MAP .....  | 67  |
| EXHIBIT E – MINIMUM STANDARDS FOR SHOW LOW REGIONAL<br>AIRPORT .....  | 68  |
| EXHIBIT F – RETAINED BY CITY OF SHOW LOW AS COMMON USE<br>AREAS ..... | 102 |
| EXHIBIT G – INSURANCE .....   | 103 |
| EXHIBIT H – SAMPLE LETTER OF CREDIT .....                             | 107 |
| EXHIBIT I – SUPPLEMENTAL TERMS AND CONDITIONS .....                   | 109 |
| A. Definitions .....  | 109 |
| B. Assurances .....   | 109 |
| C. City of Show Low Affirmative Action Requirements .....             | 112 |
| D. Immigration Reform and Control Act of 1986 (IRCA) .....            | 113 |
| E. Conflict of Interest .....   | 113 |
| F. Disadvantaged Business Enterprise Requirements .....               | 113 |
| EXHIBIT J – SHOW LOW REGIONAL AIRPORT RULES AND<br>REGULATIONS .....  | 115 |

**FBO FACILITY LEASE AGREEMENT**

-

THIS FACILITY LEASE (hereinafter "**Lease**") entered into in the City of Show Low, County of Navajo, this \_\_\_\_\_ day of \_\_\_\_\_, 2010 (hereinafter "Commencement Date") by and between the CITY OF SHOW LOW, a municipal corporation (hereinafter "**Lessor**") and

\_\_\_\_\_, a \_\_\_\_\_, its successors in interest and any assigns, (hereinafter "**Lessee**") for a non-exclusive right of Lessee to occupy designated premises and operate as a Fixed Base Operator in accordance with the provisions of this Lease and those of the Minimum Standards and Rules and Regulations established for Show Low Regional Airport.

**WITNESSETH:**

**WHEREAS**, the Show Low City Council on \_\_\_\_\_, adopted Ordinance No. \_\_\_\_\_ authorizing the City to enter into a Lease with the Lessee based upon certain terms and conditions; and

**WHEREAS**, the Lessor and Lessee desire to formalize and authorize the aviation services Lessee will make available to the general public.

**NOW, THEREFORE**, in consideration of the premises and the covenants herein set forth, the parties make the following Lease.

## ARTICLE 1 – DEFINITIONS

- 1.1 “Airport”  
means the Show Low Regional Airport
- 1.2 “Airport Director”  
means the City of Show Low Airport Director/Manager and his/her designated representative.
- 1.3 “City”  
means the City of Show Low, Arizona.
- 1.4 “Lease Year”  
means for the first lease year a period starting with commencement of the term hereof through December 31 of the same year. The final lease year shall commence January 1 through the end of this Lease and all other years shall mean a calendar year.
- 1.5 “F.A.A.”  
means the Federal Aviation Administration.
- 1.6 “Minimum Annual Guarantee” or “MAG”  
means the amount set in the Lease with Lessee as the minimum amount Lessee guarantees to pay each year for the premises, rights and privileges granted herein.
- 1.7 “Aviation Tenant Improvement Process”  
means the process where the Lessee is required to first submit formal plans to Lessor for any tenant improvements planned for the Premises. All Lessee improvements must be submitted to the Airport Director for review and approval prior to undertaking of any construction.
- 1.8 “Reporting Period”  
means in computing percentage rent, the first reporting period shall commence on the date Lessee opens for business and shall end at the close of business on the last day of the same calendar month. Thereafter, the reporting period shall be on a calendar month basis.
- 1.9 “Premises”  
means those areas defined on the Terminal Map in **Exhibit C**.
- 1.10 “Minimum Standards”  
refers to the Minimum Standards at Show Low Regional Airport (KSOW) in **Exhibit E**.

1.11 “Common Area Site” or “CAS”

means all areas of the terminal that are not leased to the Lessee. **Exhibit F**

## ARTICLE 2 – PREMISES AND PRIVILEGES

### 2.1 Description

Lessor leases to the Lessee certain Property (“Premises”) located at the Airport in the City of Show Low, Navajo County, Arizona, consisting of a portion of the terminal facility, fueling facilities, and fueling equipment as identified in **Exhibits B**. Lessee will have access to the associated transient ramp and terminal parking lot. Lessee may have the option to increase their leasehold area by leasing Hangar 18 and/or additional adjacent land for parking at the sole discretion of the Show Low Regional Airport Director.

The optional areas that will be available to the Lessee are identified on **Exhibit C**. A revised legal description will be prepared and the Lease will be amended if additional property is leased. The exact square footage will be calculated and added to the Lease rate at that time. Lease rates and other terms and conditions for the option areas shall be negotiated separate and apart from the initial premises based upon fair market value at the time the optional premises are leased by Lessee.

### 2.2 General Privileges

Lessor hereby grants to Lessee the following general privileges, uses and rights, all of which are subject to the terms, conditions and covenants hereinafter set forth and all of which will be non-exclusive on the Airport:

1. The general use of all Airport public facilities and improvements which are now or may hereafter be constructed and are appurtenant, except as hereinafter provided, to be used by Lessee for the operations herein defined.

For the purpose of this Article, “Airport” shall include all necessary landing area appurtenances including, but not limited to, approach areas, runways, taxiways, aprons, aircraft and automobile parking areas, roadways, sidewalks, navigational and navigational aids, lighting facilities and other public facilities of the said Airport.

2. The right of ingress and egress from the Premises over and across designed Airport property and the public roadways serving the Airport, to be utilized by Lessee, his/her agents and servants, patrons and invitees, subject to the ordinances, rules and regulations as now or may hereafter be applicable at the Airport.

## 2.3 Specific Privileges

- A. **Mandatory Requirements.** In addition to the general privileges, uses and rights above described, Lessor hereby grants specific privileges to Lessee together with the non-exclusive right to engage in the business of providing general aviation services at the Airport as a “Fixed Base Operator”. During the term of this Lease, Lessee is required to provide:
1. **Aviation Fuels and Lubricants (Jet-A, AV Gas, and aircraft lubricants) – Sale to Lessee’s customers pursuant to a “Fuel Dispenser Permit (FDP)”** authorized by the Airport Director. The FDP must be executed by Lessee prior to commencement of any fueling activities/operations at the Airport. A copy of the FDP is included as **Exhibit A**. Lessee agrees to execute the FDP simultaneously with this Lease.
  2. **Passenger, Crew, and Aircraft Ground Services, Support, and Amenities –** Lessee shall meet, direct, and park all aircraft arriving on FBO’s Premises; provide oxygen and compressed air service; provide aircraft ground power units; provide courtesy transportation; utilize FBO’s vehicles, for passengers, crew, and baggage, as necessary and/or appropriate; and make available crew and passenger ground transportation arrangements (limousine, shuttle, and rental car).
  3. Collect landing and transient tie down fees for the City.
  4. National Oceanic and Atmospheric Administration (required weather observations as required by contact).
  5. UNICOM Control
- B. **Permissive Provision.** Lessee may also provide the following additional services subject to the Minimum Standards, if any, pertaining to:
1. Aircraft Maintenance
  2. Aircraft Storage
  3. Aircraft Flight Training
  4. Aircraft Parts and Accessories Sales: Installation, service, repair and exchange of new and used aircraft parts, accessories, equipment and tools.
  5. Aircraft Rental: Renting and leasing of aircraft.
  6. Air Taxi: Operation of an air taxi service (unscheduled charter air transportation of passengers complying with F.A.R. Part 135 and all federal regulations and pertinent laws of the State of Arizona).
  7. Avionic and Instrument Sales: Installation, service repair and exchange of new and used aircraft radios, navigational equipment and instruments.

8. Aircraft Refinishing: Installation, replacement, modification or repair of aircraft interior upholstery and furnishings, and aircraft painting as authorized by the Airport Director.
9. Aircraft Sales: Purchase, sale, exchange and brokerage of new and used aircraft.
10. Catering and Coin-Operated Vending machines: Lessee shall be allowed to have soft drink, candy, coffee and food vending machines to be located within the Premises for exclusive use by Lessee's employees and customers. In addition, Lessee is authorized to provide in-house catering services for its customers' executive/corporate aircraft. Lessee is responsible for complying with all health and safety regulations in operating a food catering operation from the FBO facility. Lessor shall receive payment as stipulated in Article 4 below, for income relating to these services.
11. Auto Rental Agency: Lessee or Lessee's sub-lessee shall execute a separate auto rental concession lease with Lessor, which shall govern and control the operation of an auto rental concession on the Premises.
12. Retail Sales: Sales of non-aviation products as approved in writing by the Airport Director.
13. Other: All other services contained in the Minimum Standards and approved in writing by the Airport Director.

## 2.4 Prohibited Activities

It is specifically understood and agreed between Lessor and Lessee that, during the term of this Lease and the tenancy of Lessee at the Airport, the following activities are specifically excluded and prohibited unless prior written approval has been granted by the Airport Director.

1. Ground transportation for hire [other than as provided in Paragraphs 2.3(A)(2) and 2.3(B)(11)].
2. Sale of insurance other than aviation and aviation trip insurance.
3. Advertising concession.
4. Barber, valet and personal services.
5. Storage of surplus (non-flyable) aircraft except in areas screened from view and at a rate designated by the Airport Director.
6. Operation of a contract or common carrier for cargo service.

## 2.5 Operation of Business

Lessee shall maintain and conduct its operations in a proper business-like manner so as not to disturb or be offensive to other tenants or patrons of the Airport. Lessee shall operate its business seven (7) days a week during such hours as may be approved by the Airport Director.

Lessee shall at all times during business hours have a responsible employee on the Premises in charge of business operations. Lessee covenants that it shall at all times provide the Mandatory Requirements listed in Section 2.3 (A). Lessor may monitor, test, or inspect Lessee's services at any time through the use of a responsible shopping service or by other commercially reasonable means that do not unduly interfere with Lessee's business.

## 2.6 Condition of Premises

The Premises are available to Lessee in "as is" condition. Lessee acknowledges that it has leased the Premises after a full and complete examination of the Premises and its title, and has full knowledge of its present uses and non-uses. Lessee accepts the foregoing in the condition or state in which they now are without any representation or warranty, express or implied in fact or by law, by Lessor and without recourse to Lessor as to the title, nature, condition, usability or use to which the Premises may be put. Lessor shall not be required to furnish any services or facilities or to make any repairs or alterations in or to the Premises other than those expressly provided in this lease.

Lessor is aware of the presence of asbestoses and lead-based paint in Hangar 18. This hangar is the large maintenance hangar closest to the runway, approximately 3,000 feet to the southwest from the Airport terminal building. If the existing building is to be removed, relocated, or rehabilitated, then procedures that are in compliance with EPA regulations will need to be undertaken.

## 2.7 Rental Credits

Lessor, at its sole discretion, reserves the right to negotiate rent credits in exchange for permanent improvements made by the Lessee on the Premises. All permanent improvements shall vest to the Lessor at the end of the Term as defined herein.

# **ARTICLE 3 – TERM**

## 3.1 Term

The term of this lease shall commence on the Commencement Date and continue for 5 years unless a written request is made to terminate the lease prior to the termination date. At the discretion of Lessor, a Ground Lease may be executed by the parties prior to the expiration of this Lease,

when a site is established and the terms and conditions for the full build out have been negotiated between the parties.

### 3.2 Renewal Options

Lessor shall have the option to renew this lease for two (2) five-year terms. The option to extend the Lease is at the sole discretion of the Show Low City Council.

## **ARTICLE 4 – RENTAL**

### 4.1 Annual Rent

Annual rent will commence on the Commencement Date and continue for the Term of this lease or until the Date of Beneficial Occupancy occurs as defined in an executed Show Low Ground Lease.

Lessee, for and in consideration of the use of the Premises, facilities, rights and privileges granted hereunder, hereby covenants and agrees to pay Lessor, in the initial year of this Lease, without notice and free from any and all claims, deductions or set-offs against Lessor, the greater of: 1) A Minimum Annual Guaranteed rental (MAG) in the amount of \$\_\_\_\_\_ ; or 2) two percent (2%) of gross sales, whichever is greater. The MAG shall be prorated for the first and last years of the Lease. In subsequent years of the Lease, if 2% of the gross sales does not exceed the MAG, then the MAG shall be subject to readjustment annually based on a Consumer Price Index (CPI) applicable to the State of Arizona and as determined by the Lessor.

### 4.2 Payment

The annual rental shall be paid in installments in advance on the first day of each month. On each such date, Lessee shall pay one-twelfth (1/12) of the MAG. In addition, Lessee shall within fifteen (15) days after the close of each month, furnish Lessor a detailed statement of Gross Sales for the preceding period, and shall be accompanied by Lessee's payment of additional rent that may be due hereunder based on the application of the rental rate of 2% percent of gross sales as set forth in Paragraph 4.1 of this Article. Lessor reserves the right to specify the form of rental payments. Lessor may, in its sole discretion, require payment by cash, cashiers check or accept Lessee's company or individual check.

### 4.3 Delinquent Rental

Without waiving any other right or action available to Lessor, in the event of default in payment of rentals hereunder, late rent is subject to interest

penalties. Lessee shall pay to Lessor interest thereon at the rate of eighteen percent (18%) per annum from the date such item was due and owing until the full amount owed, plus interest, has been paid.

#### 4.4 Reports and Percentage Rent Payments

Lessee shall, within fifteen (15) days after the close of each month, furnish Lessor a detailed statement of Gross Sales and any deductions from Gross Sales for the preceding period prepared in accordance with generally accepted accounting principals and certified by a responsible financial officer of Lessee. These reports shall show such reasonable data and breakdown, including an itemized list identifying all percentage Gross Sales by category and any other type of reporting as may be required by Lessor, and shall be accompanied by Lessee's payment of additional compensation that may be due hereunder based on the application of the percentage of Gross Sales as set forth in Paragraph 4.1, plus all applicable taxes. Lessor may require changes to the format of these reports at any time.

At the end of each year of this Lease, an annual accounting on the basis of percentage rentals that may be due shall be made by Lessee to Lessor within ninety (90) days after the end of each Lease year, but only if the Lessee has provided the Gross Sales reports for the entire year. For the purpose of said annual accounting, Lessee shall furnish to Lessor an audited annual accounting statement of Gross Sales and percentage rent due prepared and audited by an independent Certified Public Accountant in accordance with generally accepted auditing standards. The purpose of the audit will be to express an opinion on the statement of Gross Sales and percentage rent due.

#### 4.5 Gross Sales

The term "Gross Sales" as herein, shall be construed to mean, for the purpose of this Lease, the aggregate amount of all sales made and for services rendered at or from the Premises, and any other revenues of any type arising out of or in connection with Lessee's operation under this Lease on the Premises, regardless of when or where the order therefore is received, where performed by Lessee, its subsidiaries, associated companies and any other entity, corporate or otherwise, from the premises for cash, credit or otherwise, of every kind, name, and nature, regardless of when or whether collected or not, as if the same had been sold for cash, or the fair and reasonable value thereof, whichever is the greater. Gross Sales includes, but is not limited to:

1. The sale of new and used parts, equipment and accessories installed in connection with the sale of new and used aircraft (interdepartmental transfers as defined herein are excluded);

“Interdepartmental Transfer” means an accounting procedure showing the internal flow or path of parts, maintenance, accessories or service from one department or entity within the Lessee’s business organization to another department or entity. However, such transfers shall be considered a sale and subject to inclusion in Gross Sales if such parts, maintenance, accessories or service are sold through the sale of a new or used aircraft. Only the following shall be excluded or deducted, as the case may be, from the computation of “Gross Sales”:

- A. Any and all retail sales taxes, transaction privilege taxes, excise taxes or related taxes upon or passed through to the consumer and collected by Lessee on such sales.
- B. Receipts from the sale or trade-in value of any used furniture, fixtures or equipment used upon the Premises and owned by Lessee.
- C. The value of any merchandise, supplies or equipment exchanged or transferred from or to other locations of business of Lessee where such exchanges or transfers are not made for the purpose of avoiding a sale by Lessee which otherwise would be made at or from the Premises.
- D. Receipts in the form of refunds or credits for the value of merchandise, supplies or equipment returned to shippers, suppliers or manufacturers.
- E. Receipts with respect to any sale where the subject of such sale, or some part thereof, is thereafter returned by the purchaser to and accepted by Lessee, to the extent of any refund actually granted or adjustment actually made, either in the form of cash or credit.
- F. The amounts of cash or quantity discounts received from sellers, suppliers and manufacturers.
- G. Expenses charged to the customer and paid by Lessee for the shipment of approved goods sold as a convenience to the customer.
- H. Any and all sales of new and used aircraft including replacement of parts under warranty.
- I. Aircraft Sales.
- J. Law enforcement agencies gross receipts for off-Airport related activities wherein the law enforcement agency would receive a fee for its service.
- K. Ambulance service gross receipts for off-Airport related activities such as ambulance charges.

- L. Government agencies gross receipts for off-Airport activities wherein the government agency would receive a fee for its services.
  - M. Auto rental concession gross sales that are payable to Lessor pursuant to a separate auto rental concession lease as provided in Article 2.3.
  - N. Receipts from the sales at cost of uniforms or clothing to Lessee's employees where such uniforms or clothing are required to be worn by employees.
  - O. Receipts from the sale of waste or scrap materials from Lessee's operations at the Premises.
- 2. Reimbursed labor charges for warranty work.
  - 3. Income from sale of fuel and lubricants sold by Lessee.
  - 4. All landing fees collected by Lessee. A copy of all landing fee receipts for the previous month shall be provided with the monthly accounting statements.

#### 4.6 Credits and Discounts

Lessee shall not be credited with nor allowed to have any reduction in the amount of the Gross Sales, as herein defined, which results from any arrangements for a rebate, kickback, or hidden credit given or allowed to any customer; provided, however, that Lessee may allow customary discounts on sales of commodities and products to its own employees.

#### 4.7 Books and Records

- A. At all times during the term hereof, and until all claims by Lessor for payments hereunder shall have been fully ascertained, fixed and paid, or until three (3) years after expiration or early termination of this Lease, whichever is later, Lessee shall keep, in accordance with generally accepted accounting practices, separate and accurate records of "Gross Sales" showing in detail all business done or transacted in, on, about, from or pertaining to the Premises. Lessee shall enter all receipts arising from such business in regular books of accounts kept on the Premises for that purpose, and all entries in any such records or books shall be made at or about the time the transactions respectively occur. It is the intent and purpose of the foregoing provisions that Lessee shall keep all such records as will enable Lessor as well as Lessee to ascertain and determine, accurately and clearly, the amount of money payable to Lessor hereunder, and determine the exact

share of Gross Sales billed and/or received by the Lessee under this Lease.

- B. These records must be maintained for a period of three (3) years after expiration or early termination of this Lease and are to be kept within the geographic boundaries of the City of Show Low. These records shall include, but are not limited to: charts of accounts, general ledger, daily business reports, and original or copies of rental agreements for all Airport related transactions. If the Lessee elects not to maintain its records in Show Low, then upon Lessor's request or in the event of an audit, it shall either: 1) pay for all expenses associated with delivering said records to the address of the auditors, or 2) pay for reasonable travel expenses for the auditors to have the audit conducted at Lessee's specified location, including an administrative fee of 15% of the actual costs of the audit.
- C. Lessor shall have the right to examine, inspect and copy the books and other records of Lessee with respect to the operations of Lessee under this Lease at any time during regular business hours. Information acquired by exercising this right shall not be made public except as required by law. The records requirements of this section shall extend to any of Lessee's subsidiaries, partners, joint ventures and subcontractors.

Lessee also understands that Lessor may use its own staff to perform audits under this section, or may engage in independent Certified Public accountant to perform audits. Lessee shall immediately pay any additional amounts due to Lessor, with interest at Lessor's then prevailing interest rate, on delinquent accounts payable. Interest shall accrue from the date the delinquent payment was due under the Lease.

Lessee shall provide Lessor with a written description of Lessee's cash and sales record system, and shall install such system, including cash registers or other types of equipment upon which Lessee shall cause to be recorded each and every transaction made in, on, about, or from the Premises involving "Gross Sales" as herein defined. All cash registers should be equipped with some form of sales totalizer counters for all sales categories in which the counters are locked in constantly accumulating, that cannot be reset, and shall be accessible to and subject to inspection by Lessor. Beginning and ending sales totalizer counter readings will be required to be recorded daily.

- D. The termination of this Lease, by the lapse of time or otherwise, shall not relieve Lessee of its obligation to pay any rental fees or charges that have accrued during the period in which this Lease was in effect or Lessee had the benefit of the Premises.
- E. Lessee shall maintain an internal control structure designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, that transactions are executed in accordance with management's authority, and that the financial records are reliable for the purpose of preparing financial statements. The internal control structure shall be supported by the selection, training, and development of qualified personnel, by an appropriate segregation of duties, and by the dissemination of written policies and procedures.
- F. It is agreed that examination of the books, ledgers, journals and accounts of Lessee will be conducted in accordance with generally accepted auditing standards applicable in the circumstance, and that as such, said examinations require a detailed audit of all transactions. Testing and sampling methods may be used in verifying reports submitted by Lessee. Deficiencies ascertained by applying percentages of error, obtained from such testing and sampling, may be applied by Lessor to the entire period of reporting under examination and will be binding upon Lessee, and to that end shall be admissible in any court of law to prove any amounts due Lessor.

#### 4.8 Independent Audits

If, as a result of the audit, Lessor determines that additional funds are due to Lessor, Lessee shall be notified of Lessor's findings and invoiced for the total amounts due. Lessee shall elect to:

- 1) agree with Lessor's audit findings, and within thirty (30) days after receipt of said notice, make known its agreement to Lessor in writing and pay all monies due to Lessor; or
- 2) within sixty (60) days after receipt of said notice, furnish to Lessor, at Lessee's expense, an audit made by an independent Certified Public Accountant mutually agreeable to both parties. Failure of Lessee to dispute the audit finding, in writing, within thirty (30) days, shall constitute acceptance of the audit findings and waiver of Lessee's the right to appeal the Lessor's audit findings. If Lessee elects to request an independent audit under this paragraph, in the event any deficiency of 2% or greater of the amount payable

to Lessor is ascertained, Lessee agrees to pay Lessor for the cost of Lessor's audit and for all deficiencies and delinquent fees. Interest shall accrue from the date the delinquent was due under the Lease.

#### 4.9 Final Audit Binding

The final audit of the independent Certified Public Accountant shall be conclusive upon the parties, and Lessee shall pay to Lessor, within thirty (30) days after a copy of the Certified Public Accountant's final report has been delivered to Lessee, the amount, if any shown thereby to be due and owing Lessor. The failure of Lessee to make payment to Lessor within this thirty (30) day period shall constitute a material breach of this Lease and shall give cause to Lessor for immediate termination thereof.

#### 4.10 Payments

Rental payments as provided for in this Lease shall be made as follows:

1. Immediately upon Lessee's receipt of monies from the operation of the business activities herein authorized, that portion of monies belonging to Lessor under the terms of this Lease shall immediately be vested in and become the property of Lessor and Lessee shall be responsible for said monies until the same are delivered to Lessor. In this regard, an employee fidelity bond in the amount of one (1) month of the proposed MAG rent, \$\_\_\_\_\_ shall be maintained by Lessee covering employees required to handle money. This amount represents one-twelfth of the MAG for the first year of the contract, and is subject to change at the discretion of the Airport Director.
2. Payment of rent in each instance shall be accompanied by a statement showing "Gross Sales" and any deductions from "Gross Sales" for the previous accounting period.
3. In the event that the required MAG specified herein is in excess in any one period of an amount which would be due were the percentage payments to be applied, the accounting statement herein set forth is nevertheless to be submitted to Lessor.
4. Lessee shall follow and comply with the directions of the Airport Director with respect to forms and methods of said accountings.
5. In accordance with Article 4.4, after the close of each Lease Year, Lessor shall calculate the rental payments paid to the Lessor for the year, these shall be totaled and compared with the rental amount

due Lessor, which shall be recalculated as being either the said MAG rental or the said percentage of the annual "Gross Sales", whichever is greater, taking into account appropriate credits. In the event an overpayment or underpayment by Lessee has been made, an amount equal to such overpayment or underpayment shall immediately be paid by or credited to Lessee, as appropriate.

6. Rental payments shall be paid by check, subject to change.

## **ARTICLE 5 – LESSEE’S IMPROVEMENTS**

### **5.1 Lessee Responsibilities**

Lessee may make improvements upon the Premises as herein specified. Any improvements Lessee may wish to install on the Premises are subject to prior written approval of the Airport Director. Any leasehold improvements made by Lessee become the property of the Lessor at the expiration of the Lease term or the date of early termination, as hereafter provided. Before commencing any such improvements or alterations, Lessee shall obtain approval through the City Manager..

Lessee shall provide and maintain at its own expense all improvements, alterations, and fixtures necessary for the customary operation of such a business, including, but not limited to sales counters, display cabinets, interior partitions, special lighting, fixtures, wall coverings and finishes, and all other equipment, furniture, furnishings, and supplies necessary in the proper conduct of Lessee’s business. All improvements, ceiling finishes, wall finishes, floor finishes, furniture, fixtures, and equipment used in the Premises shall be approved in advance by the Lessor. All furnishings, fixtures, equipment, and improvements shall be of high quality, safe, fire-resistant, and attractive in appearance. All improvements that are affixed in any manner to the Premises are "Leasehold Improvements". All non-affixed items, including cash registers, safes, racks, non-affixed display fixtures, and other furnishings, fixtures and equipment are hereinafter referred to as "Trade Fixtures".

Lessor shall not be requested to, nor will Lessor execute a Landlord’s Waiver, Landlord’s Consent, or similar document that would subordinate the Lessor’s interest in the Lease to any security interest or consent to Lessee’s pledge of Leasehold Improvements or Trade Fixtures to obtain financing. All improvements, furniture, furnishings, fixtures and equipment are subject to Lessor approval prior to commencement.

## 5.2 Approval of Plans and Specifications and Subsequent Changes

Lessee shall submit schematic design drawings for review, compliance and approval by the Show Low Building Department. Upon approval of schematic design drawings, Lessee shall prepare and submit construction documents for Leasehold Improvements and Trade Fixtures for approval of the Airport Director and in accordance with the International Building Code and Show Low City Code.

Construction documents shall comply with Airport requirements and all applicable City of Show Low Ordinances and Building Codes. Lessee shall have the construction documents prepared by an architect or engineer registered and licensed to practice in the State of Arizona. All construction shall be performed by contractors who are licensed and bonded in the State of Arizona.

Lessor will give written notice to Lessee of the date the Premises have been certified by the City's Engineer as available for improvement by Lessee. Upon approval of the construction documents by all appropriate City of Show Low Departments, Lessee shall proceed with construction in the Premises.

All Lessee Leasehold Improvements shall be at Lessee's sole cost and expense and shall not damage the building of which the Premises are a part.

Ninety (90) days after completion of any improvement, additions or alterations, Lessee shall provide to Lessor two (2) sets of detailed plans and specifications of the work as completed. One copy shall be produced as a computer automated drafting (CAD) format and the second copy shall be as-built plans sealed by an Arizona Registrant. Lessee agrees that, upon the request of Lessor, Lessee will inspect the premises jointly with Lessor to verify the as-built drawings.

