AIR SERVICES AGREEMENT
BETWEEN
UNITED AIRLINES, INC.
AND
CITY OF COLUMBIA, MISSOURI

This Air Services Agreement (this "**Agreement**") is entered into on this _____ day of February, 2017, by and between UNITED AIRLINES, INC. ("**United**"), a Delaware corporation with a place of business at 233 S. Wacker Drive, Chicago, Illinois 60606 and CITY OF COLUMBIA, a Missouri municipal government entity ("**Guarantor**"), with principal offices at 701 E Broadway, P.O. Box 6015, Columbia, MO 65205.

WHEREAS, the Guarantor has an interest in promoting air service to and from Columbia Regional Airport ("**COU**")

WHEREAS, United is a certified air carrier conducting scheduled and unscheduled flight operations within the U.S. and between the U.S. and a number of foreign locations;

WHEREAS, Guarantor desires to increase access to and from COU from and to locations where United operates so as to benefit the citizens of Columbia, MO and the surrounding community and Guarantor's interest therein;

WHEREAS, Guarantor has requested that United commence operating scheduled non-stop air service between COU and Denver International Airport ("**DEN**") and, in consideration thereof, Guarantor shall compensate United and make certain concessions as provided herein;

WHEREAS, subject to the foregoing and to the obtainment of appropriate governmental authorizations, United is willing to operate scheduled air service between DEN and COU;

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

1. Schedule to be Operated.

A. United will operate or will cause to be operated scheduled round-trip air service to and from COU with the aircraft indicated as follows:

- Operates with 50 seat regional aircraft (50 coach class seats).
  - Departs DEN at approximately 7:50 p.m. and arrives COU at approximately 10:49 p.m. and departs COU at approximately 6:00 a.m. and arrives DEN at approximately 7:15 a.m.

    - Operates daily from DEN August 1st, 2017 through July 30th, 2018 (both dates inclusive), excluding December 24th, 2017 and December 31st, 2017
    - Operates daily from COU August 2nd, 2017 through July 31st, 2018 (both dates inclusive), excluding December 25th, 2017 and January 1st, 2018

Each flight between COU and DEN is hereinafter, referred to as the "**COU Flight**" and the flights between COU and DEN are hereinafter, collectively, referred to as the "**COU Flights**."

B. At its discretion, United may change the schedule or aircraft operating the COU Flights. The COU Flights will be operated under the direction and control of United and/or one of its regional carriers and Guarantor shall have no right to make decisions with respect to the operation of the COU

Flights. Without limiting the generality of the foregoing provisions of this paragraph and the provisions of Section 2 below, United agrees to use good faith efforts to consider Guarantor's comments on issues related to marketing, pricing and revenue management of the COU Flights.

C. The parties acknowledge that due to operating conditions, including weather related issues, United may operate the COU Flights with fewer passengers than the capacity of aircraft used for operating the COU Flights.

D. For the avoidance of doubt, Guarantor acknowledges that if United operates flights and from COU in addition to the COU Flights or operates flights to and from COU after the end of the Term (as defined in Section 9 below) of this Agreement, such other flights shall not be governed by or operated under the terms of this Agreement.

E. United's obligations under this Agreement, including its obligation to operate the COU Flights, shall be conditioned upon the City Council of the Guarantor, on or prior to March 25, 2017 having approved, authorized, reserved, restricted and allocated funds for the Guarantor's payment of and to secure Guarantor's obligation to pay all amounts Guarantor may be required to pay to United under this Agreement (but in all cases in an amount not less than the MRG Cap).

2. Air Fares. United agrees to establish fares for the COU Flights that are consistent with United's current internal pricing strategies while remaining competitive within the airline industry generally; provided, however, for the avoidance of doubt, United shall have no obligation to establish fares for the COU Flights that are the same as or similar to fares established by other airlines.

3. Financial Performance Guaranty. The Guarantor will unconditionally guaranty that United will receive "Minimum Revenues" (as such term is defined below) for operating the COU Flights during the Term, which shall be calculated as follows:

> the sum of (i) US $12,402 per round trip ("**Per Round-Trip Cost**"), (ii) US $15.26 per round trip revenue passenger and (iii) 4.1% of passenger revenue for each COU Flight.

