

RESOLUTION NO. 1211-18

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF PAGE, COCONINO COUNTY, ARIZONA, APPROVING THE LEASE OF CERTAIN REAL PROPERTY OWNED BY THE CITY OF PAGE, PURSUANT TO A NEGOTIATED LEASE WITH CONTOUR AIRLINES; AND AUTHORIZING THE MAYOR TO EXECUTE SAID LEASE AGREEMENT.

WHEREAS, Section 32.039, Code of the City of Page, provides that the City of Page may lease public lands or buildings pursuant to negotiation; and

WHEREAS, the City has negotiated a lease with Contour Airlines for space known as rooms numbered 2 and 3 located on the 1st level of the Airport Main Terminal, containing a total of 802 square feet of space, as well as joint use of 100 foot by 100 foot aircraft ramp space and employee parking spaces at the Airport parking lot as further described in the Lease Agreement.

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF PAGE, AS FOLLOWS:

Section 1. Approval of Lease Agreement

That the Mayor and City Council of the City of Page hereby approve the "Lease Agreement" which is attached hereto.

Section 2. That the Mayor is authorized to execute the "Lease Agreement" and any other documents that may be necessary to consummate said Agreement.

PASSED AND ADOPTED BY THE MAYOR AND COMMON COUNCIL OF THE CITY OF PAGE, ARIZONA this 9th day of August, 2018, by the following vote:

Ayes	<u>7</u>
Nays	<u>0</u>
Abstentions	<u>0</u>
Absent	<u>0</u>

CITY OF PAGE

BY William P. Duda
Mayor

ATTEST:

Kim L. Larson
City Clerk

APPROVED AS TO FORM:

[Signature]
City Attorney

AIRPORT TERMINAL LEASE AGREEMENT

This Airport Terminal Lease Agreement ("Agreement" or "Lease") is made and entered into this 8th day of August, 2018 (the "Effective Date"), by and between the City of Page, a municipal corporation organized and existing under the laws of the State of Arizona ("Lessor") and Corporate Flight Management, Inc. DBA Contour Airlines, a Tennessee corporation ("Lessee").

RECITALS

- A. Lessor owns, operates, and regulates the Page Municipal Airport located in the City of Page, County of Coconino, State of Arizona, including all real property, facilities, public services, and public utilities thereon ("Airport").
- B. Lessor has designated specific areas of the Airport as suitable for the location and conduct of certain air carrier operations.
- C. Lessor desires to lease a portion of the Airport to Lessee for the purpose of conducting public charter air carrier operations.
- D. Lessee is a corporation primarily engaged in the business of providing transportation of persons by air and desires to lease certain areas, facilities, rights, licenses, services, and privileges in connection with Lessee's business operations at the Airport.
- E. Lessor desires to maximize passenger services in order to generate additional enplanements at the Airport in an amount sufficient to allow the Airport to maintain its classification as an airport eligible to receive certain financial assistance from the Federal Aviation Administration and the U.S. Department of Transportation.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I: DEFINITIONS

The following terms shall have the meanings set forth below whenever used in this Agreement, except where the context clearly indicates otherwise.

- 1.1 "Airport Manager" means the person employed by the City of Page who is primarily responsible for the Airport
- 1.2 "Airport Main Terminal" means the main terminal building located at the Airport.
- 1.3 "City" means the City of Page, Arizona, an Arizona municipal corporation.
- 1.4 "Improvements" means all structures, buildings, facilities, walls, landscaping, and improvements of any type or kind constructed or built on the Premises, or any of them.
- 1.5 "FAA" means the Federal Aviation Administration of the United States Government or any successor federal agency empowered to oversee the jurisdiction of the Federal Aviation Administration.
- 1.6 "Occupancy Date" means the date on which Lessee takes physical possession of the Premises. In no event will the Occupancy Date occur prior to the Effective Date of this Agreement.

1.7 "Premises" means that portion of the Airport Property as more fully set forth in Articles 2.1.1, 2.1.2, and Exhibit A to this Lease, which is provided to Lessee for Lessee's use and enjoyment pursuant to the terms of this Agreement.

1.8 "Public Airport Facilities" means all public airport facilities and 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 Airport exclusive of the Premises as defined herein.

1.9 "Related Agreement" means that certain Agreement For Air Services By And Between The City Of Page And Corporate Flight Management, Inc. D/B/A Contour Airlines dated 8 - 8, 2018.

ARTICLE II: PREMISES AND PRIVILEGES

2.1 Premises. Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor the Premises for Lessee's use according to the terms and conditions set forth in this Agreement.

2.1.1 Exclusive Use Space. Lessee shall be entitled to the exclusive use of rooms numbered 2 and 3 located on the 1st level of the Airport Main Terminal, containing a total of 802 square feet of space (the "Exclusive Use Space"), as indicated on the attached Exhibit A.

2.1.2 Joint Use Space. Lessee shall be entitled to the joint use, in common with others, of a 100 foot by 100 foot aircraft ramp space and employee parking spaces at the Airport parking lot.

2.2 Scope of Grant of Privileges. Lessor hereby grants to Lessee the general privileges, uses, and rights set forth in this Article II, all of which are further subject to the terms, conditions, and covenants of this Agreement, and all of which, except for Lessee's exclusive right to use and possession of the Exclusive Use Space during the Term of this Agreement, will be non-exclusive relative to the Airport.

2.3 Permissible Uses of the Premises and Airport. Lessee shall be entitled to use of the Premises, Public Airport Facilities and Airport for the operation by Lessee of its passenger air service program as more fully described in the Related Agreement, including all activities reasonably necessary and incidental to the operation and provision of such services. The Premises, Public Airport Facilities, and Airport shall not be utilized by Lessee for any purpose other than the conduct of Lessee's air transportation business unless the Lessor otherwise agrees in writing in advance.

2.4 Use of Public Airport Facilities. Lessee shall be allowed the general non-exclusive use of all Public Airport Facilities and all improvements appurtenant to the Airport, to be used by Lessee for the purpose of conducting Lessee's air transportation operations at the Airport. Lessee shall not use the Airport Public Facilities or improvements for any purpose other than those uses specified herein and shall not violate any exclusive or common use rights granted by Lessor to any other third party.

