SAN ANTONIO INTERNATIONAL AIRPORT
AIRLINE COMPETITION PLAN
FISCAL YEAR 2001-2002

INTRODUCTION

San Antonio International Airport ("SAT") is owned by the City of San Antonio ("City") and operated by the Aviation Department. SAT is comprised of approximately 2,600 acres and is located within the city limits of San Antonio, Texas, approximately 8 miles from the downtown area. SAT primarily serves the San Antonio metropolitan area, including Bexar and surrounding counties. There are no other commercial service airports within the primary service region. The Metropolitan Statistical Area (MSA) includes Bexar, Comal, and Guadalupe counties. SAT is an origin and destination (O&D) airport, servicing a MSA of approximately two million residents.

The City submitted its *Airline Competition Plan Fiscal Year 2000-2001* on August 4, 2000 to the Federal Aviation Administration ("FAA"). In November 2000, the City received FAA's review of this plan. FAA determined that it was in accordance with the requirements of Section 155 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR 21), Pub. L. 106-181, April 5, 2000. In its approval letter, FAA also offered some recommendations when San Antonio updates its plan. Specifically, FAA recommended certain changes which would enhance airline competition at SAT and which would be possible with the expiration of the City's Airline-Airport Use and Lease Agreement on September 30, 2001. The foregoing is the updated San Antonio's *Airline Competition Plan Fiscal Year 2001-2002* ("Plan") to include changes that have occurred during the past twelve (12) months, as well as provisions in the new *Airline-Airport Use and Lease Agreement* ("Agreement").

EXECUTIVE SUMMARY – COMPETITION PLAN STATUS

San Antonio is a very competitive market with 14 passenger airlines serving the area. During 2000, SAT enplaned a total of 3,647,094 million domestic and international passengers. Of these total enplanements, low-fare **Southwest Airlines** holds the largest market share with 35 percent of the enplanements, followed by **American Airlines** with 17 percent (together 52 percent of total enplanements). **Delta** and **Continental Airlines** are next in market shares with 16 and 13 percent, respectively. San Antonio is also serviced by **United** and **Trans World Airlines** (each with 5 percent of the market), **Northwest Airlines** (3 percent of market), **America West Airlines** (2 percent) and **Mexicana** (1.7 percent), with the balance of scheduled service provided by **Midwest Express**, **Atlantic Southeast**, **Sun Country**, **Aerolitoral and Aeromar**, as well as **Champion Air**, which provides scheduled charter services.

The following summarizes airline competition, as well as proposed enhancements, at SAT:

- No barriers to entrant and incumbent airlines:

- No slot restrictions,
- No significant aircraft delays (results in savings to airlines),
- Four vacant loading bridge gates,
- All gates and hold rooms are preferential-use (exclusive-use under the airline Agreement expiring September 30, 2001),
- Preferential-use aircraft parking apron,
- Ticket counter and office space readily available for lease,
- Three common-use gates available in Terminal 2, and
- Low cost per enplaned passenger ($3.09 in 2000) to the airlines.

- Significant level of existing competition:
  - Forty percent of SAT passengers utilize a low-cost carrier,
  - Low airfares in effect (Compared to the top 100 U.S. passenger markets, SAT's fared average one-way fare of $154 ranks 55th most expensive or 9.4 percent below the U.S. average.),
  - Two or more carriers serve each of SAT's top 20 markets (Attachment B),
  - Fifteen of SAT's top 20 markets have a low-fare carrier presence, and
  - An active airport air service marketing and development program is in place to increase the number of destinations served from San Antonio and recruit entrant airlines.

- New airport proposed practices (effective October 1, 2001 with new airline lease Agreement), to increase airline competition at SAT:
  - Contractual provisions for gate monitoring,
  - Airport has ability to reassign airline lease space,
  - Installation of a common use city-operated gate is planned in 2002 in Terminal 1, and
  - Joint Use Premises charge reduction for any scheduled air carrier that is not a signatory and whose enplaned passengers equal less than one percent of the total enplaned passengers for the month the air carrier used Joint Use facilities (e.g., baggage claim).

Under the City's *Airline Competition Plan Fiscal Year 2001-2002*, San Antonio plans to continue its current strategy to ensure competitive air service by providing airline access to SAT gates and terminal facilities, while remaining a low-cost airport to encourage expansion of air service to the community.

The following provides additional details in accordance with those stipulated in the Competition Plan Program Guidance Letter 00-3. The revised Plan also addresses improved business practices and procedures intended to encourage increased airline competition at SAT through proposed new initiatives detailed in the new *Airline-Airport Use and Lease Agreement*. The new Agreement is effective October 1, 2001 and runs to either the Date of Beneficial Occupancy of proposed new Concourse B or at midnight on September 30, 2006, unless sooner terminated.

A. PATTERNS OF AIR SERVICE & MARKETS SERVED

The following 14 air carriers (four of which are low-fare airlines) serve the San Antonio region:

Airlines	No. of Nonstop Markets	Airlines	No. of Nonstop Markets
Aerolitoral	1	Mexicana	1
Aeromar	1	Midwest Express	1
American Airlines	2	Northwest Airlines	2
America West Airlines	1	Southwest Airlines	11*
Atlantic Southeast (ASA)	1	Sun Country	3
Continental Airlines	4	Trans World Airlines	1**
Delta Airlines	5	United Airlines	2

*Will grow to 13 markets effective October 2001.

**Plans to merge with American Airlines as of January 1, 2002. American Airlines is expected to continue TWA's nonstop service to St. Louis, MO.

On the average, SAT has approximately 115 commercial takeoffs per day to twenty-nine (29) (as of August 2001) domestic and international airports with continuing same plane service to an additional forty (40) domestic and international destinations. Attachment A lists the single plane domestic and international markets, as well as the number of flights per day/per week. This attachment also lists all of the airlines currently serving SAT and the markets served by each carrier.

With the exception of Harlingen, Texas, the majority of SAT nonstop flights are to major U.S. markets. Same plane service from San Antonio is currently available to a few small communities such as Midland/Odessa, TX. Periodically, Southwest Airlines will provide same plane service to the small Texas communities of Lubbock and Amarillo, which are in SAT's top fifty (50) markets.

Low-fare carriers in the San Antonio market include: Southwest, America West, Sun Country, and Midwest Express.

Southwest Airlines currently flies nonstop to 11 (13 effective October 28, 2001) San Antonio markets. Southwest operates in 15 of San Antonio's top 20 domestic markets (Attachment B). Southwest Airlines dominates three (Dallas/Fort Worth, TX, Houston, TX and Las Vegas, NV) of San Antonio's top five markets. In the top five markets, Southwest carries 75 percent of the San Antonio-Dallas/Ft Worth traffic (includes Love Field), 70 percent of San Antonio-Houston traffic (includes Bush Intercontinental and Houston Hobby airports), 18 percent of San Antonio's Chicago (includes O'Hare and Midway airports) passengers and 79 percent of San Antonio-Las Vegas traffic. Southwest carries 51 percent in San Antonio's top 10 markets, which include Dallas/Fort Worth, TX; Houston, TX; Chicago, IL; Las Vegas, NV; New York, NY; Los Angeles, CA; Atlanta, GA; Baltimore, MD; Washington, DC and Phoenix, AZ.).