Lessee shall, in the design and construction of Leasehold Improvements and operation of the Premises, comply with all applicable provisions of the Americans with Disabilities Act, 42 U.S.C. 12101 et al., Appendices B. ADA Accessibility Guidelines (ADAAG), and implementing regulations as imposed upon the owner and/or operator of public facilities.

Lessee agrees to obtain prior F.A.A. approval under 14 C.F.R. Part 77, if applicable to the improvements made by Lessee or its subtenants to the Premises.

## 5.3 Title to Leasehold Improvements

All Leasehold Improvements approved by Lessor and any Lessor approved additions and alterations to these Leasehold Improvements shall become and remain the property of Lessee until the expiration or termination of this Lease. Upon expiration or termination of this Lease for any reason, all Leasehold Improvements shall become the property of Lessor with Trade Fixtures, signs and other personal property remaining the property of Lessee so long as:

1. the removal of such fixtures, signs, or personal property, at Lessee's sole expense, does not result in material damage to the Premises which cannot be repaired by Lessee to the satisfaction of the Airport Director;
2. Lessee is not in default at the time of termination or expiration of the Lease; and
3. the Trade Fixtures, signs, or personal property are removed from the Premises no later than ten (10) days after the expiration or termination. Lessee shall remove its Trade Fixtures, signs and personal property in a manner and at times that do not interrupt operation of the Airport facilities. Lessee shall repair all damage done to the Premises or other Lessor owned property resulting from the removal of such Trade Fixtures, signs, and personal property and shall restore the Premises and other Lessor owned property to the state of good repair that existed prior to the installation of Lessee's Trade Fixtures, signs, and personal property, less normal wear and tear. Should Lessee fail to repair the damage to Lessor's satisfaction, Lessor shall have the right to make such repairs and shall be reimbursed by Lessee within ten (10) days following demand by Lessor for said payment at Lessor's standard rates plus Lessor's overhead, or, if the work is performed by Lessor's contractor, Lessor's actual cost, including but not limited to Lessor's administrative costs. If Lessee is in default at the time of expiration or termination, Lessor may hold title to the Trade Fixtures until Lessee is current on all payments owed Lessor. If Lessee fails to remove its Trade Fixtures, Signs, and other personal property within ten (10) calendar days, or a longer period agreed to in writing by Lessor, after the expiration or termination of this Lease, Lessor, at its options, may determine that title to these items shall vest in Lessor at no cost to Lessor, or Lessor may elect to exercise its rights under Article 16.
4. In the event of dispute as to the affixed or non-affixed nature of any Leasehold Improvements or Trade Fixtures, the Lessor's determination shall be final.
5. Lessee shall maintain all Leasehold Improvements and Trade Fixtures at its own expense.

#### 5.4 Removal and Demolition

Lessee shall not remove or demolish, in whole or in part, any Leasehold Improvement on the Premises without the prior written approval of Lessor. Lessor may, at its sole discretion, condition such approval upon the obligation of Lessee to replace the Leasehold Improvement by an improvement specified by Lessor.

#### 5.5 Lessor Responsibilities

Lessor is responsible for performing all repair and maintenance on the HVAC, roof Access Control System, fire alarms and electrical systems. (Lessee is responsible for all electrical code compliance.)

#### 5.6 Lessor's Authority

At any time during the term of this Lease, Lessor may require Lessee to close or reduce its operation, if Lessor determines that it is necessary for the efficient operation of the Airport.. If Lessor requires Lessee to close its operation, Lessee shall vacate the Premises within ninety (90) days of receipt of closure notice unless exigent circumstances require an earlier closure or reduction in store size. If Lessor requires a reduction of Lessee's Premises, Lessee may elect to close its store, and the closure shall be treated in the same manner as if Lessor had required closure.

#### 5.7 Compensation

If a closure occurs under this section, the Lessor's liability shall be limited to reimbursement of Lessee for the net book value of all Leasehold Improvements, to include furniture and fixtures custom made for the premises, made by Lessee that cannot reasonably be removed and reused by Lessee and that cannot be used by Lessee in a relocated or reduced concession. For the purposes of this Lease, net book value shall mean the current value of the Leasehold Improvements after depreciation. Depreciation shall be calculated on a straight line basis over five (5) years.

#### 5.8 Condemnation

This Lease shall terminate upon the filing of an action to condemn the Premises and Lessor shall be entitled to all compensation awarded in any condemnation action.

#### 5.9 Notice

Unless exigent circumstances exist, the Lessor shall give Lessee at least ninety (90) calendar days written notice before requiring Lessee to close or reduce its operation.

## 5.10 Airport Aviation Easement

Lessor hereby reserves to itself, its successors and assigns, an assignable easement and right-of-way for the free and unobstructed passage of aircraft in, through and across the air space above and over the Premises, together with the continuing right to clear and keep clear the Premises of any and all obstructions infringing upon or extending into or above an imaginary line, the extension, distance and height of which are prescribed in Federal Aviation Regulation, Part 77, 14 CFR 77, as the same may be amended. For this purpose, Lessor reserves the right to cut and remove underbrush and soil, and to demolish and remove buildings, other structures or obstructions not in existence on the Premises on the Commencement Date that are infringing upon or extending into or above the air space above such imaginary line and further; together with the right of ingress and egress for the purpose of affecting and maintaining such clearance; and including the right in such air space to allow such noise as may be inherent in the operation of aircraft now known or hereafter used for navigation or flight in the air. Lessee's use, rights and privileges in the Premises may not interfere with or abridge the rights hereby reserved. Included within this easement is the right to cause or permit in said air space such noise, smoke, fumes, droppings and vibrations as may be inherent in the operation of aircraft now or hereafter used for navigation or flight in the air using said air space for landing and taking off from, or operation on the Airport until said Airport shall be abandoned and shall cease to be used for Airport purposes.

## **ARTICLE 6 – FORCE MAJEURE**

In the event Lessor or Lessee shall be prevented or unable to perform any act required by this Lease by reason of acts or determination of Federal, State or local governments or fire, earthquake or similar acts of God, strikes, labor disputes or any other reason of a like nature beyond their control, then performance of such act shall be extended for a period equivalent to the period of delay; provided, however, that no such delay shall exceed ninety (90) days, unless approved by the Airport Director; otherwise, the Lease shall terminate.

## **ARTICLE 7 – ASSIGNMENT AND SUBLETTING**

Lessee shall not assign, transfer or hypothecate all or any portion of its interest under this Lease, nor permit any other person, firm or corporation to occupy the Premises without the prior written approval of the Airport Director. For purposes of this Article, any transfer of control of Lessee's interest is considered to be an assignment of interest.

If Lessee should desire to assign this Lease or sublet the Premises (or any part thereof), Lessee shall:

1. give Lessor written notice no later than forty-five (45) days in advance of the proposed effective date of any proposed assignment or sublease;
2. a detailed description of the name and business of the proposed assignee or sub-lessee;
3. a detailed description of the intended use of the Premises by the proposed assignee or sub-lessee, with particular detail regarding any hazardous substances to be used in any manner at the Premises;
4. the amount and location of the space within the Premises proposed to be so subleased;
5. the proposed effective date and duration of the assignment or subletting; and
6. the proposed rent or consideration to be paid to Lessee by such assignee or sub-lessee.

Lessee shall promptly supply Lessor with a copy of the proposed sublease, as Lessor may reasonably request to evaluation the proposed assignment or sublease.

Lessor shall make all reasonable efforts to notify Lessee in writing within a period of thirty (30) days following receipt of such notice and other information requested by Lessor that Lessee elects:

1. to permit Lessee to assign or sublet such space; or
2. to refuse to consent to Lessee's assignment or subleasing of such space and to continue this Lease in full force and effect as to the entire Premises.

Lessee agrees to reimburse Lessor for reasonable legal fees and any other reasonable costs incurred by Lessor in connection with any requested assignment or subletting; Lessee shall deliver to Lessor copies of all documents executed in connection with any permitted assignment or subletting, which documents shall be in form and substance reasonably satisfactory to Lessor and which shall require such assignee to assume performance of all terms of this Lease on Lessee's part to be performed. A sublease shall provide that the sublease terminates with the termination of the master Lease, for any reason unless Lessor, at its sole discretion, agrees to Lessee's attornment to Lessor. No acceptance by Lessor of any rent or any sum of money from any assignee, sub-lessee or other category of transferee shall be deemed to constitute Lessor's consent to any assignment, sublease or transfer.

Any attempted assignment or sublease by Lessee in violation of the terms and provisions Article 7 shall be void and such act shall constitute a material breach of this Lease. In no event shall any assignment, subletting or transfer, whether or not with Lessor's consent, relieve Lessee of its primary liability under this lease

for the entire Term, and Lessee shall in no way be released from the full and complete performance of all terms hereof. If Lessor takes possession of the Premises before expiration of the Term of this Lease, Lessor shall have the right, at its sole discretion, to take over any sublease of the Premises or any portion thereof and such sub-lessee shall attorn to Lessor as its Lessor, under all the terms and conditions of such sublease.

If Lessee sublets the Premises in whole or in part to a non-aviation sub-lessee, which shall be subject to prior City Council approval, Lessor shall be entitled to receive, as Additional Rent, 2% of any "Sublease Rent" (as hereinafter defined) received by Lessee, and in addition, Lessor shall be entitled to 2% of sub-lessee's annual "Gross Sales", as defined in this Lease, derived from its operations on the Premises. Lessor shall have the right to examine, inspect and copy the books and any other records of sub-lessee with respect to sub-lessee's operation on the Premises at any time during regular business hours. Information acquired by exercising this right shall not be made public except as required by law. Sub-lessee shall be required to maintain all such books and records at the Premises or at a location in Show Low, Arizona, mutually acceptable to Lessor and sub-lessee. Lessee shall insert the forgoing requirement in the sublease, and shall be responsible for collecting and paying said Additional Rent to Lessor.

"Sublease Rent" means that increment of the rent paid to Lessee by a sub-lessee that is greater than the amount of rent for the same space that is paid to Lessor by Lessee. The "Sublease Rent" excludes non-aviation purposes acceptable by the City Council that are covered by a separate agreement.

## **ARTICLE 8 – SIGNAGE**

Lessee may install signs on or about the Premises identifying its business. The number, general type, size and location of signs must be approved in writing by the Airport Director prior to installation. Unapproved signs, banners, flags, etc. will be removed by Lessee upon notice from Lessor.

## **ARTICLE 9 – CANCELLATION BY LESSOR**

### **9.1 Default Events**

Lessor may place Lessee in default of this Lease after the happening of any of the following events:

1. The taking of possession for a period of fifteen (15) days or more of all or substantially all of the property used on the Premises belonging to Lessee by or pursuant to lawful authority of any legislative act, resolution, rule, order or decree of any court or governmental board, agency, officer, receiver, trustee, or liquidator.

2. The filing of any lien against the Premises because of any act or omission of Lessee that is not discharged or contested in good faith as determined by Lessor by proper legal proceedings within fifteen (15) days of receipt of actual notice by Lessee.
3. The failure or refusal of Lessee to observe or perform any of the covenants, terms and conditions on its part to be observed and performed in this Lease, including but not limited to the furnishing of current insurance certificates, performance bonds and Leases with sub-lessees or any other Lease with Lessor, and such failure shall continue for a period of more than fifteen (15) days after delivery by the Lessor of a written notice of such breach.
4. The voluntary abandonment by Lessee of its operations at the Airport for a period of ten (10) days or more.
5. Lessee's failure to complete construction of its improvements by the date specified in the tenant improvement authorization letter, or such other mutually agreed upon date, and any extensions granted thereof, between Lessor and Lessee in writing.
6. Lessee's failure to operate and provide the authorized and proposed general aviation services to the general public for a period of thirty (30) days.
7. Lessee's failure or refusal to timely pay rents as proved in Article 4 after ten (10) days notice.

## 9.2 Right of Lessor Upon Default

Upon the occurrence of a default event as provided in Article 9.1 of this Lease, Lessor may elect to do any of the following:

1. Institute action(s) to enforce this Lease;
2. Take possession of the Premises, together with improvements, fixtures and equipment therein contained, without terminating this Lease, and on behalf of Lessee relend the same or any part thereof for a term, shorter, longer or equal to the then unexpired remainder of the Lease term. Lessor may, at any time after taking possession as aforesaid, terminate this Lease by giving notice to Lessee and sue for, and receive from Lessee, all rents due or to become due under the Lease and damages including, but not limited to, reasonable attorney fees incurred by Lessor. Upon any seizure of improvements, fixtures and equipment as

herein provided, Lessor shall procure at Lessee's sole cost and expense an inventory of the same.

3. Terminate this Lease automatically without further notice to Lessee, re-enter the Premises and recover damages including, but not limited to, cost of repossession, re-letting, attorney fees and brokerage commissions or services performed by Lessor or by others.
4. Exercise the Remedies of Landlord as set forth in Arizona Revised Statute Title 33, Chapter 3, Article 4, made a part hereto by reference as if set forth in their entirety.
5. Exercise any other remedy allowed by law or equity.

### 9.3 No waiver by Lessor of Default by Lessee

Performance of any requirements of this Lease shall be construed to be or act as a waiver of any subsequent default in performance of the same or any other requirement. The acceptance of rent by Lessor for any period or periods after a default, shall not be deemed a waiver of Lessor's right to exercise its remedies under this Lease for nonperformance.

## **ARTICLE 10 – CANCELLATION BY LESSEE**

Lessee may cancel this Lease at any time that Lessee is not in default in its obligations by giving Lessor thirty (30) days written notice after the happening of any of the following events materially impairing the conduct of its authorized activity from the Premises:

1. Issuance by a court of competent jurisdiction of an injunction in any way preventing or restraining Lessee's use of the Premises or any substantial part of it and the remaining in force of such injunction for a period of ninety (90) consecutive days.
2. The inability of Lessee to use the Premises or any substantial part of it for a period of ninety (90) consecutive days, due to the enactment or enforcement of any law or regulation or because of fire, earthquake or similar casualty, or acts of God or the public enemy.
3. The lawful assumption by the United States Government of the operation, control or use of the Airport or any substantial part of it for military purposes in time of war or national emergency.

4. Execution of the twenty-five (25) year ground lease and receipt of a Certificate of Occupancy for the facility constructed in compliance with said ground lease.

## **ARTICLE 11 – INDEMNITY AND INSURANCE**

### 11.1 Indemnity

Lessee shall indemnify, defend, save and hold harmless Lessor and its officers, officials, agents, and employees, from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorney's fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or negligent or willful acts or omissions of Lessee or any of its owners, officers, directors, agents, employees or contractors, arising out of or related to Lessee's occupancy and the use of the Premises. It is the specific intention of the parties that Lessor shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of Lessor, be indemnified by Lessee from and against any and all claims. It is agreed that Lessee will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration for the use and occupancy of the Premises, the Lessee agrees to waive all rights of subrogation against Lessor, its officers, officials, agents and employees for losses arising from the use, occupancy or condition of the Premises.

### 11.2 Insurance Requirements

Lessee shall deliver to Lessor prior to its occupancy of the Premises a certificate of insurance acceptable to the Airport Director showing comprehensive general liability insurance coverage for the benefit of Lessor with a combined single limit of liability for personal injury, bodily injury or death and property damage, non-petroleum products and in-flight and ground hangar keeper's liability as provided for in the Minimum Standards, as amended from time to time. The current insurance requirements are attached in **Exhibit G**. Any such insurance must also include aircraft liability for both owned and non-owned aircraft, as well as liability for any vehicles driven on the Airport Operating Area, to satisfy the obligations of indemnity assumed in this Lease. Any enumeration of specific insurance coverage's and amounts shall not limit or restrict the comprehensive indemnity covenant or liability insurance requirements set forth in this Article, Liability Insurance requirements are subject to periodic review and adjustment by Lessor.

### 11.3 All Risk Coverage

At all times during the term of this Lease, Lessee shall insure, at its sole cost and expense, the building improvements constructed on the Premises and

improvements installed therein. Insurance shall cover all risks of loss, including but not limited to damage by fire, the elements, the public enemy or other casualty with standard extended coverage endorsements in an amount not less than the full replacement value of the improvements, above foundation, and contents, without deduction for depreciation.

Lessee covenants and agrees that in the event of destruction or damage to the improvements on the Premises, or any part thereof, and as often as the improvements shall be destroyed to the extent of less than 50%, Lessee shall continue this Lease and cause the improvements to be reconstructed, repaired or replaced with due diligence without cost to Lessor. In the event any building, structure or improvements installed therein comprising the improvements is destroyed to the extent of 50% or more, Lessor and Lessee shall agree as to whether or not the improvements shall be reconstructed, repaired or replaced.

In the event Lessor and Lessee agree that the improvements shall not be reconstructed, repaired or replaced, the Lease term shall be considered terminated and insurance proceeds shall be divided as follows:

1. Lessor's Improvements – All proceeds to Lessor.
2. Lessee's Improvements – Proceeds divided as follows:
  - a. Lessee's Share – Time remaining from date of loss to end of Lease term
  - b. Lessor's Share – Time elapsed from beginning of Lease term to date of loss Lease term.

In the event that Lessee fails to satisfy the insurance requirements set forth in this Lease, Lessor, upon written notice to Lessee, shall have the right, but no obligation, to secure and require insurance at the cost and expense of Lessee. The insurance referred to in the Article shall provide that written notice of cancellation or of any material change shall be delivered to the Airport Director by the issuing company or companies thirty (30) days in advance of the effective date thereof. Lessee shall increase the aforesaid limits upon the written demand of the Airport Director, provided that such increases are found reasonable and necessary by Lessor. All said insurance policies shall be issued on an occurrence basis. If Lessor has an applicable deductible, Lessee shall reimburse Lessor for any deductible amounts expended due to losses caused in whole or in part by Lessee.

#### 11.4 Lessor Named as Additional Insured

All insurance policies provided for in this Article shall name Lessor as an additional insured and current certificates thereof shall be deposited with Lessor.

Lessee's coverage shall be primarily for any and all losses arising out of performance of this Lease.

## **ARTICLE 12 – UTILITIES**

Lessor has provided and will maintain all utility service (electric, HVAC, fire alarms, fire sprinklers) to the Premises. Lessor shall not be responsible for charges relating to utility usage, telephone service and special wiring and hookups for computer(s) for the demised Premises, including wireless internet access, in the Lessee's Premises. Lessor shall have no liability for blackouts, brownouts, cessation, interruption, or failure of utilities.

As a condition of its right to occupy the Premises, Lessee shall ensure that the operation of any wireless access point does not cause interference with existing communications users, including without limitation, aviation-related operations and equipment at the Airport, the operations of any existing wireless users operating at the Airport, and the Airports own radio systems. If the operation of the wireless access point causes any interference to any existing users, Lessee shall take all steps necessary to remove the cause of the interference. Lessee shall cooperate with the Airport and any necessary third parties to identify and eliminate the cause of the interference. If Lessor determines, in its sole discretion, that the wireless access point or signals being transported by means of the wireless access point are the cause of any interference, Lessor may direct Lessee to immediately cease operation of all or any portion of the wireless access point, or otherwise take action to eliminate the interference.

For utilities already in service at the Premises, Lessor shall invoice the Lessee the prorated amount based on square footage.

Lessee shall be responsible for commencing service with each supplier and will be liable for any service charges that may be billed to Lessor during the term of the Lease.

## **ARTICLE 13 – MAINTENANCE AND CUSTODIAL**

### **13.1 Maintenance**

#### **1. Obligations of the Lessor:**

Lessor shall, at its expense, maintain and repair the HVAC units, roof, Access Control System, electrical systems and fire alarms. Lessor shall also maintain and repair all CAS, runways, taxiways and the public aircraft parking apron, except for repair of extraordinary damages caused by Lessee's employees, agents, invitees and suppliers, including fuel spill damage. Such extraordinary repairs will be made by Lessor and the cost billed to the responsible Lessee.

## 2. Obligations of Lessee:

Lessee shall, at all times and at its sole expense, maintain in good repair and keep in a clear and orderly condition and appearance during the term of this lease, the Premises and all Leasehold Improvements herein, except those described in Article 13.1, Paragraph 1, including Trade Fixtures and storefront glass, light fixtures, all signs, whether installed by Lessee or Lessor, and the floors and wall paint on the Premises, and to use the same in a prudent manner so as to not injure or damage them, except as such injury or damage may arise out of primary wear and tear resulting from lawful use in conformance with this Lease. It is the intent of the parties hereto that this Lease is a net Lease agreement for Lessor regarding maintenance, utilities, and any applicable taxes.

Lessee agrees that during the term of this Lease it will periodically repaint and refurbish the improvements as the conditions of these improvements require it; so that a good state of repair and maintenance shall be maintained during the entire term of this Lease.

### 13.2 Repairs

All repairs to the Premises done by or on behalf of Lessee shall be of first-class quality in both materials and workmanship shall be equal to or better than the original materials and workmanship, and, except in emergencies requiring immediate response, must have the prior written approval of Lessor. Lessee shall be responsible for the cost to repair any damage to the Premises caused by the negligence or misconduct of Lessee's employees or invitees. All repairs shall be approved in advance by Lessor and shall conform to the rules and regulations prescribed from time to time by federal, state, or local authorities having jurisdiction over the work in Lessee's Premises. Lessor shall be the sole judge of the quality of the repairs. In order to maintain high standards of maintenance, Lessor, at Lessee's expense, may accomplish any required work following Lessee's refusal or failure to perform it in a satisfactory manner. The procedure to be followed by Lessor in performing maintenance work on behalf of Lessee shall be the same as that used to remedy default in providing janitorial services.

Lessee shall repaint or refinish, at its own cost, high traffic areas subject to greater-than-normal wear as required by Lessee, or as may be directed by Lessor. All Trade Fixtures that become worn, chipped, dented, or gouged, shall be repaired or replaced.

### 13.3 Right to Enter

Lessor shall have the right to enter the Premises to inspect the Premises at reasonable times during Lessee's regular business hours, or at any time in case of emergency, to determine whether Lessee has complied with and is complying with the terms and conditions of this Lease.

Lessor shall have the right to enter the Premises to cure any material breach that remains uncured by Lessee after reasonable notice and opportunity to cure.

Lessor shall have the right to enter the Premises to respond to any emergency.

Nothing in this Section shall be construed to be a limitation or restriction on the exercise of the Lessor's police power.

#### 13.4 Failure to Maintain or Repair

If Lessee refuses or neglects to undertake the maintenance, repair, or replacements requested by Lessor; or if Lessor is required to make any repairs necessitated by the acts or omissions of Lessee, its employees, agents, or licensees, Lessor shall have the right to make such repairs on behalf of and for Lessee. Such work shall be paid for by Lessee within ten (10) days following receipt from Lessor for said payment at Lessor's standard rates, plus Lessor's overhead, or, if the work is performed by Lessor's contractor, Lessor's actual cost, including but not limited to Lessor's administrative costs.

#### 13.5 Operation Costs

Lessee shall bear at its own expense all costs of operating Lessee's business under this Lease, and shall, in addition to rental and other payments specified in this Lease, bear all other costs connected with the use of the Premises, facilities, rights and privileges granted.

#### 13.6 Custodial

Lessee shall be responsible for providing all janitorial and custodial services in its leasehold areas. Whether Lessee shall elect to furnish such services itself or engage the services of a janitorial firm, all such janitorial services shall be commensurate with the level of such services provided for by Lessor in similarly situation circumstances. Lessor, to maintain standards of custodial services throughout the Airport, shall have the right to take over all of the custodial services that are to be performed by Lessee at any time during the term of this Lease upon a ten (10) day written notice to Lessee advising Lessee of its failure to maintain the proper standard of custodial services in its areas. In the event that a written notice is given to Lessee by Lessor and Lessor proceeds to provide the custodial services in line with its own standards, then and in that event, Lessee shall be billed the cost of such janitorial custodial services on the basis of the rate set from time to time by Lessor.

## **ARTICLE 14 – LIENS, PAYMENT BONDS & SECURITY DEPOSIT**

### **14.1 Liens**

Lessee shall not create, or suffer to be created or to remain, and shall discharge any mechanic's, laborer's, or material man's lien that might be or become a lien, encumbrance, or charge upon the Premises or any part thereof or the income there from and Lessee will not suffer any other matter or thing arising out of Lessee's use and occupancy of the Premises whereby the estate, rights, and interest of Lessor in the Premises or any part thereof might be impaired.

If any mechanic's, laborer's, or material man's lien shall at any time be filled against the Premises or any part thereof, Lessee, within thirty (30) days after written notice of the filing thereof, shall cause such lien to be discharged of record by payment, deposit, bond, order of court of competent jurisdiction or otherwise. Lessee shall notify Lessor in writing of its action to either satisfy or contest the lien and, if contested, of the matter's status on a monthly basis until concluded. If Lessee shall fail to cause such lien to be discharged within the period aforesaid, then, in addition to any other right or remedy, Lessor may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding. Any amount so paid by Lessor and costs and expenses incurred by Lessor in connection therewith, shall constitute an Additional Payment payable by the Lessee and shall be paid by Lessee to Lessor on demand.

### **14.2 Payment Bond**

Prior to the commencement of any construction, alteration, or repair hereunder of Lessee's Leasehold Improvements and/or Trade fixtures that exceeds \$10,000 in costs, Lessee shall furnish to Lessor, without expense to Lessor, a payment bond issued by a surety company licensed to transact business in the State of Arizona and satisfactory to and approved by Lessor with Lessee's contractor or contractors as principals. The penal amount of the bond shall be not less than 100% of the total cost of the contract or contracts for the construction, alteration, or repair of such Leasehold Improvements and/or Trade Fixtures. In the event that such contracts involve alteration or work on or to Lessor's facilities, a payment bond shall be posted regardless of the dollar value of the work. The payment bond required by this section shall guarantee the prompt payment to all persons supplying labor, materials, provisions, supplies, and equipment used directly or indirectly by any contractor, subcontractor(s), and suppliers doing work provided for in the above-mentioned construction contract and shall protect Lessor from any liability, losses, or damages arising from it.

### 14.3 Security Deposit

Lessee shall provide and maintain during the term of this Lease a performance bond or irrevocable standby letter of credit guaranteeing the full and faithful performance by Lessee of all the terms and conditions of this Lease and stand as security for payment by Lessee of all claims by Lessor. The amount of the performance bond or irrevocable standby letter of credit for this Lease is \$\_\_\_\_\_, the equivalent of three (3) months' rent calculated on the basis of the MAG Rent as defined in Article 4. Lessee shall increase the security upon written demand of Lessor, provided such increases are found reasonable and necessary by Lessor. Lessor may draw or make a claim against the posted security for failure of Lessee to perform according to the covenants, terms and conditions of the Lease. If Lessor draws or makes a claim on the posted security, then Lessee shall replenish the security to its original amount within thirty (30) days notice of Lessor's draw or claim. The security is required to be in place for the entire term of this Lease. Lessee's failure to provide security under this paragraph shall be a material breach of this Lease.

The performance bond shall be issued in a form that is satisfactory to Lessor and must be issued by a surety company authorized to write surety business in Arizona. The surety company providing the performance bond must have an A.M. Best Rating of B+ VI or better for the past four years.