2.5 Right of Ingress and Egress. Lessor grants to Lessee and Lessee's officers, directors, employees, agents, passengers, suppliers, patrons, invitees, and furnishers of services a non-exclusive right of ingress and egress from the Premises over and across the public roadways which serve the Airport. Such right of ingress and egress shall be subject to the City's ordinances, rules, and regulations applicable to the Airport.

2.6 Use of Airport Parking Lot. Lessor grants to Lessee and Lessee's employees, agents, passengers, suppliers, patrons, invitees, and furnishers of services the right to the general use of the Airport Parking Lot during the Term of this Agreement, unless such use of the Airport Parking Lot is restricted by the FAA or

Transportation Security Administration ("TSA") for security purposes, or as such use may be otherwise restricted by any governmental agency having jurisdiction over the Airport.

2.7 Lessor's Representations Regarding the Premises.

2.7.1. Encumbrances. Lessor represents and warrants to Lessee that as of the Occupancy Date, the Premises are free and clear of all tenancies or other rights of third parties.

2.7.2. Legal Proceedings to Ownership. Lessor represents, to the best of Lessor's knowledge and belief that no lawsuits, or legal proceedings, regulatory, or other governmental actions are pending or threatened regarding the ownership, use, or possession of the Premises or any of the related real or personal property, or any part thereof.

2.7.3. Condemnation. No condemnation proceedings are pending with respect to the Premises, the Airport, or any related real or other property to be leased or any part thereof or interest therein, and, to the best of Lessor's knowledge and belief, none are contemplated.

2.7.4. Violations. Lessor represents, to the best of Lessor's knowledge and belief, there is not located on, in, about, or under the Premises to be leased any Hazardous Material of which Lessor is aware and there are no past or present investigations, administrative proceedings, threatened or pending, alleging non-compliance with or violation of any "Law or Regulation" relating to the Premises or to any required environmental permits by Lessor or any third party. As used herein, "Law or Regulation" means and includes the Comprehensive Environmental Response and Liability Act ("CERCLA" or the Federal Super Fund Act) as amended by the Super Fund Amendments and Reauthorization Act of 1986 ("SARA") and any other law, ordinance or regulation relating to Hazardous Materials. Lessor will provide to Lessee all reports and investigations commissioned by Lessor and relating to Hazardous Materials on the property that Lessor has in its possession. To the best of Lessor's knowledge, there are no new, nor have there ever been, any above-ground or underground storage tanks in or under the Premises to be leased about which Landlord has knowledge.

2.8 Lessor's Access to the Premises. Authorized representatives of Lessor have the right to enter the Premises at all reasonable times after at least twenty-four (24) hours prior written notice to Lessee and subject to Lessee's normal security requirements and, if required, accompanied at all times by a representative of Lessee, for the purpose of inspecting the Premises or carrying out Lessor's duties under this Agreement.

2.9 Quiet Enjoyment. Upon Lessee's payment of the Monthly Lease Rate due hereunder, Lessee will have quiet possession of the Premises for the duration of the Term. If, at any time, Lessor's possession or right to receive the Monthly Lease Rate hereunder is disputed, or there is a change of ownership of Lessor's estate by any act of the parties or operation of law, Lessee may deposit the Monthly Lease Rate thereafter accruing into escrow until Lessee is furnished proof satisfactory to it as to the party entitled to such Monthly Lease Rate.

ARTICLE III: INITIAL TERM

3.1 Initial Term. This Lease shall commence on the Effective Date of this Agreement and shall, subject to the terms hereof, including, without limitation, the renewal options described in Article 4.1, remain in full force and effect until 11:59 pm local time at the Airport on September 30, 2020 (the "Initial Term"), or unless terminated earlier by either or both of the parties pursuant to the provisions of Articles 4.2, XIII, or XIV below.

ARTICLE IV: OPTION TO RENEW

4.1 Annual Renewal; Term. Unless terminated earlier in accordance with the terms hereof, upon the expiration of the Initial Term of this Lease, and on an annual basis thereafter, provided that Lessee is not in default hereunder, this Lease shall automatically renew for successive one (1) year periods upon terms and

conditions identical to those provided herein, subject to the approval by both parties of any New Lease Rate as set forth in Article 4.3 herein below (each a "Renewal Term"). Together, the Initial Term and any and all Renewal Terms are the Term of this Lease.

4.2 Notice of Intent to Terminate Lease. In addition to, and not in lieu of, its termination rights under Article XIII and Article XIV hereof, Lessee may terminate this Lease at any time upon not less than sixty (60) days prior written notice to the Lessor except that upon the expiration, termination, non-renewal, or suspension of the Related Agreement (and subject to any terms and conditions of the Related Agreement that survive such event), Lessee may terminate this Lease upon not less than ten (10) days' prior written notice to Lessor.

4.3 Negotiation of New Lease Rate. Each Annual Renewal of this Lease in accordance of the provisions of Article 4.1 above shall be subject to the written approval by both parties of any change in the Lease Rate that may be established for each such Renewal Term. Until the parties shall agree in writing upon any such change in the Lease Rate, Lessee shall continue to pay the Lease Rate of the most recently expired Initial or Renewal Term, subject to any adjustments as set forth in Article 5.1.1 of this Agreement.

ARTICLE V: LEASE RATES AND FEES

5.1 Lease Rates and Fees. As consideration for the use and enjoyment of the Premises, Public Airport Facilities, rights, licenses, services, and privileges granted hereunder, Lessee agrees to pay Lessor the following lease rates, fees, and charges:

5.1.1 Base Lease Rate. From and after the Occupancy Date through the end of the Term, Lessee agrees to pay a Base Lease Rate of Five Thousand and 00/100 Dollars (\$5,000.00USD) per month for each calendar month of the Initial Term of this Agreement, partial calendar months pro-rated. Each monthly payment of the Base Lease Rate, together with the Utility Expense Allocation defined in Article 5.1.4 hereof are the "Monthly Lease Rate". The Monthly Lease Rate shall be due and payable in advance on the first day of each calendar month. Any Monthly Lease Rate payments not received by Lessor as of the first day of each calendar month will be subject to the imposition of late charges pursuant to Article 5.1.2 herein below. Additionally, upon each Annual Renewal of the Lease, the monthly Base Lease Rate may be renegotiated and agreed to in writing by Lessor and Lessee (the "New Base Lease Rate"). The New Base Lease Rate shall be effective as of the beginning of the Renewal Term to which it applies. In no event shall the New Base Lease Rate for any Renewal Term be less than the Base Lease Rate for the Initial Term.