America West provides nonstop service to Phoenix, AZ and handles approximately 3 percent of San Antonio's passengers in its top ten markets. Midwest Express serves Kansas City, MO

(ranked 18th in San Antonio's O & D market). Through most of Fiscal year 2001, Sun Country and Northwest provided nonstop service to Minneapolis, MN (Sun County plans to terminate service to Minneapolis during September 2001). Sun Country now has two weekly flights to Las Vegas. Approximately 43 percent of all San Antonio's passengers travel to/from these top 10 markets. Attachment B lists the top 50 O&D passenger markets at San Antonio by top domestic carriers.

In recent years, new nonstop markets include Southwest to Tampa, FL and Baltimore, MD. Nonstop service additions to Baltimore, Kansas City, Minneapolis and Tampa have aided in producing an overall seat increase of approximately 2.6 percent since 1998 (Attachment C). Effective October 27, 2001, Southwest Airlines will begin daily nonstop flights to San Diego, CA and Raleigh-Durham, NC. Returning to San Antonio after a four-year absence, US Airways recently announced that it would provide three daily nonstop flights from San Antonio to Charlotte, NC beginning May 5, 2002.

According to Department of Transportation (DOT) data for Calendar Year 2000, San Antonio ranks 42nd out the top 100 domestic O&D passenger markets and 44th out of the top 100 domestic revenue markets. San Antonio's average passenger fare of $154.00 is 9.4 percent below the U.S. average and is more affordable than approximately 57 percent of the US's top 100 passenger markets. In terms of passengers per capita, the San Antonio MSA ranked 54th in 2000, generating 1.93 passenger trips per person annually.

Low-fares (yields) in some cases have proven to be a disadvantage when SAT competes for new air service in under-served markets, since the airlines prefer to allocate equipment in markets that will produce higher yields. However, San Antonio enjoys a healthy level of airline competition and good air service in its leisure market.

Comparison data is provided in the following attachments (data source DOT for 2000):

• Top 10 Carrier's Local Passengers in Top 50 O&D Domestic Markets	Attachment B
• Top 25 Domestic Seats Available Airports and Carriers at San Antonio	Attachment C
• Top 10 Domestic O&D Carriers' Local Passengers with Percent of Total	Attachment D
• Average Fare Yields for Top 10 Domestic O&D Revenue Carriers at SAT	Attachment D
• Statistical Comparison of the Top Domestic Passenger Markets Ranked by Average Yields including Average Fares and Average Itinerary Miles	Attachment E

AVAILABILITY OF GATES AND RELATED FACILITIES

1. **Facilities**

San Antonio International Airport has two side-by-side terminal buildings with abutting apron areas for aircraft parking. Exhibits 1 and 2 show placement of the terminals in relation to the aircraft parking apron and airfield. Terminal 1 was constructed in 1984, while Terminal 2 was originally built in the early 50's. An eight (8)-gate concourse was added to Terminal 2 in 1968.

Terminal 1 (Exhibit 3) has sixteen (16) jet loading-bridge gates. Federal Inspection Station ("FIS") facilities are located in the lower level of Terminal 1. Gates 1, 2, 10 and 11 have jet-bridge access into the FIS area. Gates 12, 13, 14, 15 and 16 have access to the FIS area, but at ground level. In the case of Gates 12 through 16, passengers must walk from the gate-ramp area though a long corridor to enter the FIS.

Terminal 2 (Exhibit 4) has eight (8) jet loading-bridge gates (30, 31, 32, 33, 34, 35, and 37) and three common-use gates (39, 40 and 41).

The current terminal configuration and gate designations have been in place since 1984.

2. Current SAT Gate Utilization/Availability

Depending on flight schedules of signatory airlines, all SAT airline space (terminal and gate premises) is available for subleasing from an existing signatory operator. Although preferable from an economic standpoint, conditions do not exist which would force subleasing arrangements. Alternatively, SAT airline premises can be leased directly from the City to an entrant or incumbent carrier under a signatory agreement or a month-to-month agreement.

Included in Attachment F are contractual provisions defining "Exclusively Leased Premises" (1.22) and "Preferential Use Premises" (1.35) in the City's signatory Agreement.

A. Terminal One

In Terminal 1 (Exhibit 3) all but 4 of the 16 gates are leased under the City's current signatory agreement expiring September 30, 2001. Pending the completion and execution of the new airline Agreement by the current signatories, the gate assignment in Terminal 1 is expected to remain unchanged. However, the hold rooms will be designated "preferential use" under the new Agreement rather than "exclusive use", as is the case in the current agreement. The signatory airlines in Terminal 1 include Southwest, Mexicana, Northwest, Delta (shares gates with ASA) and United (shares gates with Midwest Express and Sun Country). Aerolitoral Airlines is currently using Gate 2 under a non-signatory month-to-month agreement. Gates 1, 8 and 9 are not currently leased nor are they being used for the loading and unloading of passengers. Terminal 1 has vacant ticket counter, ticket office, operations and baggage make-up space available for lease.

The City is proposing to install a loading bridge and furnish the adjoining hold room in order to make Gate 1 in Terminal 1 a city-operated gate. This is expected to occur during Fiscal Year 2002. This gate will be available on a first-priority basis to all new non-signatory airlines (scheduled and charter operators with no more than a single daily or

weekly flight) for a per use charge. Secondarily, the city-operated gate will be available to incumbent airlines on a non-recurring basis for an occasional charter operation that cannot be accommodated at the leased preferential-use gate.

Of the four gates that have direct loading-bridge access into the FIS area, international carriers Aerolitoral, Aeromar and Mexicana are currently utilizing Gates 2 and 11, respectively. Gate 1, as a city-operated gate, will afford charter, new entrant and signatory operators (without FIS access), common access to FIS, as international air service schedules allow. The fourth FIS gate (Gate 10) is leased to Northwest (handles only domestic flights). Northwest has an agreement with Continental Airlines to permit its use of Gate 10 for international deplanements into the FIS area.

Indications are that, with the introduction of planned additional nonstop flights, Southwest Airlines may require an additional gate. The City is currently in the process of renovating and expanding Terminal 1, to include new concessions space and enlarging hold room areas at Gates 8 and 9. Gates 8 and 9 hold rooms adjoin Southwest leased premises, but do not currently afford enough space to contain passengers for simultaneous gate boarding. Southwest Airlines has indicated an interest in leasing one of these gates sometime in the future after the expansion project is completed in the Spring of 2002.

