



**ACTION SHEET  
CITY COUNCIL COMMITTEE MEETING OF 10/29/14  
ITEM FROM FINANCE COMMITTEE MEETING OF 10/20/14**

**ISSUE:**

7. Bid No. 15/05/B – Security Services at Santa Fe Municipal Airport; AAA Security. (Francey Jesson)
- A. Request for Approval to Increase Commercial Aircraft Landing Fees.
- B. Request for Approval of Budget Increase – Airport Fund

**FINANCE COMMITTEE ACTION: APPROVED AS DISCUSSION ITEM**

Requested approval of Bid No. 15/05/B for security services at Santa Fe Municipal Airport with AAA Security in the amount of \$91,913.94 annually and request for approval to increase Commercial Aircraft Landing Fees from \$3.00 per 1,000 pounds to \$3.30 per 1,000 pounds.

**FUNDING SOURCE: 52800.510310**

**SPECIAL CONDITIONS OR AMENDMENTS**

**STAFF FOLLOW-UP:**

Memo regarding Landing Fee Modification. Why the price change per hour of \$15.50 for various months.

<b>VOTE</b>	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
COUNCILOR TRUJILLO	X		
COUNCILOR RIVERA	X		
COUNCILOR LINDELL	X		
COUNCILOR MAESTAS	X		
CHAIRPERSON DOMINGUEZ			

3-17-14

# City of Santa Fe, New Mexico

# memo

**DATE:** October 29, 2014

**TO:** City Council

**FROM:** Francey Jesson, Airport Manager 

**VIA:** Jon Bulthuis, Transportation Director 

**COPY TO:** Robert Rodarte, Purchasing Director

**RE:** Supplemental Memo - Santa Fe Municipal Airport Security PSA

**ITEM & ISSUE:**

At the October 20, 2014, Finance Committee meeting, the Committee requested additional information which was not readily available. This supplemental memo will address those questions.

**BACKGROUND & SUMMARY:**

The Committee's questions were specifically regarding the Contractor's difference in hourly bid pricing. AAA Security bid an hourly rate of \$17.00 per hour for services for the months of June through October and \$15.50 per hour for services for the months of November through May. I asked the Contractor why they bid a lower price for November through May. They advised me that they believed the requirements for the winter season were for *unarmed* security services. This revealed a typographical error on the Bid Form that until now was unknown to the Airport. See attached Bid Form # '15/05/B. Nonetheless, the PSA, which was included in the RFB, stipulated the scope of work was to provide *armed* security services. The Contractor has advised that they were confused, but will honor their bid pricing of \$15.50 per hour for the winter season with *armed* guards.

**ACTION REQUESTED:**

None. Information only.

**BID FORM  
BID # '15/05/B**

This Bid is submitted to:

CITY OF SANTA FE  
PURCHASING OFFICER  
2651 SIRINGO ROAD, BLDG. H,  
SANTA FE, NEW MEXICO 87505

The bidder will complete the work for the following price(s):

- 1) (\$ \_\_\_\_\_) Per Hour for Uniformed Armed Security Guard Service based on an anticipated minimum of 2,678 hours per year for the months of June through October.
- 2) (\$ \_\_\_\_\_) Per Hour for Uniformed Security Guard Service based on an anticipated minimum of 2,544 hours per year for the months of November through May.

**TOTAL BASE BID**

Base Bid \_\_\_\_\_ (\$ \_\_\_\_\_)  
(use words) (figures)

**N. M. GROSS RECEIPTS TAX (LABOR ONLY)**

N.M.G.R.T. \_\_\_\_\_ (\$ \_\_\_\_\_)  
(labor only) (use words) (figures)

**TOTAL BID AMOUNT**

TOTAL BID \_\_\_\_\_ (\$ \_\_\_\_\_)  
(use words) (figures)

# City of Santa Fe, New Mexico

# memo

**DATE:** October 20, 2014

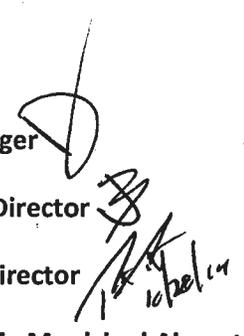
**TO:** Finance Committee

**FROM:** Francey Jesson, Airport Manager

**VIA:** Jon Bulthuis, Transportation Director

**COPY TO:** Robert Rodarte, Purchasing Director

**RE:** Supplemental Memo - Santa Fe Municipal Airport Security PSA



**ITEM & ISSUE:**

At the October 6, 2014, Public Works Committee meeting, the Committee requested additional information which was not readily available. This supplemental memo will address those questions.

**BACKGROUND & SUMMARY:**

The Committee's questions were specifically regarding responsibility and methods to verify that the security guard company staff assigned to the Airport are meeting the qualifications, licenses and certifications as required by the Professional Services Agreement, Section 1, Paragraph F. This verification is accomplished in several ways.

1. The Request for Qualifications process required that any interested security company become pre-qualified to bid on this contract. During the RFQ process, interested security companies submitted statements of qualification demonstrating that their company and all employees who would be assigned to the Airport could meet the qualifications, licenses and certifications minimums. Respondents were asked to describe their company's management structure, including local training support and supervision of staff. Respondents were further required to comprehensively describe their officer recruitment and retention procedures, including background checks, psychological testing, skills testing and job knowledge. Respondents were required to supply resumes of all top level staff, including the individual(s) who would be directly in charge of the Airport contract, if selected. Only those Respondents who passed the pre-qualification process were allowed to bid the contract. Of the six companies who submitted statements of qualification, three were pre-qualified to bid.
2. The PSA requires that the Contractor submit to the Airport a Letter of Affidavit for any employee prior to being assigned at the Airport certifying that the employee has met all minimum qualifications, licenses and certifications. Several of them involve the issuance of an official

certificate from the certifying agency (i.e. American Red Cross). It will be the responsibility of the Airport Manager to review these Letters of Affidavit, and all supporting certificates, for currency, minimum requirements, accuracy and timeliness of submission to the Airport. Copies will be maintained for each contractor employee and expiration dates, if necessary, will be tracked through an Excel spreadsheet. Additionally, the Airport may randomly contact certifying agencies to verify documentation. If the Airport is in any in doubt of the validity of any supporting documentation, or if a random check reveals non-compliance, the Airport will immediately notify the Contractor and, if necessary, the certifying agency. Should the Contractor fail to submit accurate and timely documentation, the Contractor could be found to be in default of the PSA and subject to contract termination.

**ACTION REQUESTED:**

None. Information only.

# City of Santa Fe, New Mexico

# memo

**DATE:** September 22, 2014

**TO:** Finance Committee

**FROM:** Robert Rodarte, Purchasing Officer  
Purchasing Division

**VIA:** Teresita Garcia, Assistant Finance Director  
Finance Department

**ISSUE:** Award of Request for Bid # '15/05/B  
Security Services for the Santa Fe Municipal Airport

**SUMMARY:**

On September 16, 2014, two bids were received for the above referenced service as follows:

	<u>Bid Amount</u>
<b>AAA Security, Albuquerque</b>	
Total Bid Amount	\$ 91,913.94
<b>Securitas Security Services, Albuquerque</b>	
Total Bid Amount	\$113,642.31

The using department has reviewed the bid and recommends award of bid to AAA Security, Albuquerque in the amount of \$91,913.94 annually for up to a two year period.

The using department has reviewed the bids and recommends award to AAA Security Services, Albuquerque in the amount of \$91,913.94 annually.

Budget is available as outlined in memo of recommendation from using department.

**ACTION:**

It is requested that this recommendation of award to AAA Security, Albuquerque, in the amount of \$91,913.94 annually reviewed, approved and submitted to the City Council for its consideration.

**Attachment(s):**

1. Memo of recommendation from the using department.
2. A copy of the professional service agreement.
3. A copy of tabulation score sheet.



**ACTION SHEET  
ITEM FROM THE  
PUBLIC WORKS/CIP AND LAND USE COMMITTEE MEETING  
OF  
MONDAY, OCTOBER 7, 2014**

**ITEM 10**

SANTA FE MUNICIPAL AIRPORT SECURITY PROFESSIONAL SERVICE AGREEMENT (PSA)

- REQUEST FOR APPROVAL OF PSA BETWEEN THE CITY OF SANTA FE AND AAA SECURITY TO PROVIDE SECURITY SERVICES AT THE SANTA FE MUNICIPAL AIRPORT FOR A TERM OF FOUR (4) YEARS WITH AN ANNUAL NOT TO EXCEED COST OF \$91,913.94
- REQUEST OF APPROVAL TO INCREASE COMMERCIAL AIRCRAFT LANDING FEES FROM \$3 PER 1,000 POUNDS TO \$3.30 PER 1,000 POUNDS TO ENSURE FUNDING IS AVAILABLE TO PAY FOR SAID PSA
- REQUEST OF APPROVAL OF BUDGET ADJUSTMENTS (FRANCEY JESSON)

**PUBLIC WORKS COMMITTEE ACTION: Approved**

**FUNDING SOURCE: 52800.510310**

**SPECIAL CONDITIONS / AMENDMENTS / STAFF FOLLOW UP: Reduce to a 2-year contract term, follow up on verification process**

VOTE	FOR	AGAINST	ABSTAIN
CHAIRPERSON TRUJILLO			
COUNCILOR BUSHEE	X		
COUNCILOR DIMAS	X		
COUNCILOR DOMINGUEZ	X		
COUNCILOR RIVERA	X		

# City of Santa Fe, New Mexico

# memo

DATE: October 6, 2014

TO: Public Works Committee

FROM: Francey Jesson, Airport Manager 

VIA: Jon Bulthuis, Transportation Director 

COPY TO: Robert Rodarte, Purchasing Director

RE: Santa Fe Municipal Airport Security PSA

## ITEM & ISSUE:

1. Request approval of Professional Services Agreement between the City of Santa Fe and AAA Security to provide security services at the Santa Fe Municipal Airport for a term of 4 years with an annual not to exceed cost of \$91,913.94 to be paid from business unit/line item 52800.510310 Service Contracts.
2. Request approval to increase commercial aircraft landing fees from \$3 per 1,000 pounds to \$3.30 per 1,000 pounds to ensure funding is available to pay for said Professional Services Agreement between the City of Santa Fe and AAA Security. ✓
3. Request Budget Adjustment Request as follows:
  - a. Increase Revenue 51800.430752 Airline Security Fee from \$43,197 to \$47,516
  - b. Increase Revenue 51800.430500 Landing Fees from \$271,729 to \$298,901
  - c. Increase Expense 52800.510310 Service Contracts from \$83,150 to \$107,056

## BACKGROUND & SUMMARY:

Transportation Security Administration (TSA) requires the Santa Fe Municipal Airport provide armed, uniformed law enforcement officers and/or security guards to support the Airport Security Program, the TSA passenger screening checkpoint and the airlines' Aircraft Operator Security Programs. Since 2009, the Airport has chosen to meet this requirement through a PSA with a security guard company. In August of this year, the Airport solicited security firms through RFQB '15/05/QB. Six firms responded, as follows: AAA Security, Securitas, Universal Protection Services, LLC, Santa Fe Protection Services, Inc, ADC LTD NM, and TRUSecurity. AAA Security was the low bidder with a total annual bid amount not to exceed \$91,913.94. The attached proposed PSA with AAA Security reflects this bid amount. The PSA is for a term of four (4) years, ending on November 1, 2018, for a total 4-year not to exceed contract cost of \$367,655.76.