If the security is in the form of a letter of credit, Lessee shall use Lessor's required letter of credit form, the letter of credit shall be issued by a local financial institution in the Show Low area in a form that is satisfactory to Lessor and the Lessor must be able to draw upon the letter of credit at any of the financial institution's counters in the Show Low area. A copy of an acceptable letter of credit is attached as **Exhibit H**. If a letter of credit is obtained, then unless Lessor receives a written extension of that letter of credit, in a form acceptable to Lessor, at least sixty (60) days before the end of the term of such letter of credit, Lessor, without notice to Lessee, may draw upon the full amount of that letter of credit and retain all proceeds as a cash security pursuant to this paragraph. Lessor will not pay interest to Lessee on any security.

## **ARTICLE 15 – QUIET ENJOYMENT**

Lessor covenants that so long as Lessee shall timely pay the rent required to be paid hereunder and perform its obligations and the conditions to be performed hereunder, Lessee shall peaceably have and enjoy the Premises and the privileges granted herein.

## **ARTICLE 16 – REDELIVERY AND HOLDING OVER**

### **16.1 Redelivery**

Upon expiration or other termination of this Lease, Lessee's right to occupy the Premises and exercise of the privileges herein granted shall cease, and it shall surrender the same and leave the premises in good condition except for normal wear and tear. Unless otherwise provided, all Trade Fixtures and other personal property installed or placed by Lessee on the Premises shall remain the property of Lessee, and Lessee shall have the right at any time during the term of this Lease, and for an additional period of ten (10) days after its expiration, to remove same from Airport; provided Lessee is not in default in its payments to Lessor hereunder, and provided that Lessee shall repair any damage caused by such removal. In the event Lessee fails to repair any damage to the Premises caused by the removal of Lessee's personal property, Lessor shall have the right to make such repairs it deems necessary at Lessee's sole expense. Any property not removed by Lessee within the ten (10) day period shall become part of the Premises and title thereto shall vest in Lessor.

### **16.2 Holding Over**

Lessor may, at its option, allow Lessee to hold over under this Lease on a month-to-month basis. It is agreed and understood that any holding over of Lessee after the termination of this Lease with Lessor's consent shall not renew and extend the Term but shall operate and be construed as a month-to-month permit and Lessee agrees to pay to Lessor fees or other payment that are in effect at the end of the regular Term of the Lease unless Lessor has given prior notice of any increased fees. Such increase in fees may be given at any time with notice of not less than thirty (30) days. Lessee shall be liable to Lessor for all loss or damage on account of any such holding over against Lessor's will after the termination of this Lease, whether such loss or damage may be contemplated at this time or not. It is expressly agreed that acceptance of the foregoing payment to Lessor in the event that Lessee fails or refuses to surrender possession shall not constitute a waiver by Lessor of its right to immediate possession.

## **ARTICLE 17 – RIGHTS OF ENTRY RESERVED**

Lessor, its elected officials, employees, agents, representative and contractors, shall have the right at all reasonable times to enter upon all portions of the Leasehold for the purpose of inspecting the same, for observing the performance of Lessee of its obligations under this Lease, and to service or post or keep posted thereon notices provided by any law or rules or regulations which Lessor deems to be for its protection.

## **ARTICLE 18 – NOTICE**

Notices to Lessor are sufficient if hand-delivered or sent by certified mail, postage prepaid, addressed to:

Show Low Regional Airport  
Attn: Airport Director  
3150 Airport Loop #100  
Show Low, AZ 85901

Notices to Lessee are sufficient if sent by the same means to:

TO BE DETERMINED

## **ARTICLE 19 – PARAGRAPH HEADINGS**

All paragraph and subparagraph headings of this Lease are for reference only and shall not be considered to define or limit the scope of any provision.

## **ARTICLE 20 – SAVINGS CLAUSE**

Should any provision of this Lease be declared invalid by a court of competent jurisdiction, the remaining terms shall remain in effect, provided that elimination of the invalid provision does not materially prejudice either Lessor or Lessee with regard to their respective rights and obligations.

## **ARTICLE 21 – GENERAL PROVISIONS**

### **21.1 Non-Exclusive Rights**

Nothing contained in this Lease shall be deemed to grant Lessee any exclusive right or privilege within the meaning ascribed by Federal Law or the conduct of any activity, except that, subject to the terms and provisions of this Lease, Lessee shall have the right to possess and use the Premises under the provisions of this Lease.

### **21.2 Subordination to Agreements with the United States**

This Lease is subject and subordinate to the provisions of any agreement currently in force or subsequently made between the City and the United States Government, relative to the operation or maintenance of the Airport, the execution of which has been required as a condition precedent to the transfer of federal rights or property to the City for Airport purposes, or the expenditure of federal funds for the improvement or development of the Airport in accordance with the provisions of the Federal Aviation Act of 1958, as it has been amended

from time to time. The Lessor warrants that it has no existing agreements with the United States Government in conflict with the express provisions of this Lease.

### 21.3 Approvals, Consents, and Notices

All approvals, consents, and notices called for in this Lease must be in writing and may not be established by oral testimony.

### 21.4 Transactional Conflicts of Interest

Lessee acknowledges that this Lease is subject to cancellation by the City pursuant to the provision of Arizona Revised Statutes Section 38-511.

### 21.5 Waiver of Claims

Lessee hereby waives any claim against Lessor and its officers or employees for loss of anticipated profits caused by any suit or proceedings directly or indirectly attacking the validity of this lease or any part of this Lease, or by any judgment or award in any suit proceeding declaring this Lease null, void, or voidable, or delaying the Lease or any part of it from being carried out.

### 21.6 Corporation Authorization

In the event Lessee is a corporation, certified copies of resolutions of the Directors and Stockholders authorizing this Lease shall be furnished to Lessor prior to final execution of this Lease.

### 21.7 Right to Develop Airport

Lessee agrees that Lessor reserves the right to further develop or improve the Airport and all landing areas and taxiways as Lessor may see fit, regardless of the desires or views of Lessee and without any interference or hindrance from Lessee.

### 21.8 Incorporation of Exhibits

All exhibits and documents referred to in this Lease are intended to be and hereby are specifically made a part of this Lease.

### 21.9 Incorporation of Required Provisions

Lessor and Lessee hereby incorporate by this reference all provisions lawfully required to be contained in this Lease by any governmental body or agency.

## 21.10 Successors and Assigns Bound

All the provisions of this Lease shall bind the legal representatives' successors and assigns of the respective parties.

## 21.11 Right to Amend

In the event the F.A.A. or its successors requires modifications or changes in the Lease as a condition precedent to the granting of funds for the improvement of the Airport, or otherwise, Lessee agrees to consent to such amendments, modifications, revisions, supplements, or deletions of any of the terms, conditions, or requirements of this Lease as may be reasonably required to satisfy the F.A.A. requirements.

## 21.12 Time of Essence

It is mutually agreed that time is of the essence in the performance of all covenants and conditions to be kept and performed under the terms of this lease.

## 21.13 Good Faith

The terms and conditions set forth in this Lease are for the mutual benefit of both parties. Because of the nature of this lease, Lessor and Lessee agree that there is an obligation and implied duty of reasonable diligence and good faith imposed on both parties to make reasonable efforts to fulfill the terms, conditions, and covenants imposed by this Lease.

## 21.14 Interpretation

Lessor and Lessee agree that any rule of construction of contracts resolving disputes of interpretation against the drafting party is waived and shall be inapplicable to this document.

## 21.15 Entire Lease

It is understood and agreed that this Lease (including all exhibits and documents incorporated by reference) contains the entire agreement between Lessor and Lessee as to this Lease. It is further understood and agreed by Lessee that Lessor and Lessor's agents have made no representations or promises with respect to this Lease or the making or entry into this Lease, except as in this Lease expressly set forth, and that no claim or liability or cause for termination shall be asserted by Lessee against Lessor for, and Lessor shall not be liable by reason of; the breach of any representations or promises not expressly stated in the this lease. Any other written or parole agreement with Lessor is expressly

waived by Lessee. It is understood that Lessor requires agreements to be in writing and adopted by the City Council.

#### 21.16 Hazard, Potential Hazard, Nuisance, or Annoyance

Any nuisance, annoyance, or hazardous or potentially hazardous condition on or emanating from the Premises shall be corrected immediately upon Lessee's actual knowledge of the condition, nuisance, or annoyance or receipt of written notice from Lessor. If in Lessor's sole discretion, a hazard or potentially hazardous condition presents an unreasonable and imminent risk of bodily injury, Lessor may require Lessee to close its business and bar the public from the Premises until the hazard or potentially hazardous condition has been abated. Nothing in this subsection shall be deemed to preclude Lessor from pursuing any available remedy for breach of this Lease. Lessee's failure to promptly correct a nuisance, annoyance, or hazardous or potentially hazardous condition under this paragraph shall be a material breach of this Lease.

#### 21.17 Lessor Improvements

Lessor and Lessee agree and acknowledge that, from time to time, Lessor may undertake improvements to Airport during the term of this Lease. Lessor will attempt to make those improvements in a manner that does not interfere unreasonably with the operations of Lessee authorized under this Lease. Lessee expressly waives any and all claims for damages of any kind, including but not limited to, loss of profits as a result of the interruption of business of Lessee that may arise as a result of such improvements undertaken by Lessor.

#### 21.18 Statutory Remedies

The provisions of Title 33, Chapter 3, Article 4, of the Arizona Revised Statutes entitled "Remedies of Landlord, and any subsequent amendments shall apply to this Lease shall be in addition to any other remedy available to the Lessor under law or equity at the election of the Lessor.

#### 21.19 Non-Waiver

No waiver or failure or delay in exercising any rights, power, or privilege by Lessor by default by Lessee in performance of any requirements of this Lease shall be construed to be or act as a waiver of any subsequent default in performance of the same or any other requirement. The acceptance of rent by Lessor for any period or periods after a default by Lessee shall not be deemed a waiver of Lessor's right to exercise its remedies under this Lease for nonperformance.

#### 21.20 Lessee Liability Continues

No such cancellation or termination of this Lease shall relive Lessee of its liability and obligations under this Lease and such liability and obligations shall survive any such expiration or termination.

#### 21.21 Laws of Arizona; Consent to Jurisdiction; Mediation

This Lease is governed by the laws of the State of Arizona. Any disputes relating to this Lease must be resolved in accordance with said laws. The parties hereto agree that all actions or proceedings arising in connection with this Lease shall be tried and litigated exclusively in the Navajo County Superior Court, State of Arizona. The aforementioned choice of venue is intended by the parties to be mandatory and not permissive in nature, thereby precluding the possibility of litigation between the parties with respect to or arising out of this Lease in any jurisdiction other than that specified in this paragraph. Each party hereby waives any right it may have to assert the doctrine of forum non conveniens or similar doctrine or to object to venue with respect to any proceeding brought in accordance with this paragraph. Any final judgment rendered against a party in any action or proceeding shall be conclusive as to the subject of such final judgment and may be enforced in other jurisdictions in any matter provided by law.

The parties hereto agree that any and all disputes, claims or controversies arising out of or relating to this Lease shall be submitted to neutral, non-binding mediation prior to the commencement of arbitration, litigation, or any other proceeding before a trier of fact. The parties to the dispute or claim agree to act in good faith to participate in mediation, and to identify a mutually acceptable mediator. If a mediator cannot be agreed upon by the parties, each party shall designate a mediator and those mediators shall select a third mediator who shall act as the neutral mediator, assisting the parties in attempting to reach a resolution. All parties to the mediation shall share equally in its cost. If the dispute or claim is resolved successfully through the mediation, the resolution will be documented by a written agreement executed by all parties. If the mediation does not successfully resolve the dispute or claim, the mediator shall provide written notice to the parties reflecting the same, and the parties may then proceed to seek an alternative form of resolution of the dispute or claim, in accordance with the remaining terms of this agreement and other rights remedies afforded to them by law.

## **ARTICLE 22 – TAXES AND LICENSES**

Lessee shall pay, on or before their respective due dates, to the appropriate collecting authority, any and all Leasehold tax, sales tax, transaction privilege tax, federal, state, and local taxes, including real or personal property taxes and business taxes that are now or may be levied upon the Premises, or upon

Lessee, upon Lessee's interest in this Lease, or upon the business conducted on the Premises, or upon any of Lessee's property used in connection with the Premises whether or not such tax, fee or assessment is levied, charged or assessed on Lessor or Lessee; provided, however, that Lessee may at its sole expense dispute and contest these taxes and in such case such disputed items need not be paid until finally adjudged to be valid. In the event that laws or judicial decisions result in imposition of a real property tax on the interest of Lessor, the prorata share of such tax attributable to the Premises should also be paid by Lessee for the period of this Lease is in effect.

Lessee shall maintain in current status all federal, state, and local licenses and permits necessary or required by law for the construction of Leasehold Improvements and/or the installation of Trade Fixtures, and any other licenses necessary for the operation of Lessee's business.

As required under Arizona Revised Statutes § 42-6206, Lessee is hereby notified of its potential tax liability under the Government Property Lease Excise Tax provisions of Arizona Revised Statutes, § 42-6201, et seq. Failure of Lessee to pay the tax after notice and an opportunity to cure could result in the termination of Lessee's interest in this Lease and of its right to occupy the Premises.

Lessee acknowledges that, pursuant to Arizona Revised Statutes § 42-6209, the Premises may be eligible for abatement of government property lease excise tax for a period of eight years following issuance of a Certificate of Occupancy. The foregoing notwithstanding, in addition to the rent and other amounts payable by Lessee under this Lease (including but not limited to items set forth in this Article 22), for each year of the term in which the Premises qualifies for such abatement, Lessee shall also pay to Lessor a Payment in Lieu of Taxes (PILOT) in an amount equal to the government property Lease excise tax that Lessee otherwise would have been required to pay.

## **ARTICLE 23 – SUCCESSORS AND ASSIGNS BOUNDS**

All the provisions of this Lease shall bind the legal representatives, successors and assigns of the respective parties.

## **ARTICLE 24 – ATTORNEYS' FEES**

In the event of litigation between Lessor and Lessee to enforce the rights or obligations provided by this Lease, the non-prevailing party shall pay for the prevailing party's reasonable attorney's fees and cost of litigation as may be determined by the Court.

## **ARTICLE 25 – COMPLIANCE**

### 25.1 General

Lessee shall observe and comply with all laws, ordinances, rules and regulations of the United States Government, the State of Arizona, Navajo County, and the City and all agencies thereof (now in effect or hereafter promulgated) which may be applicable to its performance under this Lease and, further, Lessee will display to Lessor any permits, licenses or other evidence of compliance with such laws upon request.

### 25.2 Supplemental Terms and Conditions

Without limiting any other conditions set forth elsewhere in this Lease, Lessee shall comply with the specific requirements more particularly set forth on **Exhibit I** attached hereto and incorporated herein by this reference.

### 25.3 Subordination

This Lease shall be subordinate and subject to the terms of any sponsor assurance Lease which have been or may be made by the City to the United States Government or its agencies. Such subordination shall not be considered a waiver of any claim of Lessee against the United States Sponsor's Federal Assurance and Affirmative Action requirements in effect as of the date hereof are listed in **Exhibit I**.

## **ARTICLE 26 – NO WAIVER OF SUBSEQUENT BREACHES OR DEFAULTS**

The failure of Lessor at any time to insist upon a strict performance of any of the terms, conditions, and covenants herein shall not be deemed a waiver of any subsequent breach or default in the terms, conditions and covenant herein.

## **ARTICLE 27 – SECURITY PLAN**

Lessor reserves the right to implement an Airport Security Plan in a form acceptable to the F.A.A. limiting access of persons, vehicles and aircraft in and around the general aviation area and terminal of the Airport and to modify that plan from time to time as it deems necessary to accomplish its purposes. Lessee shall at all times comply with the Security Plan and indemnify, defend and hold harmless Lessor from any violations of said Security Plan committed by any agents, patrons, invitees, or employees of Lessee.

## **ARTICLE 28 – RELATIONSHIP OF PARTIES**

Nothing contained in this Lease shall be deemed or construed by Lessor or Lessee, or by any third party, as creating the relationship of principal and agent, partners, joint venture's, or any other similar such relationship between Lessor and Lessee. It is understood and agreed that neither the method of computation of rental and other payments, nor any other provision contained in this Lease, nor any acts of Lessor or Lessee creates a relationship other than the relationship of Lessor and Lessee as described in this Lease.

Lessee agrees that no persons supplied by it in the performance of the Lease are employees of Lessor and further agrees that no rights to Lessor's civil service, retirement or personnel rules and benefits accrue to such persons.

Lessee shall be responsible for all salaries, wages, bonuses, retirement, withholdings, workers' compensation, unemployment compensation, other benefits, taxes and premiums appurtenant thereto concerning such persons provided by Lessee in the performance of the Lease, and Lessee shall save and hold Lessor harmless with respect thereto.

## **ARTICLE 29 – PROHIBITED INTERESTS**

No member, officer, or employee of the Lessor during his or her tenure, and for one (1) year thereafter, shall have any interest, direct or indirect, in this Lease or its proceeds.

## **ARTICLE 30 – COMPLIANCE WITH ENVIRONMENTAL LAWS**

Lessee shall, at Lessee's own expense, comply with all present and subsequently enacted Environmental Laws and any amendments thereto, affecting Lessee's occupation and use of the Premises.

### **A. Definitions**

1. "Environmental Laws"  
Means those laws promulgated for the protection of human health or the environment, including by not limited to, the following as the same are amended from time to time:
  - a. The **Comprehensive Environmental Response, Compensation, and Liability Act of 1980 [CERCLA]**, 42 U.S.C. Sections 9601 et seq., as amended by the **Superfund Amendment and Reauthorization Act [SARA]**;

- b. The **Solid Waste Disposal Act [SWDA]**, 42 Sections 6901 et seq., as amended by the **Resource Conservation and Recovery Act [RCRA]** including Subtitle I, Underground Storage Tanks;
- c. The **Toxic Substances Control Act [TSCA]**, 15 U.S.C. Sections 2601 et seq.;
- d. The **Public Health Service Act (Title XIV) [PHSA]** a.k.a. the **Safe Drinking Water Act [SWDA]** and SDWA Amendments of 1996, 42 U.S.C. Sections 300f et seq.;
- e. The **Federal Water Pollution Control Act [FWPCA]**, as amended by the **Clean Water Act**, 33 U.S.C. Sections 1251 et seq.;
- f. The **Clean Air Act**, 42 U.S.C. Sections 7401 et seq.;
- g. **Title 49 of the Arizona Revised Statutes**, including the **Arizona Environmental Quality Act**, A.R.S. Sections 49-201 et seq.;
- h. The **Arizona Hazardous Waste Management Act**, A.R.S. Sections 49-921 et seq.;
- i. The **Arizona Underground Storage Tank Regulation Act**, A.R.S. Sections 49-1001 et seq.;
- j. The **Arizona Solid Waste Management Act**, A.R.S. Section 49701 et seq.;
- k. The **Occupational Safety and Health Act of 1970** as amended, 29 Sections 651-678;

And the regulations promulgated there under, and any other laws, regulations and ordinances (whether enacted by local, state or federal government) now in effect or hereafter enacted, that provide for the regulation or protection of human health or the environment, including the ambient air, ground water, surface water, and land use, including substrata soils.

2. "Regulated Substances" means:

- a. Those substances identified or listed as hazardous substance, pollutant, hazardous material, and petroleum, in **CERCLA/SARA**; the **Hazardous Materials Transportation Act**, 49 U.S.C. Sections 5101 et seq.; **RCRA, Subtitle I, Regulation of Underground Storage Tanks**, 42 U.S.C. Sections 6991 through 6991i; **Clean Air Act**, 42 U.S.C. Section 7412 et seq.; and in any rule or regulation adopted to implement said statutes.
- b. Those substances identified or listed as hazardous substance, pollutant, toxic pollutant, petroleum, or as a hazardous, special, or solid waste in the **Arizona Environmental Quality Act**, A.R.S. Sections 49-201 et seq., including by not limited to the **Water Quality**

**Assurance Revolving Fund Act [WQARF]**, Sections 49-281 et seq.; the **Solid Waste Management Act**, A.R.S. Sections 49-701 et seq.; the **Underground Storage Tank Regulation Act**, Sections 49-1001 et seq.; A.R.S. Sections 49-851 through 49-868 pertaining to **Management of Special Waste**; the **Hazardous Waste Management Act**, A.R.S. Sections 49-921 et seq.; and in any rule or regulation adopted to impellent said statues.

- c. All substances, materials and wastes that are, or that become, regulated, or that otherwise are classified as hazardous or toxic, under any Environmental Law during the term of this Lease.
  
- 3. “Release”  
Means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.
  
- 4. “Premises”  
Means Contractor’s leasehold and/or any part or portion of Show Low Regional Airport (SOW) or City owned property where contractor or its employees or agents causes to occur a release of a regulated substance.
  
- 5. “Contractor”  
Means every consultant, Lessee, sub-lessee, licensee, permittee, concessionaire, tenant or other person, firm or corporation occupying or using the Premises pursuant to an agreement and including contractor’s heirs, personal representatives, successors-in-interest and assign.

## B. Compliance

- 1. Contractor shall not cause or permit any regulated substance to be used, generated, manufactured, produced, stored, brought upon, or released on, or under the Premises, or transported to or from the Premises, by Contractor, its agents, employees, Contractor’s invitees or a third party in a manner that would constitute or result in a violation of any Environmental Law or that would give rise to liability under an Environmental Law.

Contractor may provide for the treatment of certain discharges regulated under the City pretreatment ordinances pursuant to Chapter 28 of the Show Low City Code or such other ordinances as may be promulgated and the Federal Clean Water Act, 33 U.S.C. Section 1251 et seq.

2. Contractor shall indemnify, defend and hold harmless, on demand, the City, its successors and assigns, its elected and appointed officials, employees, agents, boards, commissions, representatives, and attorneys, for, from and against any and all liabilities, obligations, damages, charges and expenses, penalties, suits, fines, claims, legal and investigation fees or costs, arising from or related to any claim or action for injury, liability, breach of warranty or representation, or damage to person, the environment or Premises and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of, or adverse affects on, human health or the environment pursuant to any Environmental Law, the common law, or other statute, ordinance, rule, regulation, judgment or order of any governmental agency or judicial entity, which are incurred or assessed as a result, whether in part or in whole, of Contractor's occupancy or use of the premises during the term of this Lease or any previous lease or uses of the Premises by Contractor or its owners or affiliated entities, agents, employees, invitees, visitors or licensees. Regardless of the date of termination of this Lease, Contractor's obligations and liabilities under this Section shall continue so long as the City bears any liability or responsibility under the Environmental Laws arising from Contractor's occupancy or use of the premises during the term of this Lease. This indemnification of City by Contractor includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial actions, removal or restoration work required on conducted by any federal, state, or local governmental agency or political subdivision because of regulated substances caused by Contractor to be present on or under the Premises or present in the soil or ground water on or under the Premises or present in surface waters on or adjacent to the Premises.
  
3. Without limiting the foregoing, if the release by Contractor of any regulated substance on or under the Premises, or in surface waters on or adjacent to the Premises results in any contamination of the Premises or surface waters, Contractor shall promptly take all actions at its sole cost and expense that are necessary to mitigate any immediate threat to human health or the environment. Contractor shall then undertake any further action necessary to return the contaminated site to the condition existing prior to the introduction by Contractor of any regulated substance; provided that City's approval of such actions shall first be obtained. Contractor shall undertake such actions without regard to the potential legal liability of any other person; however, any remedial

activities by Contractor shall not be construed to impair Contractor's rights, if any, to seek contribution or indemnity from another person.

4. Contractor shall, at Contractor's own cost and expense, make all tests, reports, studies and provide all information to any appropriate governmental agency as may be required pursuant to the Environmental Laws pertaining to Contractor's occupancy or use of the Premises. This obligation includes but is not limited to any requirements for a site characterization, site assessment and/or remediation plan that may be necessary due to any actual or potential spills or discharges of regulated substances on, under or from the Premises, or in surface waters on or adjacent to the Premises during the term of this Lease. At no cost or expense to City, Contractor shall promptly provide all information requested by City pertaining to the applicability of the Environmental Laws to the Premises, to respond to any governmental investigation, or to respond to any claim of liability by third parties which is related to environmental contamination.

In addition, City shall have the right to inspect, within ten (10) days of Contractor's receipt of written request, and copy any and all records, test results, studies and/or other documentation, other than trade secrets and legally privileged documents, regarding environmental conditions relating to the use, storage, or treatment of regulated substances by Contractor on, under or from the Premises or in surface waters on or adjacent to the Premises.

5. Contractor shall notify the Airport Director within twenty-four (24) hours upon learning of the following:
  - a. Any correspondence or communication from any governmental agency regarding the application of Environmental Laws to the Premises or Contractor's occupancy or use of the Premises;
  - b. Any change in Contractor's activities on the Premises that will change or have the potential to change Contractor's or City's obligations or liabilities under Environmental Laws;
  - c. Any assertion of a claim or other occurrence for which Contractor may incur an obligation under this Section.
6. Contractor shall at its own expense obtain and comply with any permits or approvals that are required or may become required as result of any occupancy or use of the Premises by Contractor, its agents, employees, invitees and assigns.

7. Contractor shall insert the provisions of this Article in any agreement or contract by which it grants a right or privilege to any person, firm or corporation under this Lease.
8. Contractor shall obtain and maintain compliance with any applicable financial responsibility requirements of federal, state, and/or local law regarding the ownership or operation of any underground storage tank(s) or any device used for the treatment or storage of a regulated substance and present evidence thereof to the City, as may be applicable.
9. Contractor shall take reasonable precautions to prevent other persons not acting under Contractor's authority from conducting any activity that would result in the release of a regulated substance on, under or from the Premises or in surface waters on or adjacent to the Premises. Contractor shall also exercise due care with respect to any regulated substance that may come to be located on the Premises as a result of the actions of third parties who are not under Contractor's authority.
10. Contractor shall make its best efforts to minimize its production of a waste stream that includes regulated substances, and shall minimize the storage of regulated substances on, in and around the Premises.

#### C. Termination of Agreement

Contractor's failure or the failure of its agents, employees, contractors, invitees or of a third party to comply with any of the requirements and obligations of this Article or applicable Environmental Law shall constitute a material breach of this Contract and shall permit the City to pursue the following remedies, in addition to all other rights and remedies provided by law or otherwise provided for in this Lease, to which the City may resort cumulatively, or in the alternative:

1. The City may, at the City's election, keep this Lease in effect and enforce all of its rights and remedies under the Lease including: 1) the right to recover rent and other sums as they become due by appropriate legal action and/or 2) the right, upon ten (10) day's written notice to Contractor, to make payments required of Contractor or perform Contractor's obligations and be reimbursed by Contractor for the cost thereof, unless such payment is made or obligation performed by Contractor within such ten (10) day period.

2. The City may, at the City's election, terminate this Lease upon written notice to Contractor. Upon the City's termination, Contractor shall immediately pay to the City an amount equal to all accrued but unpaid rents plus interest thereon calculated from the date the rent is past due at a rate equal to: 1) 18% per annum or 2) the maximum interest rate permitted by state law, whichever is greater.
3. Notwithstanding any other provision in this Lease to the contrary, the City shall have the right of "self-help" or similar remedy in order to minimize any damages, expenses, penalties and related fees or costs, arising from or related to a violation of Environmental Laws on, under or from the Premises or in surface waters on or adjacent to the Premises, without waiving any of its rights under this Lease.
4. The exercise by the City of any of its rights under Section C, Article 30, shall not release Contractor from any obligation it would otherwise have under this Article.
5. The covenants of this Article shall survive the termination of this Lease.