B. Terminal Two

In Terminal 2 (Exhibit 4), all eight loading-bridge gates are currently under signatory lease agreement to American, TWA and Continental, with America West sharing hold room and gate space leased to Continental. The Gates 39, 40 and 41 (ground level only) are available to all air carriers on a common-use basis for a flat monthly fee and are available to the airlines on a first-come, first-served basis. No airline is currently using these gates. Terminal 2 has vacant ticket counter, office, operations and baggage make-up space available for lease.

As a result of the TWA and American Airlines consolidation, American Airlines has indicated that, effective with the execution of the City's new airline Agreement, it will lease one of TWA's (Gate 37), leaving Gate 33 in Terminal 2 vacant.

During the lease negotiations, America West indicated that it may become a signatory and lease a single gate, hold room, ticket counter/office space, and aircraft parking apron directly from the City. The City has not begun negotiations with US Airways for terminal and gate/aircraft apron areas. However, US Airways has indicated a desire to be a signatory airline and lease a single gate, hold room, ticket counter/office space, and aircraft parking apron directly from the City. The Aviation Department should have gate and other terminal facilities to accommodate both America West and US Airways.

San Antonio regularly has charters, especially during the summer months and for special sporting events throughout the year. Typically, the charter operator (Guest Airline – Attachment F) contacts several signatory airlines and secures an operating agreement with a carrier that has an available time slot. As an example, Champion Air has regular charters

that are handled by United Airlines at Gates 15 and 16. Alternatively, the city gate will be available on a per use charge in 2002 for charter operations, with a requirement that the entrant contract for ground handling services.

In addition to SAT's available gates, the list below demonstrates that currently the gates leased to the airlines are not underutilized and there exists a willingness on the part of the incumbents to share gate space with entrant airlines. Gate 29, which was included in SAT's *Airline Competition Plan Fiscal Year 2000-2001*, has been decommissioned in order to provide space for a temporary food court while Terminal 2's main food court is being renovated.

The following provides a summary of current gate utilization at SAT:

Gate Number	Airline	Gate Utilization
(Terminal 1)		
1	Not Currently in Use	N/A
2	Aerolitoral	3 daily
2	Aeromar	1 weekly
3	Southwest	9 daily
4	Southwest	9 daily
5	Southwest	10 daily
6	Southwest	9 daily
7	Southwest	9 daily
8	Not Currently in Use	N/A
9	Not Currently in Use	N/A
10	Northwest	5 daily
11	Mexicana	2 daily/3 Sunday
12	Delta/ASA	6 daily
13	Delta	7 daily
14	Delta	5 daily
15	United/Sun Country	5 daily/2 weekly
16	United/Midwest Express	2 daily
(Terminal 2)		
30	Continental	7 daily
31	Continental	5daily
32	Continental/America West	5 daily
33	TWA/Omni (charter)	2 weekly
34	American	5 daily
35	American	4 daily
36	American	5 daily
37	TWA	5 daily
39	Not Currently in Use	N/A
40	Not Currently in Use	N/A
41	Not Currently in Use	N/A

PROVISIONS FOR LEASING AND SUBLEASING FACILITIES

1. Leasing Policy and Procedures

The Aviation Department has negotiated with the air carriers a new use and lease Agreement and has requested City Council approval of this Agreement on September 27, 2001.

Air carriers have a multitude of use and lease options available at SAT. These include a handling agreement with a signatory airline, a sublease with a signatory, preferential use of space, an operating permit (month to month), as well as non-signatory and signatory agreements. Handling agreements do not require the City's approval. Subleases, preferential use and operation permits are handled administratively within the Aviation Department. A direct lease (signatory and non-signatory) of space requires City Council approval.

The Aviation Department manages the facilities for the City of San Antonio. Ultimate approval of a lease agreement is by the City Council. The Department is charged also with monitoring lease compliance. Disputes among signatory airlines regarding access by potential entrant or incumbent airlines seeking new or additional airport facilities are resolved administratively through the Aviation Director. Regular monthly meetings are held with the airline managers to discuss/resolve problems/issues. Over the many years of operation, the Department has demonstrated a willingness to enter into negotiations with either incumbent or new entrant carriers for use of airport gates and facilities. Procedures for assigning airport facilities are discussed further in this section.

Existing signatory and non-signatory air carriers have knowledge of available gates. Periodically, the Aviation Department receives inquiries from incumbent (e.g., America West) and potential entrant carriers (e.g., US Airways). As a result of having had the advantage of excess gate capacity since the completion of Terminal 1 in 1984 and a successful subleasing arrangement with incumbent carriers, SAT has not had to deny use of airport facilities to any incumbent or entrant airlines.

Under Attachment G, which includes the *Airport-Airline Use and Lease Agreement, Article III and Exhibit C,* a summary of terminal areas under lease agreement for exclusive use, preferential use and joint use is provided. Attachment G also includes the contractually referenced "Exhibit C", which shows details of assigned and unassigned terminal and apron areas.

2. Subleasing Provisions and Procedures

The Property Management division of the Aviation Department oversees leasing and subleasing activities at SAT, as well as provides assistance to entrant and incumbent airlines wishing to either sublease airline premises or operate on a month-to-month agreement. Prior written consent by the Aviation Director is required for all subleasing arrangements. Consent to sublease Airline Premises to an entrant or incumbent airline has never been withheld. Provision 14 of the airline Agreement is attached (Attachment H).

Provision 14.1.D in Attachment H describes the contractual provision governing sublease fees to include that fifteen (15) percent above the standard airport-determined fee shall be considered excess rentals. Excess rentals shall be paid to the City as Gross Revenues. Airlines are permitted to charge a reasonable fee to others for the use of airline's capital equipment and to charge for use of utilities and other services being paid for by the signatory airline.

The Aviation Department has no history of receiving complaints from subtenants about excessive sublease fees or unneeded bundling of services. If such were to occur, contractual provisions provide a remedy, which would be enforced through the authority granted to the Aviation Department's Aviation Director under the terms and conditions of the Agreement.

3. **Gate Monitoring/Assignment Policy**

The City's Aviation Department has long worked closely with new entrants and existing airlines to provide access to airport facilities for planned operations. Provision 15 of its new Agreement (Attachment I) clearly states the City's objective to offer to all airlines desiring to serve SAT access to the airport facilities and to provide adequate gate positions and space in the terminals. It is the City's intent to pursue an optimum balance in the overall utilization of available terminal/apron facilities to the extent, if necessary, that sharing and reassignment, from time to time, of gate positions (changed from exclusive to preferential use under the new airline Agreement) and other terminal facilities, as may be required.

Recognizing that physical and financial limitations may preclude timely expansion of terminal and aircraft parking apron area in the future, the City's new airline Agreement (effective October 1, 2001) sets forth a policy and procedures under Provision 15 for gate monitoring and reassignment based on certain findings and criteria, as detailed in contractual Provision 15 (Attachment I).

