

# Exhibit 1

*or*

AIRPORT-AIRLINE USE AND LEASE  
AGREEMENT SECOND EXTENSION

This Airport-Airline Use and Lease Agreement Second Extension, (hereinafter referred to as "Agreement") made and entered into on the dates designated on the signature pages hereof, effective July 1, 2013, by and between the City of Philadelphia (hereinafter referred to as "City") a municipal corporation of the Commonwealth of Pennsylvania and City of the First Class, acting by and through its Department of Commerce, Division of Aviation, which operates the Philadelphia International Airport (hereinafter referred to as "Airport" and \_\_\_\_\_ (hereinafter referred to as "Airline"), a corporation organized and existing under the laws of the state of \_\_\_\_\_, and registered to do business in the Commonwealth of Pennsylvania.

Whereas, City and Airline are parties to an existing Airport-Airline Use and Lease Agreement effective July 1, 2007 with an expiration date of June 30, 2011 (the Existing Use and Lease); and,

Whereas, City and Airline extended the term of the Use and Lease Agreement for a period of two years with an expiration date of June 30, 2013; and.

Whereas, the City and Airline wish to enter into a Second Extension of the Use and Lease Agreement, effective July 1, 2013 with an expiration date of June 30, 2015, amend Exhibits E and F and add a new Article 63 to the Agreement.

NOW, THEREFORE for and in consideration of the mutual covenants and agreements contained herein, City and Airline agree as follows:

The Effective Date of this Agreement shall be July 1, 2013.

That Article 2 "Pre-Approved Capital Improvement Program" Pre-Approved CIP" shall mean those Capital Improvement Projects shown on new Exhibit E, a copy of which is attached hereto.

That Exhibit F-City Maintenance of Terminal Area and Ramp Area, is replaced by a new Exhibit F, a copy of which is attached hereto.

That Article 3 "Term" is deleted in its entirety and replaced with:  
Notwithstanding City's rights of early termination under this Agreement, the term of this Agreement shall commence on July 1, 2007 and shall terminate on June 30, 2015, unless terminated earlier as provided in this Agreement.

That a new Article 63-CHAPTER 17-1300 OF THE PHILADELPHIA CODE: PHILADELPHIA 21ST CENTURY MINIMUM WAGE AND BENEFITS STANDARD is hereby added to the Agreement as follows:

As a lessee from the City, Airline (but not any subtenant or other subcontractor of Airline) is subject to Chapter 17-1300 of the Philadelphia Code ("Code") if Airline employs more than twenty-five (25) employees. In that event, Airline shall provide its covered employees (persons who perform work for Airline that arises directly out of Airline's lease from the City) with the minimum wage standard and minimum benefits standard stated in Section 17-1305 of the Code, which are summarized below and as further set forth in the remaining provisions of Chapter 17-1300 of the Code:

- A. provide its covered employees with an hourly wage, excluding benefits, that is at least 150 percent of the federal minimum wage;
- B. to the extent Airline provides health benefits to any of its employees, provide each full-time, non-temporary, non-seasonal covered employee with health benefits at least as valuable as the least valuable health benefits that are provided to any other full-time employees of the Airline; and
- C. provide to each full-time, non-temporary, non-seasonal covered employee at least the minimum number of earned sick leave days required by Code Section 17-1305(2).

Airline shall promptly provide to the City all documents and information as the City may require verifying its compliance with the requirements of Chapter 17-1300. Airline shall notify each affected employee what wages are required to be paid pursuant to Chapter 17-1300.

If Airline is subject to Chapter 17-1300, Airline shall comply with all its requirements as they exist on the date when the Airline entered into this

Second Extension to Use and Lease Agreement with the City or when the Use and Lease Agreement is later amended. A lessee from the City subject to Chapter 17-1300 who fails to comply with its provisions may, after notice and hearing before the Director of Finance or such other officer or agency designated by the Mayor, be suspended from receiving financial assistance from the City or from bidding on and/or participating in future City contracts for up to three (3) years. Furthermore, the Philadelphia City Council may, by resolution adopted after a public hearing, determine that there are reasonable grounds to believe that an employer subject to Chapter 17-1300 has failed to comply with its provisions, and that if such failure is established, then debarment would be an appropriate remedy for such failure. A copy of any such adopted resolution shall be forwarded to the Director of Finance, or such other officer or agency designated by the Mayor, who shall without undue delay provide appropriate notice and opportunity for hearing, and after such hearing, make a final determination as to whether there has been a violation of Chapter 17-1300 and whether debarment, as provided by Chapter 17-1300, should be imposed. Such debarment shall be in addition to any of the other sanctions or remedies set forth in Chapter 17-1300. The debarment procedure by Council resolution shall be in addition to any other procedure for debarment established under Chapter 17-1300.