The proposed PSA constitutes an annual increase of \$27,438.08 over the previous PSA (\$64,472.86), with another firm (see attached). This is not representative of an increase in hourly rates from one firm to the other. The previous firm's hourly rate was \$17.41 per hour. AAA Security's hourly rate is \$17.00 per hour based on 2,678 hours per year for the months of June through October and \$15.50 per hour based on 2,544 hours per year for the months of November through May. The increase is representative of several factors that have required the Airport to increase the minimum daily and annual hours for which armed security is needed in the terminal, as follows:

1. Due to recent aviation events, TSA now requires increased presence of armed security guards at airports regardless of whether or not the screening checkpoint is open;
2. TSA requires the Airport to man the exit lane where passengers deplane from the aircraft into the terminal. The Airport does not have City staff to perform this function so we require the security guard to do it;
3. Airline daily operations have increased year over year since 2009. Flights are scheduled throughout the day, depending upon the time of year, as early as 6:00 AM and as late at 9:00 PM. This requires longer daily hours for security services in the terminal.

The contractor will be paid out of the Airport's service contracts business unit/line item #52800.510310. The Airport proposes the following Budget Adjustment and airline agreement adjustments to cover the apparent \$24,913.94 budget shortfall. See Attached Exhibit B.

- Current agreements with our airlines require that the airlines reimburse the Airport for 67% of our security costs through an Airline Security Fee, business unit/line item 51800.430752. Based on FY 14/15 estimated security costs, the Airport budgeted revenues in this business unit/line item of \$45,197. Based on the previous PSA, however, the airlines were responsible to reimburse the Airport for an actual cost of \$43,196.82 (67% of \$64,472.86). However, the current agreement with the airlines also stipulates the Airline Security Fee can be raised not more than 10% each year to allow for increased PSA costs. Therefore, the Airport intends to increase the airlines contractual Airline Security Fee by the allowed 10% to \$47,516. The airline agreement allows this increase by a letter from the Airport Manager and does not require further amendment to the airline agreement or Council action. See attached Exhibit C, American Airlines Agreement page 5 Section 5(G).
- With the increased Airline Security Fee, the Airport is now contractually responsible for \$44,397.94 of the total annual PSA cost. FY 14/15 budgeting of the Airport's share, based on \$67,000 total cost, is \$22,110.00, which leaves a new actual budget shortfall of \$22,287.94.
- The Airport proposes to cover this shortfall of \$22,287.94 through an increase in commercial aircraft landing fees (paid only by commercial aircraft operators) from \$3 per 1,000 pounds to \$3.30 per 1,000 pounds. Based on 2013 actual airline landings, which had a completion rate of 99%, and estimated 2014 landings, this increased landing fee constitutes an estimated revenue increase of \$27,172. The Airport proposes a Budget Adjustment in the revenue business unit/line item 51800.430500 Landing Fees from \$271,729 to \$298,901. The Airport feels the \$4,884.06 difference between actual budget shortfall and estimated increased landing fee revenue is a healthy margin to protect the Airport should airline completion rates be below 99%.

**ACTION REQUESTED:**

1. Request approval of Professional Services Agreement between the City of Santa Fe and AAA Security to provide security services at the Santa Fe Municipal Airport for a term of 4 years with

an annual not to exceed cost of \$91,913.94 to be paid from business unit/line item 52800.510310 Service Contracts.

2. Request approval to increase commercial aircraft landing fees from \$3 per 1,000 pounds to \$3.30 per 1,000 pounds to ensure funding is available to pay for said Professional Services Agreement between the City of Santa Fe and AAA Security.
3. Request Budget Adjustment Request as follows:
  - a. Increase Revenue 51800.430752 Airline Security Fee from \$43,197 to \$47,516
  - b. Increase Revenue 51800.430500 Landing Fees from \$271,729 to \$298,901
  - c. Increase Expense 52800.510310 Service Contracts from \$83,150 to \$107,056



**City of Santa Fe  
Summary of Contracts, Agreements, & Amendments**

**Section to be completed by department for each contract or contract amendment**

1 FOR: ORIGINAL CONTRACT  or CONTRACT AMENDMENT

2 Name of Contractor AAA Security

3 Complete information requested  Plus GRT  
 Inclusive of GRT

Original Contract Amount: \$91,913.94

Termination Date: \_\_\_\_\_

Approved by Council Date: TBD

or by City Manager Date: \_\_\_\_\_

Contract is for: Security guard services for Santa Fe Municipal Airport

Amendment # \_\_\_\_\_ to the Original Contract# \_\_\_\_\_

Increase/(Decrease) Amount \$ \_\_\_\_\_

Extend Termination Date to: \_\_\_\_\_

Approved by Council Date: \_\_\_\_\_

or by City Manager Date: \_\_\_\_\_

Amendment is for:  

4 History of Contract & Amendments: (option: attach spreadsheet if multiple amendments)  Plus GRT  
 Inclusive of GRT

Amount \$ 91,913.94 of original Contract# TBD Termination Date: 11/01/2018  
Reason: first year of 4 year contract. Annual Not To Exceed is \$91,913.94

Amount \$ \_\_\_\_\_ amendment # \_\_\_\_\_ Termination Date: \_\_\_\_\_  
Reason: \_\_\_\_\_

Amount \$ \_\_\_\_\_ amendment # \_\_\_\_\_ Termination Date: \_\_\_\_\_  
Reason: \_\_\_\_\_

Amount \$ \_\_\_\_\_ amendment # \_\_\_\_\_ Termination Date: \_\_\_\_\_  
Reason: \_\_\_\_\_

Total of Original Contract plus all amendments: \$ 91913.94 annually



**City of Santa Fe  
Summary of Contracts, Agreements, & Amendments**

5 **Procurement Method of Original Contract:** (complete one of the lines)

RFP# \_\_\_\_\_ Date: \_\_\_\_\_  
 RFQ  15/05/QB \_\_\_\_\_ Date: September 16, 2014  
 Sole Source  \_\_\_\_\_ Date: \_\_\_\_\_  
 Other \_\_\_\_\_

6 **Procurement History:** 4 year contract  
 example: (First year of 4 year contract)

7 **Funding Source:** Airport enterprise fund 52800 **BU/Line Item:** 510310

8 **Any out-of-the ordinary or unusual issues or concerns:**

(Memo may be attached to explain detail.)

9 **Staff Contact who completed this form:** Francey Jesson

Phone # \_\_\_\_\_ -2901

10 **Certificate of Insurance attached.** (if original Contract)

**Submit to City Attorney for review/signature**  
**Forward to Finance Director for review/signature**  
**Return to originating Department for Committee(s) review or forward to City Manager for review**  
**and approval (depending on dollar level).**

**To be recorded by City Clerk:**

Contract # \_\_\_\_\_

Date of contract Executed (i.e., signed by all parties): \_\_\_\_\_

Note: If further information needs to be included, attach a separate memo.

**Comments:**

Annual not to exceed cost is \$91,913.94 Total 4 year not to exceed cost is \$367,655.76. Costs to be recovered through airline security fees and commercial landing fees.

# Exhibit A

CITY OF SANTA FE

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into by and between the City of Santa Fe (the “City”) and AAA Security, (“Contractor”). The date of this Agreement shall be the date when it is executed by the City and the Contractor, whichever occurs last.

1. SCOPE OF SERVICES

A. Contractor shall provide armed uniformed security guard services at the Santa Fe Municipal Airport with duty location as designated by the airport manager and during on-duty hours. All Contractor’s employees assigned the Airport shall perform the following duties, services and functions and meet the following requirements.