A) Gate Availability Policy

Contractual Provision 1.38 (Attachment F) defines a new entrant airline as the "Requesting Airline". Under its Agreement with the signatory airlines, the City has set forth its policy for providing reasonable access by a new entrant or an incumbent wishing to expand. Under contractual Provision 15.3 (Attachment I), the City has the option, after the third anniversary of the effective date of the new airline Agreement, to reallocate an airline's premises among the signatory airlines because of one or more of the following conditions:

a) The need to provide premises to a signatory airline, which is without adequate premises leased directly from the City due to the unavailability of such space;
b) The impracticality of the City constructing additional premises within a reasonable period of time; and
c) The need for the City to manage aircraft and passenger activity at SAT in order to correct an imbalance use of airport facilities, including gate positions, or to minimize or ameliorate congestion in the terminals or at the curbside.

B) Gate Re-Assignment Procedures

In making such reallocation stipulated in contractual Provision 15.3, the City shall give the signatory airline, along with the other signatory airlines, not less than sixty (60) days written notice of the proposed space reallocation together with the City's reasons for the reallocations. The signatory airline shall during the sixty-(60) day period be entitled to respond to the proposed reallocations in writing. A final decision of the City shall be from the Aviation Director in writing and contain the basis thereof along with the effective date of any reallocations.

C) Gate Usage Monitoring Program

Using SAT's Multi User Flight Display System (MUFIDS), which is to be installed by the end of 2002, the reallocation of any leased premises shall be in accordance with data routinely collected by the City that shall take into account the following factors, among others:

a) Each signatory airline's number of enplaning and deplaning passengers;
b) Each signatory airline's historical, current and reasonability projected frequency of operations;
c) Each signatory airline's number of gate positions; and
d) Each signatory airline's linear feet of ticket counter space, square feet of hold room space and square feet of other premises.

4. Ground Handling, Maintenance, Fueling and Catering Support Services

Most of the signatory airlines provide their own ground handling and maintenance support services. There are several independent ground handling companies (Ogden Aviation Services and Evergreen) located on airport premises. Two independent companies, located on airport premises (Ogden and Nayak), provide fuel. Dobbs Catering, which is also located on airport premises, is available to provide catering services to the airlines.

CAPITAL CONSTRUCTION PROJECTS AND FUNDING

Over the course of its history, the major revenue source for SAT terminal projects has been General Airport Revenue Bonds. Additionally, terminal improvement projects have been funded through the use of airport-generated revenues.

Effective November 1, 2001, the City of San Antonio will initiate for the first time a Passenger Facility Charge (PFC). Pursuant to the Airport Master Plan and projected need for new/additional terminal/gate capacity, all funding sources, including PFCs, will be utilized.

SAT's airline Agreement does not include a majority-in-interest (MII) clause. Under the airline Agreement, the City must notify the airlines of upcoming capital projects. However, while the

airlines may cause a deferral of capital projects for 180 days, approval of capital projects by the airlines is not required.

The City is currently in the preliminary planning stages for the eventual construction of a new six (6)-gate Concourse B, demolition of Terminal 2 [eight (8) jet-bridge gates and three (3) ground level gates] and construction of an eight (8)-gate Concourse C, which is expandable up to twelve (12) gates. Concourse B is scheduled for completion in late 2005 or early 2006 and Concourse C is due for completion in 2008 (Exhibit 5). Upon completion in 2008, total SAT jet-bridge (preferential and common use) gates will increase from 24 to 30. Funding for these new facilities will come from monies generated by bonds, PFCs and airport capital funds. This same source of funding will be used to construct new aircraft apron in connection with the terminal expansion, as well as future runway extension and reconstruction project set forth in the Airport Master Plan.

RATES AND CHARGES

The new airline Agreement uses a hybrid approach to calculating the rates and charges. Basically, the landing fee and terminal rentals are developed utilizing a compensatory approach. However, the Airport shares 50 percent of the net income with the signatory airlines through a rental credit against the exclusive terminal space rentals (Attachment J).

San Antonio's objective is to maintain low costs to the airlines in order to encourage growth in air service to the community. SAT's cost per enplanement is very low at $3.09 (2000).

To encourage use of SAT facilities by small, non-signatory airlines, whose enplaned passengers equal less than one percent (1%) of the total enplaned passengers for a current month, the City's new airline Agreement, Provision 6 (Attachment J) provides for reduced Joint Use Premises fees.

Addendum to 2001 – 2002 Competition Plan for San Antonio International Airport

(May 31, 2001)

Formal Dispute Resolution Process

Background

The City of San Antonio Aviation Department is responsible for working with new entrants and expanding incumbent air carriers at the San Antonio International Airport (SAT). There are 14 airlines currently serving the San Antonio market. Low cost carriers Southwest Airlines, America West, Sun Country and Midwest Express serve more than 40% of the San Antonio passenger market. The airport has an excellent history of being responsive to the needs of new entrant airlines, as well as expanding incumbent air carriers. The City has never received a complaint regarding the lack of access from either a new entrant or incumbent air carrier wishing to expand at SAT.

SAT has maintained excess (additional) gate capacity during the past 18 years. It currently has four vacant gates (one in Terminal 2 and three in Terminal 1) that are jet-bridge capable and three common-use gates in Terminal 2, which are available for ramp level operations, for a total of seven vacant gates.

The City recently approved a 10-year Capital Improvement Program (CIP), a part of which calls for the construction of two new concourses, B and C onto Terminal 1, and the demolition of Terminal 2 to make room for Concourse C. When completed in 2008, SAT will have a total of 30 jet-bridge gates, four more than needed to meet the passenger projections stipulated in SAT's 1998 Airport Master Plan. Concourse C will initially be built to contain eight gates and is expandable up to 12 gates. This proactive stance on the part of the City demonstrates its commitment to continually offer state-of-the-art terminal facilities for growing air carriers and the passengers and markets they serve. Successful completion of the current CIP will meet the Master Plan projections for growth through 2015.

Although the construction for the proposed terminal expansion will be phased and occur outside of the existing terminal complex, some of the incumbent air carriers may be asked to release and/or share gate and hold room space for short transition periods in order to accommodate all passengers and aircraft operations at SAT. The City will take all reasonable steps to make sure facilities are available to new entrants and expanding air carriers during the terminal construction phasing, and to make sure gates are optimally utilized in the process.

Effective October 1, 2001, the City successfully negotiated a new Airline – Airport Use and Lease Agreement. This Agreement contains provision for "preferential use" of gate-aircraft parking aprons and hold rooms. Pertinent to the process detailed below for resolving disputes are Pages 8 through10 and Attachments G, H and I of the San Antonio International Airport 2001 Competition Plan, submitted to the Federal Aviation Administration (FAA) October 2001.

Dispute Resolution Process

The City of San Antonio Aviation Department intends to take a proactive stance and continue encouraging improved air service and attracting new air carriers to operate at SAT. When a new entrant or incumbent air carrier expresses interest in initiating service at SAT, Aviation Department officials will assist the air carrier in obtaining acceptable facilities, by sublease or other method.

There is no history of air carriers being refused adequate access at SAT. The City is prepared to find accommodations, without any unreasonable delay, for all air carriers requesting facilities.