The City's Office of Labor Standards may grant a partial or total waiver of Chapter 17-1300 based on specific stipulated reasons elaborated in Section 17-1304 of the Code.

All other terms, provisions and conditions of the Existing Use and Lease Agreement effective July 1, 2007 shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Airport-Airline Use and Lease Agreement Extension to be executed as of the dates provided below.

CITY OF PHILADELPHIA

AIRLINE

By: \_\_\_\_\_  
Director of Commerce

\_\_\_\_\_  
\_\_\_\_\_

Title

By: \_\_\_\_\_  
Deputy Mayor, Transportation &  
Utilities

\_\_\_\_\_  
Date

Approved as to form:

\_\_\_\_\_  
Shelley R. Smith, City Solicitor  
By: Joseph F. Messina  
Divisional Deputy City Solicitor

EXHIBIT E

PRE-APPROVED CAPITAL IMPROVEMENT PROGRAM  
Philadelphia International Airport

	Capital Funding (in millions)						Allocation by Airport Cost Center					
	Estimated project cost	Potential grants/PFCs/Other Funds	Airport discretionary	Capital Expenditures			Airfield Area	Terminal Area	Ramp Area	Outside Terminal Area	Other Buildings and Areas	Other
				Outstanding Bonds	Future CP/Debt Financing	Total						
<b>2007 PROGRAM</b>												
<b>Infrastructure Improvement Program</b>												
<i>Airfield - Civil</i>												
Taxiway Rehabilitation	\$ 12.00	\$ -	\$ 1.00	\$ 11.00	\$ -	\$ 11.00	\$ 15.00					
High speed exit off Runway 27R	3.00	-	1.00	2.00	-	2.00						
Stern water drainage & grading	1.00	-	-	1.00	-	1.00						
Interior perimeter service road	1.00	-	-	1.00	-	1.00						
	\$ 17.00	\$ -	\$ 2.00	\$ 15.00	\$ -	\$ 15.00	\$ 15.00					
<i>Airfield - Electrical</i>												
Replacement of old airfield signage	\$ 1.50	\$ -	\$ -	\$ 1.50	\$ -	\$ 1.50						
Replacement of all 10" centerline lights	4.50	-	1.00	3.50	-	3.50						
Old cabling equipment	1.50	-	-	1.50	-	1.50						
CAT 2/3 for Runway 27R	5.00	-	1.00	4.00	-	4.00						
Relocation of Vault 2	1.00	-	-	1.00	-	1.00						
Taxiway edge lights	7.00	-	-	7.00	-	7.00						
	\$ 20.50	\$ -	\$ 2.00	\$ 18.50	\$ -	\$ 18.50	\$ 18.50					
<i>Terminal - Architecture/Civil</i>												
Roof replacement	\$ 2.00	\$ -	\$ 1.00	\$ 1.00	\$ -	\$ 1.00						
Restroom renovation project	3.00	-	-	3.00	-	3.00						
Window gaskets on all bridges	1.50	-	-	1.50	-	1.50						
	\$ 6.50	\$ -	\$ 1.00	\$ 5.50	\$ -	\$ 5.50	5.50					
<i>Terminal - Electrical</i>												
Substations rehabilitation, upgrading	\$ 9.00	\$ -	\$ -	\$ 9.00	\$ -	\$ 9.00						
Emergency generator improvements	1.50	-	-	1.50	-	1.50						
Telecommunication replacement	1.00	-	-	1.00	-	1.00						
System improvements - TACS	8.50	-	-	8.50	-	8.50						
System improvements - SCADA/BMS	1.00	-	-	1.00	-	1.00						
System improvements - Fire alarm	3.00	-	-	3.00	-	3.00						
	\$ 24.00	\$ -	\$ -	\$ 24.00	\$ -	\$ 24.00	24.00					
<i>Terminal - Mechanical</i>												
ATC upgrade including roof HVAC units	\$ 6.50	\$ -	\$ -	\$ 6.50	\$ -	\$ 6.50						
Mechanical room upgrade	5.00	-	-	5.00	-	5.00						
CUB boiler/chiller replacement	8.00	-	-	8.00	-	8.00						
	\$ 19.50	\$ -	\$ -	\$ 19.50	\$ -	\$ 19.50	19.50					
<i>Landside</i>												
Street lighting & sign lighting	\$ 1.50	\$ -	\$ -	\$ 1.50	\$ -	\$ 1.50						
Reconstruct barrier & trench drain	3.00	-	-	3.00	-	3.00						
Landscape irrigation plan	1.50	-	-	1.50	-	1.50						
Roadways safety project	2.50	-	-	2.50	-	2.50						
	\$ 8.50	\$ -	\$ -	\$ 8.50	\$ -	\$ 8.50			8.50			
	\$ 96.00	\$ -	\$ 5.00	\$ 91.00	\$ -	\$ 91.00	\$ 33.50	\$ 49.00	\$ 8.50			
<b>Subtotal Infrastructure Improvements</b>												
<b>Major Projects</b>												
Runway 9L-27R Rehabilitation	\$ 18.00	\$ 13.50	\$ -	\$ 4.50	\$ -	\$ 4.50	\$ 4.50					
Eastside Taxiway Expansion	43.00	32.25	-	1.00	9.75	10.75	10.75					
Westside Taxiway Expansion	17.00	12.80	-	4.20	-	4.20	4.20					
Development of Bag Claim F	10.00	-	-	10.00	-	10.00	10.00					
Terminal Hold Room Renovations	5.00	-	-	5.00	-	5.00	5.00	10.00				
Division of Aviation Maintenance Facilities	10.00	-	-	2.00	8.00	10.00	7.50	2.50				
Snow Equipment	10.00	-	-	10.00	-	10.00	10.00					
Security Upgrades	10.00	-	-	2.50	-	2.50	0.60	1.90				
Land Acquisition	30.00	7.50	-	7.50	-	7.50	7.50					
Runway 17-35 Extension	40.00	35.00	-	-	-	-	-					
Airport Master Plan	10.60	7.00	-	-	-	-	-					
Residential Sound Insulation Program	16.00	12.80	-	-	-	-	-					
	\$ 219.80	\$ 143.35	\$ 11.80	\$ 46.70	\$ 17.75	\$ 64.45	\$ 45.05	\$ 19.40	\$ 8.50			
<b>Subtotal major improvements</b>												
<b>Subtotal 2007 Program</b>	\$ 315.60	\$ 143.35	\$ 18.80	\$ 137.70	\$ 17.75	\$ 155.45	\$ 78.55	\$ 68.40	\$ 8.50	\$ -	\$ -	\$ -