B. General Duties. Contractor’s employee(s) shall:

- i. Maintain a physical presence in the terminal building when commercial airline flights are in operation to include, but not be limited to the security screening checkpoint, waiting area, ticket counters, boarding gate areas, concession, and restroom facilities;
- ii. Remain visible and accessible to the public in the terminal building at all times and take direction from the airport manager or designee;
- iii. Confront suspicious activity without altercation;
- iv. Use reasonable efforts to deter, or when absolutely necessary detain, persons observed attempting to gain or gaining unauthorized access to the airport aircraft parking area;

- v. Provide reports on all activity, and when necessary, follow incidents to their conclusion including court appearances;
- vi. Cooperate with and assist law enforcement agencies in connection with security violations committed at the Santa Fe Municipal Airport;
- vii. Notify the Santa Fe Regional Communications Center and the airport manager or designee of a need for police, fire or medical assistance;

C. Security Screening Checkpoint Duties. Contractor's employees are required to perform functions at the Security Screening Checkpoint as follows:

- i. Provide an armed deterrence to criminal activity;
- ii. Respond to situations where an individual is interfering with activities at the screening checkpoint;
- iii. Request assistance from a local Law Enforcement Officer (LEO) if a violation of the law occurs;
- iv. When requested by an on-duty screener, assist in preventing prohibited items from entering the secure area;
- v. Provide for the overall security of the screening checkpoint, screeners and passengers;
- vi. Take control of prohibited items that are discovered at the checkpoint when requested and turn them over to the appropriate authority as directed by the airport manager or Lead Screener;
- vii. Control the Checkpoint Exit Lane to prevent inadvertent entry;
- viii. Determine whether the credential and badge presented by an armed Federal, State, or local LEO, or an armed security company employee

appears to be issued by the appropriate organization, including the review of a Federal Flight Deck Officer (FFDO) credential, without badge, when presented at the screening checkpoint;

- ix. Request assistance from the local LEO when it is determined that the credential and/or badge presented does not appear to be official;

D. On-Duty Hours and Duty Location. Contractor employees' duty location is the terminal building. Contractor employees' on-duty hours will be dependent upon commercial airline flight schedules, which fluctuate throughout the year. Contractor, in coordination with the airport manager, will adjust employee's on-duty hours as necessary to ensure Contractor employee is on-duty 7 days/week, 365 day/year, as follows:

- i. At all times when the Screening Checkpoint is open Contractor's employee shall be on-duty in the terminal building.
- ii. Ninety (90) minutes prior to any commercial airline departure, Contractor's employee shall be on-duty in the terminal building.
- iii. Thirty (30) minutes after any commercial airline arrival, Contractor's employee shall be on-duty in the terminal building.

E. Reports and Records. Contractor will be required to submit reports and records, in a format provided and/or approved by the airport manager, as follows:

- i. Incident Reports -- Documentation of all incidents Contractor employee responds to, including but not limited to;

- (1) Checkpoint alarms including an itemized list of confiscated prohibited items and the disposition of said items
  - a. Frequency - Weekly
- (2) Security breaches or attempted security breaches in the terminal building
  - a. Frequency – Next business day
- (3) Interference or attempted interference with screening
  - a. Frequency – Next business day
- (4) Medical or fire emergencies in the terminal building
  - a. Frequency – Next business day

ii. Daily Logs – Documentation of Contractor employee’s routine and non-routine activity while on duty to include at minimum:

- (1) Time on duty
- (2) Time off duty
- (3) Times at checkpoint
- (4) Unusual checkpoint activities
- (5) Brief description of routine and non-routine interactions with airport employees, customer and users
  - a. Frequency - Weekly

F. Qualifications, Licenses and Certifications. Contractor shall not assign any employee to the Airport for permanent, long-term, short-term, temporary or fill-in duty who does not have at minimum following qualifications, licenses and certifications:

- i. Employees assigned under this Agreement must be registered, and in good standing with the New Mexico Bureau of Private Investigators, and must be in compliance with Sections 61-27-1 et seq. NMSA 1978 prior to the employee being assigned to its post.
- ii. Minimum of ten (10) hours of classroom training, and a minimum of six (6) month's experience in police science or security service.
- iii. Ability to read and write English, particularly in emergency situations requiring clear and definitive articulation to assure confidence, control and safety to those involved.
- iv. Possess the ability to pass an annual physical fitness examination, including but not limited to drug and alcohol testing, by a licensed physician.
- v. Possess CPR and FIRST AID certification as set forth by the American Red Cross or equivalent association.
- vi. Possess a valid appropriate driver's license.
- vii. Be current and fully qualified to carry a firearm when required to perform duty at the Santa Fe Municipal Airport Security Screening Checkpoint.

G. Airport Specific Training. Contractor shall not assign any employee to the Airport for permanent, long-term, short-term, temporary or fill-in duty who does not have at minimum following training:

- i. Santa Fe Municipal Airport Familiarity Training
- ii. Santa Fe Municipal Airport Non-Movement Area Driver Training

iii. Contractor shall provide, at Contractor's expense, access to an internet-connected computer or other device capable of allowing Contractor's employee to participate in digital computer-based airport specific training. Said digital computer based training is a subscription paid for by the Airport for all of the Airport's employees, contractors and tenant employees, including Contractor employee(s) assigned to the Airport. Contractor's employee shall, at minimum, view the following video training within 2 (two) months of being assigned at the Airport:

- (1) Airport Customer Service Series (4 videos, total watch time 17 minutes)
- (2) History of Aviation Security Part 1 – 4 (total watch time 97 minutes)
- (3) Sensitive Security Information (total watch time 6 minutes)
- (4) Aviation Watch (total watch time 15 minutes)
- (5) Basic Security Awareness (total watch time 15 minutes)

H. Conduct. Contractor's employee(s) shall always maintain the highest level of professionalism, customer service and integrity while at the Airport, including but not limited to:

- i. Maintain an open, proactive line of communication with the airport manager, airport employees, TSA, airline and concession employees.
- ii. At no time shall the Contractor or its employee assigned under the terms and conditions of this Agreement accept fees or other monetary

compensation of any kind from patrons or invitees for services rendered or under this Agreement.

## 2. CONTRACTOR GENERAL STANDARD OF PERFORMANCE

- A. At no time shall the Contractor assign an employee under the terms and conditions of this Agreement that has been convicted of a felony or crime of moral turpitude.
- B. Contractor shall assign one full-time contract manager or additional personnel as required who shall be responsible for the direct supervision of Contractor's employees assigned to the City and shall be available at reasonable times to consult with the City or its designated representative regarding the services rendered or services to be rendered under this Agreement.
- C. Contractor shall submit to the City a complete background investigation report for all personnel assigned to the City under the terms of this Agreement seven days prior to each assignment. The background investigation report shall include, but not be limited to:
  - i. Verification of criminal history and background
  - ii. Confirmation of previous employment.
  - iii. Verification of all application information.
  - iv. Verification of application filed with the Bureau of Private Investigators.
- D. The City reserves the right to fingerprint and photograph all personnel assigned under the terms of this Agreement. If the Contractor receives an unsuitable report on any of its employees assigned to this Agreement subsequent to the commencement of service, or the City finds a Contractor's employee unsuitable

or unfit for assigned duties, the employee will not be allowed to continue work, or be assigned to work, under the terms of this Agreement.

- E. Contractor shall deliver to the City, no less than two (2) business days prior to the employee being assigned to its post, a Letter of Affidavit for each employee assigned or subsequently assigned under the terms of this Agreement, certifying that the employee has met all of the hiring and training requirements. The Letter of Affidavit shall include but not be limited to:
- i. Outline of security experience (minimum six months).
  - ii. Outline of classroom training to include but not be limited to courses, dates, hours, and any certification.
  - iii. Outline of related training to include but not be limited to courses, dates, hours, and certification.
  - iv. Verification of all employment application information.
  - v. Verification that contractor's employee assigned under the terms of this Agreement has received and reviewed all post orders.
  - vi. Verification of license application to Bureau of Private Investigators.
- F. Contractor will provide an on-going advanced officer training program reflecting changes in law, regulations, customer relations, corporate policies, etc.
- G. Contractor will not assign, reassign, promote, transfer or terminate any employee within or away from this Agreement without 48 hour prior notification to the City.

- H. Contractor will supply all uniforms and assure that they are continuously cleaned and maintained. Contractor will not require employees assigned under the terms of this Agreement to purchase uniforms.
- I. Contractor will supply, at its own expense, all vehicles, weather gear, leather gear, flashlights, pagers, cellular phones, radios, and other equipment as is mutually agreed upon between the City and the Contractor, in order to meet the requirements of this Agreement.
- J. Contractor must be registered, and in good standing with the New Mexico Bureau of Private Investigators, and must be in compliance with Section 61-27-1 et seq. NMSA 1978, and shall comply with required federal, state and local licensing requirements.
- K. Contractor shall maintain a current license throughout the term of this Agreement, and shall report the potential for license suspension, revocation, or limitation to the City within 10 days of notice from the state, county or city licensing boards.
- L. Contractor shall have a dispatch center answering its phones 24 hours a day. A contract answering service or answering machine will not be acceptable. Contractor shall respond to all telephone inquiries in a timely manner and immediately in the event of an urgent matter requiring attention.
- M. Contractor will be required to replace or repair at its cost any equipment owned by the City (without limitation, communication equipment, fire equipment, safety equipment, locks, keys, access control systems, etc.), damaged or lost through abuse or neglect by the Contractor or its employees. Use of the City's

telephone system for personal use is prohibited, and the cost of such usage will either be billed to the Contractor, or deducted from the monthly payment, at the discretion of the City.

- N. Contractor may be required to work special events on the date(s) and time(s) specified by the City. The City shall provide the Contractor with two weeks' notice for regularly scheduled events. However, this does not preclude the need for emergency service with less than one week notice in the event of an emergency or special event not regularly scheduled.
- O. Contractor shall provide a copy of the master log for each location assigned under the terms and conditions of this Agreement at the time of invoice. The City will not consider an invoice for payment for services in advance without the master log for each location.
- P. The Contractor shall comply with all airport security regulations prescribed by 49 CFR Part 1542, and agree to employ such measures as are necessary to prevent or deter the unauthorized access of persons or vehicles into the secure area of the airport. The Contractor shall comply with Transportation Security Regulation Part 1542 (airport security) and airport security policies as presently outlined in the Airport Security Plan, as such Plan may be amended from time to time. The Contractor shall pay any forfeitures or fine levied upon it by the airport, or the airport through enforcement of the Transportation Security Regulation Part 1542, or any other applicable federal, state, or local regulation, due to the acts or omissions of the Contractor, their employees, agents, suppliers, invitees, or guests and for any attorney fees or related costs paid by the airport as a result of such violation

### 3. COMPENSATION

- A. The City shall pay to the Contractor in full payment for services rendered an annual sum not to exceed ninety-one thousand nine hundred thirteen dollars and ninety-four cents (\$91,913.94) inclusive of applicable gross receipts taxes. Payment shall be made for service's actually rendered at an hourly rate of seventeen dollars (\$17.00) per hour plus applicable gross receipts taxes for each armed security guard based on an anticipated minimum of 2,678 hours per year for the months of June through October, and fifteen dollars and fifty cents (\$15.50) per hour plus applicable gross receipts taxes for each armed security guard based on an anticipated minimum of 2,544 hours per year for the months of November through May, including the vehicle and all equipment for each security guard. An additional sum of ten thousand dollars (\$10,000) is established in the event that additional security service is required for emergencies.
- B. The Contractor shall be responsible for payment of gross receipts taxes levied by the State of New Mexico on the sums payable under this Agreement.
- C. Payment shall be made upon receipt and approval by the City of detailed statements containing a report of services completed. Compensation shall be paid only for services actually performed.