The process for resolving written complaints from an air carrier desirous of airline space at SAT is as follows:

1. Initial Process for Granting Access:
   - First contact for requesting airline space will be directed to the Airport Properties and Business Development Division of the Aviation Department.
   - Discussions for locating available and/or reconfiguring terminal space will involve meetings with Aviation Department staff to include the Assistant Director of Finance and Administration, who has oversight of the Properties and Business Development Division, the Assistant Director of Operations and Maintenance and the Manager of Planning & Engineering. The basis for any allocation or reallocation of space shall be in accordance with the City's Airline – Airport Use and Lease Agreement Provisions Articles XIV and XV (Attachments H and I of the 2001 Competition Plan).

2. Unresolved/Formal Resolution Process:
   - Unresolved requests for airport space and complaints will be referred to the Aviation Director. The Aviation Director is ultimately responsible for resolving complaints regarding the allocation of airline space at SAT.
   - Complaint resolution will involve a series of meetings and/or telephone conversations with the Aviation Director and the involved air carriers.
   - Article 15.3B of the Airline – Airport Use and Lease Agreement (Attachment I of 2001 Competition Plan) provides for 60 days written notice to the signatory airline of the proposed space reallocation. The airline shall, during the 60-day period, be entitled to respond to the proposed reallocations in writing. The Aviation Director will review the response from the signatory airline and provide for further discussions, as may be necessary to facilitate an acceptable resolution for all air carriers.
   - Should an amicable resolution not be reached, the Aviation Director's decision regarding reallocation of leased premises will be final and enacted pursuant to Article XV of the Airline – Airport Use and Lease Agreement.
   - The process for resolving a complaint dispute shall not exceed 120 days and will be followed by a formal amendment to the signatory agreement(s).

Gate Monitoring Program

Background

Total available gates at SAT number 27. Except for common-use Gates 39, 40 and 41, all are jet-bridge capable. Of these 27 gates, 20 are under lease agreement to the airlines listed on Page 7 of SAT's 2001 – 2002 Competition Plan. However, a few changes have taken place since submittal of SAT's 2001 – 2002 Competition Plan. With its takeover of TWA, American chose to add only Gate 37 to its leasehold. Gate 33 is currently vacant as are Gates 1, 8, 9, 39, 40, and 41.

Additionally, beginning October 1, 2001 Aerolitoral became a signatory airline leasing ticket office, ticket counter, operations space and Gate 2 (hold room and parking apron). (Aerolitoral formerly leased Gate 2 on a month-to-month basis.) In February, Midwest Express, also a signatory airline with a lease for office space, approached the Aviation Department with a request to lease its own gate (Midwest is currently handled by United at Gates 15 and 16). Since Midwest Express has two flights per day, the Aviation Director felt this was not sufficient to warrant leasing the airline a gate. However, after several meetings with Midwest Express and Aerolitoral (three flights per day), it was agreed that Midwest Express could lease Gate 2 as long as it contracted to handle Aerolitoral and Aeromar along with most of the charter activity (Planet, Allegro, Champion, Miami Air, etc.) occurring at SAT. The three air carriers have come to contract agreement and the new leasing arrangement should be effective July 1, 2002.

The above is an example of the Aviation Department's efforts to allocate preferential gate use in accordance with Article XV of the Airline – Airport Use and Lease Agreement.

In the near future, Gate 1 will be designated a City-operated gate for use in handling charter overflow and incumbent air carriers needing immediate access to a gate on a temporary basis either due to short-term operational needs or until plans to expand can be permanently resolved. On a temporary basis, new entrants may also use the City-operated gate until more permanent facilities can be arranged.

Currently, the City is utilizing 74% of its capacity with 20 out 27 gates under lease agreement. Following activation of Gate 1 as a City-operated gate, four gates will be available for common use.

Gate Monitoring Procedures

In the past, the City has not found it necessary to institute a formal Gate-Monitoring Program due to the large number of available gates. However, should the number of unassigned gates at SAT, to include those gates in common use and vacant (not assigned to a specific air carrier), fall below 15% of the total, a formal monitoring program will be instituted. At the time this occurs, the Aviation Department will determine average daily gate utilization for the airport, which will be used as a benchmark threshold for determining if it is necessary to comply with Article XV – Reassignment of Premises (Attachment I). Any resulting reallocation of gates will take into account the factors listed in Article 15.3A for determining reassignment of premises.

By mid 2003, it is anticipated that a Multi-User Flight Information Display System (MUFIDS) will be operational at the SAT terminals. Reports generated from the MUFIDS will provide the Aviation Department with the number of flights per gate on a daily, weekly and monthly basis. The MUFIDS reports will be utilized in the formal Gate-Monitoring Program.

Should the Aviation Department have a need to initiate a formal Gate-Monitoring Program prior to the MUFIDS coming on line, the following procedures will be used:

- A formal written survey form will be sent to each signatory air carrier on a quarterly basis.
- This survey will be verified against the Monthly Statistical Data Reports and Monthly Landed Weight/Fee Reports, already being submitted to the Aviation Department, for comparison and to take note of any discrepancies, which may call for follow up with the air carrier.
- A benchmark will be established for determining a gate-use threshold at which time it may be necessary to comply with contractual Article XV (Attachment I).

Attachment A

SINGLE PLANE MARKETS DEPARTURE SERVICE
SAN ANTONIO INTERNATIONAL AIRPORT
(Effective August 13, 2001)
ATTACHMENT A

1. Albuquerque, NM (4)
2. Atlanta, GA* (9)
3. Austin, TX* (1)
4. Baltimore, MD *(5)
5. Birmingham, AL (1)
6. Boise, ID (2)
7. Boston, MA (1)
8. Buffalo, NY (1)
9. **Cancun, MEXICO * (2)**
10. **Caracas, VENEZUELA (7)**
11. Charlotte, NC (2)
12. Chicago, IL - Midway (2)
13. Chicago, IL - O'Hare* (7)
14. Cincinnati, OH* (2)
15. Colorado Springs, CO (1)
16. **Cozumel, MEXICO * (2)**
17. Dallas, TX - Love Field* (15)
18. Dallas/Fort Worth, TX - DFW* (16)
19. Denver, CO* (3)
20. Des Moines, IA (1)
21. Detroit, MI (2)
22. El Paso, TX* (4)
23. Ft. Lauderdale, FL (1)
24. **Guadalajara, MEXICO (6)**
25. Harlingen, TX* (2)
26. Hartford, CT (1)
27. Houston, TX - Hobby* (13)
28. Houston, TX - Intercontinental* (11)
29. Indianapolis, IN (2)
30. Jacksonville, FL (1)
31. Kansas City, MO* (3)
32. Las Vegas, NV* (6)
33. Little Rock, AR (3)
34. Los Angeles, CA* (7)
35. Manchester, NH (1)
36. **Mazatlan, MEXICO (7)**
37. Memphis, TN* (3)
38. **Mexico City, MEXICO* (20)**
39. Midland/Odessa, TX (1)
40. Milwaukee, WI (1)
41. **Minneapolis/St. Paul, MN* (4)**
42. **Monterrey, MEXICO* (21)**
43. Nashville, TN* (2)
44. New Orleans, LA (3)
45. New York, NY - Kennedy (1)
46. New York, NY - Newark* (8)
47. Oakland, CA (3)
48. Ontario, CA (2)
49. Orange Co., CA (1)
50. Orlando, FL* (2)
51. Phoenix, AZ* (8)
52. Pittsburgh, PA (1)
53. **Puerto Vallarta, MEXICO (7)**
54. Raleigh/Durham, NC (2)
55. Reno, NV (1)
56. Rochester, NY (1)
57. Sacramento, CA (2)
58. Salt Lake City, UT* (2)
59. San Diego, CA (3)
60. San Jose, CA (1)
61. San Juan, Puerto Rico (1)
62. **San Luis Potosi, MEXICO* (1)**
63. St. Louis, MO* (5)
64. Tampa, FL * (1)
65. **Tampico, MEXICO (7)**
66. Tucson, AZ (1)
67. Tulsa, OK (1)
68. Washington, DC – National (2)
69. West Palm Beach, FL (1)