The sum of (i), (ii) and (iii) above constitutes the "Guaranteed Amount," and may also be referred to herein as the "**Minimum Revenues**."

4. Revenues, Guaranty Payment and MRG Cap.

A. For purposes of this Agreement, "**Revenues**" shall mean the total segment revenues (including passenger revenue and surcharges, cargo revenue and any other revenue, but excluding revenues estimated to be accrued with respect to and/or under this Agreement) from the operation of the COU Flights, as measured by (and using the methodology used by) United's Flight Profitability System ("**FPS**"); provided, however, and for the avoidance of doubt, "Revenues" shall exclude any revenues, such as MileagePlus® Premium revenue, not directly attributable to the operation of the COU Flights.

B. To the extent that United receives less than the applicable Guaranteed Amount in Revenue from the COU Flights for any given Period, as defined below, Guarantor will pay to United an amount equal to the difference between the Guaranteed Amount applicable to the COU Flights for such Period and the amount of Revenue for such Period actually received by United from operating the COU Flights (the aggregate difference for each Period being the "**Guaranty Payment**" and the term "**Guaranty Payments**" shall be construed accordingly).

C. To the extent a Guaranty Payment is owed for a Period, Guarantor will pay to United in U.S. dollars the amount of the Guaranty Payment within twenty (20) days of receipt of an invoice for the Guaranty Payment. United will render invoices for the Guaranty Payment for the following periods (each a "**Period**" and collectively, the "**Periods**"):

i. Period 1: August 1, 2017 – October 31, 2017
ii. Period 2: November 1, 2017 – January 31, 2018
iii. Period 3: February 1, 2018 – April 30, 2018
iv. Period 4: May 1, 2018 – July 31, 2018

United will also provide an itemization of monthly Revenues for all COU Flights during the Period for which the Guaranty Payment is requested. Notwithstanding anything contained herein to the contrary, no failure or delay by United to render the invoice(s) shall prejudice United's right to receive or the Guarantor's obligation to pay the Guaranty Payments upon United rendering the invoice for the Guaranty Payment.

D. If aggregate Revenues during the Term exceed the aggregate Minimum Revenues for the Term, United shall refund the Guarantor the ***lesser*** of (i) the excess of the aggregate Revenues for the Term over the aggregate Minimum Revenues for the Term and (ii) the total Guaranty Payments received by United during the Term; provided, however, and for the avoidance of doubt, under no circumstances will the Guarantor be entitled to a refund hereunder (x) in an amount greater than the total Guaranty Payments received by United during the Term of this Agreement or (y) if the cumulative Guaranty Payments for the Term exceed the MRG Cap. If a refund is owed to the Guarantor as provided in this subsection, United will pay the Guarantor in U.S. Dollars within sixty (60) days of the issuance of the Period 4 invoice.

E. The Guaranty Payment the Guarantor will be required to pay for all COU Flights, under this Agreement, for the Term (as defined in Section 9 hereof) shall not exceed US $600,000 (the "**MRG Cap**").

F. The Guarantor's obligation to make payments in accordance with the provisions of this Agreement shall survive the expiration or earlier termination of this Agreement.

5. Marketing Support. Guarantor will work with United in good faith to market the COU Flights in a mutually beneficial cost-effective manner. In furtherance thereof, Guarantor will give United prominent placement (such placement to be, in any event, no less than that received by any other carrier) in any marketing campaign conducted by Guarantor to promote similar service to and from COU. Additionally, without limiting the generality of the foregoing provisions of this Section 5 and without, in any way, affecting Guarantor's obligation to pay any and all amounts due to United in accordance with this Agreement, Guarantor shall expend a minimum of $250,000 in the marketing and promotion of the COU Flights.

6. Cost of Service.

A. United shall bear all costs of providing the service described and provided for in this Agreement, including by way of illustration but not by way of limitation, the costs of all required aircraft, equipment and facilities (including facilities for ticketing, baggage handling, and like services); personnel; ground costs, including landing fees and use charges; credit card commissions; travel agent commissions; deicing; and fuel ferrying. Guarantor shall waive any and all landing fees and facility rents and other charges for the Term of this Agreement, to the extent attributable to the COU Flights. For the avoidance of doubt, if United operates flights to and from COU in addition to the COU Flights, the waiver of landing fees provided herein shall apply only to the COU Flights and, the waiver of facility rents and other charges will be reduced in proportion to the number of flights attributable to the COU Flights.