\*THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK\*



## **EXHIBITS**

- A – Airport Fuel Dispenser Permit
- B – Fueling Facility and Equipment
- C – Terminal Map
- D – Aerial Map
- E – Minimum Standards for Show Low Regional Airport
- F – Retained by City of Show Low Common Use Area
- G - Insurance
- H – Sample Letter of Credit
- I – Supplemental Terms and Conditions
- J – Show Low Regional Airport Rules and Regulations

## EXHIBIT A – AIRPORT FUEL DISPENSER PERMIT

This Permit is made and granted this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, (“**Effective Date**”) between the City of Show Low, an Arizona municipal corporation (“**City**”) and \_\_\_\_\_, a \_\_\_\_\_ (“**Permittee**”).

### RECITALS

**WHEREAS**, Permittee, desires to provide fueling dispensing services to customers at Show Low Regional Airport (“**Airport**”); and

**WHEREAS**, Show Low City Code, Section 4-114, provides that no aircraft, ground service equipment, or motor vehicle shall be fueled or de-fueled at the Airport except as authorized by the Airport Director by permit;

**WHEREAS**, the sale and dispensing of fuel at the Airport shall be conducted only through a Fuel Dispenser Permit approved by the Airport Director;

**NOW THEREFORE**, in consideration of the faithful performance by Permittee of the covenants and conditions set forth below, this Permittee is designated a Fuel Dispenser for retail fuel sales and fuel dispensing at the Airport.

### ARTICLE I – DEFINITIONS

For the purpose of this Permit, the following words shall have the definition and meaning hereafter set forth:

1. **Access Control System** – means a system which utilizes reader gates to allow authorized vehicular or pedestrian access to the Air Operations Area on the Airport.
2. **Airport Department** – means the City of Show Low Airport Department, the operator of Show Low Regional Airport.
3. **Airport Director** – means the Airport Director of the City of Show Low or his/her designee.
4. **City** – means the City of Show Low, Arizona, U.S.A.

5. **Dead Man Control Device** – means a device which requires a positive continuing action of an operator to allow the flow of fuel.
6. **Dispensing** of fuel – means the sale, storage, transfer and/or handling of fuel or fuel waste and byproduct at the Airport.
7. **Environmental Laws** – means those laws promulgated for the protection of human health or the environment and any other laws, regulations and ordinances (whether enacted by local, state, or federal government) now in effect or hereafter enacted, that provide for the regulation or protection of human health or the environment including the ambient air, ground water, surface water and land use including substrata soils.
8. **Flowage Fee** – means a per gallon fee that must be paid to the City by any person or entity dispensing fuel on the Airport.
9. **Fuel Dispenser** – means the Permittee or Permittee’s bona fide employee authorized to sell, store, transfer and/or handle fuel at the Airport in quantities greater than one hundred (100) U.S. gallons.
10. **Fuel Dispensing Equipment** – means a tank vehicle (tank truck, tank fuel trailer, tank semi-trailer) employed in the transportation and/or transfer of fuel and in fuel dispensing.
11. **Fuel Handling** – see Dispensing.
12. **Fuel Handlers’ Card** – means a card issued by the City which shows proof that a person has completed the training and passed the test required to dispense fuel at the Airport.
13. **Ground Service Equipment** – means equipment used to supply auxiliary needs to aircraft.
14. **Into-Plane** – means fueling services provided to airlines or aircraft operations with airline or aircraft operator owned products.
15. **NFPA** – means National Fire Protection Association.
16. **Permittee** – means any person, partnership, association, firm or corporation operating on the Airport under a permit issued by the Airport Department.
17. **Premises** – means the leasehold or site occupied by Permittee pursuant to a lease, license or permit.

18. **Release** – means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping.
19. **Roadway** – means any street or roadway whether improved or unimproved within the boundaries of the airport set aside or designated for use by vehicles whether dedicated or not.
20. **Spill Prevention, Control, and Countermeasure (SPCC) Plan** – means the document required by Title 40, Code of Federal Regulations, Sec. 112 that details the equipment, workforce, procedures, and steps to prevent, control and provide adequate countermeasures to a discharge.

## ARTICLE II – TERM

The term of this Permit shall commence on the Effective Date and shall be month-to-month.

The City may cancel this Permit at any time, provided that ten (10) calendar days' prior written notice is given to the Permittee. The Airport Director may immediately terminate this Permit for any breach by Permittee of any of the provisions of Chapter IV of the Show Low City Code, this Permit, any other City agreement issued to the Permittee, or any violation of law and/or Airport Rules and Regulations, including failure to submit the monthly fuel-flowage report required by this Permit.

## ARTICLE III – FUEL DISPENSING ACTIVITY

1. Permittee's commercial activities authorized by this Permit are limited to:

A. \_\_\_\_\_

B. \_\_\_\_\_

C. \_\_\_\_\_

2. Permittee shall not engage in any other commercial or revenue-producing activity on the Airport without first obtaining the written authorization of the Airport Director.

3. Only that Fuel Dispensing Equipment with is listed in **Exhibit B**, attached hereto, is authorized in the performance of Permittee's activities under this permit.

## ARTICLE IV – SOLICITATION FOR SALES PROHIBITED

Permittee shall not enter upon the leased premises of an Airport tenant, or other restricted areas, for the purpose of soliciting, sale, or providing fuel dispensing services without prior approval from the person or entity contractually entitled to exclusive possession of the premises.

## ARTICLE V – FEES, REPORTING AND RECORDS

1. **Flowage Fee.** Permittee agrees to pay to the City by the tenth (10<sup>th</sup>) calendar day of each month a Fuel Flowage Fee as required by Chapter IV of the Show Low City Code. The Fuel Flowage Fee is subject to revision and/or adjustment.

2. **Delinquent Account Charges.** Without waiving any other right or action available to City for default in payment of said Fuel Flowage Fees, delinquent accounts shall be subject to a delinquent account fee in accordance with provisions set in Chapter IV of the Show Low City Code.
3. **Reporting.** Permittee shall submit a “**Monthly Fuel Flowage Report**” to the City on or before the tenth (10<sup>th</sup>) calendar day of each month, attaching true legible copies of documents evidencing all fuel purchased for the immediate past calendar month. Within ninety (90) calendar days after the end of any calendar year or the termination of this Permit, Permittee shall provide City with a year-end report reconciling fuel purchase records and receipts for the previous calendar year with a schedule of payments made to City.
4. **Records and Auditing.** With respect to its authorized operations on the Airport, Permittee shall keep true and accurate records of fuel purchase reports, which shall be made available to City at a location in Show Low, Arizona for audit within ten (10) calendar days after City’s written request for production of said records. City or its authorized representatives shall have the right at reasonable times and during business hours to inspect and examine Permittee’s records related to this Permit. In the event a discrepancy is determined to exist for the period of an audit, City shall allow Permittee ten (10) business days to review City’s audit findings and provide comments to City. After considering all comments received, if City still finds that a discrepancy exists, Permittee shall promptly pay the cost of city’s audit. “Discrepancy” means that the audited fees exceed the reported fees by 2% or more. The amount of any such deficiency established by the audit shall be conclusive and binding upon the parties and shall be paid by Permittee no later than ten (10) calendar days from the date a bill therefore is received by Permittee.
5. **Taxes.** Permittee shall pay all taxes and assessments and other impositions of any kind which may be levied or assessed in connection with Permittee’s occupancy of or activities on the Airport.

## ARTICLE VI – EQUIPMENT AND PERSONNEL REQUIREMENTS

1. Equipment Storage, Parking, Maintenance, and Inspection:
  - a. Permittee shall utilize only Permittee’s owned or exclusively-leased Fuel Dispensing Equipment that has been approved by the City and is listed in **Exhibit C**, attached hereto.

- b. Un-attended parking and/or storage of Permittee's Fuel Dispensing Equipment on the Airport shall be permitted only on Permittee's exclusively leased premises and in compliance with all Airport Department, City, State, County, and Federal laws and regulations.
  - c. Permittee's Fuel Dispensing Equipment shall be subject to periodic inspection by City.
  - d. Permittee's Fuel Dispensing Equipment shall comply with all Airport Department, City, State, County, and Federal laws and regulations.
2. Personnel:
- a. Operator(s) of Permittee's Fuel Dispensing Equipment shall possess and provide upon demand a City of Show Low Airport Department Fuel Handler's Permit issued by the Airport Department upon satisfactory completion of requirements established by the Airport Director.
  - b. Permittee shall be responsible for complying with Arizona Department of Weights and Measures regulations for accuracy and annual testing of dispensing meters. All dispensing meters shall be calibrated and sealed in accordance with Arizona Department of Weights and Measures requirements.
  - c. Permittee shall, at Permittee's own expense, perform all required maintenance and fire inspection of Permittee's Fuel Dispensing Equipment. Permittee's Fuel Dispensing Equipment shall be maintained in safe operating and leak-free condition at all times.
  - d. Maintenance of Permittee's owned or exclusively-leased Fuel Dispensing Equipment shall be performed in City-approved Airport facilities or off-Airport. Only emergency maintenance may be performed on Airport aircraft ramps or aprons pursuant to Section 4-53 of the Show Low City Code.
  - e. Permittee's Fuel Dispensing Equipment must be outfitted with a Dead man control device.

## ARTICLE VII – RECORDS AND PROCEDURES

Permittee shall submit and keep on file with the Airport Director a current copy of Permittee's:

- 1. List of approved Fuel Dispensing Equipment (**Exhibit C**)
- 2. SPCC Plan
- 3. Quality Control program and fueling procedures.

Permittee shall notify City of and changes within ten (10) calendar days.

**ARTICLE VIII – FUELING SAFETY REQUIREMENTS**

1. Fueling is prohibited while the engines of the equipment being fueled are operating.
2. All fueling operations at the Airport shall be accomplished according to NFPA and the Airport Rules and Regulations.

**ARTICLE VIX – SPILLAGE AND CLEANUP**

In the event of any fuel release resulting from Permittee’s activities or operations on the Airport, Permittee shall immediately notify the following:

| <b>Contact</b>             | <b>Time</b>      | <b>Location</b>                           | <b>Telephone</b> |
|----------------------------|------------------|---|------------------|
| Show Low Regional Airport  | 7 a.m. to 7 p.m. | Show Low Regional Airport Terminal Office | (928) 532-4190   |
| Show Low Police Department | 24 hours /daily  | Show Low                                  | (928)537-4365    |
| Show Low Fire Department   | 24 hours/daily   | Show Low Regional Airport Premises        |                  |
|                            |                  |   |                  |

Permittee shall, in the first instance, be responsible for the cleanup of such release and the costs to repair or replace fuel-damaged asphalt and other materials and components. Cleanup of such release may be made by City of Permittee fails to timely respond, in City’s sole judgment, and Permittee shall be billed for any costs associated with the cleanup and damage. This Permit may be revoked for Permittee’s failure to pay any costs involved and properly billed to Permittee.

**ARTICLE X – COMPLIANCE WITH ENVIRONMENTAL RULES AND REGULATIONS**

Permittee acknowledges that all of the requirements, conditions and indemnifications of **Exhibit A** titled “Compliance with Environmental Laws” are made a part hereof, as if fully set forth in the body of this permit.

**ARTICLE XI – INDEMNIFICATION AND INSURANCE REQUIREMENTS**

**A. Indemnification**

Permittee shall indemnify, defend, save and hold harmless the City of Show Low and its officers, officials, agents, and employees (hereinafter

referred to as “Indemnity”) from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys’ fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as “Claims”) for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Permittee or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers’ Compensation Law or arising out of the failure of such contractor to conform to any federal, state, or local way, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnity shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitor, be indemnified by Permittee from and against any and all claims. It is agreed that Permittee will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Permittee agrees to waive all rights of subrogation against the City, its officers, officials, agents and employees for losses arising from the work performed by the Permittee for the City.

Permittee (as “Indemnitor”) agrees to indemnify, defend, save and hold harmless the City of Show Low and its officers, officials, agents and employees (as “Indemnitee”) from and against any and all demands, claims, complaints, losses, damages, actions or causes of action, assessments, liabilities, costs or expenses including, without limitation, interest, penalties and reasonable attorney’s fees and reasonable expenses of investigation and remedial work (including investigations and remediation by engineers, environmental consultants and similar technical personnel) asserted against or imposed upon or incurred by Indemnitee arising in connection with, or resulting from, any Environmental Law, including but not limited to, any use, generation, storage, spill, release, discharge or disposal of any Hazardous Substance that is now comes to be located on, at, about or under the property or because of, or in connection with, the violation of any Environmental Law (hereinafter collectively referred to as “Claims”) to the extent that such Claims are caused by the Fault of the Indemnitor, its officers, officials, agents, employees, contractors, volunteers, tenants, subtenants, invitees or licensees. As used in this section:

- a. “Hazardous Substances” are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and are the following substances: gasoline, kerosene, or other petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials;

- b. "Environmental Law" means federal, state, or local laws and regulations, including common law, that relate to health, safety or environmental protection; and
- c. "Fault" means those non-culpable acts or omissions giving rise to strict liability under any Environmental Law pertaining to Hazardous Substances, as well as culpable conduct (negligence or willful misconduct).

In consideration of the award of this contract, the Permittee agrees to waive all rights of subrogation against the City, its officers, officials, agents and employees for losses arising from the work performed by the Permittee for the City.

#### B. Insurance Requirements

Permittee and subcontractors shall procure and maintain until all of the obligations have been discharged, including any warranty periods under this Permit are satisfied, insurance against claims for injury to person or damage to property which may arise from or in connection with the performance of the work hereunder by the Permittee, its agents, representatives, employees or subcontractors. Insurance requirements are set for in **Exhibit I**, attached hereto.

### ARTICLE XII – AIRPORT ACCESS

#### A. PSHIA Permits

Permittee shall ensure that all Permittee's airside access employees have been properly authorized for access to secured areas of the Airport and have obtained airfield driver's permits as required by the Show Low Regional Airport. Permittee warrants that its fuel supply delivery trucks will operate only on the established Airport roadways and routes designated by the Airport Director. Further, Permittee warrants that its fuel supply deliver operation will take place only at Permittee's leased premises or in a designated location as determined by the Airport Director and in accordance with the Show Low Regional Airport Rules and Regulations.

#### B. DVT or SOW Permits

Permittee acknowledges that the Airport has implemented an Access Control System. Permittee shall at all times comply with the Access Control System, and shall indemnify, defend and hold harmless the City from the consequences of any violation of the Access Control System committed by Permittee or its agents, employees, or supplier of Permittee including but not limited to the payment of any fine or penalty assessed as a result of Permittee's fuel dispensing under this Permit. Permittee shall

maintain and provide to City an up-to-date list of its authorized persons who require access to the Airport, and immediately notify City of the termination of any personnel, and confiscate and return to City the Access Control System cards of such terminated personnel. Permittee's privileges under this Permit are subordinate to the requirements of the Airport Access Control System and said privileges may be rescinded, restricted or revoked when the interest of Airport security so require.

### ARTICLE XIII – AIRPORT SECURITY PLAN

#### A. PSHIA Permits

Permittee acknowledges that City has implemented an Airport Security Plan in a form acceptable to the Federal Aviation Administration pursuant to 14 Code of Federal Regulations, Parts 107, 108, and 139 at Show Low Regional Airport. City reserves the right to modify said plan from time to time with or without notice to Permittee, as it deems necessary to accomplish its purpose. Permittee shall at all times comply with the Airport Security Plan, and shall indemnify defend and hold harmless City from the consequences of any patron of Permittee including but not limited to the payment of any fine or penalty assessed as a result of Permittee's fuel dispensing under this Permit. Permittee shall maintain and provide to City an up-to-date list of its authorized persons who require access to the secured areas of the Airport, and immediately notify City of the termination of any badged personnel, and confiscate and return to City the security badges of such terminated personnel.

Permittee's privileges under this Permit are subordinate to the requirements of the Airport Security Plan and said privileges may be rescinded, restricted or revoked when the interest of Airport Security so require.

#### B. DVT and SOW

Permittee shall comply with Show Low Regional Airport Rules and Regulations for Airport Access.

### ARTICLE XIV – RULES AND REGULATIONS

Permittee shall observe and comply with all laws, ordinances, rules and regulations of the United States, the State of Arizona, Navajo County, the City of Show Low and all other jurisdictions and agencies which may be applicable to this Permit or Permittee's activities under this Permit and upon the Airport, now in effect or hereafter promulgated; and Permittee shall, upon request, display to City any permits, licenses or other evidence of compliance with such law.

Without limiting any other conditions set forth elsewhere in this Permit, Permittee shall comply with the specific Federal, State or local requirements set for on **Exhibit K**, "Supplemental Terms and Conditions", attached hereto and incorporated herein by this reference.

Permittee shall abide by and conform to all laws, government orders, and rules regulations, including future amendments and additions, controlling or in any manner limiting delivery by Permittee of fuel during the term of this Permit.

## ARTICLE XV – PERMITTEE’S ACKNOWLEDGEMENTS

Permittee shall abide by the following conditions of this Permit:

1. **Non-Exclusive Rights.** Permittee is not an agent of the City for any activity conducted by Permittee on the Airport. Permittee agrees that no provision herein shall be construed to grant an exclusive aviation right as set forth in the Federal Aviation Act of 1958 §308(a); 49 U.S.C. §40103(e).
2. **Right of Entry.** City reserves for itself and any agent acting on behalf of City the right to enter upon Permittee's leased premises and/or facility area at any time for any purpose necessary to the exercise of its governmental functions, or for fire protection, safety or security purposes, and to enforce the terms and conditions of this Permit.
3. **Airport Safety.** Permittee agrees that City shall have the sole right to impose future restrictions or obligations of fuel dispensing activities necessary for safety, the preservation of the Airport facilities and protecting the public interest.
4. **Non-waiver.** No waiver by the City of any breach of any provisions of this Permit shall be deemed for any purpose to be a waiver of any other breach of the same or any other provision herein.

## ARTICLE XVI – ASSIGNMENT

Permittee shall not assign its authorization under this Permit. Any attempt to assign, sell, transfer or encumber this Permit shall be void. This Permit or any interest therein, shall not be subject to assignment by operation of law. It is specifically stipulated and agreed that Permittee will not enter into any other arrangement(s) or agreement(s) with any other operator(s) or assign any of the rights herein whereby other operators to dispense fuels or lubricants under this Permit.

## ARTICLE XVII – NOTICES

Notices to City are sufficient if personally delivered or sent by certified mail, return receipt requested, postage prepaid, addressed to:

Show Low Regional Airport  
Attn: Airport Director  
3150 Airport Loop Rd., #100  
Show Low, AZ 85901

Notice(s) to Permittee are sufficient if sent by certified mail, return receipt requested, postage prepaid, addressed to:

TBD

#### ARTICLE XVIII – ATTORNEYS’ FEES

In the event of litigation between City and Permittee to enforce the rights or obligations provided by this Permit, the non-prevailing party shall pay for the prevailing party’s reasonable attorney’s fees and costs of litigation as may be determined by the Court.

#### ARTICLE XIX – COMPLETE AGREEMENT

Permittee acknowledges that no representations, guarantees or warranties have been made as to matters not included in this Permit, together with all annexed Exhibits, contains the entire understanding between City and Permittee with regard to the subject matter of this Permit; and no representative or employee of either City or Permittee has made, or is authorized to make, any representations beyond this Permit, or to change the terms hereof, unless such changes are in writing by a duly authorized officer of each party.

#### ARTICLE XX – SAVINGS CLAUSE

Should any provision of this Permit be declared invalid, directly or indirectly, by a court of competent jurisdiction, the remaining provisions shall remain in effect, provided that elimination of the invalid provision does not materially prejudice either City or Permittee with regard to the respective rights and obligations.

**IN WITNESS WHEREOF**, the parties hereto have caused this Permit to be executed in triplicate on the date and year first above written.

**CITY OF SHOW LOW, a municipal corporation  
ED MUDER, City Manager (Lessor)**

By: \_\_\_\_\_ Kenneth A. Patterson  
Airport Director

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

, an Arizona (Permittee)

By:

Its:

STATE OF ARIZONA ) ) ss. Navajo County

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of

\_\_\_\_\_, 20\_\_, by: \_\_\_\_\_ as

\_\_\_\_\_ of

\_\_\_\_\_, a

\_\_\_\_\_ company

My Commission Expires: \_\_\_\_\_

NOTARY PUBLIC: \_\_\_\_\_

## EXHIBIT B – FUELING FACILITY AND EQUIPMENT

The successful proposer will be responsible for meeting all fueling equipment requirements as listed in the Minimum Standards for Show Low Regional Airport. (Exhibit E)



## EXHIBIT C – TERMINAL MAP

## EXHIBIT D – AERIAL MAP

## **EXHIBIT E – MINIMUM STANDARDS FOR SHOW LOW REGIONAL AIRPORT**

### **CONTENTS**

|     |                                 |    |
|-----|---------------------------------|----|
| 1.0 | MINIMUM STANDARDS               | 70 |
| 1.1 | PURPOSE                         | 70 |
| 1.2 | INTRODUCTION                    | 70 |
| 1.3 | APPLICABILITY                   | 70 |
| 1.4 | DEFINITIONS                     | 70 |
| 1.5 | APPLICATION                     | 72 |
| 1.6 | APPLICATION REVIEW AND APPROVAL | 74 |

### **SECTION ONE – STANDARDS AND REQUIREMENTS**

|        |   |    |
|--------|---|----|
| 1.7    | STANDARDS AND LIMITATIONS                 | 75 |
| 1.7.1  | GENERAL REQUIREMENTS                      | 77 |
| 1.7.2  | FIXED BASE OPERATOR                       | 78 |
| 1.7.3  | AIRFRAME AND POWER PLANT REPAIR           | 82 |
| 1.7.4  | AVIONICS, INSTRUMENT AND PROPELLER REPAIR | 83 |
| 1.7.5  | AIR AMBULANCE                             | 84 |
| 1.7.6  | AIRCRAFT CHARTER AND AIR TAXI             | 85 |
| 1.7.7  | AIRCRAFT RENTAL                           | 86 |
| 1.7.8  | AIRCRAFT SALES                            | 86 |
| 1.7.9  | FLIGHT TRAINING                           | 87 |
| 1.7.10 | COMMERCIAL FLYING CLUB                    | 88 |
| 1.7.11 | SPECIALIZED COMMERCIAL AERONAUTICAL       | 89 |

|        |  |    |
|--------|--|----|
|        | ACTIVITIES   |    |
| 1.7.12 | SCHEDULED AIRLINE SERVICE  | 90 |
| 1.7.13 | MULTIPLE COMMERCIAL AERONAUTICAL ACTIVITIES                                    | 91 |
| 1.7.14 | FLYING CLUBS   | 91 |
| 1.7.15 | AVIATION BULK FUEL SALES TO FIXED BASE OPERATORS AND OTHER AVIATION FUEL USERS | 92 |
| 1.8    | LEASE CLAUSES  | 92 |
| 1.9    | RIGHT OF CITY TO DEVELOP AIRPORT ACCORDING TO MASTER PLAN                      | 98 |
| 1.10   | SUMMARY OF MINIMUM REQUIREMENTS FOR COMMERCIAL AERONAUTICAL ACTIVITY           | 99 |

**SECTION TWO**

|     |   |     |
|-----|---|-----|
| 2.0 | ENFORCEMENT   | 99  |
|     | ATTACHMENT 1 – SCHEDULE OF MINIMUM INSURANCE REQUIREMENTS                           | 99  |
|     | ATTACHMENT 2 – SUMMARY OF MINIMUM REQUIREMENTS FOR COMMERCIAL AERONAUTICAL ACTIVITY | 101 |

## 1.0 MINIMUM STANDARDS FOR COMMERCIAL AERONAUTICAL ACTIVITIES

### 1.1 PURPOSE

The purpose of these minimum standards is to help ensure proper administration and operation of the Show Low Airport by prescribing certain requirements for commercial aeronautical activities conducted at the airport. The standards are intended to promote the public health, safety, and welfare of the airport patrons and the commercial enterprises using the airport, as well as the citizens of Show Low and the general public.

### 1.2 INTRODUCTION

The standards and requirements contained herein constitute the minimum acceptable qualifications and conditions under which a person conducting a commercial aeronautical activity must operate. No person shall be allowed to conduct any commercial aeronautical activity at the Show Low Airport unless such person has a lease or agreement with the City which incorporates these minimum standards. The mandatory clauses contained herein are not exhaustive and the City reserves the right to require such other terms and conditions as it deems appropriate.

### 1.3 APPLICABILITY

The effective date of these Minimum Standards shall be the 22<sup>nd</sup> day of May, 1996.

### 1.4 DEFINITIONS

As used in these regulations, the following terms shall have the following meanings:

- A. "The Show Low Airport Commission" means the Airport Commission
- B. "City" means the City of Show Low, Arizona, its elected officials, employees and agents, and the Show Low Airport Commission.
- C. "Aircraft" means aeronautical devices including, but not limited to powered aircraft, gliders, kites, rotary wing aircraft, parachuting, ground-effect machines and balloons.
- D. "Aircraft Maintenance" means the repair, adjustment or inspection of aircraft:

1. Major repairs – Major alterations to the airframe, power plant, propeller and accessories as defined in Part 43 of the Federal Aviation Administration.
  2. Minor repairs – Normal routine annual inspection with attendant maintenance, repair, calibration, or adjustment or repair of aircraft and their accessories.
- E. “Building” means the main portion of each structure, all projections or extensions there from and any additions or changes thereto, and shall include garages, outside platforms and docks, carports, canopies, eaves and porches. Paving, ground cover, fences, signs, and landscaping shall not be included here.
- F. “Commercial Aeronautical Activity” means any commercial activity which relates to the operation or servicing of aircraft. Examples of such activity includes: charter operations, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, air taxi operations, aircraft sales and services, sales of aviation petroleum products, repair and maintenance of aircraft parts.
- G. “Entity” means a person, firm, corporation, partnership.
- H. “Equipment” means all machinery, together with the necessary supplies, tools and apparatus to properly conduct the activity being performed.
- I. “Exclusive Rights” means the power, privilege or other rights excluding or debarring another from enjoying or exercising a like power, privilege or right. An exclusive right may be conferred either by express agreement, by imposition of unreasonable standards or requirements, or by any other means. Such a right conferred on one or more parties by excluding others from enjoying or exercising a similar right or rights would be an exclusive right.
- The granting of an exclusive right to conduct a commercial aeronautical activity on an airport developed or improved with federal funds is expressly forbidden by law.
- J. “Improvements” means all buildings, structures and facilities including pavement, fencing, signs and landscaping constructed, installed or placed on, under or above any leased area by or with the concurrence of the Lessee. Plans and specifications for all improvements must be approved by the City for conformity with its architectural, building and construction standards.