5.1.2 Late Payment. If any Monthly Lease Rate or any other sums due from Lessee shall not be received by Lessor or Lessor's designee on or before the date that such amount shall be due, Lessee shall pay to Lessor a late charge equal to 1.5% of the amount due for each month such amount is overdue, partial months pro-rated. Acceptance of such late charge by Lessor shall neither constitute a waiver of Lessee's default with respect to such overdue amount nor prevent Lessor from exercising any of the other rights and remedies granted to Lessor hereunder.

5.1.3. Payment Bond. Upon the execution of this Agreement, Lessee shall furnish to Lessor a payment bond or cash deposit conditioned upon the faithful and true performance, observation, and compliance with all of the terms, conditions, and provisions of this Agreement. The payment bond or cash deposit shall be in an amount equal to Five Thousand Four Hundred and 00/100 Dollars (\$5,400.00 USD)

5.1.4 Utility Expense Allocation. In addition to Base Lease Rate, from and after the Occupancy Date until the end of the Term, Lessee shall be responsible for payment to Lessor of all utility expenses actually billed by the applicable monthly public utilities to the Lessor, as the case may be, without markup or overhead cost charge of any kind allocated to the Lessee's exclusive use portion of the Premises in accordance with this Article 5.1.4. Each month, the amount of utility expenses to be allocated to the Lessee's exclusive use portion of the Premises shall be in the same proportion to the total amount of utility expenses for the Airport Main

Terminal for that month as the space of the Lessee's exclusive use portion of the Premises is in proportion to the total Airport Main Terminal space. For purposes of utility expense allocations, the parties agree that the exclusive use Premises occupied by Lessee constitutes approximately 14% of the total Airport Main Terminal space. At any time during the Term, upon not less than three (3) business days' written notice, Lessee may examine the actual utility bills used to compute the Utility Expense Allocation for any or all calendar months during the Term. In the event that Lessee discovers a discrepancy in any utility cost allocated to its exclusive use Premises, then in the event that the discrepancy resulted in an under billing of the Utility Expense Allocation, Lessee will remit the under billed amount to the Lessor within thirty (30) calendar days without offset or deduction. In the event that the discrepancy resulted in an overbilling of the Utility Expense Allocation, Lessor will remit the overbilled amount to the Lessee within thirty (30) days without offset or deduction. This Article 5.1.4 will survive the expiration or termination of this Agreement.

5.1.5 Taxes. From and after the Occupancy Date until the end of the Term, Lessee shall pay all taxes, assessments, and charges of a like nature, if any, which at any time during the Term of this Lease that may be levied against Lessee by the United States Government, the State of Arizona, any municipal corporation, or any other governmental tax assessment body, upon or in respect to the Premises or any of Lessee's personal property situated on the Premises.

ARTICLE VI: CONSTRUCTION AND INSTALLATIONS BY LESSEE

6.1 Permission of Lessor Required. Except as provided for in this Article VI, Lessee shall not construct or make any alterations, additions, improvements to, or installations upon the Premises without the prior written permission of the Lessor. Notwithstanding anything to the contrary, and as set forth more fully in Article IX of this Agreement, Lessee shall be entitled to impose a mortgage or other encumbrance on the improvements without obtaining the prior written consent of the Lessor; provided, however, that any such mortgage or lien may only be imposed for the purpose of obtaining financing associated with the construction of improvements to the Premises.

6.2 Construction of Improvements. Any construction of improvements to the Premises that may be performed by the Lessee pursuant to the written permission of the Lessor shall be done at Lessee's sole expense. The plans and specifications for the location, design, type of construction, dimensions, and other features of any improvements to be constructed on the Premises by the Lessee shall be submitted to Lessor for Lessor's reasonable review and approval prior to commencement of construction, such approval shall not unreasonably be withheld.

ARTICLE VII: MAINTENANCE SERVICES PROVIDED BY LESSOR

7.1 Maintenance of Airport. Lessor shall maintain or cause to be maintained and repaired in good condition all areas of the Airport, including, without limitation the Public Airport Facilities (which include, but not are not limited to, the Airport Main Terminal, other Airport buildings, vehicle parking areas, runways, taxiways, field lighting, roadways, aircraft parking aprons (including, without limitation, the parking apron that is a portion of the Premises), and appurtenances, facilities, and services now or hereafter connected with the Airport.

7.2 Maintenance Provided by Lessor. Lessor shall provide all janitorial, repair, and capital maintenance services to the Premises and other areas of the Airport Main Terminal. Lessor shall keep, or make appropriate arrangements to keep the Airport Main Terminal and Public Airport Facilities adequately equipped furnished, decorated, clean, and presentable. Lessor shall provide for trash removal from the Airport and Lessee shall place all of Lessee's trash in designated areas/containers.

7.3 Utilities. Lessor shall provide the Premises and other areas of the Airport Main Terminal building with heating, ventilation and air conditioning, normal (to the size of the Airport Main Terminal and Lessor and all operations conducted therein, including, without limitation, the business of Lessee) electric services, and trash removal. Furthermore, Lessor shall provide water and sewer utility services to the Airport Main Terminal building. Lessee shall pay for Lessee's allocated portion of the actual expenses incurred by Lessor for the provision of all such utilities to the Lessee's exclusive use Premises pursuant to the provisions of Article 5.1.4 above.

7.4 Operation as a Public Airport. Lessor agree that at all times Lessor will operate and maintain the Airport facilities as a public airport consistent with and pursuant to assurances given by the City to the United States Government under the Federal Airport Act and consistent with the terms and conditions of this Lease. Lessor further agrees to manage the Airport in a reasonable and prudent manner and to use due diligence in the operation and maintenance of Airport facilities.