### 4. APPROPRIATIONS

- A. The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the City for the performance of this Agreement. If sufficient appropriations and authorization are not made by the

City, this Agreement shall terminate upon written notice being given by the City to the Contractor. The City's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final.

5. TERM AND EFFECTIVE DATE

- A. This Agreement shall be for two (2) years effective when executed by the City and terminate on November 1, 2016, unless terminated sooner pursuant to Article 6 below.

6. TERMINATION

- A. This Agreement may be terminated by the City upon 10 days written notice to the Contractor.
- B. The Contractor shall render a final report of the services performed up to the date of termination shall turn over to the City original copies of all work product, research or papers prepared under this Agreement.
- C. If compensation is not based upon hourly rates for services rendered, the City shall pay the Contractor for the reasonable value of services satisfactorily performed through the date the Contractor receives notice of such termination, and for which compensation has not already been paid.
- D. If compensation is based upon hourly rates and expenses, the Contractor shall be paid for services rendered and expenses incurred through the date the Contractor receives notice of such termination

7. STATUS OF CONTRACTOR; RESPONSIBILITY FOR PAYMENT OF EMPLOYEES AND SUBCONTRACTORS

- A. The Contractor and its agents and employees are independent contractors performing professional services for the City and are not employees of the City. The Contractor, and its agents and employees, shall not accrue leave, retirement, insurance, bonding, use of City vehicles, or any other benefits afforded to employees of the City as a result of this Agreement.
- B. Contractor shall be solely responsible for payment of wages, salaries, and benefits to any and all employees or contractors retained by Contractor in the performance of the services under this Agreement.
- C. The Contractor shall comply with City of Santa Fe Minimum Wage, Article 28-1-SFCC 1987, as well as any subsequent changes to such article throughout the term of this Agreement.

8. CONFIDENTIALITY

- A. Any confidential information provided to or developed by the Contractor in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by the Contractor without the prior written approval of the City.

9. CONFLICT OF INTEREST

- A. The Contractor warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Agreement. Contractor

further agrees that in the performance of this Agreement no persons having any such interests shall be employed.

#### 10. ASSIGNMENT; SUBCONTRACTING

- A. The Contractor shall not assign or transfer any rights, privileges, obligations, or other interest under this Agreement, including any claims for money due, without the prior written consent of the City. The Contractor shall not subcontract any portion of the services to be performed under this Agreement without the prior written approval of the City.

#### 11. RELEASE

- A. The Contractor, upon acceptance of final payment of the amount due under this Agreement, releases the City, its officers, and employees, from all liabilities, claims, and obligations whatsoever arising from or under the Agreement. The Contractor agrees not to purport to bind the City to any obligation not assumed herein by the City unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

#### 12. INSURANCE

- A. The Contractor, at its own cost and expense, shall carry and maintain in full force and effect during the term of this Agreement, comprehensive general liability insurance covering bodily injury and property damage liability, in a form and with an insurance company acceptable to the City, with limits of coverage in the maximum amount which the City could be held liable under the New Mexico Tort Claims Act for each person injured and for each

accident resulting in damage to property. Such insurance shall provide that the City is named as an additional insured and that the City is notified no less than 30 days in advance of cancellation for any reason. The Contractor shall furnish the City with a copy of a Certificate of Insurance as a condition prior to performing series under this Agreement.

B. Contractor shall also obtain and maintain Workers' Compensation insurance required by law to provide coverage for Contractor's employees throughout the term of this Agreement. Contractor shall provide the City with evidence of its compliance with such requirement.

C. Contractor shall maintain professional liability insurance throughout the term of this Agreement providing a minimum coverage in the amount required under the New Mexico Tort Claims Act. The Contractor shall furnish the City with proof of insurance of Contractor's compliance with the provisions of this section as a condition prior to performing services under this Agreement.

### 13. INDEMNIFICATION

A. The contractor shall indemnify, hold harmless and defend the City from all losses, damages, claims or judgment on account of any suit, judgment, execution, claim, and action, or demand whatsoever arising from Contractor's performance under this Agreement as well as the performance of Contractor's employees, agents, representatives and subcontractors, including payments of all attorneys' fee and costs.

14. THIRD PARTY BENEFICIARIES

- A. By entering into this Agreement, the parties do not intend to create any right, title or interest in or for the benefit of any person other than the City and the Contractor. No person shall claim any right, title or interest under this Agreement or seek to enforce this Agreement as a third party beneficiary of this Agreement.

15. RECORDS AND AUDIT

- A. The Contractor shall maintain, throughout the term of this Agreement and for a period of three months thereafter, detailed records that indicate the date, time, and nature of services rendered. These records shall be subject to inspection by the City, the Department of Finance and Administration, and the State Auditor. The City shall have the right to audit the billing both before and after payment. Payment under this Agreement shall not foreclose the right of the City to recover excessive illegal payments.

16. APPLICABLE LAW: CHOICE OF LAW; VENUE

- A. Contractor shall abide by all applicable federal and state laws and regulation, and ordinances, rules and regulation of the City of Santa Fe. In any action, suit or legal dispute arising from this Agreement, the Contractor agrees that the laws of the State of New Mexico shall govern. The parties agree that any action or suit arising from this Agreement shall be commenced in a federal or state court of competent jurisdiction in New Mexico. Any action or suit commenced in the courts of the State of New Mexico shall be brought in the first Judicial District.

17. AMENDMENT

- A. This Agreement shall not be altered, changed or modified except by an amendment in writing executed by the parties hereto.

18. SCOPE OF AGREEMENT

- A. This Agreement incorporates all the agreements, covenants, and understanding between the parties hereto concerning the services to be performed hereunder, and all such agreements, covenants and understandings have been merged into this Agreement. This Agreement expresses the entire Agreement and understanding between the parties with respect to said services. No prior agreement or understanding, verbal or otherwise. Of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.

19. NON-DISCRIMINATION

- A. During the term of this Agreement, Contractor shall not discriminate against any employee or applicant for an employment position to be used in the performance of services by Contractor hereunder, on the basis of ethnicity, race, age, religion, creed, color, national origin, ancestry, sex, gender, sexual orientation, physical or mental disability, medical condition, or citizenship status.

20. SEVERABILITY

- A. In case any one or more of the provisions contained in this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality. And enforceability of the remaining provisions

contained herein and any other application thereof shall not in any way be affected or impaired thereby.

21. NOTICES

- A. Any notices required to be given under this Agreement shall be in writing and served by personal delivery or by mail, postage prepaid, to the parties at the following addresses:

To City: Santa Fe Municipal Airport  
Attn: Francey Jesson, Airport Manager  
P.O. Box 909  
Santa Fe, New Mexico 87504-0909

To Contractor: AAA Security  
Jacob Armenta, Director of Operations  
1330 San Pedro NE Suite 103  
Albuquerque NM 87110  
505-255-0170 (office)  
Aaasecurity360@gmail.com  
505-255-7441 (fax)

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth below.

CITY OF SANTA FE:

CONTRACTOR:

\_\_\_\_\_  
JAVIER M. GONZALES, MAYOR

\_\_\_\_\_  
NAME & TITLE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
DATE:

ATTEST:

N.M. Taxation & Revenue  
CRS #02494-066-00-6  
City of Santa Fe Business  
Registration #14-00119976

\_\_\_\_\_  
YOLANDA Y VIGIL, CITY CLERK

APPROVED AS TO FORM:

*Kelley A. Brennan FOR:*  
KELLEY A. BRENNAN, CITY ATTORNEY

APPROVED:

\_\_\_\_\_  
FINANCE DEPARTMENT

52800.510310

Business Unit/Line Item

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER First Insurance Agency, Inc. 2501 Alamo Ave SE Albuquerque NM 87106	CONTACT NAME: Denise Torres PHONE: (505) 452-3993 FAX: (505) 242-2567 EMAIL: denise@isginsurance.biz ADDRESS: denise@isginsurance.biz
INSURED AAA Security, LLC Po Box 37265 Albuquerque NM 87176	INSURER(S) AFFORDING COVERAGE INSURER A: PHILADELPHIA INSURANCE INSURER B: New Mexico Mutual INSURER C: INSURER D: INSURER E: INSURER F:

COVERAGES CERTIFICATE NUMBER Master 14/15 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDITIONAL INSURANCE	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR		PHPK1118188	1/18/2014	1/18/2015	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (EO OCCURRENCE) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMPOP AGG \$ 2,000,000
	GEN AGGREGATE LIMIT APPLIES PER <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO <input type="checkbox"/> RET					
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> Hired Autos <input type="checkbox"/> Scheduled Autos <input type="checkbox"/> Non-owned Autos					COMBINED SINGLE LIMIT (EO accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB DEF RETENTION \$	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE				EACH OCCURRENCE \$ AGGREGATE \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/SELF-EMPLOYEE (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS each	<input type="checkbox"/> Y <input type="checkbox"/> N	N/A 78803.101	8/10/2013	8/10/2014	WC STATUTORY LIMITS EL EACH ACCIDENT \$ 1,000,000 EL DISEASE - EA EMPLOYEE \$ 1,000,000 EL DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER	CANCELLATION
	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE Jude Griego/D

ACORD 25 (2010/05) © 1988-2010 ACORD CORPORATION. All rights reserved. INS025 (09-000) 01 The ACORD name and logo are registered marks of ACORD

# Exhibit B



# Exhibit C

ITEM # 12-0467

SANTA FE MUNICIPAL AIRPORT  
AIRLINE TERMINAL LEASE AGREEMENT

THIS LEASE AGREEMENT, is made and entered into on this 27<sup>th</sup> day of June, 2012, by and between the CITY OF SANTA FE, a municipal corporation, hereinafter "Lessor", and AMERICAN AIRLINES, INC. hereinafter "Lessee" or "American".