- K. "Agreement" means a contractual agreement between the City and an entity granting a concession or otherwise authorizing the conduct of certain activities which is in writing and enforceable by law.
- L. "Lease" means a contractual agreement between the City and an entity providing for the use of airport ground space or land for the construction of improvements.
- M. "Operator" means an entity which maintains facilities at the airport for the purpose of engaging in sales or providing services in a commercial aeronautical activity.
- N. "Repair Facility" means a facility utilized for the repair of aircraft to include airframe, power plant, propellers, radios, instruments and pertinent Federal Aviation Administration regulations.
- O. "Sublease" means a lease granted by another entity of all or part of the property.
- P. "Tie Down" means the area paved or unpaved, suitable for parking and mooring of aircraft wherein suitable tie down points have been located.
- Q. "Ramp" means an area suitable for aircraft parking.
- R. "Fuel Distributor" means any person or corporate entity or business engaged in selling or disbursing aviation fuel at the Show Low Airport.
- S. "UNICOM" means a non-federal air/ground radio communication station which may provide airport information at public use airports where there is no tower or flight service station.
- T. "NOAA" means National Oceanic and Atmospheric Administration.
- U. "F.A.R.s" means Federal Air Regulations.
- V. "F.A.A." means U.S. Department of Transportation, Federal Aviation Administration.

## 1.5 APPLICATION

- A. Contents of Application
  - 1. Applications to perform commercial aeronautical activities shall be in writing and be filed with the City of Show Low City Clerk and shall include the following information:

- a. Name and address;
- b. Proposed dates for commencement of operations and termination of services;
- c. Services to be offered;
- d. Amount, size and location of land to be leased;
- e. Description of buildings and improvements or appurtenances to be constructed or leased;
- f. Number of aircraft to be involved;
- g. Hours of proposed operation;
- h. Number and types of insurance coverage to be maintained;
- i. Evidence of financial responsibility from a bank or from such other source that may be readily verified through normal banking channels;
- j. Evidence of financial capability to initiate operations and for the construction of buildings, improvements and the ability to provide working capital to carry on the contemplated operation, once initiated.
- k. Statement of past experience in the specified aviation services proposed to be provided at the airport together with a statement of setting forth personnel to be used for the operations and experience date of said personnel.
- l. Upon receipt of an application complying with this section, the City Clerk will ensure processing in accordance with Section 1.6. The Show Low Airport Commission will review said application and submit comments and/or recommendations in writing to the City Council.
- m. Upon receipt of a temporary application for non-commercial, non-competitive, or emergency activity, the City Manager may approve said application.

**B. Waiver to Minimum Standards**

- 1. A proposed commercial aeronautical activity which is unable to meet the minimum standards for that activity at the time of

application may request a waiver. Any request for waiver must be accompanied with an explanation for the waiver, the period of time for the waiver, and the proposed substitution or alternative to providing the minimum standard. There will be no time extensions and at the end of the allowed waiver period, all minimum standards will be met.

2. The waiver process has been developed in accordance with Section 3-17 of F.A.A. Order 5190.6A, Airport Compliance Requirements, which addresses the initial development of commercial aeronautical activities at an airport. The intent of the waiver process is to allow the operator the opportunity to establish a viable business in its early stages while still providing safe and responsible services. Whether a waiver is approved will depend on such factors as the volume of customers, investment of capital and the frequency of air traffic. The authority for approving a waiver will rest with the City Manager. A waive will not be approved if the proposed commercial aeronautical activity will compete with an existing activity that meets all the minimum standards.

## 1.6 APPLICATION REVIEW AND APPROVAL

- A. Upon receipt of an application complying with Section 1.5-A above, the City Clerk will review the application for statutory requirements. Lease of land at the Airport for the construction of hangars or building requires the publication of a notice of intent to lease and a request for bids twice in a newspaper of general circulation in the county.
- B. The Airport Commission will review all applications requiring the lease of airport land and shall submit comments and/or recommendations in writing to the City Council for consideration of the application.
- C. The City Council, for all applications requiring the lease of Airport land, shall review the application, the comments and/or recommendations from the Airport Commission and the terms of a lease and render a decision on the application.
- D. For those applications which do not require the lease of Airport land, the Airport Manager shall review, make comments and/or recommendations, and forward those recommendations to the City Manager for his consideration. The City Manager will determine the requirements for an operation and have the authority to execute the lease.
- E. Any decision by the City Manager which is not to the satisfaction of the applicant or any other aggrieved person who is affected by the decision may be appealed to the City Council. The appeal shall be filed with the

City Clerk within fifteen (15) calendar days after the City Manager's decision and shall specify the ground or grounds upon which the applicant contends he is entitled to relief. The City Council shall hear the appeal within thirty (30) days after it is filed and may reverse or affirm, in whole or part, or modify the decision of the City Manager. Failure to request an appeal of the City Manager's decision within fifteen (15) calendar days shall result in the City Manager's decision being final and binding.

## 1.7 STANDARDS AND LIMITATIONS

- A. The standards set forth are applicable to the specific commercial aeronautical activities addressed and must be met by an applicant desiring to conduct such activities prior to any lease or agreement execution at the Airport.
- B. The standards set forth herein are the minimum which the City will require when authorizing commercial activities and, unless specifically limited, do not preclude applicants from seeking greater operating authority.
- C. Personnel
  - 1. The Operator shall have in his employ and on duty during operating hours, trained personnel in such numbers as are required to meet the Minimum Standards and Requirements set forth herein, for each commercial aeronautical activity being performed. The Operator shall also provide a responsible person to supervise the operations in the leased area with authorization to represent the Operator during business hours.
  - 2. All personnel are required to hold any certifications and ratings as may be required by F.A.R.s, State Statutes and City Ordinances.
- D. Maintenance

The Operator shall maintain the pavement constructed by the Operator. The maintenance of the building, utility costs, snow, sand and trash removal shall be the Operator's responsibility within the leased property. Utility line maintenance outside the Operator's delineated property boundary shall be the utility agency's responsibility. Grass mowing and landscape maintenance within the Operator's leased premises shall be the Operator's responsibility.
- E. Insurance
  - 1. The Operator shall procure, maintain and pay premiums during the term of the lease or agreement, for insurance of the types of

coverage specified in Attachment 1, Schedule of Minimum Insurance Requirements as required by the City's insurance carrier. The operator's insurance company which provides the policy or policies shall be licensed to do business in the State of Arizona. Failure to maintain the required insurance in effect shall constitute a breach of the lease or agreement and shall constitute grounds for immediate termination of the lease or agreement.

The procuring of an insurance policy or policies shall not be construed to be a limitation upon the operator's liability or as a full performance on its part of the indemnification provision of the lease or agreement. The operator is obligated and responsible for the full and total amount of any damage, injury, or loss caused by negligence or neglect connected with its operation.

2. Where more than one aeronautical type of service is proposed, the minimum limits may vary depending upon the nature of individual services in such combination but will not necessarily be cumulative. For example, if three activities are chosen, it would not be necessary for the operator to carry insurance policies providing the aggregate or combined total of the minimum limits for each type of operation; however, if one of the selected activities required passenger liability coverage or hangar keeper's liability not required in either of the other categories, the operator would be required to provide insurance on the applicable exposures.
3. All insurance which the operator is required by the City of Show Low to carry and keep in force shall name the City of Show Low as coinsured. The Operator shall furnish evidence of his compliance with this requirement to the City. The operator's insurance shall be primary for all purposes under the lease or agreement. Besides naming the City coinsured, the certificates of insurance shall contain endorsements providing that written notice will be given to the City by the underwriter at least ten (10) days prior to any reduction in coverage and at least thirty (30) days prior to cancellation or termination of coverage and that an appropriate waiver of subrogation shall be required at the applicant's expense.
4. The applicable insurance coverage's shall be in force during the period of any construction of the Operator's facilities and/or prior to his entry upon the Airport for the conduct of his business.

F. Motor Vehicles on the Airport Property

1. An Operator may make transportation available for clientele (pilots and passengers of transient general aviation aircraft) between the

Operator's office and apron tie-down areas. The Operator performing this service with motor vehicles driven on the airport ramp/taxiway system shall do so in accordance with Airport Rules and Regulations.

2. The Operator will procure and maintain for any of its motor vehicles which are operated on the Airport, proper motor vehicle liability insurance in the minimum limits specified in Attachment 1, "Schedule of Minimum Insurance Requirements". Evidence of liability for ground support equipment may be covered under comprehensive public liability and property damage or umbrella format.

G. Aircraft Leaseback, Sublease, or other Aircraft Operating Agreements.

A copy of all such agreements must be available for inspection by the City along with proof of compliance with all applicable airport insurance requirements.

H. Fees

1. The Operator shall pay the standard fees as specified by the City. Such fees shall be specifically included in the lease or agreement with the City.
2. Any activity conducted on the leased premises shall similarly be subject to standard ordinance requirements and charges which may be set by the City.
3. The fees will be subject to review and readjustment on a five (5) year basis from the commencement date of the lease or agreement. The readjustment will account for inflation and will be calculated by averaging the Consumer Price Index (CPI) for the previous five years from the time of the last readjustment or commencement date. The summation of all increases which are due to the readjustment will not exceed three hundred percent (300%) of the initial fee over the term of the agreement and any extensions.

### 1.7.1 GENERAL REQUIREMENTS

A. Requirement of Written Lease or Agreement

The operator will be required to enter into a written lease or agreement with the City. The lease or agreement will recite the terms and conditions under which he will operate his business on the Airport including, but not

limited to, the terms of the lease or agreement, the rentals, fees, and charges, the rights and obligations of the respective parties and other relevant covenants. It should be understood, therefore, that neither the conditions therein contained, nor those set forth in these Minimum Standards, represents a complete recitation of the provisions to be included in the written lease or agreement. Such lease or agreement provisions, however, will neither change nor be inconsistent with these Minimum Standards.

B. Accommodations

The Operator who maintains a building or a hangar on the Airport shall provide an approved walkway facility within the leased area to accommodate pedestrian access to the Operator's office, and, also, telephone for customer use. Floor space allotments shall include office, customer lounge, and restroom facilities, all properly heated, ventilated, and lighted in accordance with the Minimum Standard for either an F.B.O. or specialty shop.

C. Facilities

When considering construction of any new facilities, the Operator will be subject to the same standards of development as are contained in the Airport Master Plan for the Airport. The City Council, after receiving and taking into consideration written comments and recommendations of the Show Low Airport Commission, may approve plans and specifications prior to formalization of a lease or agreement.

## 1.7.2 FIXED BASE OPERATOR (F.B.O)

A. Full Service F.B.O.

A full service F.B.O. is an entity which maintains major facilities at the Airport for the purpose of conducting aircraft, airframe and power plant maintenance including retail sale of aviation fuel and associated aircraft line service.

Other Required Services:

1. National Oceanic and Atmospheric Administration (required weather observations as required by contract)
2. UNICOM Control

B. Specialty Shop

A Specialty Shop is an entity other than an F.B.O. which maintains major facilities at the Airport for the purpose of conducting one or more of the below listed items:

1. Flight instruction and certification reviews;
2. Aircraft sales/rentals
3. Aircraft charter
4. Avionics, instrument repair;
5. Propeller repair;
6. Aircraft fabric repair and/or upholstery; and
7. Other technical services to enhance the aviation industry.

C. Minimum Standards – Full Service F.B.O.

1. Ground Space and Improvements
  - a. Principal buildings used by the F.B.O. shall be of sufficient size to adequately meet the requirements of the services being offered and shall provide for, at a minimum, crew/passenger lounge facilities, public restrooms, sales/rental administration, and other activities relevant to the F.B.O.
  - b. At least one hangar with a minimum of 2,500 square feet of floor space must be provided within which aircraft, airframe and engine repair activities, avionics, instrument or propeller repair, if proposed, will be performed.

D. Scope of Service

1. Fueling
  - a. The F.B.O. shall lease from the City all underground storage tank facilities on the Airport. When an Operator leases the underground storage tanks, a flowage fee or other payments will be assessed in accordance with their lease agreement with the City.
  - b. Fueling and into-plane delivery of aviation fuels and normal ramp services, shall be provided by the Operator seven (7) days a week from 6:00 a.m. to 7:00 p.m. After hours fuel

services shall be available with the option of a surcharge. The F.B.O. shall provide mobile fuel dispensing equipment capable of safe and efficient services of all types of general aviation aircraft.

- c. In accordance with Article 1.8 of these Standards, the F.B.O. must maintain current monthly fuel, quality control requirements, and other specified documentation.

## 2. Line Services

- a. F.B.O. shall have available and provide loading, unloading and towing and starting equipment to safely and efficiently move aircraft as may be required.
- b. F.B.O. shall provide proper equipment for repairing and inflating aircraft tires, services oleo struts, changing oil, washing aircraft and aircraft windows (in accordance with all environmental regulations), and recharging or energizing discharged aircraft batteries.
- c. F.B.O. shall provide conveniently located, heated and ventilated lounge or waiting rooms for passengers and crews. Restrooms must be accessible to passengers and crews and shall be maintained in a clean and sanitary manner. At least one telephone will be available for public use.

## 3. Aircraft Airframe and Power Plant Repair (If Proposed)

- a. F.B.O. shall have on staff at least one F.A.A. Certified Airframe and Power Plant Mechanic a minimum of 8 hours per day, 5 days per week.
- b. F.B.O. shall provide suitable towing equipment, jacks, dollies, and other equipment, supplies and parts such as used by an approved Repair Station.
- c. F.B.O. shall maintain, or have the ability to obtain, an adequate supply of spare parts and accessories necessary to provide the services offered.

## 4. Flight Instruction (If Proposed)

- a. F.B.O. shall maintain a minimum of 1 single engine type aircraft, in current license.

- b. F.B.O. shall have in its employ sufficient flight and ground instructors who have been properly certified by the F.A.A. to provide the type of training offered.
- c. F.B.O. shall provided at a minimum, the office, classroom, briefing room space (with adequate mockups, pictures, slides, film strips and other visual aides) to support flight training activity. The classroom facility does not need to be located on the airport.

5. Aircraft Sales and/or Rentals (If Proposed)

- a. F.B.O. shall provide suitable office space for consummating sales and rental and the keeping of proper records in connection therewith.
- b. F.B.O must provide a certified pilot qualified in-type capable of demonstrating aircraft for sales and/or providing instruction for the rental of aircraft.
- c. F.B.O. shall maintain current up-to-date specifications, price lists, check lists, and operation manuals for all types of model aircraft sold or rented.
- d. Dealer must meet all Arizona State licensing requirements.

6. Aircraft Charter (If Proposed)

- a. F.B.O. shall maintain a minimum of 1 (one) aircraft properly certified with sufficient and properly qualified personnel to support its charter operations.

7. Avionics, Instrument and Propeller Repair (If Proposed)

- a. F.B.O. shall provide a minimum of one (1) person properly certified to perform the repair services offered.
- b. F.B.O. must maintain adequate tools, equipment, and devises necessary to perform the maintenance services offered.

E. Miscellaneous Requirements

1. All rates and charges shall be reasonable and be equally and fairly applied to all users of its services. All rates and charges will be posted in a conspicuous location.
2. Operator shall, at his expense, pay all taxes and assessments against any building or other structure and personal property placed on the premises.
3. All Sublease Agreements must receive prior written approval from the City Manager.
4. The Operator shall be required to carry public liability insurance naming the City of Show Low, its elected officials, employees, and agents, and the Show Low Airport Commission, its officers and agents, and the Lessee as named insureds.

## SERVICE OPERATIONS

### 1.7.3 AIRFRAME AND POWER PLANT REPAIR

#### A. General

An Airframe and Power Plant Repair Facility Operator is an entity providing one or a combination of airframe and power plant repair services. This category of service may also include the sale of aircraft parts and accessories.

#### B. Minimum Standards

##### 1. Ground Space and Improvement

- a. Operator shall lease from the City an area of land on which shall be erected a permanent hangar-type building (at least 2,000 square feet or larger) or sublease from an F.B.O. with approval of the City of Show Low providing the following:

- (1) Sufficient space for airframe and power plant repair services, and if contemplated, to include a segregated painting area meeting local, State and Federal Industrial Code Requirements.

(2) Adequate floor space and restrooms which shall be properly heated, lighted and ventilated, and, provided with telephone facilities for customer use.

b. Operator shall provide or lease an aircraft apron within the leased area to accommodate aircraft movement and parking.

## 2. Scope of Service

a. Operator shall provide efficient, certified and trained personnel in such numbers as are required to meet the Minimum Standards set forth in this category, but never less than one person currently certified by the Federal Aviation Administration with ratings appropriate to the work being performed. Certified person to be available eight (8) hours per day, five (5) days per week (Monday through Friday).

b. Operator shall provide suitable towing equipment, jacks, dollies, and other equipment, supplies and parts as necessary to perform the service.

c. F.B.O. shall maintain, or have the ability to obtain, an adequate supply of spare parts and accessories necessary to provide the services offered.

### 1.7.4 AVIONICS, INSTRUMENT AND PROPELLER REPAIR

#### A. General

An avionics, instrument or propeller repair facility operator is an entity engaged in the business of and providing a facility for the repair of aircraft radios and electrical systems, instruments, propellers and other accessories for aircraft. This category includes the sale of aircraft parts and accessories of the type repaired.

#### B. Minimum Standards

##### 1. Ground Space and Improvements

a. Operator shall lease from the City land on which shall be erected a permanent building (at least 750 square feet or larger in size) or sublease from an F.B.O. with the approval of the City to provide the following

- (1) Sufficient floor space to store one aircraft
- (2) Adequate floor space for office, shop, restrooms, all properly heated and lighted, and shall provide telephone facilities for customer use.

b. Operator shall provide or lease an aircraft apron within the leased area to accommodate movement of aircraft from its facility to the taxiway complex.

## 2. Scope of Service

Operator shall provide efficient, certified and trained personnel in such numbers as are required to meet the minimum standards set forth in this category, but never less than one person currently certified by Federal Aviation Administration with ratings appropriate to the work being performed. Certified person to be available eight (8) hours per day, five (5) days per week (Monday through Friday).

### 1.7.5 AIR AMBULANCE (Show Low Based)

#### A. General

An Air Ambulance Operator is an entity engaged in the business of providing air transportation under FAR 135 for persons requiring medical assistance from either injury or illness. Air Ambulance aircraft are certified by the state and are outfitted with various life support equipment. Those Operators not based at the Show Low Airport are exempt from the Minimum Standards; may only load or unload passengers or patients; and shall not store aircraft or conduct any other business activity on the airport.

#### B. Minimum Standards

##### 1. Ground Space and Improvements

- a. Operator shall lease from the City an area of land on which shall be erected a permanent hangar-type building (at least 2,000 square feet or larger), or sublease space from an F.B.O. with the approval of the City.
- b. The building or space must be suitably provided with heating, lighting and accommodations for an office which includes public access to restrooms and a public telephone.

##### 2. Scope of Service

- a. Operator shall have aircraft available, either owned or under written lease to operator (a copy of such agreement or copies of the F.A.A. Air-Carrier Certificate and Operating Specifications shall be provided to the City) which meets the requirements of the Federal Aviation Administration or any other regulatory agency.
- b. Operator shall provide service 24 hours per day, seven (7) days per week.

#### 1.7.6 AIRCRAFT CHARTER AND AIR TAXI (Show Low Based)

##### A. General

An Aircraft Charter and Air Taxi Operator is an entity engaged in the business of providing air transportation under FAR 135 for persons or property to the general public for hire, either on a commercial charter basis or as an air taxi operator. Those Operators not based at the Show Low Airport are exempt from the Minimum Standards; may only load or unload passengers; and shall not store aircraft or conduct any other business activity on the airport.

##### B. Minimum Standards

###### 1. Ground Space and Improvements

- a. Operator shall lease from the City land on which will be erected a permanent building of sufficient size to conduct business, or sublease office space from an F.B.O. with the approval of the City or from the City. The building or space must be suitably provided with heating, lighting and accommodations for an office and customer lounge which includes access to restrooms and a public telephone.
- b. Sufficient ramp area with access to taxiway shall be leased to store or park all aircraft used in the business operation.

###### 2. Scope of Service

- a. Operator shall have aircraft available, either owned or under written lease to operator (a copy of such Agreement or copies of the F.A.A. Air-Carrier Certificate and Operating Specifications shall be provided to the City) which meets the requirements of the Federal Aviation Administration or any other regulatory agency.

- b. Operator shall be available 8 hours per day, five (5) days per week. The use of an answering machine or service will satisfy this requirement.

### 1.7.7 AIRCRAFT RENTAL

#### A. General

An Aircraft Rental Facility Operator is an entity engaged in the rental of aircraft to the public. An aircraft rental facility operator that is not based at the Show Low Airport may only provide aircraft to the customer and shall not store aircraft or conduct any other business activity on the airport.

#### B. Minimum Standards

##### 1. Ground Space and Improvements

- a. Operator may lease from the City land on which will be erected a permanent building of sufficient size to conduct business, or sublease space from an F.B.O. with the approval of the City or from the City. The building or space must be suitably provided with heating, ventilation, lighting and accommodations for an office and customer facilities which includes access to restrooms and public telephones.
- b. Sufficient ramp area with access to taxiway shall be leased to store or park all aircraft used in the business operation.

##### 2. Scope of Service

- a. Operator shall have available for rental, either owned or under written lease to the Operator (a copy of such Lease or copies of the F.A.A. Air-Carrier Certificate and Operating Specifications shall be provided to the City), at least one single engine aircraft and all certifications and be currently airworthy.
- b. Operator shall have in its employ trained personnel who shall be a certified flight instructor rating, and who shall be certified current in all models offered for rental.

### 1.7.8 AIRCRAFT SALES

#### A. General

An Aircraft Sales Facility Operator is an entity engaged in the sale of new or used aircraft through franchises or licensed dealership or distributorship (either on a retail or wholesale basis) of an aircraft manufacturer or otherwise.

B. Minimum Standards

1. Ground Space and Improvements

- a. Operator may lease from the City land on which will be erected a permanent building of sufficient size to conduct business, or sublease space from an F.B.O. with the approval of the City or from the City. The building or space must be suitably provided with heating, lighting and accommodations for an office and customer facility which includes access to restrooms and a public telephone.
- b. Sufficient ramp area with access to taxiway shall be leased to store or park all aircraft used in the business operation.

2. Scope of Service

- a. Operator shall provide, or have available on call, a sufficient number of pilots with instrument and instructor ratings, who shall also be current in type for all models to be demonstrated.
- b. Operator must meet the minimum standards of Service Operations AIRFRAME AND POWER PLANT REPAIR as defined in 1.7.3, if service and repairs are offered.

1.7.9 FIGHT TRAINING

A. General

A Flight Training Facility Operator is an entity engaged in flight instruction, and provides such related ground school instruction as is necessary preparatory to taking a written examination and flight check for the category or categories of pilot's licenses and ratings involved. A Flight Training Facility Operator that is not based at the Show Low Airport may only load and unload students and shall not store aircraft or conduct any other business activity on the airport.

B. Minimum Standards

1. Ground Space and Improvements

- a. Operator may lease from the City land on which will be erected a building of sufficient size to conduct business or sublease space from an F.B.O. with approval of the City or from the City. The building or space must be suitably provided with heating and ventilation, and with accommodations for customer and visitors to include office, restrooms and public telephone. Adequate floor space shall be provided for classrooms and pilot briefing room.
- b. Sufficient ramp area with access to taxiway shall be leased to store or park all aircraft used in the business operation.

2. Scope of Service

- a. Operator shall have available for use in flight training, either owned or under written lease to Lessee, certified and currently airworthy aircraft, to include at least one single engine type aircraft.
- b. Operator must have a certified Flight Instructor current in type for aircraft flight instruction.

1.7.10 COMMERCIAL FLYING CLUB

A. General

A Commercial Flying Club is an entity engaged in the ownership or lease of aircraft and providing flying services for its members and others but which does not meet the rigid requirements established for Exempt Flying Clubs established in Section 1.7.13.

B. Minimum Standards

1. Ground Space and Improvements

- a. Operator may lease from City Land on which will be erected a building of sufficient size to conduct business, or may sublease office space from an F.B.O. with approval of the City or from the City, with customer and visitor access to restrooms and public telephone.
- b. Operator shall provide or lease an area with adequate tie-down facilities to park aircraft with access to taxiways.

2. Scope of Service

- a. Operator shall have available for use in its services, either owned or under written lease to Operator, one certified and currently airworthy aircraft.
- b. If Operator conducts flight training, is shall have in its employ or as members sufficient flight instructors certified current in type.

#### 1.7.11 SPECIALIZED COMMERCIAL AERONAUTICAL ACTIVITIES

##### A. General

A Specialized Commercial Aeronautical Activity is an entity engaged in aircraft support service or in air transportation for hire for the purpose of providing the use of aircraft for the activities listed below:

1. Non-stop sightseeing flights;
2. Aerial photography or survey;
3. Fire fighting and patrol;
4. Power line, underground cable or pipe line patrol;
5. Other operators specifically excluded from Part 135 of Federal Aviation Requirements

##### B. Minimum Standards

1. Ground Space and Improvements
  - a. Operator shall sublease space and facilities adequate for its operators from an F.B.O., the City, or other tenant under lease with the City, which sublease shall be approved by the City. Operator has the option to meet the Minimum Standards for Aircraft Charter and Air Taxi.
  - b. Operators providing services involving crop dusting, aerial application, other commercial use of chemicals, shall provide a centrally drained, paved area of sufficient size to facilitate aircraft loading, washing and servicing in accordance with all environmental regulations. Operator shall also provide for the safe storage and containment of noxious chemical materials. Such storage facilities shall be

in a location on the Airport designated by the City which will provide the greatest safeguard to the public.

2. Scope of Service

- a. Where required by the nature of its operations, Operator shall provide and have based on its leasehold, either owned or under written lease to Lessee, at least one aircraft which will be airworthy, meeting all F.A.A. requirements and applicable regulations of the State of Arizona with respect to the type of activity to be performed.
- b. Operator shall provide, by means of an office or telephone, a point of contact for the public desiring to utilize the Lessee's services.

1.7.12 SCHEDULED AIRLINE SERVICE

A. General

Scheduled Airline Service is an entity engaged in regularly scheduled airline flights to the general public from the airport to other destinations and back for transporting passengers, baggage, and light air cargo.

B. Minimum Standards

1. Ground Space and Improvements

- a. Operator shall lease from the City land on which will be erected a permanent terminal building of sufficient size to conduct business, or sublease from the City terminal space. The building or space must be suitably provided with heating, lighting, and accommodations for an office, customer lounge which includes access to restrooms and public telephone, and a baggage holding area.
- b. Sufficient ramp area with access to taxiway shall be leased to store or park all aircraft used in the business operation.

2. Scope of Service

- a. Operator shall have aircraft available, either owned or under written lease to operator (a copy of such Agreement or copies of the F.A.A. Air-Carrier Certificate and Operating Specifications shall be provided to the City) which meets

the requirements of the Federal Aviation Administration or any other regulatory agency.

- b. Operator shall have published flight schedules and fares. The schedules and fares shall be prominently displayed at the operator's place of business for the information of the customer.
- c. Operator shall comply, as required, with all Airport security programs which include providing and maintaining F.A.A. approved airport screening and alerting system.
- d. Operator shall provide properly trained flight crews, ground personnel with appropriate and current F.A.A. certification as required, and passenger service personnel.

#### 1.7.13 MULTIPLE COMMERCIAL AERONAUTICAL ACTIVITIES

##### A. General

An operator in the classification offers a combination of Commercial Aeronautical Activities as defined in Sections 1.7.3 through 1.7.10. As a condition of the right to engage in any combination of activities, the minimum standards relevant to each individual activity must be met.