B. United and Guarantor acknowledge that United may be required to cancel or divert flights, including COU Flights, due to mechanical problems, weather conditions, or other circumstances beyond the reasonable control of United. If circumstances or conditions result in canceled or diverted COU Flights, United, at its sole cost, shall have the obligation to provide alternate air and/or ground transportation to COU, from the airport to which the COU Flight is diverted, for passengers who are ticketed on the COU Flights to COU in compliance with United's standard procedures for such circumstances. The costs of any cancelled COU Flights shall not be included in the calculation of any Guaranteed Amount.

C. The amounts/percentages referred to in Section 3 hereof are based on United's assumed total cost of jet fuel (into plane) inclusive of all charges including taxes and into plane fees (the "**Assumed Baseline Fuel Cost**") for the COU Flights. The Assumed Baseline Fuel Cost for the COU Flights shall be $1.97 per gallon. Notwithstanding anything contained herein to the contrary, the parties will adjust the Per Round-Trip Cost referenced in Section 3, and hence the Guaranteed Amount owed on a cent for cent basis to the extent the monthly average cost of fuel varies, either up or down, from the Assumed Baseline Fuel Cost to take into account changes in the price of fuel. At the end of each month, United will determine, through United's FPS, the monthly average cost of jet fuel per gallon for the COU Flights (the "**Average FPS Fuel Cost**"). If the Average FPS Fuel Cost for the applicable COU Flights varies from the Assumed Baseline Fuel Cost for the applicable COU Flights, the Guaranteed Amount will be adjusted as follows:

(I) by $15 for the per penny difference between the Assumed Baseline Fuel Cost for the COU Flights for that month and the Average FPS Fuel Cost for such COU Flights for that same month.

For example: If United determines that the Average FPS Fuel Cost in December for the COU Flights is $1.99 per gallon, then the Per Round-Trip Cost used in calculating the Guaranteed Amount in December for the COU Flights will reflect an increase of $30 per each COU Flight round-trip.

7. Intentionally Omitted.

8. Government Authority and Slot Availability. United's ability and willingness to operate the COU Flights is contingent on United being able to maintain all necessary governmental approvals to operate the COU Flights, access to departure and arrival slots that are acceptable to United and ticket counter and other facilities that are acceptable to United.

9. Term. The term (the "**Term**") of this Agreement shall commence on the date first written above and shall continue, unless terminated earlier as provided herein, until July 31, 2018.

10. Termination and Renegotiation.

A. In addition to the rights of either party enumerated elsewhere in this Agreement or available to either party under law or in equity, each party shall have the right to terminate this Agreement upon written notice to the other party if the other party fails to perform any of its material obligations under this Agreement and such failure continues un-remedied during the ten (10) day period following the receipt by the other party of the notice of termination. The effective date of any such termination shall be the date provided in the notice from the party terminating this Agreement, but may not be less than the ten (10) day period provided above.

B. This Agreement will terminate immediately if United ceases to hold the governmental authorities or slots necessary to operate the COU Flights.

C. United shall have the right to terminate this Agreement upon no less than thirty (30) days' prior written notice to the Guarantor, if United believes the MRG Cap, as calculated by United's FPS, may be achieved at any time (without regard to the timing of the monthly close out of United's FPS) during the Term.

D. If (i) United notifies Guarantor of a "Material Cost Circumstance", as defined below, United may request a renegotiation of the amounts of Minimum Revenues and/or the MRG Cap or (ii) Guarantor notifies United of a "Material Cost Circumstance", Guarantor may request a renegotiation of the amounts of Minimum Revenues and/or the MRG Cap. If, within ten (10) business days of such request, negotiations do not result in the establishment of revised Minimum Revenues and/or the MRG Cap amounts reasonably acceptable to United, United may terminate this Agreement upon no less than five (5) days' written notice to Guarantor, at which time all of United's obligations under this Agreement shall cease. For the purposes of this Agreement, "**Material Cost Circumstance**" means that, at any time during

the Term of this Agreement, the Spot Price for Kerosene-Type Jet fuel, U.S. Gulf Coast as published by the U.S. Energy Information Administration in its weekly "Petroleum Status Report" exceeds $2.02.