ARTICLE VIII: MAINTENANCE RESPONSIBILITIES OF LESSEE

8.1 Maintenance of Lessee's Improvements. Lessee agrees to keep the Premises in a reasonably safe, clean, and orderly condition and to keep the Premises and the grounds immediately adjacent to the Premises reasonably free from trash and litter. With respect to any improvements constructed by Lessee on the Premises, Lessee shall, at Lessee's own expense, maintain all such improvements and appurtenances thereto in reasonably good condition.

8.2 Reimbursement for Damages to Public Airport Facilities. In the event that Lessee (or Lessee's employees or agents) cause physical damage, normal wear and tear excepted, to the Public Airport Facilities, Lessee will be solely responsible for repairing such damage. In the event that Lessee fails to repair such damage and the Lessor completes such repairs (or causes such repairs to be completed), Lessee will reimburse Lessor for Lessor's actual out of pocket costs for such repairs upon Lessor's presentation to Lessee of invoice(s) that sufficiently describe the repairs performed and clearly document the actual out of pocket costs incurred.

ARTICLE IX: ENCUMBRANCES UPON PROPERTY

9.1 Limitations on Right to Encumber. Except as provided in Article 9.2 below, neither the Lessee nor any successors-in-interest to the Lessee shall (i) engage in any financing or any other transaction which creates any general leasehold mortgage, encumbrance, or lien upon the Airport, or (ii) suffer any encumbrance or lien to be made against or attached to the Airport without the prior written consent of the Lessor. In the event any mortgagee of Lessee requests confirmation that any proposed encumbrance or lien is authorized by this Agreement, the Airport Manager shall be authorized to provide such written confirmation as may be required.

9.2 Consent Required. Notwithstanding the provision of Article 9.1 above, Lessee shall be entitled to grant a leasehold mortgage in the Premises or allow a leasehold encumbrance or lien to attach to the Premises without obtaining the prior consent of the Lessor if the mortgage, encumbrance or lien has been granted or allowed for the purpose of obtaining any financing associated with Lessee's development of the Premises as permitted by this Agreement.

9.3 Delivery of Notice. Lessee shall notify Lessor in writing prior to executing any leasehold deed of trust or other similar lien or security instrument that Lessee proposes to enter into with respect to the Premises. The notice shall set forth the name and address of the proposed mortgagee or lienholder, as well as the general terms and conditions of the mortgage or lien. Failure by Lessee to notify the Lessor in writing in advance of Lessee's execution of any such instrument that will impose a leasehold mortgage, encumbrance, or lien on the Premises shall be considered a material breach of this Lease.

ARTICLE X: CONSTRUCTION LIEN INDEMNITY

10.1 Construction in Compliance with Applicable Law. Any and all construction activity occurring on the Airport by Lessee with written permission by Lessor shall be conducted in accordance with all applicable laws, rules, and regulations of the City of Page, the State of Arizona, and the United States Government. During the course of construction, Lessee will comply with and will cause Lessee's contractors and sub-contractors to comply with all applicable Worker's Compensation and other labor laws.

10.2 Construction Lien Indemnity. Except as provided in Article IX, Lessee shall not permit any improvements under construction or constructed on the Premises, or Lessee's interest therein, at any time during the Term of this Lease to become subject to any lien, charge, or encumbrance whatsoever, other than a mortgage, deed of trust, easement, or similar encumbrance in connection with the financing thereof, or liens of non-delinquent taxes or assessments for local improvements. Lessor reserves the right to pay funds on behalf of the Lessee to remove liens in violation of this Lease and Lessee will reimburse Lessor for such payments. Except in the case of a bona fide dispute for which adequate financial reserves have been made, Lessee shall pay and discharge all liens of any kind or nature prior to the expiration of the time provided for filing of liens for claims of such nature.

ARTICLE XI: INDEMNITY AND INSURANCE

11.1 Indemnity by Lessee. Lessee shall indemnify and hold the City and Lessor harmless from any and all fines, suits, claims, demands, actions, and/or causes of action pertaining to any personal injury, death, or property damage which arises out of or is in connection with the business operations of Lessee on the Premises or in connection with Lessee's use of the Premises; provided, however, that the Lessee shall not be liable for any injury, damage, or loss occasioned by the negligence or willful misconduct of Lessor, its agents or employees. Lessor shall give Lessee prompt and timely notice of any claim or suits instituted which in any way, directly or indirectly, contingently or otherwise, affects or might affect Lessee, and Lessee shall have the right to compromise and defend the same to the extent of Lessee's own interest.

11.1.1 Lessee shall indemnify and hold Lessor harmless from and against any liability, loss, damage, costs, or expenses (including reasonable attorney fees and court costs) arising from any Worker's Compensation claims, Unemployment Compensation claims, or Unemployment Disability Compensation claims of employees of Lessee and/or Lessee's contractors and subcontractors, or claims under similar such laws and obligations.

11.2 Indemnity by Lessor. Lessor hereby agrees to indemnify and hold Lessee harmless from any and all fines, suits, claims, demands, actions, and/or causes of action pertaining to any personal injury, death, or property damage which arises out of or is in connection with Lessor's management and operation of the Airport, provided, however, that Lessor shall not be liable for any injury, damage, or loss occasioned by the negligence or willful misconduct of Lessee or the negligence or willful misconduct of Lessee's agents or employees in the course of their employment by Lessee. Lessee shall give Lessor prompt and timely notice of any claim or suits instituted which in any way, directly or indirectly, contingently or otherwise, affects or might affect Lessor, and Lessor shall have the right to compromise and defend the same to the extent of Lessor's own interest.

11.2.1 Lessor shall not be liable for any injury to Lessee's business, for any loss of income or for damage to the goods, wares, merchandise, or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises, or for any injury to the person of any of Lessee's employees, agents, or contractors unless such damage, loss, or injury is caused by, or is the result of, any negligence or willful misconduct of Lessor, its employees, agents, or third parties acting on behalf or at the request of the Lessor. Lessor shall not be liable for any damages arising from any act of any other Airport tenant, unless Lessor has ordered, approved, or in any way acquiesced to such act.