B. Aggregate will not be required to exceed F.B.O. ground space limits.

##### C. Insurance Coverage

Operator shall provide certificates of current insurance coverage in an amount equal to the highest individual insurance requirement stipulated in Attachment hereto, "Schedule of Minimum Insurance Requirements" for the Commercial Aeronautical Services being performed.

#### 1.7.14 FLYING CLUBS

##### A. Exempt Flying Clubs

To be exempt from the Commercial requirements of the Minimum Standards, the following conditions must exist. Violation of such conditions shall be grounds for termination of exempt status.

1. Club must be a non-profit Arizona corporation or partnership;
2. Each member must be a bonafide owner of the aircraft or be a member of the corporation or partner in a partnership;

3. Club may not derive a profit from the operation, maintenance or replacement of its aircraft;
4. Operator shall file a copy of its By-Law, Articles of Association, partnership or other documentation supporting its existence and shall keep current with the City a complete list of the Club's membership including names of the Officers and Directors, evidence that ownership of Club aircraft is vested in the Club, and operating rules of the Club. The books and other records of the Club shall be available for review at any reasonable time by the City or its representative.

#### 1.7.15 AVIATION BULK FUEL SALES TO FIXED BASED OPERATORS AND OTHER AVIATION FUEL USERS

##### A. General

An Aviation Fuel Distributor is any business, person or corporate entity engaged in the business of utilizing or selling aviation fuel to consumers conducting aviation activities on the Show Low Airport. This service is currently and exclusively a City function.

##### B. Requirements

All distributors of aviation fuel shall enter into an agreement with the City of Show Low. The agreement shall stipulate that the City owns and is responsible for the environmental compliance of all airport fuel storage tanks. The agreement will also contain rules, regulations, covenants and fee schedule for fuel distribution and utilization. Such fees shall be paid to the City based on regular payments of fuel supplied to aviation fuel consumers utilizing the Show Low Airport.

The requirements of the agreement shall preclude the sale of bulk fuel in competition with retail fuel sales. Violation may constitute lease forfeiture.

#### 1.8 LEASE CLAUSES

The following clauses will be included in all leases and concession agreements authorizing Commercial Aeronautical Activities at the Show Low Airport. The mandatory clauses contained herein are not exhaustive and the City reserves the right to require such other terms and conditions as it deems appropriate.

- A. In addition to the premises specifically designated for its exclusive use, the Agreement grants Lessee the non-exclusive right to use the airfield and associated operation areas in common with others so authorized, which

right shall be exercised in accordance with the laws of the United States of America and the State of Arizona, the rules and regulations promulgated by their authority with reference to aviation and air navigation and all pertinent directives, rules and regulations of the City.

During the term of the lease or agreement, the City may raise or increase the minimum standards for any or all commercial aeronautical activities to ensure a higher quality of service to the public. When the minimum standard is raised or increased all operators in that particular activity will be required to meet that standard. The minimum standards may not be manipulated to protect the interest of an operator or to create an exclusive right.

- B. Operator shall keep and maintain at the Airport, or at such other place as may be approved in writing by the Administration, true and accurate books and records of its operations under the terms of any Agreement in a form satisfactory to Administration for review under secure circumstances agreed to by the Operator.

Additionally, the Operator shall maintain statistical records documenting passengers enplaned, cargo, freight, etc., to the City. Such information will be utilized for economic development in the City of Show Low. Such records shall be kept on a current monthly basis and forwarded to the City.

- C. Operator shall make accommodations and/or services available to the public on fair and reasonable terms with unjust discrimination on the basis of race, color, religion, sex, age or national origin.
- D. Operator shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit of service; provided that Operator may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.
- E. Operators shall maintain at its own expense all necessary permits and licenses, including a City of Show Low Business License, as required in the conduct of its business at the Airport.
- F. Operator shall at all times retain qualified and competent personnel to conduct its authorized activities and said personnel shall be authorized to represent and act for Lessee.
- G. Operator shall observe and obey all laws, ordinances, rules and regulations of the United States of American, the State of Arizona, Navajo County, and the City of Show Low, which may be applicable to its

operations at the Airport, and shall make no unlawful or offensive use of the leased premises or other airport property whether private or public.

Operator shall ensure that all of its operations and activities comply with all applicable environmental laws, rules and regulations and agrees to immediately modify those operations and activities as required by law.

- H. Operator shall bear all costs of its operation at the Airport and shall pay, on a timely basis, in addition to the concession fees and payments herein, all other costs connected with the operation of said business, including, but not limited to, insurance and taxes.
- I. Operator shall provide the City a schedule of the hours of operation that Lessee will be open to the public and the names and telephone numbers of company officials who shall be available at all hours of company's operations at the Airport to perform required management functions.
- J. Operator shall conform to all applicable safety, health, and sanitary codes and agrees to cooperate with the City in its fire prevention efforts.
- K. Operator is and shall be deemed to be an independent contractor in the conduct of its business and activities hereunder, and shall be responsible to all persons for its acts of omission or commission, and the City of Show Low shall be in no way responsible therefore. In the use of the Airport, Lessee shall indemnify, hold harmless, and defend the City of Show Low, its elected officials, employees and agents, and the Show Low Airport Commission, its officers and agents from any and all liability that may proximately result because of negligence on the part of Lessee's officers, agents or employees.
- L. Operator shall comply with the requirements of any Executive Order barring discrimination; further, in accordance with these requirements, Lessee shall not discriminate in any manner against any employee or applicant for employment because of political or religious opinion or affiliation, sex, race, creed, color or national origin; and further, Lessee shall include a similar clause in all subcontracts except subcontracts for standard commercial supplies or raw materials. Operator understands and acknowledges that the City of Show Low has given to the United States of America, acting by and through the Federal Aviation Administration, certain assurances and respect to non-discrimination which have been required by Title VI of the Civil Rights Act of 1964, and by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally Assisted Programs of the Department of Transportation as a condition precedent to the Government making grants in aid to the Authority, for certain Airport programs and activities, and that the City is required under

said regulation 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 Lessee agrees:

“Operator, in its operation at and use of the Airport, covenants that it will not on the grounds of sex, race, color, or national origin; discriminate or permit discrimination against any person or group of persons in any manner prohibited by Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21; and in the event of such discrimination, Lessee agrees that the City of Show Low has the right to take such action against Lessee as the Government may direct to enforce this covenant.

The Operator assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, nation origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Operator assures that no person shall be excluded in participating in or receiving the services or benefits of any program or activity covered by this subpart. The Operator assures that it will require that its covered sub-organizations provide assurances from their sub-organizations, as required by 14 CFR Part 152, Subpart E, to the same effect.”

M. Airport Development

The City of Show Low reserves the right to further develop or improve landing, or taxiway and other non-leased public areas of the Airport as it sees fit, without unreasonable interference or hindrance to users. If physical improvement or development of the Airport requires relocation of operator-owned facilities, the City agrees to provide comparable location and facilities without any unreasonable interruption to the Operator’s activities.

N. Performance of Services

It is clearly understood by the Operator that no rights or privileges have been granted which would prevent any other person, firm or corporation from operating aircraft on the Airport or from performing any services on its own aircraft with its own regular employees (including, but not limited to, maintenance and repair) that it may chooses to perform; provided, however, that such services shall be subject to the Rules and Regulations for aircraft certification established by the F.A.A. ADOT and City of Show

Low and shall be consistent with the terms of any lease or sublease of hangar space.

O. City's Rights

The City of Show Low reserve the right (but shall not be obligated to the Operator) to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport together with the right to direct and control all activities of the Operator in this regard.

P. Airport Obstruction

The City of Show Low reserves the right to take any action it considers appropriate to protect the aerial approaches of the Airport against obstruction, together with the right to prevent the Operator from erecting or permitting to be erected, any building or other structure on the Airport which, in the opinion of the City, would limit the usefulness of the Airport, constitute a hazard to aircraft or be in violation of the City Building Code.

Q. Subordination

The lease or agreement shall be subordinate to the provisions of any existing or future agreement between the City and the United States, relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal Funds for the development of the Airport. This subordination includes, but is not limited to, the right of the City, during time of war or national emergency, to lease the landing area, or any part thereof, to the United States for military use, and if any such lease is made, the provisions of any contracts or leases with such Operators shall be suspended.

R. Indemnity

The Operator shall hold harmless and defend the City of Show Low, its elected officials, employees, and agents and the Show Low Airport Commission, its officers, and agents from and against all suits, claims, demands, actions, and/or causes of action of any kind or nature in any way arising out of or resulting from Operator's tenancy or activities. The Operator shall be responsible for all expenses in defending any claims, demands, actions, and/or causes of action against the City of Show Low, its elected officials, employees, and agents and the Show Low Airport

Commission, its officers, and agents by reason of Operator's tenancy and activities.

S. Right of Entry

The City of Show Low may enter upon the premises leased to the Operator at any reasonable time and for any purpose necessary, incidental to, or connected with the performance of the Operator's obligations under the Agreement or in the exercise of their function as City.

T. No Sham Affidavit

All terms and conditions with respect to this Lease are expressly contained herein, and the Operator agrees that no representative or agent of the City has made any representation or promise with respect to this Lease not expressly contained herein.

U. Termination

Upon the expiration or other termination of any agreement, the Operator's rights to the premises, facilities, other rights, licensed services and privileges granted in the Agreement shall cease, and the Operator shall, upon such expiration or termination, immediately and peacefully surrender such.

V. Assignment

All covenants, stipulations and provisions in the agreement to be entered into shall extend to and bind the legal representatives, successors and assigns.

W. Subleases

In the event an Operator desires to sublease space to another entity to provide on or more Commercial Aeronautical Activities, the following conditions will apply:

1. Obtain written approval from the City to sublease the space and function.
2. The Sublease shall pay the fees prescribed by the City of the activity being performed.
3. Subleases shall contain, as a minimum, the above-cited Lease Clauses, C, D, and L.

4. Subleases shall provide certificates of insurance providing the coverage's and the amounts specified in Attachment 1 hereto, "Schedule of Minimum Insurance Requirements".

X. Exclusive Right

It is understood and agreed that nothing herein shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308(a) of the Federal Aviation Act of 1958, as amended.

Y. Severance Clause

If any portion of this document is held by a Court of competent jurisdiction to be invalid, void, unenforceable or unconstitutional, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

Z. Attorney Fees

In the event that litigation arises regarding the lease or agreement, the prevailing party shall be entitled to recover their reasonable attorney's fees and costs. Venue for any litigation arising from this contract shall be in Navajo County, Arizona.

1.9 RIGHT OF CITY TO DEVELOP AIRPORT ACCORDING TO MASTER PLAN

- A. The City of Show Low reserves the right to offer for lease only those lots which in the judgment of the City are appropriate and in conformance with the Airport Master Plan phased development and which offered lots are not impractical or burdensome to develop and which may be unreasonably costly to develop in terms of the current timing of the phased development.

Such right is in conformance with Section 511 of the Airport and Airway Improvement Act of 1982.

- B. In conformance with Section 511 of the Airport and Airway Improvement Act of 1982, fees required by the City of Operators conduction Aeronautical Activities at the Airport may be based on the best proposal, which fees of said best proposal may then be adopted by the City as the minimum fees. Such amendment of fees or ground lease rates shall not be construed to violate the prohibition of exclusive right. Such best proposal shall set Minimum Fee and accordingly, pursuant to Section 511 (1) B "...Operator at any Airport shall be subject to the same rates, fees, rentals and other charges as are uniformly applicable to all

other...operators making the same or similar uses of such Airport utilizing the same or similar facilities”.

#### 1.10 SUMMARY OF MINIMUM REQUIREMENTS FOR COMMERCIAL AERONAUTICAL ACTIVITY

See Attachment 2 which is attached hereto and incorporated herein by reference as though set out in full.

### **Section Two**

#### 2.0 ENFORCEMENT

If an Operator is in violation of any terms of its lease or agreement with the City, the City shall have the right to exercise all remedies available to it pursuant to the terms of the lease or agreement, and pursuant to applicable law.

### **Attachment 1 – Schedule of Minimum Insurance Requirements**

- A. The following insurance requirements and limits reflect minimum and typical insurance coverage for the various commercial aeronautical activities. The required insurance coverage and limits will be determined during the development of a specific lease or agreement by the City's insurance carrier. The applicant will be required to provide a detail disclosure of all activities, services or operations which will be associated with the lease or agreement. Included with the disclosure will be a maximum valuation of aircraft to be utilized or services. Any deviations from, changes to, or additions of activities, services or operations will prompt a review of the insurance requirements. Additionally, the operator's minimum insurance requirements shall be subject to adjustment at two (2) year intervals, at the sole discretion of the City, with the first adjustment date to be two (2) years following the commencement date of the lease or agreement.
- B. The following types of coverage and limits are minimum insurance requirements and are subject to modification by the City's insurance carrier during the development of the lease or agreement. The types of coverage listed below shall be carried by all operators of commercial aeronautical activities at the airport.
  - 1. Worker's Compensation Insurance – as required and in such amounts to fully comply with the laws of the State of Arizona including employee's liability of \$1,000,000 as based on May 1996 dollars.

2. Casualty Insurance – against loss or damage to buildings or other insurable improvements due to perils covered in the ISO Special Form in the amount of not less than 100% of replacement value.
  3. Public Liability Insurance – against claims for death, bodily injury, or property damage occurring on , in, or about the operator’s premises and the airport. As of May 1996 an example of required insurance would be as follows: The combined single limit for all liability coverage’s shall be \$5 million.
- C. Other types of insurance coverage may be required and will depend upon the precise nature of the commercial aeronautical activities to be conducted by the operator. The types of coverage which are listed below are representative of the additional insurance coverage and are not intended to be exhaustive. Additional insurance coverage which may be required include:
1. Aircraft Liability – against claims for death, bodily injury, or property damage relating to the operator’s use of an aircraft. Depending on commercial aeronautical activity, aircraft liability will need to cover passengers, aircraft renters, and student pilots.
  2. Hangar Keeper’s Liability – against claims for damage or loss to an aircraft during the movement of another aircraft in and around a hangar.
  3. Product Liability – against claims for death, bodily injury, or property damage resulting from faulty or defective products. Typically supplements the manufacturer’s product liability insurance.
  4. Premises Liability
  5. Chemical and Environmental Damage Liability
- D. Motor Vehicle Liability is required for any vehicle which is authorized by the Airport Manager to operate on the aircraft operating areas of the airport. Minimum amount of insurance is \$1 million combined single limit coverage. If the operator’s public liability coverage includes vehicular operations on the airport, separate motor vehicle insurance shall not be required.

**Attachment 2**

**Summary of  
MINIMUM REQUIREMENTS FOR  
COMMERCIAL AERONAUTICAL ACTIVITY (1)**

|  | FULL<br>SERVIC<br>E FBO | AIRFRAME<br>& POWER<br>PLANT<br>REPAIR | AVIONICS,<br>INSTRUMENT,<br>PROPELLER,<br>REPAIR | AIR<br>AMBU-<br>LANCE | AIRCRAFT<br>CHARTER,<br>AIR TAXI | AIRCRAFT<br>RENTAL | AIRCRAFT<br>SALES | FLIGHT<br>TRAINING | COMMERCIAL<br>FLYING CLUB | SPECIALIZED<br>COMMERCIAL<br>AERONAUTICAL<br>ACTIVITIES | SCHEDULED<br>AIRLINE<br>SERVICE |
|--|-------------------------|--|--|-----------------------|----------------------------------|--------------------|-------------------|--------------------|---------------------------|---|---------------------------------|
| Hrs. Oper/Days   | 8/7                     | 8/5                                    | 8/5  | 24/7                  | 8/5                              | (2)                | (2)               | (2)                |                           | (2)   | (2)                             |
| Fuel Disp. Vehicles  | X                       |  |  |                       |                                  |                    |                   |                    |                           |   |                                 |
| Ramp Space –<br>Paved  | X                       | X                                      | X  | X                     | X (3)                            | X (3)              | X                 | X (3)              | X (3)                     | X (3)   | X                               |
| Hangar   | X                       | X (4)                                  | X (4)  | X                     |                                  |                    |                   |                    |                           |   |                                 |
| Shop   |                         |  | X  |                       |                                  |                    |                   |                    |                           |   |                                 |
| Office   | X                       | X                                      | X  | X                     | X (5)                            | X (5)              | X (5)             | X (5)              | X (5)                     | X   | X                               |
| Public Area  | X                       | X                                      | X  |                       |                                  |                    | X                 |                    |                           |   | X                               |
| Restrooms  | X                       | X                                      | X  |                       |                                  |                    | X                 |                    |                           |   | X                               |
| Public Telephone   | X                       | X                                      | X  |                       |                                  |                    | X                 |                    |                           |   | X                               |
| Line Serv. Equip   | X                       | X                                      |  |                       |                                  |                    |                   |                    |                           |   |                                 |
| Ramp Vehicles  | X                       |  |  |                       |                                  |                    |                   |                    |                           |   |                                 |
| Parking Lot  | X                       | X                                      | X  |                       |                                  |                    |                   |                    |                           |   |                                 |
| Parts Inventory  |                         | X                                      |  |                       |                                  |                    |                   |                    |                           |   |                                 |
| Retail Fuel Sales  | X                       |  |  |                       |                                  |                    |                   |                    |                           |   |                                 |
| Aircraft<br>Unicom   |                         |  |  | X                     | X                                | X                  |                   | X                  | X                         | X   | X                               |
| INSURANCE (3)  |                         |  |  |                       |                                  |                    |                   |                    |                           |   |                                 |
| Aircraft Liability:<br>Bodily Injury &<br>Property Damage,<br>Incl. Passengers | X                       |  |  | X                     | X                                | X                  |                   | X                  | X                         |   | X                               |
| Student & Renter   | X                       |  |  |                       |                                  | X                  |                   | X                  |                           |   |                                 |
| Comprehensive<br>Public Liability &<br>Property Damage<br>(Premises)           | X                       | X                                      | X  | X                     | X                                | X                  | X                 | X                  | X                         | X   | X                               |
| Hangar's Keeper  | X                       | X                                      |  | X                     |                                  |                    |                   |                    |                           |   |                                 |
| Product Liability  | X                       | X                                      | X  |                       |                                  |                    |                   |                    |                           |   |                                 |

(1) Summary provides only general guidance; refer to applicable sections for complete details. See Section 1.5B for Waiver to Minimum Standards

(2) Hours of operation will be determined by October

(3) Insurance required for all motor vehicles operated at the Airport

(4) May sublease hangar space from FBO with approval from City

(5) Off-Airport office may be allowed as a waiver

**EXHIBIT F – RETAINED BY CITY OF SHOW LOW AS COMMON USE AREAS**

## EXHIBIT G – INSURANCE

Consultant and sub-consultants shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this Contract are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Consultant, his agents, representative, employees or sub-consultants.

The insurance requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The City in no way warrants that the minimum limits contained herein are sufficient to protect the Consultant from liabilities that might arise out of the performance of the work under this contract by the Consultant, his agents, representatives, employees or sub-consultants and Consultant is free to purchase additional insurance as may be determined necessary.

### A. Minimum Scope and Limits of Insurance:

Consultant shall provide coverage with limits of liability not less than those stated below. An excess liability policy or umbrella policy may be used to meet the minimum liability requirements provided that the coverage is written on a “following form” basis.

#### 1. Airport Premises Liability – Occurrence Form

Policy shall include bodily injury, property damage and broad form contractual liability coverage.

- General Aggregate \$3,000,000
- Products – Completed Operations Aggregate \$3,000,000
- Personal and Advertising Injury \$3,000,000
- Each Occurrence \$3,000,000
- Fire Damage (Damage to Rented Premises) \$500,000
- Hangar Keeper’s Liability \$3,000,000

The policy shall be endorsed to include the following additional insured language: “The City of Show Low shall be named as an additional insured with respect to liability arising out of the use and/or occupancy of the property subject to this Lease”. Policy shall not contain any restrictions of coverage with regard to operations on or near Airport Premises.

#### 2. Aircraft Liability – Including coverage for owed aircraft and non-owned aircraft.

Policy shall include bodily injury and property damage coverage:

- Each Occurrence \$1,000,000
- Each Passenger \$100,000

The policy shall be endorsed to include the following additional insured language: "The City of Show Low shall be named as additional insured with respect to liability arising out of the use and operation of Lessee's aircraft while on Airport Premises".

3. Automobile Liability – Bodily Injury and Property Damage for any owned, hired, and non-owned vehicles driven on the airside of the airport.
  - Combined Single Limit (CSL) \$3,000,000

Policy shall not contain any restrictions of coverage with regard to operations on or near Airport Premises.

4. Pollution Legal Liability – Coverage shall apply to fueling operations including the transportation of any hazardous materials or regulated substances with limits of at least:
  - Per Occurrence \$1,000,000
  - Annual Aggregate \$1,000,000

The policy shall be endorsed to include the following additional insured language: "The City of Show Low shall be named as an additional insured with respect to liability arising out of the activities performed by, or on behalf of the Lessee".

The policy shall provide coverage for claims resulting in bodily injury, property damage or cleanup costs associated with pollution.

Lessee warrants that any retroactive date under the policy shall precede the effective date of this Contract; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.

5. Property Insurance – Coverage for Lessee's tenant improvements Replacement Value, Coverage on Building (required if Lessee is sole occupant) Replacement Value.
  - Property insurance shall be written on an all risk, replacement cost coverage, including coverage for flood and earth movement.
  - The City of Show Low shall be named as a loss payee on property coverage for tenant improvements.
  - If property coverage on the building is required, "The City of Show Low shall be named as a loss payee".
  - Policy shall contain a waiver of subrogation against the City of Show Low.
6. Worker's Compensation and Employers' Liability

- A. Worker's Compensation Statutory
- Employer's Liability Each Accident \$100,000
  - Disease – Each Employee \$100,000
  - Disease – Policy Limit \$500,000

Policy shall contain a waiver of subrogation against the City of Show Low. This requirement shall not apply when a contractor or subcontractor is exempt under A.R.S. 23-901, **AND** when such contractor or subcontractor executes the appropriate sole proprietor waiver form.

B. Additional Insurance Requirements:

The policies shall include, or be endorsed to include the following provisions:

1. On insurance policies where the City of Show Low is named as an additional insured, the City of Show Low shall be an additional insured to the full limits of liability purchased by the Consultant even if those limits of liability are in excess of those required by this Contract.
2. The Consultant's insurance coverage shall be primary insurance and no-contributory with respect to all other available sources.

C. Notice of Cancellation:

Each insurance policy required by the insurance provisions of this Contract shall provide the required coverage and shall not be suspended, voided, cancelled, except after thirty (30) days prior written notice has been given to the City, except when cancellation is for non-payment of premium, then ten (10) days prior notice may be given. Such notice shall be sent directly to: Show Low Regional Airport, Attn: Airport Director, 3150 Airport Loop Rd., #100, Show Low, AZ 85901, and shall be sent by certified mail, return receipt requested.

D. Acceptability of Insurers:

Insurance is to be placed with insurers duly licensed or approved unlicensed companies in the State of Arizona and with an "A.M. Best" rating of not less than B+ VI. The City in no way warrants that the above-required minimum insurer rating is sufficient to protect the Consultant from potential insurer insolvency.

- E. Consultant shall furnish the City with certificates of insurance (ACORD form or equivalent approved by the City) as required by this Contract. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and any required endorsements are to be received and approved by the City before work commences. Each insurance policy required by this Contract must be in effect at or prior to commencement of work under this Contract and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Contract or to provide evidence of renewal is a material breach of contract.

All certificates required by this Contract shall be sent directly to: Show Low Regional Airport, Attn: Airport Director, 3150 Airport Loop Rd., #100, Show Low, AZ 85901.

The City project/contract number and project description shall be noted on the certificate of insurance. The City reserves the right to require complete, certified copies of all insurance policies required by the Contract at any time.

- F. Sub-consultants:

Consultants' certificate(s) shall include all sub-consultants as additional insured's under its policies **or** Consultant shall furnish to the City separate certificates and endorsements for each sub-consultant. All coverage for sub-consultants shall be subject to the minimum requirements identified above.

- G. Approval:

Any modification or variation from the insurance requirements in this Contract shall be made by the Attorney's Office, whose decision shall be final. Such action will not require a formal Contract amendment, but may be made by administrative action.

## EXHIBIT H – SAMPLE LETTER OF CREDIT

### Letter of Credit

**[BANK] IRREVOCABLE STANDBY LETTER OF CREDIT NO. \_\_\_\_\_**

To: Show Low Regional Airport  
Attn: Airport Director  
3150 Airport Loop Rd., #100  
Show Low, AZ 85901

Applicant:

Amount: \$

Expiration Date:

We hereby establish our irrevocable Standby Letter of Credit No. \_\_\_\_\_ in your favor available against sight drafts drawn on (name of bank) at the office of the undersigned located at, accompanied by the following documents:

1. A certificate purportedly signed by (appropriate City official) stating one or more of the following:
  - A. The City of Show Low is drawing against (name of bank) Letter of Credit No. as (name of contractor/other applicant) [has failed to perform its obligations under/failed to comply with] (name of agreement/documents) and the City requires payment under this Standby Letter of Credit of \$.
  - B. The City of Show Low is drawing against (name of bank) Standby Letter of Credit No. as (name of contractor other applicant) has failed to provide a replacement letter of credit prior to sixty (60) days before the expiration date as required by the [the City/name of agreement/document].]
2. This original letter of credit for endorsement.

Partial and multiple drawings are permitted under this Standby Letter of Credit.

Unless otherwise stated, all documents are to be forwarded to us by mail, or hand delivered to our counters. Documents to be directed to: Show Low Regional Airport, Attn: Airport Director, 3150 Airport Loop Rd., #100, Show Low, AZ 85901.

We hereby agree that this Standby Letter of Credit shall be duly honored upon presentation and delivery of the certification specified above.

Except as otherwise stated herein, this Standby Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500 (ICP 500).

[BANK]

By: \_\_\_\_\_  
Authorized Signature

## EXHIBIT I – SUPPLEMENTAL TERMS AND CONDITIONS

### A. Definitions

1. “Airport” means Show Low Regional Airport in accordance with the context of the contract.
2. “Contract” includes any and all Show Low Regional Airport contracts, subcontracts, agreements, leases, subleases, licenses, permits, concessions or other documents, however denominated that grant or convey a right or privilege on a Airport, and to which this Exhibit is annexed and made a part thereof.
3. “Contractor” means every lessee, sub-lessees, licensee, permittee, concessionaire, or other person, firm or corporation exercising a right or privilege on an airport pursuant to a contact, and includes Contractor’s heirs, personal representatives, successors-in-interest, and assigns.
4. “Premises” means the leasehold or site occupied by Contractor pursuant to the lease, license or permit that is the subject of this Contract.