E. United may request a renegotiation of the COU Flight Per Round-Trip Cost and/or MRG Cap if the (i) Guarantor markets and/or subsidizes any markets not being operated to and/or from COU to any point west of COU on the date of United's execution of this Agreement, other than air service that was scheduled, published for sale and in existence prior to United executing this Agreement, or (ii) any additional markets not currently being operated to and/or from COU to any point west of COU on the date of United's execution of this Agreement, other than air service that was scheduled, published for sale and in existence prior to United executing this Agreement, is announced after this Agreement is executed by United. If, within ten (10) business days of such request, negotiations do not result in terms reasonably acceptable to United, United may terminate this Agreement upon no less than five (5) days' prior written notice to Guarantor, at which time all of United's obligations under this Agreement shall cease.

F. Without limiting the generality of any other provisions of this Agreement, United shall have the right to terminate this Agreement and/or withdraw any publication or operation of the COU Flights if, on or prior to March 24, 2017, City Council of the Guarantor has not approved, authorized, restricted, reserved and allocated funds, in an amount not less than the MRG Cap, for Guarantor's payment of and to secure Guarantor's obligation to pay amounts due to United pursuant to this Agreement.

Except as otherwise provided in this Agreement, upon termination of this Agreement, neither party shall have any rights or obligations to the other party except for those obligations that may have accrued through the date of such termination (including Guarantor's obligation to pay any amounts due to United hereunder) and such obligations which, by their nature or the express terms of this Agreement, survive the expiration or earlier termination of this Agreement.

11. Remedies Upon Termination.

A. A termination pursuant to Section 10 shall not limit United's right to pursue or enforce any of its rights under this Agreement.

B. Any termination or expiration of this Agreement shall not affect Guarantor's obligation to pay United all amounts to United as of the effective date of such expiration or termination.

C. In the event of a termination of this Agreement prior to its natural expiration for any reason, in accordance with the provisions of this Agreement, Guarantor shall pay amounts owed to United, as of the effective date of the termination, within ten (10) days after receipt of an invoice from United.

The provisions of this Section 11 shall survive the expiration or earlier termination of this Agreement.

12. Force Majeure. United shall have no obligation to operate the COU Flights, where cessation of such flights is due to an event or events beyond United's reasonable control, including, without limitation, equipment failures, air traffic control, governmental actions, strikes and Acts of God.

13. Audit. Upon reasonable notice, the Guarantor, at its expense, shall have the right to audit and inspect, at United's offices during normal business hours, United's books and records as they relate to the determination of Revenue on the COU Flights for the sole purpose of ensuring that, in determining the amount of Revenue, United is utilizing the same methodology as is applied to all of United's similar routes.

14. Confidentiality. No party hereto may disclose to a third party any part of this Agreement, any information pertaining to the specific contents of this Agreement or any proprietary information received from the other party pursuant to this Agreement unless such information shall have already become publicly known without breach of this provision or unless required to do so pursuant to applicable law, regulation, governmental order or subpoena, provided that in the case of any such law, regulation, governmental order or subpoena the parties will consult in good faith as to how to proceed with the aim of taking all appropriate action to limit the scope of such law, regulation, governmental order or subpoena and/or obtain confidential treatment for any material required to be

disclosed in response thereto and, further, Guarantor shall give United not less than thirty (30) days' prior written notice of any such required disclosure and an opportunity for United to assert objections and exceptions to such disclosure. The parties shall agree upon the timing and content of any public disclosure or press release relating to this Agreement or the COU Flights and no such public disclosure or press release shall be made or issued that has not been agreed upon by the parties hereto. Guarantor represents and warrants that (a) it is required by law (including Section 610.021 of the revised Statutes of Missouri and City Ordinance 2-15.3) to disclose and release an un-redacted copy of this Agreement to Guarantor's City Council in connection with Guarantor's City Council's (x) approval of this Agreement and (y) approval, authorization, reservation, restriction and allocation of funds for the Guarantor's payment of and to secure Guarantor's obligation to pay all amounts Guarantor may be required to pay to United under this Agreement, and (b) such disclosure and release of an un-redacted copy of this Agreement referenced in sub-subsection (a) above is accomplished by Guarantor posting, on the Guarantor's website, an un-redacted copy of this Agreement with the agenda for Guarantor's City Council meeting. In reliance of the foregoing representations, United hereby consents to Guarantor's disclosure and release of an un-redacted copy of this Agreement to Guarantor's City Council (by Guarantor posting an un-redacted copy of this Agreement in connection with the agenda for the Guarantor's City Council meeting scheduled for the purposes set forth in (x) and (y) above). Neither party shall have the right to use the other party's name, logo or other marks without the express written permission of the other party.