Non-stop service (29 Markets)

( ) – Number of daily flights

(BOLD) – Number of weekly flights

DAILY NONSTOP AND SINGLE PLANE SERVICE
SAN ANTONIO INTERNATIONAL AIRPORT
(Effective July 16, 2001)
ATTACHMENT A

Airline	Nonstop Destination	Single Plane Service
AEROLITORAL	*(3 Daily Departures)*	
	Monterrey, MEXICO	Mazatlan, MEXICO
	Monterrey, MEXICO	Guadalajara, MEXICO
		Puerto Vallarta, MEXICO
	Monterrey, MEXICO	Tampico, MEXICO
AEROMAR	*(Sunday Only)*	
	San Luis Potosi, MEXICO	Mexico City, MEXICO
AMERICA WEST	*(3 Daily Departures)*	
	Phoenix, AZ	Sacramento, CA
	Phoenix, AZ	Tucson, AZ
	Phoenix, AZ	Boise, ID
AMERICAN	*(14 Daily Departures)*	
	Dallas/Ft. Worth, TX	Baltimore, MD
	Chicago, IL - O'Hare	New York, NY - Newark
	Dallas/Ft. Worth, TX	Detroit, Michigan – Wayne Co.
	Chicago, IL - O'Hare	Atlanta, GA
	Dallas/Ft. Worth, TX	San Juan, Puerto Rico
	Dallas/Ft. Worth, TX	Charlotte, NC
	Dallas/Ft. Worth, TX	Caracas, VENEZUELA
	Chicago, IL - O'Hare	Rochester, NY
	Dallas/Ft. Worth, TX	Los Angeles, CA
	Dallas/Ft. Worth, TX	Hartford, CT/Springfield, MA- Bradly
	Chicago, IL - O'Hare	Baltimore, MD
	Dallas/Ft. Worth, TX	Colorado Springs, CO
	Dallas/Ft. Worth, TX	San Jose, CA
	Dallas/Ft. Worth, TX	
ATLANTIC SOUTHEAST	*(1 Daily Departure)*	
	Atlanta, GA	
CONTINENTAL	*(12 Daily Departures)*	
	Houston, TX – InterCont.	Minneapolis/St. Paul, MN
	Houston, TX - InterCont	San Diego, CA
	Houston, TX – InterCont	Orlando, FL - Int'l
	Houston, TX - InterCont.	Puerto Vallarta, MEXICO

Airline	Nonstop Destination	Single Plane Service
	Houston, TX - InterCont.	Indianapolis, IN
		New York, NY - Newark
	Houston, TX - InterCont.	
	New York, NY - Newark	
	Houston, TX - InterCont.	
	Houston, TX – InterCont.	Boston, MA
	Los Angeles, CA	
	Houston, TX – InterCont.	Mexico City, MEXICO*(4 Weekly Departures)*
	Houston, TX – InterCont.	New York, NY - Newark
DELTA	*(17 Daily Departures)*	
	Atlanta, GA	Baltimore, MD
	Dallas/Ft. Worth, TX	Raleigh Durham, NC
	Cincinnati, OH	New York, NY - Newark
	Atlanta, GA	
	Dallas/Ft. Worth, TX	San Diego, CA
	Salt Lake City, UT	Orange Co. CA
	Atlanta, GA	
	Dallas/Ft. Worth, TX	
	Atlanta, GA	Charlotte, NC
	Atlanta, GA	New York, NY - Newark
	Dallas, Ft. Worth, TX	Phoenix, AZ
	Austin, TX	Salt Lake City, UT
	Cincinnati, OH	Washington, DC - National
	Atlanta, GA	Manchester, NH
	Atlanta, GA	Indianapolis, IN
	Dallas/Ft. Worth, TX	Nashville, TN
	Dallas/Ft. Worth, TX	
MEXICANA	*(16 Weekly Departures)*	
	Mexico City, MEXICO	
MIDWEST EXPRESS	*(2 Daily Departures)*	
	Kansas City, MO –Int'l.	Des Moines, IA
		Washington, DC - National
	Kansas City, MO –Int'l	Milwaukee, WI
NORTHWEST	*(5 Daily Departures)*	
	Memphis, TN	Raleigh Durham, NC
	Minneapolis/St. Paul, MN	Detroit, MI - Wayne Co.
	Memphis, TN	Newark, NJ
	Minneapolis/St. Paul, MN	Boise, ID
	Memphis, TN	Minneapolis/St. Paul, MN

Airline	Nonstop Destination	Single Plane Service
SOUTHWEST	*(46 Daily Departures)*	
	El Paso, TX	Albuquerque, NM
		Oakland, CA
	Dallas, TX - Love Field	Midland/Odessa, TX
	Houston, TX - Hobby	Chicago, IL - Midway
	Houston, TX - Hobby	New Orleans, LA
		Jacksonville, FL
	Dallas, TX - Love Field	
	Nashville, TN	Baltimore, MD
	Dallas, TX – Love Field	
	Las Vegas, NV	Ontario, CA
	Harlingen, TX	
	Houston, TX - Hobby	
	Dallas, TX – Love Field	
	Las Vegas, NV	San Diego, CA
	Houston, TX - Hobby	Little Rock, AR
		Chicago, IL - Midway
	Los Angeles, CA	
	Dallas, TX - Love Field	
	Orlando, Fl - Int'l	West Palm Beach, FL
	El Paso, TX	Albuquerque, NM
		Los Angeles, CA
	Baltimore, MD	Buffalo, NY
	Dallas, TX - Love Field	Little Rock, AR
	Houston, TX- Hobby	
	Phoenix, AZ	Los Angeles, CA
	Las Vegas, NV	Oakland, CA
	Dallas, TX - Love Field	Little Rock, AR
	Houston, TX - Hobby	New Orleans, LA
		Birmingham, AL
	El Paso, TX	Las Vegas, NV
	Houston, TX - Hobby	
	Dallas, TX - Love Field	Albuquerque, NM
	Phoenix, AZ	Ontario, CA
		Oakland, CA
	Dallas, TX – Love Field	
	Houston, TX – Hobby	New Orleans, LA
	Houston, TX – Hobby	
	Dallas, TX – Love Field	Tulsa, OK
	Houston, TX - Hobby	
	Dallas, TX - Love Field	
	Tampa/St. Petersburg, FL	Ft. Lauderdale, FL
	Houston, TX – Hobby	
	Harlingen, TX	