### B. Assurances

1. Contractor shall furnish its services on a fair, equal and not unjustly discriminatory basis to all users of the Airport.
2. Contractor shall charge fair, reasonable and not unjustly discriminatory prices for each unit or services; provided that, Contractor may be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar types of price reductions to volume purchasers. Non-compliance with this requirement shall be a material breach of this Contract for which the City of Show Low shall have the right to terminate this Contract and any estate created herewith, without liability therefore; or, at the election of the City of Show Low or the United States, either or both of said Governments shall have the right to judicially enforce said requirement.
3. Contractor warrants that no person shall, on the grounds of race, creed, color, national origin, sex, age or handicap be excluded from participating in any activity conducted on or from the Premises, or otherwise be excluded from the benefits offered by Contractor to the general public. Contractor further warrants that it will comply with all pertinent statutes, Executive Orders, and rules promulgated there under, to assure that no person is excluded on the grounds of race, creed, color, national origin, sex, age, or handicap.

4. As a part of the consideration for this Contract, Contractor does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on the Premises for a purpose for which a DOT program or activity is extended for another purpose involving the provision of similar services or benefits, Contractor shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Code of Federal Regulations, Title 49, DOT, Subtitle A, Office of the Secretary of Transportation, Part 21-Nondiscrimination in Federally-Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964, as said regulations exist and may be amended from time-to-time.

If this Contract is a lease, then this Covenant is hereby made a covenant running with the land for the term of the lease, and is judicially enforceable by the United States.

5. As part of the consideration of the Contract, Contractor does hereby covenant and agree that:
  1. 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;
  2. In the construction of any improvements on, over or under such Premises and the furnishings 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 that the contractor shall use the Premises in accordance with all other requirements imposed pursuant to 49 C.F.R. Part 21, as it may be amended.

If this contract is a lease, then this Covenant is hereby made a covenant running with the land for the term of the lease, and is judicially enforceable by the United States.

6. The foregoing discrimination covenants are a material part of this Contract and for breach thereof the City of Show Low shall have the right to terminate this Contract and to reenter and repossess the Premises and facilities thereon, and hold the same as if said Contract had never been made. This provision does not become effective until the procedures of 49 C.F.R. Part 21 are followed and completed, including expiration of appeal rights.
7. Contractor agrees to insert the foregoing six provisions in any contract by which Contractor grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public or from the Premises.

8. Contractor agrees that it will undertake an affirmative action plan in conformance with 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, contracting or leasing activities covered in 14 CFR Part 152, Subpart E. Contractor assures that no person will be excluded on such grounds from participating in or receiving the services or benefits of any program or activity covered by Subpart E. Contractor further agrees that it will require its covered sub-organizations to provide assurances to Contractor that they similarly will undertake affirmative action programs and that they will require like assurances from their sub-organizations, as required by 14 CFT Part 152, Subpart E.
9. The City reserves the right to further develop, improve, repair and alter the Airport and all roadways, parking areas, terminal facilities, landing areas and taxiways as it may reasonably see fit, free from any and all liability to contractor for loss of business or damages of any nature whatsoever to Contractor occasioned during the making of such improvements, repairs, alterations and additions.
10. The City reserves the right, but is in no way obligated to Contractor, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Contractor in this regard.
11. Contractor acknowledges that this Contract is subordinate to any existing or future agreement between the City and the United States concerning the development, operation or maintenance of the Airport. In the event that F.A.A. or its successors require modifications or changes in the Contract as a condition to obtaining of funds for improvements at the Airport or as a requirement of any prior grants, Contractor hereby consents to any and all such modifications and changes as may be reasonably required and agrees that it will adopt any such modifications or changes as part of this Contract.
12. The contract is subordinate to the reserved right of the City, its successors and assigns, to occupy and use for the benefit of the public the airspace above the Premises for the right of flight for the passage of aircraft. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft through said airspace or in landing at or taking off from, or operation on an Airport.
13. Contractor agrees to comply with the notification and review requirements as required by Title 14 of the Code of Federal Regulations, 14 CFT Part 77 – Objects Affecting Navigable Airspace, in the event future construction of a structure is planned for the Premises, or in the event of a planned modification of a structure on the Premises. Contractor shall submit the required F.A.A. Form 7460-1 – Notice of Proposed Construction or Alteration, and provide documentation showing compliance with the federal requirements. Once the

F.A.A. has completed the aeronautical study, Contractor shall provide to the City of Show Low the F.A.A. determination letter on proposed construction and any impact to air navigation. Contractor covenants for itself, its successors and assigns that it will not erect or permit the erection of any structure or permit the growth of any tree on the Premises above the mean sea level elevation for Show Low Regional Airport, 1,133 feet. As a remedy for the breach of said covenant the City of Show Low reserves the right to enter upon the Premises and remove the offending structure or cut the offending tree, all at the expense of Contractor.

14. Contractor, by accepting this Contract, covenants for itself, its successors and assigns that no use will be made of the Premises that might in any manner interfere with the landing and taking off of aircraft from the Airport, or otherwise constitute a hazard to air navigation. As a remedy for the breach of said covenant the City of Show Low reserves the right to enter upon the Premises and cause the abatement of such interference, all at the expense of Contractor.
15. Contractor acknowledges that nothing contained in this Contract shall be construed to grant or authorize the granting of an exclusive right within the meaning of 49 U.S.C. §40103(e).
16. This Contract and all the provisions hereof are subordinate to whatever rights the United States now has or in the future may acquire affecting the control, operation, regulation and taking-over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during a time of war or national emergency.
17. If the Contract involves construction, the contractor shall carry out the project in accordance with F.A.A. airport design, construction and equipment standards and specifications current on the date of project approval.
18. Contractor is encouraged to use fuel and energy conservation practices.

### C. City of Show Low Affirmative Action Requirements

If Contractor is by this Contract a supplier to, or lessee of, the City, then the following requirement applies:

“Any supplier/lessee in performing under this contract shall not discriminate against any worker, employee or applicant, or any member of the public, because of race, color, religion, gender, national origin, age or disability nor otherwise commit an unfair employment practice. The supplier and/or lessee will take affirmative action to ensure that applicants are employed, and employees are dealt with during employment without regard to their race, color, religion, gender or national origin, age or disability; such action shall include but not limited to the following: Employment, promotion, demotion or transfer, recruitment or recruitment advertising, layoff or termination; rates of pay or

other forms of compensation; and selection for training; including apprenticeship. The supplier further agrees that this clause will be incorporated in all subcontracts with all labor organizations furnishing skilled, unskilled and union labor, or who may perform any such labor or services in connection with this contract. Supplier/lessee further agrees that this clause will be incorporated in all subcontracts, job-consultant agreements or subleases of this agreement entered into by supplier/lessee.”

#### D. Immigration Reform and Control Act of 1986 (IRCA)

Contractor understands and acknowledges the applicability of the IRCA to it. Contractor agrees to comply with the provisions of IRCA as it applies to its activities under this Contract and to permit the City of Show Low to inspect its personnel records to verify such compliance.

#### E. Conflict of Interest

Contractor acknowledges that the terms and conditions of Arizona Revised Statutes §38-511 are incorporated into this Contract.

#### F. Disadvantaged Business Enterprise Requirements

1. To the extent that this Contract is covered by 49 CFR Part 26, Contractor agrees that this Contract is subject to the requirements of the U.S. Department of Transportation Regulations at 49 CFR Part 26. The Contractor or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The Contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT assisted contracts. Failure by the Contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate. Contractor agrees to include the foregoing statement in any subsequent Contract that it enters and cause those businesses to similarly include said statement in further agreements.
2. To the extent that the Contract is a concession agreement covered by 49 CFR Part 23, the concessionaire or contractor 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, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR Part 23.

The concessionaire or contractor agrees to include the above statements in any subsequent concession agreement or contract covered by 49 CFR Part 23, that it enters and cause those businesses to similarly include the statements in further agreements.

## EXHIBIT J – SHOW LOW REGIONAL AIRPORT RULES AND REGULATIONS

### ARTICLE 16-3. AIRPORT RULES AND REGULATIONS

#### Sec. 16-3-1. Purpose, scope and authority.

- (a) *Purpose and scope.* The provisions of this document are intended for the safe, orderly and efficient operation of the Show Low Regional Airport, hereafter referred to as the “airport.”
- (b) *Authority.* The airport is owned and operated by the City of Show Low. All users, customers, tenants, and visitors of the airport shall be governed by the airport governing documents. In addition to applicable laws, these rules and regulations, the airport minimum standards and airport rates and charges are the airport's governing documents. All users, customers, tenants and visitors to the airport shall be deemed to have granted their implied consent to the airport governing documents.
- (c) *Compliance.* All operations and activities conducted upon the premises of the Show Low Regional Airport shall be in accordance with all applicable federal, state, local laws, regulations, ordinances or other governing documents. Said laws and regulations, as amended from time to time, are hereby incorporated herein by reference.
- (d) *Enforcement.*
  - (1) The airport manager shall enforce these rules and regulations with the assistance of the city manager, city attorney and the police department.
  - (2) The Show Low police department may remove or evict from the airport premises any person who knowingly, willfully or recklessly violates any adopted rule or regulation.
  - (3) If any provision of these rules and regulations is held to be invalid by a court of competent jurisdiction, the remainder of these rules and regulations shall remain in effect.
- (e) *Variance.*
  - (1) Any variance to the requirements of these rules and regulations may be granted by the city manager when strict enforcement of these rules and regulations is impractical, results in unnecessary hardship or is contrary to the public interest in the safety of flight operations; provided that the variance shall not result in the endangerment of the public health, safety

or welfare and are in substantial conformity with the intent of these rules and regulations.

- (2) When an emergency exists at the Show Low Regional Airport, the airport manager is empowered to issue directives and take such action as necessary to protect people, property and assets and promote the safe operation of the airport. Such directives and actions of the airport manager have the power of regulation as long as the emergency exists.
  - (3) The City of Show Low reserves the right to amend, revoke, cancel or change any and all of the rules and regulations established herein at any regular or special city council meeting without additional notice.
- (f) *Adoption of federal and local regulations.* Should any part of these rules and regulations conflict with federal or state law, then such federal or state authority shall take precedence.
- (g) *Waiver of liability.* Except as otherwise provided by law, any use of the airport and its facilities, or to fly to, from, or over the same shall be at all times conditioned upon the assumption of full responsibility and risk associated therewith. To the extent allowed by law, it shall be a further condition thereof that each person, as consideration of the use of the airport and its facilities, shall at all times release and hold harmless the City of Show Low and its employees, and Aviation Advisory Committee members from and against any and all liability, responsibility, loss or damage, resulting to any such person or caused by or on their behalf, and incident to the manner in which the airport is operated, constructed or maintained, or served from within or without, or used from without. To the extent allowed by law, the use of the airport by any person for any purpose, or the paying of fees thereof for the taking off or landing aircraft therein shall be deemed to be their implied consent to the conditions herein set forth.

### **Sec. 16-3-2. General rules and regulations.**

- (a) *Abandonment of property.* No person shall abandon any property on the airport. If not claimed by the owner within ten (10) calendar days, such articles will be disposed of in accordance with Arizona Revised Statutes.
- (b) *Accident reporting.*
- (1) Accidents resulting in damage to property, injury requiring professional medical treatment, or interference with normal airport operations must be immediately reported to the airport manager and the Show Low police department. Reports shall also be made to the NTSB, or the FAA, as applicable, as soon as possible after the occurrence.

- (2) Persons involved in vehicle or aircraft accidents/incidents that result in property damage to city-owned facilities, equipment, or infrastructure, shall be responsible for reimbursement of the cost of damages to the City of Show Low.
  - (3) In the event of an accident contact 911.
- (c) *Advertisements and printed materials.* Advertisements and other printed materials shall not be posted, distributed, displayed, or circulated at the airport without the express written consent of the airport manager. This authorization may include fees, time limits or limit the number of persons distributing the printed materials.
  - (d) *Alcohol.* No person shall drink any intoxicating liquor upon any portion of the airport open to the general public, except in such restaurant or other place as shall be properly designated and licensed for on-premises liquor sales.
  - (e) *Animals.*
    - (1) Animals are not allowed within the airport restricted area unless under the control of their owner or handler by leash, harness, restraining strap, or cage. Leashes, harnesses, and straps shall not exceed six (6) feet.
    - (2) No person shall enter any public building with any animal, except animals required for assistance, or when such animals are containerized for air shipment.
    - (3) Owners or handlers are responsible for the immediate removal and disposal of animal waste.
    - (4) No person shall feed or do any other act to encourage the congregation of birds or other animals on the airport.
  - (f) *All-terrain vehicles, scooters, bicycles, roller blades and skateboarding.* The use or operation of ATVs (all-terrain vehicles), three-wheelers, scooters, mini-bikes, go-carts, skate boards, bicycles, except portable bicycles used by pilots, roller blades, motorized or non-motorized scooters or similar modes of vehicles are expressly prohibited within the restricted areas of the airport unless prior written permission from the airport manager is received. This subsection shall not apply to airport staff in the conduct of official business or to those ATVs or similar vehicles being used to tug or tow aircraft into or out of hangars.
  - (g) *Children.* Children under 16 (sixteen) years of age must be under the supervision of an adult 18 (eighteen) years of age or older at all times when within the restricted areas of the airport.

- (h) *Commercial activity.* Commercial activity of any kind at the airport requires the express written permission of the city through a specifically authorized lease, sublease, operating agreement, permit or written temporary permission and the payment of fees, as required. Ownership or operation of a hangar or building at the airport by a commercial entity that uses the premises in conjunction with their primary business but which does not conduct commercial aeronautical activities at the airport as defined in the airport minimum standards shall not be considered a commercial activity.
- (i) *Commercial photography.* No person shall take a still, motion, or sound picture on the airport for commercial purposes without the prior written consent of the airport manager. Use of city assets may require appropriate fees or offsets.
- (j) *Fees.* Fees, rates and charges shall be established, from time to time, by the city council and paid to the city by users of the airport.
- (k) *Lost and found articles.* Lost and found articles shall be deposited with or reported to the airport manager. Such articles will be disposed of in accordance with Arizona Revised Statutes.
- (l) *Obstruction.* No person, except law enforcement officers, fire fighting personnel, TSA, FAA and City of Show Low personnel may intentionally obstruct, delay, physically disturb or interfere with the free movement of any other person on the public areas of the airport.
- (m) *Overnight camping.* Overnight camping on the airport is prohibited unless authorized by the airport manager.
- (n) *Permits.* Permits and licenses authorizing activities not otherwise authorized or prohibited on the airport may be issued and revoked at the discretion of the airport manager in writing.
- (o) *Signage.* Signs at the airport shall be in compliance with the City of Show Low sign code.
- (p) *Solicitation.* No person shall solicit funds or other items from the public on the airport without prior written authorization from the airport manager.
- (q) *Smoking.* Smoking is prohibited in any public building at the airport. Smoking is strictly prohibited on all aircraft ramps, movement and operations areas.
- (r) *Storage of equipment or property on non-leased areas.*
  - (1) Storage of equipment or property not used for aviation or other approved operations is prohibited unless specifically provided for by lease or other contractual agreement, or with the prior written approval of the airport

manager. This includes the parking or storage of recreational vehicles, boats, motor homes, personal watercraft, trailers, or similar craft or vehicles, and other motor vehicles.

- (2) Parking or storage of vehicles or other obstructions in taxiway object free areas is prohibited.
- (s) *Storage of equipment or property in/on leased areas.* Equipment or property used by the lessee shall be kept inside any leased hanger or building. Equipment or property so stored shall be primarily for the use of the aviation operation in accordance with section 16-3-6(a)(6).
- (t) *Use of public airport facilities.* No person, persons, firm, association, or corporation shall sponsor, hold, permit or otherwise carry on any activity other than normal airport operations that would impact the operation of the airport without first obtaining written authorization from the airport manager and complying with all the terms and conditions of such authorization. A term and condition of any authorization shall require written evidence of insurance covering all injury, damages, or claims that might result from such activities be submitted to the airport manager.

### **Sec. 16-3-3. Aircraft operations.**

- (a) *Accidents and disabled aircraft.*
  - (1) Aircraft accidents/incidents occurring on the airport shall be reported immediately to airport management. The pilot or operator involved in an accident or incident shall make a written report concerning said accident or incident to the airport manager.
  - (2) Access to aircraft accident/incident scenes is controlled by the airport manager or by the designated person-in-command at the scene.
  - (3) Disabled aircraft shall be removed expediently from any operational areas of the airport in accordance with FAA and NTSB guidelines.
  - (4) Disabled aircraft are the responsibility of the aircraft owner. However, the airport manager has the power, authority and option to direct removal or relocation of a disabled aircraft or actually remove the aircraft at the owner's expense that impacts normal airport operations subject to accident investigation requirements.
  - (5) Abandoned aircraft shall not be allowed to remain on the airport and shall be removed from the airport premises within 30 calendar days after notification from the airport manager. The city is authorized to remove a

disabled or abandoned aircraft and dispose of the aircraft if it is not removed from the airport after notification is given to the owner in accordance with state or federal law.

- (b) *Aircraft/airport operations during hours of Unicom office closure.* The Show Low Regional Airport suggests that all aircraft using the airport broadcast their intentions on the Common Traffic Advisory Frequency (CTAF) in accordance with suggested procedures published in the Airman's Information Manual.
- (c) *Airport closures and restrictions.* In the event that the airport manager believes that the conditions of the airport or any part thereof are unsafe for landings and take-offs or taxiing of aircraft, the airport manager may close or restrict all or part of the airport, and issue a Notice to Airmen (NOTAM) indicating such action and provide notice on AWOS.
- (d) *Engine run-ups.*
  - (1) Full power aircraft engine maintenance run-ups shall only be conducted at the engine run-up area adjacent to the approach end of runway 24.
  - (2) Operating aircraft engines inside a hangar is prohibited.
  - (3) No aircraft engine shall be started or run unless a qualified, licensed pilot or mechanic is attending the aircraft controls.
- (e) *Flight demonstrations.*
  - (1) Demonstrations including test flights or ground demonstrations other than standard maintenance flight tests shall not be conducted on the airport without prior written authorization of the airport manager.
  - (2) Aerial flight demonstrations for the purposes of air shows or public displays must be coordinated through the FAA and the city.
  - (3) The airport manager specifically reserves the right to temporarily restrict or control activities within aircraft operating areas and public areas of the airport for purposes of aerial and ground demonstrations or for any other public purpose.
- (f) *Fly friendly procedures.* Aircraft operators shall, whenever possible, use procedures and flight patterns that mitigate aircraft noise. The City of Show Low supports the use of the National Business Aircraft Association (NBAA) and Aircraft Owners and Pilots Association (AOPA) noise abatement procedures. The airport's noise abatement procedures shall be used at the pilot's discretion when not in conflict with federal aviation regulations, or the safe operation of the aircraft.

- (g) *General operating rules.* All aircraft shall be operated in accordance with the FAR.
- (h) *Helicopters.* Helicopters shall not be operated with rotors turning unless there is a clear area in all directions from the outer tips of the rotor.
- (i) *Instructor and student responsibilities.* Instructors shall fully acquaint their students with these rules and regulations and shall be responsible for the conduct of the students under their direction during dual instruction. When a student is solo, it shall be the sole responsibility of the student to observe and abide by these rules.
- (j) *Parking of aircraft.*
  - (1) Aircraft shall only be parked in aircraft parking and storage areas.
  - (2) The airport manager is authorized to tow or otherwise direct the relocation of aircraft parked or stored in areas that cause an operational or maintenance problem.
- (k) *Assurance of aviation-related safety.* The airport manager, or designee, may take the appropriate action to delay or restrict any flights or the conduct of any other aviation-related operations at the airport when necessary for the public health, safety or welfare, except as otherwise specifically provided by the FAR.
- (l) *Specialized aeronautical activities.* Hot air balloon operations, skydiving, gliders, para-gliders, powered parachutes and ultralight aircraft operations mixing with commercial, military, and other aircraft activities can create a hazardous environment. Such specialized activities may be subject to restrictions pursuant to FAR 51-90.6(A) operating on the airport.
- (m) *Taxiing or towing of aircraft.*
  - (1) No person shall taxi an aircraft into or out of an enclosed hangar under its own power.
  - (2) All aircraft taxiing on any part of the ramp, apron, or taxiways shall proceed with navigation lights on at night and during periods of low visibility.
  - (3) No aircraft shall be taxied or engines operated at the airport where the exhaust or propeller blast may cause injury to persons or damage property. If it is not feasible to taxi an aircraft in compliance with the above, then the engine must be shut off and the aircraft towed to the desired destination.

- (n) *Washing, painting and maintenance.*
- (1) Washing and maintenance of aircraft or other airport-related equipment shall only be conducted in accordance with environmental regulations and in approved wash racks or other areas designated by the airport manager or within specific tenant areas where such activity is permitted under lease or agreement.
  - (2) Aircraft maintenance, other than minor maintenance, as provided in Federal Aviation Regulation Part 43, Appendix A, is prohibited on the ramp areas unless specifically authorized by the airport manager.
  - (3) Painting of aircraft shall be in accordance with Arizona Administrative Code Title 18, Chapter 2, R18-2-727, the International Fire Code and the International Building Code with the exception of minor touch-up painting as may be required after normal maintenance.
  - (4) Doping processes, painting beyond minor touch-up painting or paint stripping shall be performed only in those facilities approved for such activities and in compliance with state statute, the International Fire Code and the International Building Code.
- (o) *Weight-bearing capacities.* Aircraft exceeding the published weight bearing capacity of any runway, taxiway, or apron area are not authorized to operate on those areas. Such unauthorized activity shall be solely at the risk of the operator and in the event that damage to the airport occurs, such operator shall pay the costs of repair or replacement.

**Sec. 16-3-4. Motor vehicle operations.**

- (a) *City of Show Low traffic ordinances.* State traffic laws and City of Show Low traffic ordinances shall apply to all public roadways on the airport.
- (b) *Motor vehicle accident reporting.* Each operator of a motor vehicle involved in an accident on the airport that results in damage to an aircraft or personal injury shall fully report it to the airport manager as soon as possible after the accident. The report must include the name and address of the person reporting. Copies of reports taken by City of Show Low police are acceptable for incidents that occur in the public areas of the airport.
- (c) *Movement area restricted operations.*
  - (1) All vehicles shall yield the right-of-way to all taxiing aircraft, pedestrians and aircraft under tow.

- (2) Vehicle operations on the airport's runways and taxiways shall be restricted to vehicles operated by City of Show Low airport staff during the performance of their duties and as operationally necessary.
  - (3) No person(s) shall operate a vehicle on or across the airport's runways or taxiways unless prior permission has been obtained from the airport manager. Vehicles so authorized must be equipped with an appropriately sized yellow or amber rotating beacon or strobe and a two-way Unicom-frequency radio in communication with the Show Low Regional Airport Unicom office, unless under the control of an authorized escort.
  - (4) Non-city vehicles shall be restricted to the aircraft ramp(s) and the marked public roadways and parking lots unless otherwise provided by lease agreement.
  - (5) The airport manager has the authority to deny, restrict or cancel the privilege of any motor vehicle operator from operating within the airport restricted area.
  - (6) No person shall operate a motor vehicle at a speed:
    - (a) Of more than 15 miles an hour on any aircraft apron or ramp;
    - (b) Of more than five miles an hour around aircraft;
    - (c) As to endanger any aircraft, vehicle, or person;
    - (d) In a reckless or unsafe manner.
    - (e) These speed limits shall not apply to airport staff during the conduct of official duties nor to emergency response vehicles responding to an incident or accident.
  - (7) Airport and aircraft support vehicles driving within the airport restricted area shall visibly display the company name or logo, and unique identification number on each side of the vehicle. All construction vehicles and high profile aircraft support vehicles (those whose tallest point is above six (6) feet) shall also be equipped with an appropriately sized yellow flashing or rotating beacon or an orange and white-checked flag.
  - (8) Except while in the process of servicing an aircraft or airport facility, vehicle traffic on the ramp shall drive on the marked aircraft taxi centerline(s).
  - (9) Pedestrians shall be allowed only on aircraft parking ramps. Pedestrians are expressly prohibited from all runways and taxiways.
- (d) *Moving of motor vehicles.* The airport manager has the authority to tow or otherwise move any motor vehicle on the airport property for reasons of

operational necessity, safety, security, abandonment, illegal or improper parking or police investigation. The airport may charge a reasonable amount for the moving service and for the storage of the vehicle, if any. The vehicle is subject to a lien for that charge.

(e) *Parking and standing.*

- (1) No person shall park or stand a motor vehicle on the airport except in an area specifically designated for parking or standing.
  - (2) Vehicles shall not be parked or left on the aircraft ramps with the exception of vehicles temporarily accessing the ramp(s) to load or offload passengers, baggage, etc. Vehicles will be required to be removed from the ramp(s) upon the completion of loading or offloading activities.
  - (3) Vehicles parked in authorized parking areas shall park in such a manner as to comply with all posted and/or painted lines, signs, and rules.
  - (4) Tenant vehicles shall be parked only in areas of their leasehold expressly designated for vehicle parking.
  - (5) No person shall park, stop, or leave standing any vehicle, whether occupied or not, on the airport, except within designated parking spaces.
  - (6) No person shall park or stand a motor vehicle on the airport within fifteen (15) feet of a fire hydrant.
  - (7) Vehicles parked in the airport parking lots, which are not associated with airport operations, are subject to tow and storage at the owner's expense, if beyond the legal limits of the parking lot.
- (f) Repair of motor vehicles. Except for persons authorized by the airport manager and for minor repairs necessary to move the vehicle from the airport, no person shall repair a motor vehicle on a road or in a parking area of the airport.

**Sec. 16-3-5. Fire and environmental safety.**

(a) *Aircraft fueling operations.*

- (1) No commercial fueling vendors shall conduct operations at the airport unless approved in writing by the city.
- (2) All transportation, storage, dispensing and other handling of aircraft and vehicle fuel shall comply with the International Fire Code and FAA Advisory Circular 150/5230-4 as amended. Two (2) dry chemical fire

extinguishers of at least 20-B:C or equivalent shall be available for immediate use.

- (3) Fuel servicing vehicles are prohibited from being parked within fifty (50) feet of, or stored inside, a building.
- (4) Fuel storage areas will be fenced or will be inside the airport restricted area, with gates and warning placards, prohibiting unauthorized access.
- (5) No person shall fuel or defuel an aircraft on the airport while:
  - (a) It is in a hangar or enclosed space;
  - (b) It is within ten (10) feet of any hangar or other building on the airport;
  - (c) Passengers or patients are in the aircraft, unless the Show Low fire department is standing by at the aircraft with firefighting personnel and equipment. The cost of an aircraft "stand-by" shall be borne by the aircraft operator and the operator shall be responsible for arranging such stand-bys. Aircraft crewmembers may be allowed to remain in the aircraft during fueling operations;
  - (d) Aircraft engines are running.
- (6) No person shall start the engine of an aircraft on the airport if there is any gasoline or other volatile flammable liquid on the ground underneath the aircraft.
- (7) Each person engaged in fueling or defueling on the airport shall exercise care to prevent the overflow of fuel, and must have readily accessible and adequate fire extinguishers.
- (8) No person shall smoke or use any material that is likely to cause a spark or be a source of ignition within fifty (50) feet of an aircraft being fueled or defueled.
- (9) Each hose, funnel, or appurtenance used in fueling or defueling an aircraft on the airport must be maintained in a safe, sound, and non-leaking condition and must be properly grounded to prevent ignition of volatile liquids.
- (10) Maintenance and servicing of aircraft fuel servicing vehicles shall be performed outdoors or in a building approved for that purpose by the Show Low fire district.
- (11) Fueling activities shall cease at the discretion of airport fueling personnel when lightning or other dangerous conditions are present.