WHEREAS, the Lessor owns and operates an airport known as the Santa Fe Municipal Airport ("Airport") and is desirous of leasing to the Lessee certain premises and facilities at the said Airport; and

WHEREAS, both the Lessor and Lessee have the right and power to enter into this Lease Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

**1. PREMISES.**

A. Lessor does hereby lease to Lessee a certain area of the Airline Terminal Building, containing 436 square feet more or less, more particularly described on Exhibit "A", attached hereto (hereinafter "Premises").

(1) Premises includes approximately 50 square feet more or less of ticket counter and related space containing one cubicle and two operating positions. Lessor may reassign ticket counter space at its sole discretion. Reassignment of ticket counter space if required shall be made in writing by the Airport Manager, in consultation with American. Should reassignment of ticket counter space become necessary Lessee shall be assigned comparable ticket counter space located in such a manner as to not disrupt Lessee's operations as determined by the Airport Manager. All reasonable costs of relocation as determined by Lessor due to reassignment of ticket counter space by Lessor shall be borne by Lessor. Lessee requested relocation if approved will be at Lessee's expense.

(2) Premises includes approximately 20 square feet more or less of floor space for installation and operation of an automated check-in kiosk. Lessor may reassign automated check-in kiosk space at its sole discretion. Reassignment of automated check-in kiosk space if required shall be made in writing by the Airport Manager in consultation with American. Should reassignment of automated check-in kiosk space become necessary Lessee shall be assigned comparable automated check-in kiosk space located in such a manner as to not disrupt Lessee's operations as determined by the Airport Manager. All reasonable costs of relocation as determined by Lessor due to reassignment of automated check-in kiosk space by Lessor shall be borne by Lessor. Lessee requested relocation if approved will be at Lessee's expense.

B. Lessee hereby accepts the Premises in its present state and agrees that it is in good condition, without any representation or warranty by Lessor as to the condition of the

Premises or as to the use which may be made thereof.

## 2. USE OF THE PREMISES.

The Premises shall be used by Lessee for the purpose of providing scheduled passenger service and non-scheduled charter service. In addition Lessee shall have access to the following at no additional charge except where stated:

A. Air Carrier Operating Area (ACOA). Lessee may use non-exclusively, the ACOA designated by the Lessor, which is illustrated by Exhibit "B" attached hereto and further defined in the Transportation Security Administration approved Airport Security Plan. Lessor may re-designate, alter, or move the ACOA to suit airport operations at its sole discretion except that such re-designation, alteration, or move shall take into consideration the needs of commercial air carriers including American and shall not limit the ability of American to maintain its operation.. Lessee shall be responsible for escorting passengers to and from the ACOA. All ACOA access doors and gates shall be closed and locked when not in use.

B. Secure Area and Gate. Lessee may use non-exclusively, the terminal building secure area and gate area. Lessee is encouraged to deconflict its flight schedule with the Airport Manager and/or other airlines prior to publication to ensure efficient use of this limited space area. American shall work with other scheduled air carriers to insure efficient use of available space in this area. Should the individual airlines not be able to resolve schedule conflicts in a manner satisfactory to each of them, the Airport Manager shall act as arbitrator in resolving the dispute and his decision shall be final.

C. Aircraft Parking. Lessee's aircraft are to be parked in those areas of the ACOA as designated by the Airport Manager for passenger loading and unloading. Aircraft parking for other than passenger loading and unloading shall be in the ACOA or other areas of the airport as designated by the Airport Manager. Lessee may at its sole discretion use hangar space provided by other businesses if desired.

### D. Ground Support Equipment

(1) Lessor agrees to provide limited Lessor-owned non-exclusive use Ground Support Equipment (GSE) during the Term of this Lease agreement to support Lessee's operation as mutually agreed. Lessor shall charge Lessee a mutually agreed fee for use of each unit of GSE provided. Specific GSE provided and related use fees will be in accordance with Paragraph 5H of this Lease Agreement.

(2) Lessee shall pay for all necessary fuel for GSE operation. Should another air carrier be allowed to use the equipment such fuel purchases shall be pro-rated based on number of flights the equipment is used for by each carrier. All necessary maintenance shall be provided by the Lessor who shall retain liability for the use of such equipment except that American agrees to hold harmless the Lessor from damages arising from the gross negligence of American. Equipment maintenance required due to gross negligence of American as determined by the Airport

Manager shall be the responsibility of American.

(3) If another commercial scheduled air carrier occasionally requires simultaneous use of Lessor-provided ground support equipment, the Airport Manager shall determine the priority of use. Lessee is encouraged to deconflict its flight schedule with the Airport Manager and/or other airlines prior to publication to ensure efficient use of ground support equipment. American shall work with other scheduled air carriers to insure efficient use of available ground support equipment. Should the individual airlines not be able to resolve schedule conflicts in a manner satisfactory to each of them, the Airport Manager shall act as arbitrator in resolving the dispute and his decision shall be final. Lessee is otherwise responsible for providing and maintaining all ground support equipment necessary for its operations.

(4) Lessee may provide its own exclusive-use ground support equipment at any time, at no cost to Lessor if desired.

E. Office, Ticket Counter and Other Equipment. Lessee is responsible for providing all office furniture, equipment and supplies necessary for conducting its business unless provided by Lessor at its sole discretion. Any such equipment provided by Lessor remains the property of Lessor and will be returned to Lessor at termination of this Lease Agreement unless otherwise agreed to in a separate purchase agreement between Lessor and Lessee.

F. Baggage Scales. Lessee may use non-exclusively the Lessor-provided baggage scale situated within or adjacent to assigned ticket counter space. Lessee shall provide for required calibration and maintenance of said baggage scale. If more than one airline uses the baggage scale adjacent to ticket counter space assigned to Lessee, Lessee agrees to pay for a prorated share of the calibration and maintenance costs based solely on number of airlines using the scale.

G. Signage. Signs such as company logo, schedule boards and other similar signs may be installed with the written approval of the Airport Manager. Velcro fastening system shall be used for wall signs unless specifically waived in writing by the Airport Manager. Signs shall be no larger than five feet in width unless otherwise approved in writing by the Airport Manager.

### 3. TERM AND TERMINATION.

A. Term. This Lease Agreement shall be for a three-year term beginning on June 11, 2012 and terminating on June 10, 2015. Such period, as the same may be sooner terminated or extended both as specifically provided in this Lease Agreement is referred to in this Lease Agreement as the "Term." Upon expiration of the Term or upon cancellation of this Lease Agreement, Lessee shall peacefully surrender and vacate the Premises.

B. Termination. Either party may terminate this Lease Agreement at any time, without regard to payment periods, by giving thirty (30) days written notice to the other party.

Upon termination of this Lease Agreement by either party, the Lessee's rights to use the premises shall cease and the Lessee shall peacefully vacate the premises, removing its property at its own expense. Termination by the Lessor shall not relieve the Lessee of liability for any damages sustained by the Lessor caused by Lessee's breach of this Lease Agreement.

#### **4. HOLDOVER.**

In the absence of a new Lease Agreement entered into before the expiration of the initial Term under this Lease Agreement, Lessee shall be allowed to hold over for a period not to exceed 90 days from the expiration date of the initial Term under this Lease Agreement at the sole discretion of the Airport Manager. Lessee may request permission to hold over 90 days prior to expiration of the Term and Airport Manager shall advise Lessee in writing whether Lessee shall be permitted to hold over within 10 calendar days of receipt of such request from Lessee. If the Airport Manager chooses not to permit a holdover, Lessee shall vacate the premises upon expiration of the initial Term. If the Lessee fails to timely vacate the premises, Lessee agrees to pay liquidated damages in the amount of \$500 per day of hold over. Holding over by the Lessee after the expiration of the initial Term under this Lease Agreement shall not operate to extend or renew this Lease Agreement. Any such holding over shall be construed as a tenancy from month to month at the rents reserved in this Lease Agreement under the terms herein. Failure to negotiate a new Lease Agreement within 90 days of the expiration of the initial term under this Lease Agreement shall be construed as a decision by the Lessee not to renew. Notwithstanding, so long as the parties are negotiating a renewal agreement in good faith Lessee may request that the Airport Manager grant Lessee the right to hold over for additional hold over periods, which permission shall be at the sole discretion of the Airport Manager.

#### **5. RENT AND FEES.**

The Lessee shall pay to the Lessor, at the office of the Airport Manager at the Santa Fe Municipal Airport, or at such place as the Lessor may designate from time to time, for the use of the Premises the following rents and fees:

A. Rent. Lessee shall pay to Lessor, at the office of the Airport Manager, one thousand thirteen dollars and thirty-four cents (\$1013.34) per month as rent for the Premises, on or before the first day of each calendar month. Rental payments received after the fifth day of the month shall be subject to and include an additional late charge of \$10.00. Any extension of time for the payment of any installment of rent shall not be a waiver of Lessor's right to insist on having all other payments of rent made in the manner and at the time herein specified.

B. Gate Fee. Lessee shall pay fifty cents (\$0.50) for each passenger enplaned for the cost of maintenance for the gate area. Lessee shall pay sixty cents (\$0.60) for each passenger who passes through the security screening equipment at the boarding gate while it is operated by the Lessor's personnel.

C. Landing Fee. Lessee shall pay three dollars (\$3.00) per one thousand (1,000) pounds gross landing weight for use of the Airport.

D. Fire Protection Fee. Lessor shall pay one dollar (\$1.00) per one thousand (1,000) pounds gross landing weight for Federal Aviation Administration required fire protection services provided for Lessee's aircraft. This fee is subject to annual renegotiation if required by Lessor.