11.3 Insurance. In addition to the indemnities required in this Article XI, Lessee shall maintain policies of insurance in the following types and amounts of coverage:

11.3.1 Liability Insurance. Comprehensive airport general liability insurance and aircraft liability insurance in a kind and form satisfactory to Lessor with a minimum limit of liability of not less than One Million and 00/100 Dollars (\$1,000,000.00 USD) for any one accident and a minimum limit of liability of not less than One Million Dollars (\$1,000,000) in the aggregate for each calendar year. An Umbrella or Following Form Excess Liability Policy may be used to complete the One Million Dollar (\$1,000,000) limits required by this Article 11.3.1.

11.3.2 Worker's Compensation and Employees Liability. Lessee shall provide and keep in full force and effect during the Term of this Lease a policy of Worker's Compensation insurance covering those employees of Lessee who are employed by Lessee at the Premises.

11.4 Certificates of Insurance. Each Certificate of Insurance for the policies of insurance described in this Article 11.3 shall name Lessor as an additional insured and a copy of each Certificate of Insurance shall be filed with the City Clerk and City Risk Manager within thirty (30) days after the issuance of such Certificate of Insurance or within thirty (30) days after the execution of this Agreement, whichever date is later. Each Certificate of Insurance shall provide that insurance coverage for such policy of insurance will not be canceled or reduced without at least thirty (30) days (ten (10) days in the case of cancellation for non-payment of premium) prior written notice to Lessor.

11.5 Insurance Companies Acceptable to Lessor. Each policy of insurance described in Article 11.3 shall be issued by an insurer of recognized responsibility which is reasonably satisfactory to Lessor.

ARTICLE XII: RULES AND REGULATIONS

12.1 Compliance with Laws and Rules. Lessee shall observe and comply with all laws, ordinances, rules, and regulations, now in effect or hereafter promulgated, of the United States Government, the State of Arizona, the County of Coconino, and the City of Page, and all governmental agencies which have jurisdiction over the Airport or the operation, management, maintenance, or administration of the Airport. Upon written request by Lessor, Lessee shall provide to Lessor copies of permits, licenses, or other documents which evidence Lessee's compliance with such applicable laws. Lessee shall, at Lessee's sole expense, obtain the licenses and/or permits required in connection with the operation of Lessee's air transportation services business on the Premises or Property.

12.2 Compliance with FAA Regulations. Lessee agrees to comply with the following Federal Aviation Administration regulations:

12.2.1 Compliance with 49 CFR Part 21. The parties understand and agree that the Airport, the Premises, and the services provided by Lessee under the Related Agreement are all subject to Title 49, Code of Federal Regulations, USDOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally Assisted Programs of the U.S. Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended. Lessee covenants and agrees that during the Term of this Agreement, Lessee will execute any assurances required by 49 CFR Part 21.7(a) and that, notwithstanding the execution of any such assurances, that the Lessee covenants that during the Term, it will comply with all requirements of 49 CFR Part 21. The parties agree that the Lessee's covenants in this Article 12.2.1 are hereby made covenants running with the land for the Term of the Lease and are judicially enforceable by the United States Government.

12.2.2 Non-Discrimination in Construction and Use of Premises. Lessee covenants and agrees 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 subject to discrimination in (i) the use of the Premises, (ii) the construction of any improvements on, over, or under the land occupied by the Premises, or (iii) the furnishing of services on the Premises, and (2) Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, U.S. Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally Assisted Programs of the U.S. Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

12.2.3 Non-Discrimination Breach. In the event of breach of the above nondiscrimination covenants set forth Articles 12.2.1 and 12.2.2, Lessor shall have the right to terminate this Agreement in accordance with the notice, appeal, and other required procedures of Title 49, Code of Federal Regulations, Part 21.

12.2.4 Affirmative Action Program. Lessee agrees to undertake an affirmative action program as required by 14 CFR, Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex shall be excluded from participating in any employment activities covered in Title 14, Code of Federal Regulations, Part 152, Subpart E.

12.2.5 Non-Discriminatory Pricing. Lessee agrees to furnish Lessee's accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof, and Lessee agrees to charge fair, reasonable, and not unjustly discriminatory prices for services provided by Lessee; provided, however, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type price reductions to volume purchasers.

12.3 Right to Improve Landing Area. The City and Lessor reserve the right to further develop or improve the landing area of the Airport as they see, regardless of the desires or opinions of the Lessee and without hindrance or interference.

12.4 Right to Maintain the Airport. The Lessor reserves the right to maintain and keep in repair the landing areas of the Airport and all Public Airport Facilities. Lessee shall not, without the prior written consent of the Lessor, commence or engage in any repair or maintenance activities with regard to the landing areas of the Airport or the Public Airport Facilities.

12.5 Subordination. This Lease Agreement shall be subordinate to the provisions and requirements of any existing or future Agreement between the Lessor and the United States Government relative to the development, operation, or maintenance of the Airport.

12.6 Reservation of Airspace. There is hereby reserved to the Lessor, including its successors and assigns, for the use and benefit of the whole public, the right of flight of aircraft in the airspace above the surface of the Premises herein leased. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operation on the Airport.

12.7 Airspace Notice of Construction. Lessee agrees to comply with the Airport Master Plan, Airport Layout Plan, and the notification and review requirements covered in Part 77 of the Federal Aviation Administration Regulations in the event future construction of a building is planned for the Airport or Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Property or Premises. Upon written request from Lessee, Lessor agrees to provide to Lessee with a copy of the then-current Airport Master Plan and Airport Layout Plan, as amended. Lessee agrees to reimburse Lessor for all reasonable printing costs actually incurred by Lessor in providing such copies to Lessee.

12.8 Limitation on Structures. Except as otherwise permitted by Article VI of this Agreement or as otherwise permitted in writing by Lessor, Lessee may not erect or grow, nor permit the erection or growth of, any structure or object upon the real property of the Airport.

12.9 No Interference with Airport Operations. Lessee shall not use the Premises in any manner that either (i) interferes with the landing and taking off of aircraft from the Airport or (ii) otherwise constitutes an unreasonably hazardous condition. In the event of a breach of this Article 12.9 by Lessee, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

12.10 No Exclusive Right. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).

12.11 War or National Emergency. This Agreement shall be subject to any right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation, and takeover of the Airport or the exclusive use or nonexclusive use of the Airport by the United States Government during time of declared or undeclared war, national emergency, or pursuant to acts of terrorism.