Airline	Nonstop Destination	Single Plane Service
	Phoenix, AZ	Las Vegas, NV
		Reno, NV
	El Paso, TX	Los Angeles, CA
		Sacramento, CA
	Dallas, TX - Love Field	
	Houston, TX - Hobby	
	Dallas, TX – Love Field	
	Las Vegas, NV	Los Angeles, CA
	Dallas, TX - Love Field	
	Houston, TX – Hobby	
	Dallas, TX - Love Field	
SUN COUNTRY	*(2 Weekly Departures)*	
	Cancun, MEXICO	
	(2 Weekly Departures)	
	Cozumel, MEXICO	
	(2 Weekly Departures)	
	Minneapolis/St. Paul, MN	
TWA	*(5 Daily Departures)*	
	St. Louis, MO	New York, NY - Kennedy
	St. Louis, MO	Kansas City, MO
	St. Louis, MO	Chicago, IL - O'Hare
	St. Louis, MO	
	St. Louis, MO	New York, NY - Newark
UNITED	*(5 Daily Departures)*	
	Denver, CO	
	Chicago, IL - O'Hare	Pittsburgh, PA
	Denver, CO	Albuquerque, NM
	Denver, CO	
	Chicago, IL - O'Hare	

Attachment B

Top 50 Domestic O&D Passenger Markets at San Antonio by Carrier

Ranked By 12 Months Ended December 2000

Approximates 100% Sample - Directional Journeyed Passengers

Rank	City	1 Southwest	2 Delta	3 American	4 Continental	5 TWA	Total O&D Paxs
1	Dallas/Fort Worth, TX	605,280	67,750	134,180	3,770	0	811,060
2	Houston, TX	246,050	170	40	103,460	0	349,760
3	Chicago, IL	39,050	6,160	104,920	11,460	10,040	222,000
4	Las Vegas, NV	170,140	11,230	5,650	5,860	450	216,640
5	New York, NY	0	26,430	40,340	80,790	23,650	182,690
6	Los Angeles, CA	74,640	10,080	17,100	46,390	1,190	168,540
7	Atlanta, GA	0	118,480	8,840	19,480	4,950	155,300
8	Baltimore, MD	79,920	27,440	12,200	22,820	8,180	155,190
9	Washington, DC	0	44,960	67,150	20,520	10,380	152,200
10	Phoenix, AZ	82,520	3,740	4,030	4,370	10	131,600
11	El Paso, TX	119,290	2,360	3,760	3,670	0	129,090
12	St Louis, MO	38,940	220	4,260	4,410	72,850	121,860
13	Minneapolis, MN	0	2,330	15,550	5,890	9,220	120,960
14	Orlando, FL	43,010	29,200	11,440	16,740	3,850	108,800
15	Denver, CO	0	12,780	27,120	11,570	1,480	108,770
16	New Orleans, LA	65,670	3,780	2,510	15,720	6,870	95,260
17	Seattle/Tacoma, WA	11,440	22,570	20,230	9,790	2,060	85,810
18	Kansas City, MO	13,600	250	15,940	8,210	6,980	85,280
19	Harlingen, TX	80,070	0	0	530	0	80,600
20	San Diego, CA	30,440	8,780	19,030	9,210	390	78,310
21	Detroit, MI	5,450	7,250	13,840	16,810	10,620	75,730
22	Nashville, TN	50,110	9,390	7,880	3,210	2,540	75,170
23	San Francisco, CA	10,380	11,960	21,100	11,870	1,250	72,030
24	Albuquerque, NM	48,900	4,590	8,760	6,220	0	68,780
25	Oklahoma City, OK	43,500	3,580	4,840	12,530	0	64,470
26	Philadelphia, PA	0	10,770	17,330	17,550	12,620	63,870
27	Salt Lake City, UT	9,560	42,700	3,630	1,520	480	63,140
28	Tampa, FL	26,480	13,050	7,920	11,640	1,790	62,720
29	Boston, MA	0	20,730	19,340	9,520	6,170	60,510
30	Raleigh/Durham, NC	9,350	16,260	15,130	6,790	5,770	57,560
31	Oakland, CA	29,240	7,830	7,950	1,370	0	56,130
32	Tulsa, OK	39,660	1,920	6,310	4,810	40	53,070
33	Sacramento, CA	15,450	5,430	10,410	2,530	380	50,590
34	Indianapolis, IN	5,070	7,030	8,570	6,830	13,920	50,000
35	San Jose, CA	16,120	2,190	13,560	5,450	440	48,960
36	Columbus, OH	3,660	13,560	7,740	7,230	15,100	48,570
37	Ontario, CA	25,370	7,720	4,480	3,070	260	48,240
38	Little Rock, AR	32,580	4,350	6,420	1,870	260	47,420
39	Cleveland, OH	7,240	5,460	5,770	19,970	5,790	46,300
40	Portland, OR	6,400	14,960	6,790	3,560	710	44,580
41	Hartford, CT	4,530	13,300	13,880	2,910	7,110	43,750
42	Fort Lauderdale, FL	10,130	11,710	5,480	12,100	1,580	41,070
43	Miami, FL	0	4,730	11,730	17,290	1,620	37,570
44	Santa Ana, CA	10	5,570	13,530	9,010	60	36,260
45	Milwaukee, WI	0	1,620	3,520	1,410	6,090	34,010
46	Louisville, KY	2,710	12,690	3,000	3,540	6,240	32,690
47	Colorado Springs, CO	0	7,400	16,870	4,280	0	32,640
48	Jacksonville, FL	5,430	15,260	3,170	5,030	2,370	32,070
49	Lubbock, TX	27,510	630	1,860	1,450	0	31,450
50	Amarillo, TX	27,600	370	2,460	940	0	31,370
Top 50 Markets		*2,162,500*	*682,720*	*787,560*	*616,970*	*265,760*	*5,070,440*
Total Domestic Passengers		2,270,970	1,051,220	993,480	739,270	361,020	6,184,750

ATTACHMENT B.