EXHIBIT E (concluded)  
 PRE-APPROVED CAPITAL IMPROVEMENT PROGRAM  
 Philadelphia International Airport

	Capital Funding (in millions)					Allocation by Airport Cost Center					
	Estimated project cost	Potential grants/PFCs/Other Funds	Airport discretionary	Capital Expenditures		Airfield Area	Terminal Area	Ramp Area	Outside Terminal Area	Other Buildings and Areas	Other
				Outstanding Bonds	Future CPI Financing						
<b>2013 PROGRAM</b>											
<b>CEP Projects</b>											
Runway 9C-27C Extension and Associated Eastside Taxiway Work	\$ 104.85	\$ 94.70	\$ 2.30	\$ -	\$ 7.85	\$ 7.85					
APM	30.00	22.50	-	-	7.50	7.50					
Ground Transportation Center	312.09	312.09	-	-	7.50	7.50					
Redevelopment of Existing Terminals	200.00	42.50	-	-	157.50	157.50					
Program Management	7.50	7.50	-	-	7.50	7.50					
<b>Subtotal CEP Projects</b>	<b>\$ 654.44</b>	<b>\$ 471.79</b>	<b>\$ 2.30</b>	<b>\$ -</b>	<b>\$ 180.35</b>	<b>\$ 180.35</b>	<b>\$ 0.37</b>	<b>\$ 6.88</b>	<b>\$ 0.03</b>	<b>\$ 0.05</b>	<b>\$ 0.17</b>
<b>Non-CEP Projects</b>											
<b>Civil Improvements/Repairs</b>											
Sacrificial Slab at Apron Interface	\$ 1.00	\$ -	\$ -	\$ -	\$ 1.00	\$ 1.00					
Repair concrete aprons/joint sealing at cargo aprons and taxiways	1.60	-	-	-	1.60	1.60					0.80
Roadway resurfacing/maintenance - Cargo City	4.00	-	-	-	4.00	4.00					4.00
<b>Mechanical Repairs</b>	<b>\$ 6.60</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6.60</b>	<b>\$ 6.60</b>	<b>\$ 0.80</b>	<b>\$ -</b>	<b>\$ 1.00</b>	<b>\$ -</b>	<b>\$ 4.80</b>
Upgrade A-West Sector 3 Explosive Detection System	\$ 5.00	\$ 5.00	\$ -	\$ -	\$ -	\$ -					
Mechanical Rooms 9, 12, 13, 17	2.00	-	-	-	2.00	2.00					
<b>Electrical Upgrades</b>	<b>\$ 7.00</b>	<b>\$ 5.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2.00</b>	<b>\$ 2.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Catalytic Reduction for two existing 1,6MW generators	\$ 1.00	\$ -	\$ -	\$ -	\$ 1.00	\$ 1.00					
FIDS Replacement - Terminal A-West and A-East	4.00	-	-	-	4.00	4.00					
<b>Security Upgrades</b>	<b>\$ 5.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5.00</b>	<b>\$ 5.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Security Bollards	\$ 6.00	\$ 6.00	\$ -	\$ -	\$ -	\$ -					
Access Control upgrade and expansion to perimeter facilities	10.00	10.00	-	-	-	-					
<b>Repairs and Maintenance</b>	<b>\$ 16.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Cleaning of storm water inlets and pipes - landside	\$ 1.50	\$ -	\$ -	\$ -	\$ 1.50	\$ 1.50					1.50
<b>Roofs &amp; Windows</b>	<b>\$ 6.00</b>	<b>\$ 6.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
A-East roof replacement	\$ 2.00	\$ 2.00	\$ -	\$ -	\$ -	\$ -					