E. Ramp Fee. Lessee shall pay fifteen dollars (\$15.00) per day or one-hundred and five dollars (\$105.00) per month, whichever is less for each aircraft remaining overnight and parked on Lessor's aircraft parking ramp space.

F. Passenger Facility Charge. Lessee shall collect and pay a Passenger Facility Charge once Lessor receives authorization for implementing a Passenger Facility Charge from the Federal Aviation Administration.

G. Security Fee. This fee is based on the minimum security posture required to support airline operations as defined by the Transportation Security Administration and the actual cost of contract security services provided. The Airport shall pay 33% of the cost of contract security services provided at the screening checkpoint, plus any additional costs attributable to unforeseen delays such as weather, mechanical failure and other similar causes. The Airline shall pay 67% of the cost of contract security services provided at the screening checkpoint if the Airline is the only Airline using the screening checkpoint. Lessee shall therefore pay a Security Fee of eighteen dollars and ninety one cents (\$18.91) per actual flight departing with screened passengers onboard to cover security requirement costs directly attributable to Airline operations and not otherwise funded by the Federal Government. In the event that another airline requiring use of the screening checkpoint begins operations at the Airport, this Security Fee will be fairly distributed by the Airport Manager among all airlines utilizing the airport and requiring screening check point security. In this case, notification of fee adjustment will be by a letter from the Airport Manager and will not require further amendment to this Lease. The Airport Manager may also adjust the amount of this fee based on future contract amendment with the security service provider, but in no case will the fee be raised in increments of more than 10%. Notification of fee adjustment due to contract amendment with the security service provider will be by a letter from the Airport Manager and will not require further amendment to this Lease.

H. Ground Support Equipment (GSE) use fees and conditions. Lessor will provide the GSE in accordance with Paragraph 2 of this Lease. Fees and conditions for use of this equipment are as follows:

(1) TLD ACE 500-1119 Airstart Unit or similar: \$75 per use as accounted for by Lessee. Lessee operates unit.

(2) Premier HC29050 Deicer or similar: \$1,400 per month, applying only to the months of November through March. There will also be a one time annual fee of \$700 to account for any use that may occur in months other than November through March. This annual fee is due and payable in April of each year. Lessee operates, and provides all fuel and deicing fluid. Because Lessee operates and provides all fuel and deicing fluid, should another air carrier operator

elect to serve SAF and make use of the Premier IIC29050 noted in this agreement, that air carrier shall contract with American Airlines to provide such deicing services. This clause shall not prevent the other air carrier from contracting for the use of a different deicing unit or providing their own equipment and operators.

(3) Keith Consolidated DXR Valet Cart or similar: \$50 per month.

(4) Phoenix Metals PNXLC-60/40 Lavatory Service cart or similar: \$200 per month. Lessee provides all required fluids and is responsible for all operations and dumping of contents when required. Lessee is responsible to ensure lavatory cart use and storage in such a manner as to preclude equipment failure due to freezing temperatures.

(5) Wasp, Inc. A203056D baggage carts or similar (quantity of four): \$125 per month each, or \$400 per month for use of all four.

(6) KCI Turboway 3025 Pax Ramp or similar: \$15 per use for aircraft departure as accounted for by Lessee.

(7) Columbia Medical 9010 Tracer 4 wheel chair (2 available): No charge.

(8) Columbia Medical 8010 Aisle Master Xfer Chair (1 available): No charge.

(9) Nothing contained within this amendment shall preclude American Airlines from providing alternate equipment of their choice and at their cost and operating it. Should American Airlines elect to provide specific pieces of equipment covered by the rates and charges above, such rates and charges for the specific piece of equipment shall cease at the beginning of the month following the month American equipment is placed into service.

I. Adjustment of Fees. Lessor reserves the right to adjust the fees and charges specified herein in the event the Airport Manager determines that extraordinary circumstances necessitates taking such action. Lessee shall not be required to pay rent during any time the airport is unusable for operation by Lessee for a period in excess of 15 days.

J. Schedule of Payments. The fees specified in B through H above are due and payable to the Airport Manager by the twenty-fifth (25th) day of each month following the month of activity. Lessee agrees to provide timely enplanement, gross landing weight and other similar data to the Airport Manager as requested for the purpose of computing monthly bills and reporting to the Airport Advisory Board.

K. Late Payment Charge. Lessee shall pay a late payment fee of 1.5% per month on the entire balance due for each month or partial month thereafter for any fee payment due.

## 6. RECORDS AND AUDIT.

A. All records, accounts, books, delivery receipts and data on business activities performed under this Lease Agreement and maintained by the Lessee shall be subject to inspection and audit by the Lessor at Lessor's expense at all reasonable times. However, if, beginning on or after June 1, 2010, an audit reveals a discrepancy of more than five (5%) percent of the gross receipts reported and the gross receipts as determined by the audit of any 12 months period, and if Lessor thereafter requires an additional audit and such audit reveals a discrepancy of more than 5% of the gross receipts reported since the time of the last audit, then the full cost of such additional audit shall be borne by the Lessee. Records shall be maintained for a period of not less than three (3) complete lease years.

B. The records and statements of business done by the Lessee along with any other information obtained or inspected pursuant to this provision shall be considered as absolutely confidential and not subject to use or disclosure by the Lessor for any purpose other than the ascertainment of rents, fees and charges under this Agreement. Lessor may use information and data provided by the Lessee to compile gross receipts reports for airport activity reports provided the identity of the Lessee is not disclosed.

## 7. INSURANCE.

A. The Lessee shall, at its own cost and expense, procure and maintain in full force and effect during the term of this Lease Agreement, the following insurance:

(1) Worker's Compensation and Employer's Liability. The Lessee shall comply with and provide insurance commensurate with the provisions of the New Mexico Worker's Compensation Act, the Subsequent Injury Act, and the Occupational Disease Disablement Law. Such insurance shall include coverage permitted under Section 52-1-10, NMSA 1978, for safety devices. The Lessee shall require any subcontractor to provide such coverage, or qualify as a self-insured, for all the latter's employees. The Lessor, its officers or employees shall not be responsible for any claims or actions caused by the Lessee's failure to comply with the provisions of this subparagraph. It is expressly understood that employees of the Lessee are not Lessor's employees for any purpose.

(2) Comprehensive General Liability. The Lessee shall procure and maintain a comprehensive general liability insurance policy, for bodily injury, including death, and property damage in such amounts that are not less than the maximum liability of public agencies as set forth in the New Mexico Tort Claims Act, N.M. Stat. Ann. 41-4-1, et seq. (1978) now constituted or hereafter amended. Said policies of insurance must include coverage for Premises, operations and the Lessee's liability to the Lessor hereunder. The Lessor shall be named as an additional insured on the general liability and property coverage insurance policies. The parties acknowledge that the certificate of insurance for General Liability coverage will be in the amount of Ten Million Dollars (US \$10,000,000).

B. Binders. A binder or certificate of insurance for all insurance policies

required by this Lease Agreement shall be provided to Lessor at the time of the execution of this Lease Agreement. Certificates of insurance shall be delivered to the Airport Manager. Lessee shall not cancel or alter in any detrimental way any insurance policy required under this Lease Agreement without the prior written consent of Lessor.

C. Policy Cancellations. Policies shall provide that 30 days written notice shall be given to the Airport Manager before a policy is canceled, materially changed or not renewed, except, however, Lessor acknowledges that notification of cancellation of Lessee's Workers' Compensation/Employer Liability coverage may only be given 7 days in advance. A certificate or policy which states that failure to give such notice imposes no obligation on the insurance company is unacceptable to this Lease agreement. Cancellation or other termination of any insurance policy issued in compliance with this section shall automatically terminate this Lease Agreement, unless another policy has been filed and approved pursuant to this section and shall be in effect within 45 days of the date of written notice to Lessee of such default.

D. Increase in Coverage. Lessor may require an increase in coverage in the event the maximum amount in the New Mexico Torts Claim Act are raised by the New Mexico State Legislature or by judicial mandate.

## 8. INDEMNIFICATION.

Lessee agrees to defend, indemnify and hold harmless Lessor from loss from each and every claim and demand of whatever nature, made on behalf of or by any person or persons, for any wrongful, careless or negligent act or omission of Lessee or Lessee's employees, members and guest, and from all losses and damages by reason of such acts or omissions.

## 9. CANCELLATION BY LESSOR.

Lessor may cancel this Lease Agreement by giving Lessee written notice and opportunity to cure, within 30 days of the occurrence of the default, upon or after the happening of any of the following events:

A. Cancellation for Non-Payment. If the Lessee shall default in the payment obligations of above, and the default shall continue for 30 days after the effective date of written notice thereof to the Lessee, given by the Lessor in accordance with the notice provisions, infra, then the Lessor shall have the option to declare the Term ended, without forfeiture, waiver or release of the Lessor's rights to any sum of money due, and to recover and enjoy possession of the Leased Premises, whether with or without process of law. In the event of cancellation or non-payment, Lessor may, at its option, attach a landlord's lien to any improvements on the Premises, and said improvements may not be removed from the Premises without Lessor's prior approval.

B. Cancellation for Default other than Payment.

(1) If the Lessee shall default in the performance of any terms, covenants, agreements or conditions of this Lease other than in the performance or payment

obligations discussed above and the default shall continue for 30 days after written notice thereof to the Lessee, given by the Lessor in accordance with the notice thereof to the Lessee, given by the Lessor in accordance with the notice provisions, infra, then the Lessor shall have the option to declare the Term ended, without forfeiture, waiver or release of the Lessor's rights to any sum of money due, and to recover and enjoy possession of the Leased Premises, whether with or without process of law. However, if any default or breach may not reasonably and capably be cured within 30 days after written notice thereof, and if Lessee diligently attempts to cure the default or breach, Lessee may petition Lessor for additional time to cure the default, which petition will not be unreasonably denied. Lessee shall pay Lessor for all costs incurred by Lessor as a result of Lessee's default; and such payment shall be made promptly upon Lessee's receipt of written demand of Lessor.