15. Indemnification and Hold Harmless. To the extent permitted by applicable law, each party (the "**Indemnifying Party**") shall indemnify and hold harmless the other party, and its officers, directors, employees and agents (each an "**Indemnified Party**" and collectively, the "**Indemnified Parties**") from and against all liabilities, damages, losses, claims, suits, judgments, costs and expenses (including reasonable attorneys' fees), of any nature whatsoever, suffered by the Indemnified Party as a result of claims by third parties arising out of the willful misconduct or negligent acts, errors or omissions of the Indemnifying Party in connection with this Agreement, except to the extent caused by any Indemnified Party's negligence or willful misconduct. The provisions of this Section 15 shall survive the expiration or earlier termination of this Agreement.

16. Attorneys' Fees. In the event of any litigation between the parties hereto concerning this Agreement and the enforcement hereof, the prevailing party in such action shall be entitled to receive from the other party all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in such action.

17. Counterparts and Headings. This Agreement may be executed in several counterparts, which together shall constitute one and the same instrument, and any party hereto may execute this Agreement by PDF or other electronic signature, which shall be effective as an original signature for all intents and purposes. The headings used to identify Section are for reference purposes only and shall have no bearing on the interpretation of this Agreement.

18. Notice. All notices and other communications required or permitted under this Agreement shall be in writing and shall be deemed given (A) upon delivery by hand, (B) one (1) day after delivery to a commercial courier (example, FedEx) for next business day delivery properly addressed and prepaid, or (C) within three (3) days after placement in the U.S. mail properly addressed and with sufficient postage for certified mail, return receipt requested to the addresses set forth in the first paragraph of this Agreement or such other address as a party may designate, in writing, pursuant to this notice provision (provided, however, and notwithstanding the foregoing, any invoices rendered by United may be sent to Guarantor via electronic communication to James McDonald at James.McDonald@CoMo.gov and Stacey Button at Stacey.Button@CoMo.gov).

To United:

United Airlines, Inc.
Attention: Vice President – Domestic Network Planning
233 S. Wacker Dr.
WHQAS
Chicago, IL 60606

To Guarantor:

City of Columbia
Attention: James McDonald, Sr. Accountant
701 E. Broadway Fifth Floor
P.O. Box 6015
Columbia, MO 65205

19. Miscellaneous.

A. This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof. This Agreement or any provision of this Agreement may not be amended, modified or waived except by a written agreement signed by both parties hereto.

B. This Agreement may not be assigned by either party hereto without the written consent of the other party; provided that United may assign this Agreement without such consent to an air carrier that is its corporate affiliate or successor without such consent.

C. THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE SUBSTANTIVE LAW OF THE STATE OF MISSOURI.

D The parties hereto represent that they have the authority to enter into this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, United and Guarantor have each caused this Agreement to be signed and delivered by its duly authorized representative, all as of the date first written above.

UNITED AIRLINES, INC.

By: _____ RH
Grant Whitney
Vice President - Domestic Network Planning

CITY OF COLUMBIA, MISSOURI

By: _____
Mike Matthes, City Manager

Date: _____

ATTEST:

By: _____
Sheela Amin, City Clerk

Date: _____

APPROVED AS TO FORM:

By: _____
Nancy Thompson, City Attorney

Date: _____

I hereby certify that this Agreement is within the purpose of the appropriation to which it is to be charged, that is, account _____, and that there is an unencumbered balance to the credit of such account sufficient to pay therefore.

_____ Date: _____
Michele Nix, Director of Finance