- (b) *Explosives and other hazardous materials.*
  - (1) Explosives and other hazardous materials not acceptable for transportation under 49 CFR Parts 171 – 180 are not permitted on the airport. Hazardous materials, which pose a present or potential hazard to human health and safety, or to the environment if released, are also prohibited. Class A or Class B explosives, Class A poisons, or radioactive materials are not permitted anywhere on the airport, except as approved in writing by the airport manager.
  - (2) Storage of lubricating oils or other flammable liquids shall be stored in approved containers.
- (c) *Fire equipment.* Fire extinguishers and airport fire protection systems shall not be tampered with at any time, nor used for any purpose other than firefighting or fire prevention. All tenants shall supply and maintain such adequate and readily accessible fire extinguishers within their leaseholds as may be required by the International Fire Code.
- (d) *Hazardous material spills.*
  - (1) Fuel spills greater than five (5) gallons, or continuous in nature, shall be immediately reported to the Show Low fire district and the airport manager.
  - (2) Whenever a hazardous material spill or leak occurs, the owner of the material shall take immediate steps necessary to ensure discovery, containment, and clean-up of such release and notify the airport manager of the occurrence.
  - (3) Charges shall be assessed by the airport manager for cleanup services or damages including, but not limited to, reimbursement of labor, equipment, and materials.
- (e) *Open flames.*
  - (1) No person shall start any open fire of any type on any part of the airport without permission from the airport manager. Propane grills are permissible.
  - (2) All welding operations shall be conducted in approved welding booths or approved aircraft maintenance areas, according to OSHA standards.
- (f) *Volatile compounds.*

- (1) No person shall use a flammable volatile liquid having a flash point of less than 100 degrees Fahrenheit for cleaning purposes in a hangar or other building on the airport.
- (2) No fuel, oil, grease, flammable liquids, or contaminants of any kind shall be allowed to flow into any sewer system, storm drain, or open water area without a separator. All storm water discharge requirements, including obtaining the required permits from the City of Show Low, are the responsibility of each tenant that will cause, create, or develop an industrial discharge. All tenants will comply with Best Management Practices as outlined in the Storm Water Pollution Prevention Plan.
- (3) No person, tenant, or company shall store any cylinders of compressed flammable gas inside any building except as provided by the International Fire Code.

**Sec. 16-3-6. Leases and tenant operations.**

- (a) *Condition of tenancy.* All tenants at the Show Low Regional Airport must acknowledge through their lease or operating agreement that they will comply with these rules and regulations and appropriate minimum standards as a condition of tenancy. Tenants are prohibited from leasing or subleasing, selling or assignment of the lease of any premises located on airport-owned real estate, without the prior written approval of the city.
  - (1) **Damage.** Tenants and lessees, in addition to any terms that may be contained in their lease agreement, shall be fully responsible for all damages to buildings, equipment, real property, appurtenances, or other improvements in the ownership or custody of the Show Low Regional Airport, caused in whole, or in part, by their employees, agents, customers, visitors, suppliers, or persons with whom they may do business.
  - (2) **Architectural guidelines.** All facilities developed on the airport shall conform to the airport's hangar architectural development standards, the airport master plan, and sign controls.
  - (3) **Employees.** Tenants are responsible for training their employees on these rules and regulations, applicable minimum standards, and applicable portions of the tenant lease agreement.
  - (4) **Floor care.** Each person to whom space on the airport is leased, assigned, or made available for use, shall keep the space free and clear of oil, grease, or other foreign materials that could cause a fire hazard or other unsafe condition, or damage to the flooring material.

- (5) Free of debris. Tenants shall keep hangars, shops, offices, other buildings, and areas adjacent thereto free of waste material, rubbish, junk, landscaping litter and flammable material.
  - (6) Aircraft hangar. Aircraft storage hangars shall be primarily (over 50%) used for aircraft storage purposes. No commercial activities shall be performed in non-commercial storage hangars. Construction and/or establishment of habitable space, as defined by the International Building Code, in non-commercial hangars is prohibited. This shall not be construed as prohibiting pilot lounges which meet the definition of occupiable space as contained in the International Building Code. Incidental storage shall comply with all applicable codes.
  - (7) Marking of paved areas. No surface painting or marking of any paved area on airport property shall be permitted without written permission of the airport manager.
  - (8) Preservation of property. No person or tenant shall destroy, injure, deface, or disturb any building, sign, or other structure, tree, lawn, or other property on the airport; nor alter, make additions to, or erect any building or sign or make any excavations on the airport without the appropriate permits and the approval of the airport manager.
  - (9) Washing aircraft parts shall only be allowed in approved self-contained units.
  - (10) Storage and equipment. No tenant or lessee of a hangar, shop facility, or other operational area specified by the airport manager on the airport shall store or stack equipment or material in a manner to be unsightly, or constitute a hazard to persons or property.
  - (11) Structural and decorative changes. Structural and decorative changes to any building, ramp, or other structure on the airport require written approval of the airport manager and must comply with local building codes and inspections and, for hangars, the airport hangar development standards.
  - (12) Trash containers. All exterior trash receptacles on the airport shall be sufficiently covered to prevent the inadvertent discharge of trash onto the airport.
- (b) *Administrative.*
- (1) No person shall occupy or rent space, carry on any business, commercial operations or other form of revenue-producing activity based on the airport

without first obtaining a written contract, operating agreement, lease agreement or permit, authorizing such activity.

- (2) Any permission granted by the airport manager under these rules and regulations is conditioned upon adherence to the minimum standards and such administrative procedures as may be required by the airport manager for the purpose of regulating activity at the airport. The airport minimum standards shall be met and maintained at all times by any individual, group of persons, business, or enterprise desiring to provide commercial services or commodities at Show Low Regional Airport.
  - (3) The city manager or designee shall enforce the provisions of this chapter and is hereby authorized and directed to make inspections in the normal course of job duties; or in response to a complaint that an alleged violation of the provisions of this chapter may exist; or when there is a reason to believe that a violation of this chapter has been or is being committed.
  - (4) The city manager or designee may enter onto any property, or into any building or premises at all reasonable times and with reasonable notice to inspect or to perform the duties imposed by this chapter, provided that if such property, building or premises is occupied, the city representative shall present credentials to the occupant and request entry. If such property, building or premises is unoccupied, the city manager, or designee, has recourse to every remedy provided by law to secure entry.
- (c) *Multi-hangar leases.*
- (1) Multi-hangar leases will be permitted under the following conditions:
    - (a) A legal survey must be performed providing a legal description for all multi-hangar spaces.
    - (b) Lessees must be members of the hangar association managing their multi-hangar spaces.
    - (c) Lessees will be required to abide by the current and future Airport Rules and Regulations.
    - (d) Lessees must maintain individual liability insurance as required by the Airport Rules and Regulations.
    - (e) Lessees' contact information (including name, address, and telephone number) must be included in their lease.

- (f) The city reserves the right to review the covenants, conditions, and restrictions (CC&Rs) of the associations to verify that they comply with the Airport Rules and Regulations.
  - (g) Lessees must comply with the city's building codes.
- (2) Regulations for associations managing multi-hangar spaces are:
- (a) The association must carry general liability insurance in the amount of two million dollars (\$2,000,000.00), naming the city as an additional insured.
  - (b) All city utilities must be paid directly by the association.
  - (c) Any common area must be maintained by the association.
  - (d) The association will provide parking for tenants and manage all parking spots.
  - (e) Any and all building and property maintenance needed will be paid by the association.

(Ord. No. 2009-14, 9-15-09; Ord. No. 2009-18; 12-1-09)

**Sec. 16-3-7. Security requirements.**

- (a) *Aircraft security.* When the condition or mission of an aircraft requires security guards or police officers, the owner or operator of the aircraft shall coordinate this requirement with the airport manager. The owner or operator of the aircraft is responsible for obtaining and paying security service personnel.
- (b) *Airport security program.* All persons using the airport are subject to the airport security program pursuant to TSAR Part 1542.
- (c) *Air carrier.* Air carrier tenants must have a TSA-approved security and passenger handling program.
- (d) *Doors and gates.*
  - (1) Except as authorized by the airport manager, at no time shall any airport restricted area access gate be left open and unattended in a manner that would allow unauthorized access.
  - (2) Security doors leading into the airport restricted area shall be kept locked and signed as required by the airport security program.

- (3) Automated vehicle gates are for vehicle access only. Pedestrians shall not use an automated vehicle gate for pedestrian access.
- (4) Tenants shall be responsible for doors and/or gates located in their leased areas.
- (e) *Commercial passenger areas.* Unauthorized aircraft and personnel are prohibited from entering the commercial passenger areas of the airport when scheduled air operations are underway.
- (f) *Access media.* Identification and access control media issued by the airport are property of the airport and must be surrendered when used in violation of these rules upon the request of the airport manager or airport staff.
  - (1) Access control cards.
    - (a) Operators, lessees, contractors (including all employees), and authorized agents on or performing work at the airport and who require vehicle access/entry into the movement and non-movement areas of the airport must utilize an access control card for entry. Tenant-sponsored access cards may be obtained from the airport manager. Lessees who have contractors, guests, spouses, etc. may sponsor additional access cards by filling out the appropriate tenant sponsor application in the UNICOM office.
    - (b) Access control card applications shall be picked up, completed and returned to the airport administration/UNICOM office.
    - (c) Upon satisfactory completion of the application process and payment of the appropriate fees, applicants will be issued one access control card. Applicants may sponsor other individual(s) for entry into the restricted areas by completing and signing a tenant sponsor application. Applicants signing and authorizing others for access to the applicant's aircraft or hangar shall be responsible for all actions of the person(s) they are sponsoring. Tenant sponsors shall also sign the tenant sponsor application and complete it.
    - (d) It is the responsibility of operators, lessees, contractors, and authorized agents to notify the airport of individuals who do not need access and/or are no longer employees or affiliated with the operator, lessee, contractor or authorizing agent and to cancel that person(s) access authority.

- (e) Access control cards shall be programmed to provide access through specific airport security gates, as required, by the holder of the access control card.
  - (f) Access control card holders are responsible for ensuring that the gate is fully closed before proceeding.
  - (g) Fees for access control cards shall be as set forth in the application forms. Fees for access cards are due and payable at the time of issuance and a card(s) will not be issued without payment.
- (2) Escort procedures. An authorized person with an access control card may escort a person(s) without an access card into the restricted areas of the airport when the authorized person stays with the escorted person(s) at all times that the person(s) are within the restricted area. The authorized person shall ensure that the escorted person(s) complies with all applicable rules and regulations as set forth herein. Persons who have been escorted into the restricted area will be required to stay with the authorized escort person at all times. Persons who have been escorted into the restricted area of the airport and who are no longer under the direct escort and control of the authorized person shall be asked to leave the restricted area.
- (3) Revocation.
- (a) Improper use of an access control card may result in immediate revocation of the access privileges or other penalties as authorized by these rules and regulations.
  - (b) No person may loan their access control card to any other person or knowingly permit the use thereof by another. Loaning an access badge may result in penalties or revocation.
- (4) Lost, stolen or missing access control cards. Each access control card holder shall notify the airport immediately upon becoming aware of a lost, stolen, or missing access control card. Lost, stolen, or missing access cards shall immediately be deactivated by airport staff to prevent unauthorized use of the card(s). Control cards reported as stolen require a police report to waive the reissue fees.
- (g) *Restricted areas.*
- (1) Only those persons specifically authorized by the airport manager with proper access control media are allowed access to the restricted area or air operations area (AOA), as applicable, unless otherwise provided under the airport security program.

- (2) Pedestrians or motor vehicle operators observed in areas other than those designated for public use, without authorization by the airport manager, are trespassing and subject to arrest under state law.
- (h) *Security fenceline.* A minimum clear area of twenty (20) feet is recommended be kept between the security fence line and any object that may be used to conceal persons along the fence line or that would aid any individual in gaining access to the airport restricted area. A minimum clear area of six (6) feet shall be kept between the security fence line and any object that may be used to conceal persons along the fence line or that would aid any individual in gaining access to the airport restricted area unless specifically approved by the airport manager.
- (i) *Security screening.* All persons desiring to enter the sterile area or any other secured area are subject to security screening.
- (j) *Tailgating.* No person or vehicle shall enter the airport restricted areas through an access gate that was opened for an authorized person or vehicle unless under the direct escort and control of an authorized person as outlined above. All persons and vehicles using any airfield access gate shall ensure that the gate is secured and closed behind them prior to leaving the area to prevent unauthorized access.
- (k) *Tenant security.* Tenants and tenant employees are responsible for safeguarding doors, gates and other forms of passageways between airport restricted areas and public areas. Tenants are responsible for safeguarding aircraft and other private property entrusted to their care within the airport restricted area or other locations on their leased premises.
- (l) *Violation of security regulations.* Violations of security regulations may result in the immediate revocation of security privileges and future entry into the airport restricted area may be denied. Any fines levied against the City of Show Low or the Show Low Regional Airport for security violations will be charged to the offending individual and tenant.
- (m) Weapons. (RESERVED)

#### **Sec. 16-3-8. Special events.**

- (a) *Authorization.* Specialized events require written coordination, regulation, and authorization of the airport manager prior to the public disclosure or advertisement of the event. The authorization will be in the form of a letter of authorization from the airport manager to the special event sponsor in which the sponsor is recognized as involved in the planning process for a specific type of event. Certain activities shall require an executed lease, operating agreement or

permit with the airport. A City of Show Low special event permit may also be required as determined by the City of Show Low.

- (b) *Aviation activities.*
  - (1) A special event that involves aerobatic maneuvers by aircraft must be coordinated with the airport manager and the local FAA Flight Standards district office.
  - (2) Special events involving aerial activities that are not of a routine nature for the airport will require the designation and approval of an “air boss” who is experienced in directing and controlling the aerial activities planned for the event.
- (c) *Closures or restrictions.* All runway, taxiway, ramp area, landside or public area closures or restrictions must be coordinated with the airport manager and other users of the airport well in advance of the event, and not less than 60 days in advance of the event.
- (d) *Coordination.* The sponsor shall make arrangements for such things as auto towing, garbage pickup and refuse cleanup for any and all persons attending or associated with the event. If the special event is expected to attract an attendance of 200 persons or more, the sponsor must coordinate road and highway impacts with Show Low police, Navajo County sheriff’s office, and Arizona Department of Public Safety. In addition, the sponsor shall coordinate public safety impacts with City of Show Low police and the Show Low fire district, and arrange any necessary protection (security, ambulance, fire protection, aircraft rescue and fire fighting support). Air traffic impacts shall be coordinated and approved by the airport manager.
- (e) *Damages.* Event sponsors shall pay for all direct expenses related to the special activity and compensate the City of Show Low and the Show Low Regional Airport for any damaged property. If the sponsor fails to adequately perform trash and litter clean up of the airport or repair damaged property in a timely fashion as determined by the airport manager, the airport manager may arrange for the performance of these functions and charge the sponsor accordingly.
- (f) *Fees.* The event sponsor must disclose all special event fees charged to the public to the airport manager. In addition, when fees are charged, the sponsor shall pay fees to the airport manager as specified by lease or operating agreement.
- (g) *Insurance and surety.* The special event sponsor will be required to obtain liability insurance for the event in an amount determined by the City. The insurance policy will identify the City of Show Low as an “additional named insured” for the event. A performance surety in an amount to be determined by

the airport manager shall be provided to guarantee performance of the sponsor's responsibilities as provided herein. The surety can be provided in the form of a cash deposit, bond, cashiers check or money order made payable to the City of Show Low.

- (h) *Normal ingress/egress.* The special event must be planned to accommodate the normal ingress and egress of motor vehicles for those persons involved in scheduled commercial airline flights, general aviation users of the airport, or other business activities normally conducted at the airport.
- (i) *Plans.* In addition to the required coordination elements, the sponsor shall prepare and present to the airport manager plans to handle adverse weather, dust, hazardous materials spills, emergency services, and public protection.

### **Sec. 16-3-9. Civil Violations.**

Except for those acts or omissions to act specifically declared to be a misdemeanor, whenever in these rules and regulations, any act or omission to act is declared to be prohibited, unlawful, an infraction, a violation or an offense, such act or omission to act shall constitute a civil violation. Civil violation prosecution shall be as provided in chapter 5 of the Show Low City Code. In the alternative to civil violation prosecution, the city may elect to enforce the provisions of these rules and regulations by any action available at law or equity.

### **Sec. 16-3-10. Definitions.**

As used in this article, unless the context otherwise requires, the following words or phrases shall carry the following definitions:

*Abandoned aircraft.* An abandoned aircraft means an aircraft that has been left on the airport without the consent of the city and for which no aircraft parking fees have been received.

*Air carrier (also airline):* A business using the airport for the scheduled transport of passengers or goods and operating the business under the terms and conditions of FAR Part 121 or Part 135 per SFAR 38.5.

*Aircraft (also airplane, balloon, blimp, ultralight, helicopter, light sport aircraft):* Any device or contrivance now known or hereafter invented that is used or intended to be used for flight in the air.

*Aircraft emergency.* A problem or condition involving an aircraft in flight or on the ground that could endanger lives or property. An aircraft emergency can be declared by

a pilot, air traffic control personnel or other employees responsible for the safe operation of aircraft on the airport.

*Aircraft maintenance:* The repair, adjustment or inspection of an aircraft by a pilot, owner or mechanic other than the routine cleaning, upkeep and servicing of an aircraft in preparation for flight. Minor repairs are characterized as normal, routine annual inspections with attendant maintenance, repair, calibration or adjustment or repair of aircraft and their accessories. Major repairs are characterized as major alterations to the airframe, power plant, propeller and accessories as defined in CFR Title 14, Part 43, Maintenance, Preventive Maintenance, Rebuilding, and Alteration. For safety and liability purposes, aircraft maintenance must be accomplished in designated areas only. Title 14, Part 43, and any future amendments to Part 43, are hereby incorporated by reference into this document.

*Aircraft operation:* An aircraft takeoff, landing, touch and go (considered two operations), low approach and/or missed approach.

*Aircraft operator:* Any person who pilots, controls, owns or maintains an aircraft.

*Aircraft parking and storage areas:* Those hangar and apron locations of the airport designated by the airport manager for the parking and storage of aircraft. These areas include "tie-down" aprons equipped with rope or chain devices that are used to secure lightweight aircraft during windy conditions.

*Air operations area (AOA):* That area of the airport used or intended to be used for landing, takeoff or surface maneuvering of aircraft. The AOA includes the active runways, taxiways, and ramp areas. The AOA is considered part of the airport restricted area and is off-limits to the general public.

*Aircraft rescue and fire fighting (ARFF):* The personnel, equipment and facilities on or off the airport dedicated to dealing with aircraft accidents/incidents and all rescue and firefighting tasks, structural fires and other firefighting emergency activities.

*Airport:* Shall mean and have reference to all the areas comprising the Show Low Regional Airport as now exists, or as the same may hereafter be expanded and developed, and shall include all of its buildings, facilities and appurtenances.

*Airport driver endorsement:* The authority issued by the airport manager to a motor vehicle operator authorizing such motor vehicle operations within the airport operations area.

*Airport manager:* All references to the airport manager shall mean the actual airport manager or his designee(s) including airport UNICOM personnel. The term "airport manager" as herein used, shall include persons duly designated to represent the airport manager and to act on behalf of the airport manager for the enforcement of these rules

and regulations, to ensure the efficient, proper and safe operation of the airport, but only to the extent authorized by law or properly delegated by said airport manager.

*Airport minimum standards:* A separate document adopted and formally approved by the city council within which are detailed provisions outlining the minimum building size, performance or other standards acceptable by the city for a business firm aspiring to do business at the airport.

*Airport property:* All real estate and other material assets owned by the City of Show Low located at the airport.

*Airport restricted area:* see *Restricted area*

*Airport rules and regulations:* A document adopted and formally approved by the city council which are detailed provisions for the safe, orderly and efficient operation of the airport.

*Airport security program:* A program developed in accordance with TSAR Part 1542 and approved by the TSA outlining airport security requirements, methods and procedures for Show Low Regional Airport.

*Airside:* see *Air operations area*

*Apron (also ramp):* Those areas designated by the airport, both public and private/leased, designated by the airport manager for the parking or storage of aircraft. These areas are usually restricted areas and involve activities such as enplaning and deplaning passengers, servicing aircraft and aircraft movements.

*Based aircraft:* Any aircraft whose home base or permanent residency is identified as the Show Low Regional Airport.

*Cargo area, cargo ramp area:* That area of the airport designated for acceptance and processing of air cargo.

*Commercial aeronautical activity (also commercial operation/operator, aviation operator and aviation service operator):* Commercial activity which relates to the operation or servicing of aircraft. Examples of such activity include charter operations, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, air taxi operations, aircraft sales and services, sales of aviation petroleum products, repair and maintenance of aircraft parts.

*Commercial operating agreement (COA):* The legal agreement between the city and a commercial aviation business that authorizes the commercial aviation business the right to conduct business on the airport and identifies the conditions, rates and charges due the airport for that right.

*Disabled aircraft:* A disabled aircraft shall be defined as any aircraft that is incapable of moving under its own power.

*Emergency vehicles:* Vehicles that are painted, marked, lighted and used by the police (or security officers), fire department (ARFF), ambulance or other airport officials to carry out their daily duties or used in response to an emergency situation.

*Engine run-up areas:* Areas designated by the airport manager that allow high power settings of an aircraft engine.

*FAA:* The Federal Aviation Administration.

*FAR:* The Federal Aviation Regulations as written, approved and published by the FAA.

*Fixed base operator (FBO):* An entity which maintains facilities at the airport for the purpose of conducting commercial aeronautical activities as outlined in the airport minimum standards. A full service FBO shall perform all services outlined in the minimum standards, including fueling of aircraft, while a specialized aviation service organization (SASO) may perform one or more commercial aeronautical activities as outlined in the minimum standards, but not all services and not aircraft fueling.

*Fuel storage area (also fuel farm):* Those facilities where AVGAS, Jet-A and other types of fuel are stored. These facilities must be in areas designated, inspected and approved by the airport manager and meeting minimum standards for the safe storage and handling of fuel.

*Flying club:* see *Commercial aeronautical activity*

*General aviation:* All categories and types of aviation/aircraft in the U.S. except for certified air carriers under FAR Part 121 or Part 135 and Department of Defense military aircraft.

*Ground transportation:* The business of transporting passengers, material, baggage or other goods, usually for a fee, either within the boundaries of the airport or to/from the airport and other locations outside the airport boundaries. Ground transportation includes activities such as rental cars, taxicabs, buses, trains, courtesy vehicles and lodging shuttle service.

*Hangar:* Any fully or partially enclosed storage space for an aircraft.

*Hazardous material:* A substance or material in a quantity or form that may pose an unreasonable risk to health or safety, or property when stored, transported or used in commerce as defined in applicable federal, state, and local environmental laws.

*Transient aircraft:* Any aircraft not "home-based" at the airport but transiting the airport, obtaining fuel service or other service at the airport, or on-loading or off-loading

passengers or cargo. Itinerant aircraft are "home-based" elsewhere but may park or hangar at the airport for short periods of time.

*Landside:* The general public common use areas of the airport such as public roadways, public parking lots, non-restricted areas of the passenger terminal and the air cargo terminal and other public access non-restricted areas of commercial businesses located on the airport. "Landside" includes all those areas of the airport that are not defined as the AOA or otherwise fenced, posted or controlled as restricted areas.

*Lease:* A contract granting occupation or use of airport property during a certain period in exchange for a specified rent.

*Master plan:* The airport master plan includes the official concept of the ultimate development of the airport. It presents the research and logic from which the plan evolved and displays the plan in written and graphic forms. It typically presents schedules of proposed development in the 0- to 5-year, 6- to 10-year, and 11- to 20-year time periods.

*Movement area:* Those areas of the airport under the control of the Show Low Regional Airport including runways, taxiways and helipads designated and made available for the landing, take-off and taxiing of aircraft.

*NFPA:* National Fire Protection Association.

*Non-movement area:* Those areas of the airport under the control of the Show Low Regional Airport that are not available for the landing, take-off or taxiing of aircraft.

*NTSB:* National Transportation Safety Board.

*Notice to airmen (NOTAM):* Information issued by the airport manager, designee, or FAA, advising pilots of temporary changes to published information regarding airport facilities, conditions or other items that may affect safe flight or aircraft operations.

*Parking:* The standing of an aircraft or vehicle whether occupied or not.

*Parking areas:* Those areas designated as vehicle parking areas for passengers, other customers, employees and ground transportation staging areas (rental cars, taxicabs, buses and shuttles). Some of these areas are also restricted areas. Most of these areas require payment of fees for the privilege to park a motor vehicle.

*Passenger:* Enplaned or originating passengers are those persons boarding an aircraft for flight from the airport. Deplaned or destination passengers are those persons off-loaded or leaving an aircraft for surface transportation from the airport. Connecting or through passengers are both enplaning and deplaning at your airport within the same half of their trip, usually without leaving the airport. The sum of all passengers is

"processed" passengers, a critical statistic when determining airport capacity and facility needs.

*Permit:* A written authorization issued by the airport manager that allows specific activities or the temporary use or occupancy of certain areas or facilities at the airport.

*Person:* Shall mean an individual, entity, firm, general or limited partnership, corporation, company, limited liability partnership, trust, association or any trustee, receiver, assignee or similar representative thereof leasing, subleasing, making application for or using any land or facility at the airport.

*Public use areas:* Those areas normally used by the general public. These areas include concessionaire shops, restrooms, passenger terminal lobbies, passenger concourses, hallways, passage ways, public transportation waiting areas, viewing areas, roads, sidewalks and public motor vehicle parking lots. They do not include areas leased by commercial aviation businesses unless those businesses so designate certain areas as public use areas. They do not include the AOA, restricted areas and employee parking lots.

*Ramp:* see *Apron*

*Restricted area:* All areas of the airport within the fenced and gated perimeter of the airport including all buildings or structures integral to the fence through which access to the aircraft operations area could be gained.

*Runway:* An area of the airport developed and improved for the purpose of accommodating the landing and take-off of aircraft.

*Secured area:* That portion of the airport where aircraft operators that have a security program under Parts 1544 or 1546 enplane and deplane passengers and sort and load baggage and any adjacent areas that are not separated by adequate security measures.

*Special events:* Special events include air shows, balloon festivals, air races, fly-ins, parachute team demonstrations, static displays for the public, aerobatic events, filming for television, movies or commercials, and other events or activities not normally associated with the daily operation of Show Low Regional Airport.

*Sterile area:* That portion of the airport defined in the airport security program that provides passengers access to boarding aircraft and to which that access generally is controlled by TSA, or by an aircraft operator under Part 1544 of 49 CFR Chapter XII, through the screening of persons and property.

*Tie-down area:* see *Aircraft parking and storage area*

*TSA:* The Transportation Security Administration.

*UNICOM:* A communications facility for North American airports with a low volume of general aviation traffic and where no control tower is presently active. Also known as a Common Traffic Advisory Facility (CTAF).

*UNICOM office:* The Show Low Regional Airport's administrative and operations offices and personnel responsible for the maintenance and operation of the airport.

*Vehicle:* Shall mean all conveyances, except aircraft.