(2) No waiver of default by the Lessor of any of the terms, covenants, agreements or conditions hereof to be performed, kept and observed by the Lessee shall be construed to be an act of waiver of any subsequent default of any of the terms, covenants, agreements and conditions herein contained to be performed, kept and observed by the Lessee. The acceptance of rental by the Lessor for any period or periods after a default of any of the terms, covenants, agreements and conditions herein contained to be performed, kept and observed by the Lessee, shall not be deemed a waiver of any right on the part of the Lessor to cancel this Lease and Agreement for failure by the Lessee to so perform, keep or observe any of the terms, covenants, agreements or conditions of this Lease Agreement.

C. Other Cancellation. The Lessor may cancel this Lease Agreement only by giving the Lessee 30 days advance written notice and opportunity to cure, whether with or without process of Law, upon or after the happening of any one of the following events:

(1) If Lessee ceases or fails to provide said service, Lessor may declare this Lease to be terminated and re-enter the premises or any part thereof, with or without the process of law, to expel, remove and put out Lessee or any other persons occupying the property, using such force as may be reasonably necessary in doing so. Lessee shall pay all costs, including reasonable attorney's fees and expenses and court costs that may arise in enforcing the covenants, conditions and terms of this Lease Agreement.

(2) The filing by the Lessee of a voluntary petition in bankruptcy, or the institution of proceedings in bankruptcy against the Lessee and the adjudication of the Lessee as a bankrupt pursuant to such proceedings.

(3) The taking of a court of jurisdiction of Lessee and its assets pursuant to proceedings brought under the provisions of any Federal reorganization act.

(4) The appointment of a receiver of the Lessee's assets.

(5) The occurrence of damage or destruction to the airport terminal by fire, or any other casualty and the failure of the Lessor to repair the damage.

(6) The cancellation or other termination of any insurance policy issued in compliance with this Lease Agreement shall automatically terminate this Lease agreement, unless another policy has been filed and approved pursuant to this section and shall be in effect within 45 days of the date of written notice to Lessee of such default.

(7) The breach of any of the nondiscrimination covenants, Lessor shall have the right to terminate this Lease Agreement and to reenter and repossess said leased premises thereon, and hold the same as if said Lease Agreement had never been made or issued.

#### **10. CANCELLATION BY THE LESSEE.**

The Lessee may cancel this Lease and terminate all or any of its obligations hereunder at any time that the Lessee is not in default in the payment of any rents or fees to the Lessor pursuant to this Lease Agreement by giving the Lessor 30 days advance written notice of its intentions to discontinue its business activities at the Airport.

#### **11. RIGHTS OF LESSOR.**

Lessor reserves the right to:

A. Operate the airport in the best interest of the public and without interference or hindrance to maintain, improve, or further develop the landing area or public use facilities of the airport as it sees fit, regardless of any protest of the Lessee, and to lease additional space to other concessions in the airport terminal regardless of any objection of the Lessee. The Lessor may relocate the Lessee if the physical development of the airport or the terminal requires relocation of the Lessee provided Lessor provides written notice to Lessee and Lessor bears such the costs associated with such relocation.

B. Enter upon the Premises at any reasonable time for the purpose of making any inspection for the proper enforcement of any of the covenants or conditions of this Lease Agreement and any federal, state, county or city laws, rules and regulations, now or hereafter in effect.

#### **12. RIGHTS OF LESSEE.**

The Lessee shall have the right to use the Airport Terminal Building for the following specific purposes:

A. Operation of a scheduled airline service, under the name of American Airlines, however, that the privilege herein granted shall not be construed in any way as an exclusive right.

B. Installation and operation of identifying signs, logos, and advertising on the leased premises may be done only with the express written consent of Lessor or its authorized agent, such consent not to be unreasonably withheld. Such signs, logos, and advertising, if installed on

carpeted walls must use a Velcro fastening system consistent with the carpet's design and capacity.

C. Access, ingress and egress with respect to the premises marked Exhibit "A" for Lessee, its employees, customers, vehicles and equipment used in the operation of a commercial airline business.

D. Use of a minimum of one terminal ticket counter cubicle having two work stations as allocated by the Airport Manager, whose determination is final. Lessee is responsible for installation, operation, and maintenance of its own work station equipment and supplies, and for maintenance of allocated work stations. At the Airport Manager's discretion, additional work stations may be allocated if available.

E. Non-exclusive use of ticket counter scales provided by Lessor and adjacent to Lessee's counter at no charge, provided that Lessee is responsible for all scale maintenance and calibration costs. If there is more than one user of the scale normally used by Lessee, then calibration and maintenance costs will be shared equally.

### 13. SECURITY.

The airport is required to comply with 49 CFR Part 1542 Security Requirements. Lessee shall be required to implement, maintain and comply with the following procedures as a minimum and any other procedures required to satisfy Part 1542 Security Requirements. The Lessee shall be responsible for the control of persons, equipment and vehicles entering the ACOA or designated ramp space via terminal building doors and ramp gates that Lessee uses whenever the ACOA is active. The ACOA is active whenever screened baggage, screened personnel or secure aircraft are present within the ACOA. The Lessee agrees to implement and maintain, as a minimum, the following security measures concerning access control to and from the ACOA or designated ramp space:

A. During all hours, access points to the ACOA whether active or not and access points to designated ramp space used by Lessee for its operations shall be secured and locked.

B. Lessee's personnel shall immediately notify Lessor of trespass by any persons on the ACOA or designated ramp space and immediately require such trespasser to leave the ACOA or designated ramp space.

C. Lessee shall escort its customers, passengers and charges at all times while on the ACOA or designated ramp space.

D. The Lessee is responsible for training its personnel with respect to the security procedures described in this Lease Agreement and with respect to all other security procedures developed by the Lessor.

E. The Lessee shall participate in the Airport's security program and comply

with applicable security procedures found in the Transportation Security Administration approved Airport Security Program (ASP).

F. The Lessee shall immediately notify the airport manager of any suspicious activities observed in or about the ACOA or designated ramp space.

G. Any unresolved questions concerning airport security shall be directed to the Airport Manager's Office.

H. The Lessee agrees to reimburse the Lessor for any penalties or fines levied against the Lessor by the Transportation Security Administration due to the Lessee's failure to abide by any security measures described herein.

I. Any of Lessee's personnel who use motorized baggage carts and tugs or other motorized vehicles in or about the ACOA or designated ramp space must possess a valid driver's license, comply with New Mexico state driving regulations, and attend a regularly scheduled ramp driving class conducted by Lessor prior to operating same on the ACOA or designated ramp space.

J. The Lessor reserves the right to revise the security procedures set forth herein. Failure by the Lessee to fully comply with the procedures set forth herein, or as revised, shall be sufficient grounds for the Lessor to immediately take necessary corrective measures until security acceptable to the Lessor is restored.

#### **14. MAINTENANCE/CUSTODIAL SERVICES.**

Lessor shall provide floor vacuuming and shampooing, painting, window washing and trash removal services for the Premises to the Lessee at the level provided to all other tenants in the Airport terminal. Lessee, at its sole cost and expense, shall maintain its personal property and improvements.

#### **15. TRANSFER OF INTEREST.**

Lessee may not at any time during the term of this Lease, sell, lease, assign, transfer or permit to be acquired, this Lease Agreement or any interest herein, nor shall Lessee sublease any portion of its leasehold interest without the written consent of the Lessor's Governing Body, which consent shall not be unreasonably withheld. This provision is not intended to prevent, or subject to approval by the Lessor's Governing Body, any corporate transaction (including any merger or other divestiture) Lessee may undertake, provided that the surviving entity following such transaction maintains a contractual arrangement to provide air services to American Airlines, Inc. for a duration at least equal to the remaining balance of the Term of this Agreement.

#### **16. OBSERVATION OF LAWS, RULES AND REGULATIONS.**

Lessee agrees to observe and obey during the Term of this lease, all laws,

ordinances, minimum standards, rules and regulations promulgated and enforced by Lessor, and by any other proper authority having jurisdiction over the conduct of operations at the airport, including the federal government, the state, the county and the city now or hereafter in effect.

**17. UTILITIES.**

Lessee is responsible for its own telephone service. All other utilities, with respect to the Premises, shall be provided by the Lessor so long as the amounts of any utility are not excessive as determined by Lessor. Supplemental electric heating is not permitted unless approved in writing by the Airport Manager.

**18. ALTERATIONS AND IMPROVEMENTS.**

A. Lessee shall not make or suffer or permit to be made any alteration, addition or improvements whatsoever in or about the Premises or the Airport without first obtaining the written consent of Lessor. If Lessor gives such consent, all alterations or improvements shall be done solely at Lessee's expense and in accordance and in compliance with all applicable municipal, state and federal ordinances, laws, rules and regulations. Alterations or improvements shall be compatible with the general decor of the Airport terminal building.

B. Lessee shall allow no liens of mechanics, materialmen, laborer, architects, artisans, contractors, subcontractors, or any other lien of any kind whatsoever to be created against or imposed upon the said Premises, the Airport or any part thereof. Lessee shall, if required by Lessor, provide a labor and materialman's bond to cover all work and material and labor arising out of such alterations, additions or improvements.

C. Any and all alterations, additions or improvements, except shelving and movable furniture, made at Lessee's sole expense after having first obtained the written consent of Lessor, in accordance with the provisions contained in this section, whether attached to the walls, floors, premises or not, shall immediately merge and become a permanent part of the Lessor's realty and any and all interests of Lessee therein shall immediately vest in Lessor and all such alterations, additions and improvements shall remain on the Premises and shall not be removed by Lessee at the termination of this Lease Agreement. The shelving and movable furniture, or both, which Lessee is privileged to remove, must be removed by Lessee at Lessee's sole expense on or before the termination of this Lease Agreement.

**19. DESTRUCTION OF PREMISES.**

If at any time during the Term of this Lease Agreement, the Premises shall be totally or partially destroyed by fire, earthquake, flood, or other calamity, then Lessor shall have the option to rebuild or repair the same, providing such rebuilding or repairing shall be commenced within a period of 30 days after receipt of notice in writing to Lessor by Lessee that such calamity has occurred. In such case a just and proportionate part of the rental payment per month shall be abated until such demised property shall have been rebuilt and repaired. In the event, however, Lessor within 30 days following receipt of notice in writing to Lessor of such damage or destruction elects

not to rebuild or repair said property, Lessor shall so notify Lessee and thereupon this Lease Agreement shall terminate and become null and void.