12.12 Subletting and Assignment.

12.12.1 Except as otherwise expressly permitted in this Agreement, Lessee shall not let, sublet, or assign the Premises in whole or part, to an unrelated third party without the prior written consent of the Lessor through its Airport Manager. Such consent shall be deemed to have been given if, within thirty (30) days after receipt by Lessor of a written notice in which Lessee shall designate the intended transferee or assignee of the Premises, the Airport Manager does not, in writing, disapprove of the proposed action. This provision shall not apply to placing of mortgages, deeds of trust, or similar liens on the improvements made on the Premises, or to voluntary or involuntary transfers of such security instruments, as provided in Article IX herein above. Furthermore, Lessor's consent will not be required for an assignment or sublease of this Lease to an entity in which Lessee holds at least a fifty-one percent (51%) ownership interest, nor will Lessor's consent be required for the letting of meeting rooms, licenses, or concessions entered into in the normal course of Lessee's business within the Premises.

12.12.2 Lessee and all prospective sub-lessees or assignees are required to comply with the requirements of Chapter 14 of the Code of the City of Page.

ARTICLE XIII: TOTAL OR PARTIAL DESTRUCTION OF PREMISES

13.1 Total or Partial Destruction of Premises and/or Improvements. If at any time during the Term of this Agreement, the Premises, or the improvements thereon, shall be destroyed by fire, earthquake, or other calamity, and if the destruction or damage is of such nature as to render the Premises unsuitable for the conduct of air transportation operations by the Lessee as determined jointly by Lessor and Lessee, then at any time following such determination, Lessee may give written notice of termination to Lessor and upon the issuance of such termination notice by Lessee, this Agreement shall immediately terminate. Lessee's rights under this Article XIII are in addition to and not in lieu of its termination rights under Article 4.2 and Article XIV hereof.

ARTICLE XIV: TERMINATION

14.1 Termination by Either Party Upon Occurrence of Event. Lessor or Lessee may cancel this Agreement by giving sixty (60) days advance written notice to the other party to be served as hereinafter provided, upon or after the happening of any one of the following events:

14.1.1 The failure or refusal of the FAA or TSA, at any time during the Term of this Agreement, to permit Lessee to operate in or from the Airport and such refusal or failure is not reversed or cured within the sixty (60) day notice period.

14.1.2 Issuance by any court of competent jurisdiction of an injunction in any way preventing or restraining the use of the Airport or any part thereof for airport purposes which affects the Lessee's operation; and the remaining in force of such injunction for a minimum period of ninety (90) days if the injunction materially affects the Lessee's normal operations.

14.1.3 The inability of Lessee to use, for a period in excess of ninety (90) days, the Airport or the Premises, or any of the rights, licenses, services, or privileges leased to Lessee hereunder because of any law or any order, rule, regulation, or other action or any non-action of the FAA or any other governmental authority, or because of fire, earthquake, or other casualty or acts of God or act of terrorism.

14.1.4 The assumption by the United States Government or any authorized agency thereof of the operation, control, or use of the Airport or any substantial portions thereof, in such a manner as to substantially restrict Lessee, for a period of ninety (90) days, from operating Lessee's normal operations thereon.

14.2 Modification of Lease Due to Relocation. This Lease may be amended by the parties should the need arise to relocate the Lessee elsewhere on the Airport or the City builds a new airport elsewhere. In such event, Lessor will provide Lessee with at least ninety (90) days advance written notice. In the event that either (i) relocation of Lessee's leasehold improvements or (ii) relocation of Lessee's Premises within the present Airport is required by Lessor, then Lessor will, at no cost to Lessee, relocate Lessee's improvements and/or provide Lessee with such improvements as are equal to or better than those improvements then in existence on the Premises. In the event a relocation of the present Airport occurs during the period of this Lease, Lessor shall reimburse Lessee for the replacement cost of any improvements located on the Premises which are not relocated by Lessee to the new airport premises. This Article 14.2 shall not be deemed to limit in any way the parties' ability to amend this Lease for any reason at their discretion.

14.3 Termination of Lease Due to Conflict of Interest (A.R.S. §38-511). Pursuant to ARS §38.511, the Lessor may, within three years after the execution of this Agreement, cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the Agreement on behalf of the Lessor, is at any time while the Agreement or any extension of the Agreement is in effect, an employee or agent of any other party to the Agreement in any capacity or a consultant to any other party of the Agreement with respect to the subject matter of the Agreement. Lessor further elects to recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of Lessor from any other party to the Agreement, arising as a result of the Agreement.

14.4 Termination by Lessee. Upon the expiration, termination, or suspension for more than ten (10) calendar days of the Related Agreement, Lessee may, but will not be obligated to, terminate this Lease immediately upon written notice to Lessor.

14.6 Termination Without Cause. In addition to any right to terminate this Agreement for cause, each party retains the right to terminate this Agreement without cause upon sixty (60) days prior written notice to the other party.

14.6 Failure to Meet Conditions Precedent. Whether or not the Occupancy Date has occurred, in the event that the Conditions Precedent stated in Article 16.14 hereof have not been met by September 30, 2018, Lessee may, but shall not be obligated to, terminate this Agreement upon not less than ten (10) days' written notice to Lessor.

14.7. Compliance with 14 CFR Part 380. The parties understand and agree that the requirements of 14 CFR Part 380 apply to Lessee's use of the Premises. The parties hereby covenant that in the event of the termination of this Lease with or without cause by either party, and notwithstanding anything herein to the contrary, any such termination will not be effective until Lessee has complied with all applicable requirements of 14 CFR Part 380.

14.8 Other Terminations Rights. The termination rights set forth in this Article XIV are in addition to, and not in lieu of, the termination rights stated in Articles 4.2 and XIII hereof.

ARTICLE XV: DISPOSITION OF LESSEE PROPERTY AND IMPROVEMENTS UPON THE
EXPIRATION OR TERMINATION OF THE LEASE

15.1 Removal of Lessee Property. Upon the termination or expiration of this Agreement, and provided Lessee has paid all undisputed Monthly Lease Rates in full, Lessee shall have the right to remove all of Lessee's machinery, equipment, and property located on the Premises which are capable of being removed without injury or damage to the Premises within sixty (60) days of such expiration or termination.