A-West roof repairs	8.00	8.00	-	-	-	-					
<b>Restroom Renovations</b>	<b>\$ 10.00</b>	<b>\$ 9.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1.00</b>	<b>\$ 1.00</b>	<b>\$ 1.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Terminal B, C, D, E, and F bathroom renovation	\$ 10.00	\$ 9.00	\$ -	\$ -	\$ 1.00	\$ 1.00					
<b>Other</b>	<b>\$ 3.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3.00</b>	<b>\$ 3.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Escalator Replacement - Terminals B-E bag claim	\$ 2.00	\$ -	\$ -	\$ -	\$ 2.00	\$ 2.00					
A-West carpet replacement	8.00	-	-	-	8.00	8.00					
Concessions Development/Redevelopment	13.00	-	-	-	13.00	13.00					
<b>Subtotal Non-CEP Projects</b>	<b>\$ 67.10</b>	<b>\$ 38.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29.10</b>	<b>\$ 29.10</b>	<b>\$ 0.80</b>	<b>\$ 21.00</b>	<b>\$ 1.00</b>	<b>\$ 1.55</b>	<b>\$ 4.80</b>
<b>Subtotal 2013 Program</b>	<b>\$ 721.54</b>	<b>\$ 509.79</b>	<b>\$ 2.30</b>	<b>\$ -</b>	<b>\$ 209.45</b>	<b>\$ 209.45</b>	<b>\$ 9.02</b>	<b>\$ 192.88</b>	<b>\$ 1.03</b>	<b>\$ 1.55</b>	<b>\$ 4.97</b>
<b>Total</b>	<b>\$ 1,287.14</b>	<b>\$ 653.14</b>	<b>\$ 19.10</b>	<b>\$ 137.70</b>	<b>\$ 477.20</b>	<b>\$ 614.90</b>	<b>\$ 397.57</b>	<b>\$ 261.28</b>	<b>\$ 1.03</b>	<b>\$ 10.05</b>	<b>\$ 4.97</b>









**MAINTENANCE RESPONSIBILITY OF TERMINAL AREA, RAMP AREA, AND EQUIPMENT AND SYSTEMS**

Philadelphia International Airport

Location	Tenant	Description of Facilities	Use	City Owned	Airline Owned	City Maintained	Airline Maintained	Notes and Exceptions
A-West	International Common Use	Counters, Inserts, and Baggage Scales	Common	x		x		Upon completion of maintenance and recalibration, Airlines will take over maintenance responsibility.
	Lufthansa, British	Counters, Inserts, and Baggage Scales	Preferential	x		x		
A-East	American Airlines	Counters, Inserts, and Baggage Scales	Preferential	x			x	
	International Common Use	Counters, Inserts, and Baggage Scales	Common	x		x		
B/C	US Airways	Counters, Inserts, and Baggage Scales	Preferential		x		x	
D/E	Common Use	Counters, Inserts, and Baggage Scales	Common Use	x				Upon completion of D/E Ticketing buildout, City will own all counters and baggage scales. For those counters leased on a preferential basis, Airlines will be responsible for maintaining counters and for providing inserts. Common Use ticket counters will be maintained by the City and the City will provide the inserts.
		Counters, Inserts, and Baggage Scales	Preferential		x		x	
		Counters, Inserts, and Baggage Scales	Preferential	x			x	
		Counters, Inserts, and Baggage Scales	Preferential	x			x	
F	US Airways Express	Counters, Inserts, and Baggage Scales	Preferential	x			x	