## **20. FAIR AND NONDISCRIMINATORY SERVICES.**

Lessee, in the conduct of its authorized business activities agrees to furnish service in compliance with all applicable laws, rules and regulations with respect to the Agreement, the performance of its obligations hereunder, and the services to be provided hereunder. Lessee shall, at its expense, obtain and maintain the governmental authorizations, licenses, approvals, registrations and filings that may be required of it under applicable law, rules and regulations to perform this Agreement.. Lessee agrees to operate the business in an ethical and professional manner and shall keep the premises in a safe, clean, orderly and inviting condition at all times, Lessee shall not permit its employees or agents to solicit customers on public property.

## **21. TITLE VI. CIVIL RIGHTS ASSURANCES.**

A. The Lessee, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that:

(1) No person on the grounds of race, color, sex, 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 land and the furnishing of services thereon, no person on the grounds of race, color, sex or national origin shall be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination.

(3) The Lessee shall use the premises in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation and as said regulation may be amended.

B. The Lessee 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, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the service or benefits of any program or activity covered by this subject. The Lessee assures that it will require that any subcontractor provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their subcontractor, as required by CFR Part 152 Subpart E, to the same effect.

## **22. ENVIRONMENTAL PROTECTION.**

A. Lessee shall not commit, or suffer to be committed, any waste upon the Premises, or any nuisance or other act or thing which may disturb the quiet enjoyment of the Airport or surrounding property. Lessee shall provide, as necessary, a separate drainage, collection, and/or separation system to ensure that no untreated liquid waste from any type of operation, including vehicle cleaning, and oil change operations, will enter the Airport storm drainage or sanitary system.

B. Lessee shall, at all times, comply with all applicable laws, rules and regulations of the federal, state and local governmental agencies. Lessee shall not permit any activity which directly or indirectly produces objectionable or unlawful amounts or levels of air pollution, noise, glare, heat emission, electronic or radio interference with navigational and communications facilities for the operation of the Airport and for Airport use by aircraft, trash, or refuse accumulation, vibration, prop-wash, or jet blast, or which is hazardous or dangerous by reason or risk of explosion, fire or harmful emission. Any waste oil storage tanks shall be in approved containers and in accordance with all environmental and fire protection regulations.

C. Hazardous substances are any substance, material, or waste, (including any petroleum products, solvents, thinners, herbicides and soil sterilants and aircraft deicing fluids) which is or become designated, classified or regulated as being "toxic," "hazardous," a "pollutant," or similar designation under any federal state or local law, regulation or ordinance.

D. Lessee agrees to defend, indemnify and hold Lessor harmless from and against all liabilities, claims, actions, foreseeable and unforeseeable consequential damages, costs and expenses (including sums paid in settlement of claims and all consultant, expert and legal fees and expenses of Lessor's counsel) or loss directly or indirectly arising out of or resulting from the presence of any hazardous substance as a result of Lessee's or any sub-tenant's activities, whether before, during or after construction, in or around any part of the property or the soil, groundwater or soil vapor on or under the property, including those incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work, or any resulting damages or injuries to the person or property of any parties or to any natural resources. Upon demand by Lessor, Lessee shall defend any investigation, action or proceeding alleging the presence of any hazardous substance in any such location which affects the property or which is brought against the Lessor, whether alone or together with Lessee or any other person, all at Lessee's own cost and by counsel to be approved by Lessor in the exercise of its reasonable judgment. Lessee shall comply and cause all of its employees to comply with all laws, regulations, and ordinances governing or applicable to hazardous substances as well as the recommendations of any qualified environmental engineer or other expert which apply or pertain to the premises. Lessee acknowledges that hazardous substances may permanently and materially impair the value and use of real property. Lessee shall promptly notify Lessor if it knows, suspects or believes, there may be any hazardous substance in or around the property or in the soil, groundwater, or on or under the leased property, or that Lessee or the property may be subject to any threatened or pending investigation by any governmental agency under any law, regulation, or ordinance pertaining to any hazardous substance.

### **23. NONEXCLUSIVE RIGHTS.**

A. Lessee shall have the exclusive right and privilege of engaging in and conducting a business on the Premises of the Airport under the terms and conditions set forth herein, provided, however, that this Lease Agreement shall not be construed in any manner to grant Lessee or those claiming under Lessee in this Lease Agreement the exclusive right to the use of the common areas and facilities of said airport other than the specifically described Premises.

B. Lessor shall have the right to lease other portions of the Airport or Airport terminal building to other lessees, including other ground, air and transportation services. Lessor shall not in the future lease any other Airport premises to any other lessees providing the same or similar services and activities authorized in Paragraph 12 of this Lease Agreement at rental rates or terms more favorable or less restrictive to the Lessee's than set forth in this Lease Agreement without Lessee approval in writing. Except however Lessor may provide incentives and other considerations to any other commercial airline carrier who provides direct service to locations not served with substantially the same direct service by Lessee. However, Lessor will offer the same or similar incentives to Lessee should Lessee elect to provide substantially the same direct service as any other commercial airline carrier receiving incentives and other considerations from Lessor, but only during the effective period of incentives provided to the other commercial airline carrier. Lessee understands and agrees that nothing in this Lease Agreement shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958, as amended.

#### **24. UNIFORM RATES.**

All Lessees or Fixed Base Operators at the Airport are subject to the same rates, fees, rentals and other charges as are uniformly applicable to all other Lessees or Fixed Base Operators making the same or similar use of the Airport, subject to reasonable classifications such as those found in 14 CFR Part 139, tenant or non-tenant status, or other similar classifications.

#### **25. TAXES AND LICENSES.**

A. The Lessee shall promptly pay any and all taxes, personal property tax, leasehold tax, gross receipts tax, transaction privilege tax or other exaction assessed or assessable and pay all license fees and permit fees applicable to the Lessee's operation, and acquire and keep current, all licenses, municipal, state or federal as the result of the Lessee's operations at the Airport pursuant to this Lease Agreement, and shall not allow any of said taxes, excises or licenses to become delinquent.

B. The Lessee shall not permit any mechanics' or materialman's or any other lien to be placed or foreclosed upon the Leased Premises or improvements thereto. The Lessee shall have the ability to contest payment demand by a contractor. Should the Lessee withhold payments to a contractor, the Lessee shall be required, at the Lessor's option, to deposit with the Lessor or a court of competent jurisdiction, an amount equal to the amount in dispute.

#### **26. SUBORDINATE PROVISIONS.**

This Lease Agreement shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States or the State of New Mexico 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 or state funds for the development of the airport.

**27. AMENDMENT IN WRITING.**

No amendment between the Lessor and Lessee relative to the leasehold interest herein shall be valid and enforceable unless in writing and executed by both the Lessor and Lessee.

**28. CHOICE OF LAW.**

Lessee shall abide by all applicable federal and state laws and regulations, and all ordinances, rules and regulations of the Lessor. In any action, suit or legal dispute arising from this Agreement, the Lessee agrees that the laws of the State of New Mexico shall govern. The parties agree that any action or suit arising from this Agreement shall be commenced in a federal or state court of competent jurisdiction in New Mexico. Any action or said commenced in the courts of the State of New Mexico shall be brought in the First Judicial District Court.

**29. APPROVALS, CONSENTS AND NOTICES.**

Notices required to be given to the Lessor shall be hand-delivered, sent via overnight courier service, or sent by certified mail, postage prepaid, addressed to:

Airport Manager  
Santa Fe Municipal Airport  
P.O. Box 909  
Santa Fe New Mexico, 87504-0909

Any approvals, consents and/or notices to be given to the Lessee shall be hand-delivered, sent via overnight courier service or sent by certified mail to:

Lorin Carr  
Corporate Real Estate  
American Airlines-Regional Airline Group  
4333 Amon Carter Blvd. MD 5494  
Fort Worth, TX 76155

or to such other respective addresses as shown by the date of the notice if delivered by hand or by the date of receipt as shown by the U.S. Postal Service Certified Mail Return Receipt, if mailed.

**30. PARAGRAPH HEADINGS.**

The paragraph and subparagraph headings contained in this Lease are inserted for reference and convenience and are not intended to define or limit the scope of any provision of this Lease.

**31. INVALID PROVISIONS.**

In the event any covenant, condition or provision contained in this Lease Agreement is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, conditions or provisions contained in this Lease Agreement shall not affect the enforceability of the balance of this Lease Agreement; provided that the invalidity of such covenant, condition or provision does not materially prejudice either the Lessor or the Lessee in its respective rights and obligations contained in the valid covenants, conditions or provisions of this Lease.

**In Witness Whereof**, the parties hereto have caused this Lease Agreement to be executed as of the day and year first above written.

CITY OF SANTA FE:

By: David Coss  
David Coss, Mayor

ATTEST:

Yolanda Y. Vigil  
Yolanda Y. Vigil, City Clerk  
ccmta 6/27/12

APPROVED AS TO FORM:

Geno Zamora  
Geno Zamora, City Attorney  
6/4/12

APPROVED:

*Melville L. Morgan*  
Dr Melville L. Morgan, Finance Director  
8/2/12

AMERICAN AIRLINES, INC.

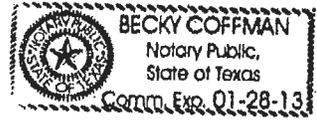
By: *Christopher J. Collison*  
Name and Title  
Christopher J. Collison  
Director Real Estate

**ACKNOWLEDGMENT**

STATE OF TEXAS            )  
  )ss.  
COUNTY OF TARRANT    )

Subscribed and sworn to before me this 16 day of August, 2012 by  
Chris Collison - Director Real Estate  
Becky Coffman  
Notary Public

My Commission Expires:  
1-28-13





# EXHIBIT B

## Aircraft Operating Area (ACOA)