15.2 Ownership of Improvements. Upon the expiration termination of this Agreement, any permanent improvements to the Premises shall become the property of the Lessor unless the Lessor determines that it would not be in Lessor's best interest to own such improvements. In the event Lessor elects not to exercise its right to retain any or all of permanent improvements to the Premises, Lessee may, within sixty (60) days of the termination of the lease and at Lessee's sole expense, remove such permanent improvements.

ARTICLE XVI MISCELLANEOUS

16.1 Lessor-Tenant Relationship. Nothing contained in this Lease shall be deemed or construed to create the relationship of principal and agent or of partnership or of joint venture or of any association whatsoever between Lessor and Lessee, it being expressly understood and agreed that neither the computation of rent nor any other provisions contained in this Lease, nor any act or acts of the parties hereto shall be deemed to create any relationship between Lessor and Lessee other than the relationship of landlord and tenant.

16.2 Notices. Any notice required to be given by either party to any other pursuant to this Agreement shall be in writing and shall be deemed to have been properly given if delivered in person, sent by overnight delivery or sent by registered or certified mail, return receipt requested, addressed to the other party at the following address, and shall be deemed to have been given on the day so delivered, transmitted or mailed:

To Contour:

Corporate Flight Management, Inc. d/b/a Contour Airlines
808 Blue Angel Way
Smyrna, Tennessee 37167
Attention: Matt Chaifetz, CEO

To the Lessor:

City of Page
697 Vista Avenue
Page, Arizona 86040
Attention: Kyle Christiansen, Aviation Director – City of Page

Either party to this Agreement has the right to change their representative or address for notice to any other location or individuals by giving at least five (5) business days' prior written notice to the other party in the manner set forth above.

16.3 Applicable Law and Venue. This Agreement shall be interpreted and enforced according to laws of the State of Arizona, except when pre-empted by Federal Law. Any actions or proceedings between the parties arising from or related to this Agreement shall be brought and maintained in Coconino County, Arizona, Superior Court or the United States District Court for the District of Arizona, Prescott Division, in Phoenix, Arizona.

16.4 Attorney Fees. In the event that either party shall institute and prevail in any action or suit for the enforcement of any of such party's rights hereunder, the prevailing party in said action shall be entitled to collect reasonable attorney fees and costs arising therefrom.

16.5 Severability. In the event any provision of the Agreement is held invalid and unenforceable, the other provisions of this Agreement shall be valid and binding on the parties hereto.

16.6 Good Faith. The parties agree to operate under this Agreement in good faith. Time is of the essence in the performance of this Agreement

16.7 Waiver. No waiver of default by either party of any of the terms, covenants or conditions hereof shall be construed as a waiver of any subsequent or continuing default.

16.8 Headings. The paragraph heading used herein are for convenience only and shall not affect the construction hereof.

16.9 Counterparts. This Agreement may be executed in two (2) or more counterparts, any of which may be electronic, each of which shall be deemed an original, and all of which together will constitute one and the same instrument.

16.10 Successors and Assigns. This Agreement shall be binding upon and enure to the benefit of Lessor and Lessee and their respective successors and assigns.

16.11 Incorporation of Recitals and Exhibits. The Recitals on the first page hereof and the Exhibits attached hereto are integral parts of this Agreement and are incorporated by reference as if fully reproduced herein.

16.12 Interpretation. The provisions of this Agreement will be interpreted in accordance with their plain meaning and will not be construed either for or against any presumed drafting party

16.13 Entire Agreement. This Agreement and the Related Agreement together constitute the complete agreement and understanding between the parties and supersedes all prior oral and written understandings. This Agreement shall not be modified, amended, or changed except in a writing executed by both parties. In the event of a conflict between this Agreement and the Related Agreement, the Related Agreement will govern, but only to the extent of such conflict. Each right, power and remedy of each party provided for in this Lease is now or hereafter existing at law or in equity or by statute or otherwise will be cumulative and concurrent and will be in addition to every other right, power or remedy provided for in this Lease.

16.14 Conditions Precedent. (i) the approval of the Lessor's and the City's governing bodies of this Agreement and the Related Agreement; and (ii) the satisfaction of all conditions set forth in the Related Agreement, including, without limitation, the conditions stated in Section 11 of the Related Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives as of the Effective Date.

On Behalf of the City of Page:

By: William R. D. Cook Date 8-8-18

Attest: [Signature] Deputy City Clerk Date 8-8-18

APPROVED AS TO FORM:

On Behalf of Corporate Flight Management, Inc. d/b/a Contour Airlines:

By: [Signature] Date AUGUST 6, 2018
Matthew Chaifetz, CEO

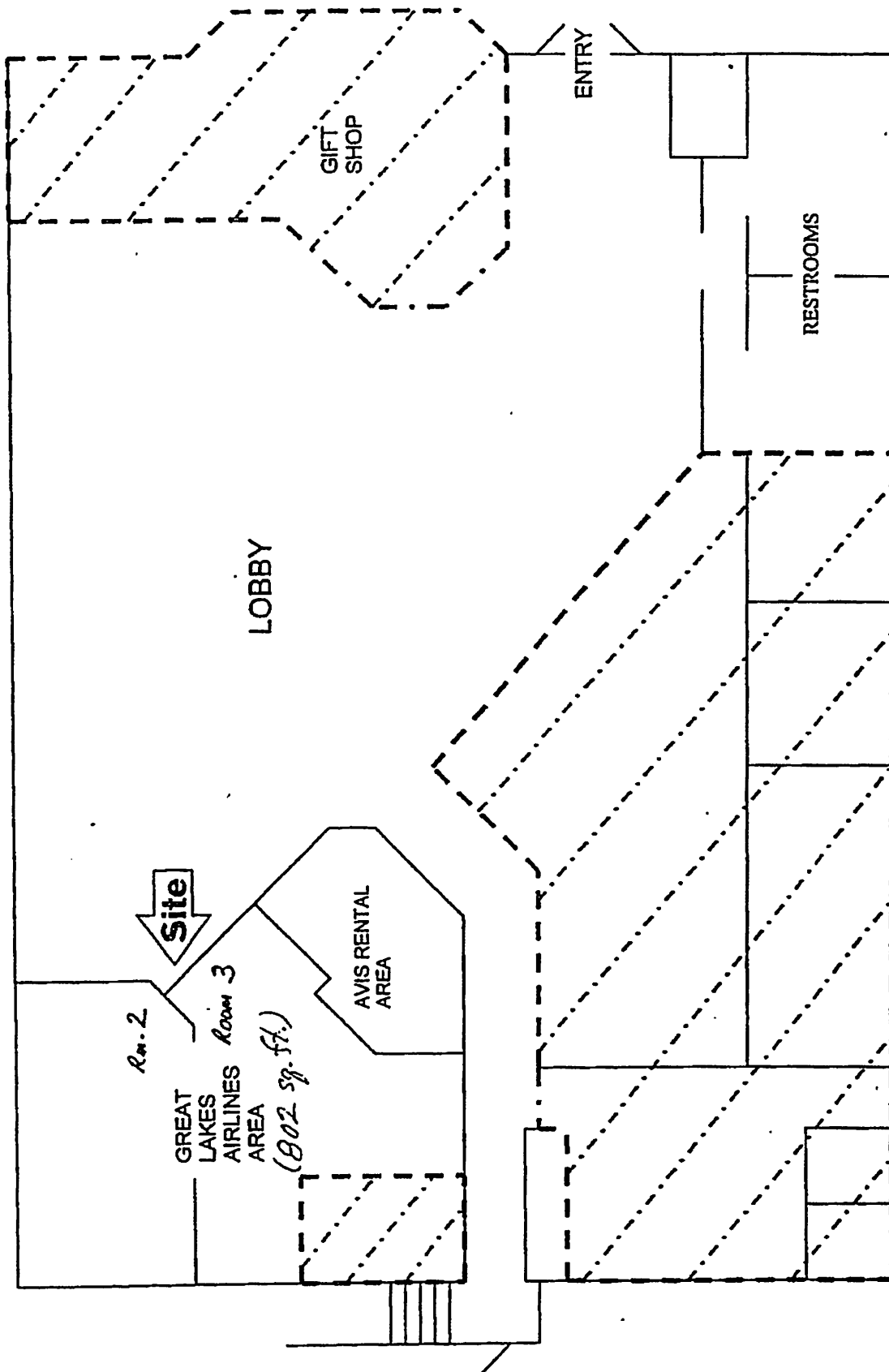
Attest: [Signature] Date AUGUST 8, 2018
James Allen Howell, Secretary

EXHIBIT "A"

"Premises", as used herein, is described as follows:

- 1) Rooms numbered 2 and 3 of Airport Main Terminal, 1st level, containing 802 square feet of space, as shown.
- 2) A 100 ft. by 100 ft. ramp space.
- 3) Employee parking as needed at the Main Terminal parking lot, subject to Article 2.4 of the Agreement.

EXHIBIT A
PAGE AIRPORT TERMINAL, 1ST LEVEL



Original - PGA

LEASE AREA - AMERICAN AVIATION

Hanger-Terminal Building Area Parcel A-L-1 of "Page Airport Lease Parcels"

Site
RAMP
SPACE
100'

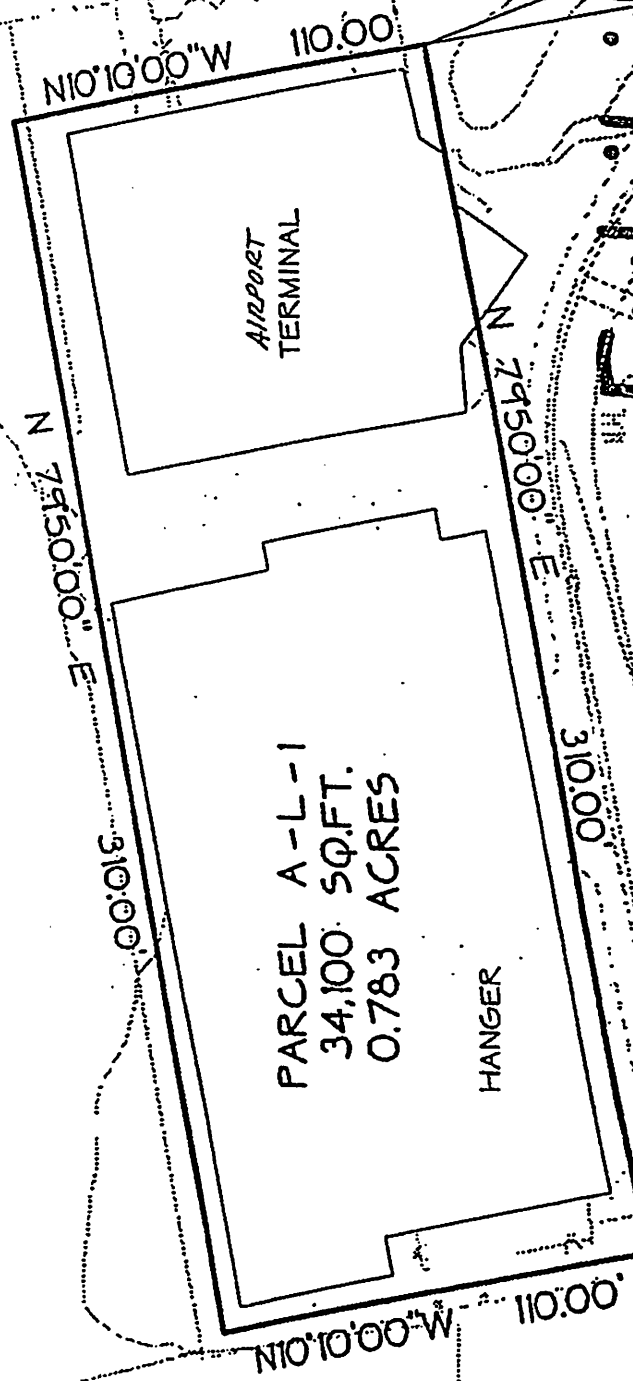


Exhibit "A"

CLASSIC
HELICOPTER