Top 50 Domestic O&D Passenger Markets at San Antonio by Carrier

Ranked By 12 Months Ended December 2000

Approximates 100% Sample - Directional Journeyed Passengers

Rank	City	6 United	7 Northwest	8 America West	9 Midwest Express	10 Sun Country	Total O&D Paxs
1	Dallas/Fort Worth, TX	60	0	0	0	0	811,060
2	Houston, TX	40	0	0	0	0	349,760
3	Chicago, IL	47,850	2,330	30	30	0	222,000
4	Las Vegas, NV	3,640	80	19,580	0	0	216,640
5	New York, NY	4,660	6,470	40	190	0	182,690
6	Los Angeles, CA	6,660	800	11,650	10	0	168,540
7	Atlanta, GA	570	2,910	0	10	0	155,300
8	Baltimore, MD	3,870	620	60	0	0	155,190
9	Washington, DC	6,060	2,850	0	50	0	152,200
10	Phoenix, AZ	1,170	160	35,590	0	0	131,600
11	El Paso, TX	0	0	10	0	0	129,090
12	St Louis, MO	130	1,010	0	40	0	121,860
13	Minneapolis, MN	1,840	51,070	20	0	35,040	120,960
14	Orlando, FL	100	4,450	10	0	0	108,800
15	Denver, CO	50,960	1,000	3,400	0	0	108,770
16	New Orleans, LA	0	710	0	0	0	95,260
17	Seattle/Tacoma, WA	10,360	2,260	6,920	0	0	85,810
18	Kansas City, MO	170	2,590	0	37,540	0	85,280
19	Harlingen, TX	0	0	0	0	0	80,600
20	San Diego, CA	3,380	30	7,030	10	0	78,310
21	Detroit, MI	2,620	19,120	20	0	0	75,730
22	Nashville, TN	170	1,870	0	0	0	75,170
23	San Francisco, CA	9,510	700	5,230	10	0	72,030
24	Albuquerque, NM	90	0	210	0	0	68,780
25	Oklahoma City, OK	20	0	0	0	0	64,470
26	Philadelphia, PA	2,250	2,750	50	0	0	63,870
27	Salt Lake City, UT	2,200	140	2,900	0	0	63,140
28	Tampa, FL	20	1,780	0	0	0	62,720
29	Boston, MA	2,240	2,250	20	210	0	60,510
30	Raleigh/Durham, NC	910	3,230	0	60	0	57,560
31	Oakland, CA	5,380	0	4,360	0	0	56,130
32	Tulsa, OK	0	330	0	0	0	53,070
33	Sacramento, CA	6,090	160	10,130	0	0	50,590
34	Indianapolis, IN	2,390	6,190	0	0	0	50,000
35	San Jose, CA	4,120	500	6,570	0	0	48,960
36	Columbus, OH	1,030	200	40	0	0	48,570
37	Ontario, CA	1,400	20	5,920	0	0	48,240
38	Little Rock, AR	0	1,940	0	0	0	47,420
39	Cleveland, OH	930	1,110	0	20	0	46,300
40	Portland, OR	7,000	410	4,650	0	0	44,580
41	Hartford, CT	1,600	350	0	50	0	43,750
42	Fort Lauderdale, FL	50	20	0	0	0	41,070
43	Miami, FL	100	2,100	0	0	0	37,570
44	Santa Ana, CA	1,960	10	6,110	0	0	36,260
45	Milwaukee, WI	1,670	4,130	0	15,550	10	34,010
46	Louisville, KY	860	3,650	0	0	0	32,690
47	Colorado Springs, CO	2,950	40	1,100	0	0	32,640
48	Jacksonville, FL	20	790	0	0	0	32,070
49	Lubbock, TX	0	0	0	0	0	31,450
50	Amarillo, TX	0	0	0	0	0	31,370
Top 50 Markets		*199,100*	*133,130*	*131,650*	*53,780*	*35,050*	*5,070,440*
Total Domestic Passengers		**269,090**	**224,540**	**170,820**	**55,960**	**35,050**	**6,184,750**

ATTACHMENT B

Attachment C

Top 25 Domestic Seats Available Airports at San Antonio

Ranked By 12 Months Ended December 2000

100% Sample -- Outbound + Inbound -- Commuter Carriers Excluded

Rank	Airport	YE 4q98	YE 4q99	YE 4q00	Percent of 2000 Total	Avg. Ann. Change 98-00	Avg. Ann. Change 99-00
1	Dallas/Fort Worth, TX	1,842,025	1,704,425	1,700,567	16.3%	-3.9%	-0.2%
2	Dallas Love Field, TX	1,311,466	1,291,538	1,281,464	12.3%	-1.2%	-0.8%
3	Houston Hobby, TX	1,116,870	1,190,776	1,096,232	10.5%	-0.9%	-7.9%
4	Houston Inter., TX	1,028,349	1,059,830	1,079,225	10.4%	2.4%	1.8%
5	Atlanta, GA	577,743	650,295	722,690	6.9%	11.8%	11.1%
6	Phoenix, AZ	567,505	591,381	593,946	5.7%	2.3%	0.4%
7	St Louis, MO	430,319	487,682	492,187	4.7%	6.9%	0.9%
8	Chicago O'Hare, IL	496,906	513,202	486,232	4.7%	-1.1%	-5.3%
9	Las Vegas, NV	378,713	389,907	385,616	3.7%	0.9%	-1.1%
10	El Paso, TX	357,450	369,288	352,408	3.4%	-0.7%	-4.6%
11	Memphis, TN	252,423	269,484	250,545	2.4%	-0.4%	-7.0%
12	Denver, CO	279,443	274,745	233,818	2.2%	-8.5%	-14.9%
13	Salt Lake City, UT	209,735	209,981	203,987	2.0%	-1.4%	-2.9%
14	Cincinnati, OH	192,760	195,047	193,538	1.9%	0.2%	-0.8%
15	Los Angeles, CA	192,655	187,558	189,433	1.8%	-0.8%	1.0%
16	Harlingen, TX	178,451	187,702	188,241	1.8%	2.7%	0.3%
17	Austin, TX	160,532	159,398	155,947	1.5%	-1.4%	-2.2%
18	Minneapolis, MN	507	42,058	154,751	1.5%	100.0%	100.0%
19	Tampa, FL	288	7,419	100,378	1.0%	100.0%	100.0%
20	Orlando, FL	99,344	102,576	100,096	1.0%	0.4%	-2.4%
21	Baltimore, MD	7,401	100,518	99,705	1.0%	100.0%	-0.8%
22	Nashville, TN	95,521	95,873	99,376	1.0%	2.0%	3.7%
23	Kansas City, MO	425	62,512	90,371	0.9%	100.0%	44.6%
24	New York Newark, NJ	82,224	90,906	74,457	0.7%	-4.8%	-18.1%
25	New Orleans, LA	2,072	1,918	55,742	0.5%	100.0%	100.0%
Top 25 Airports		*9,861,127*	*10,236,019*	*10,380,952*	*99.7%*	*2.6%*	*1.4%*
Total Domestic Seats Available		**9,894,319**	**10,267,109**	**10,407,755**	**100.0%**	**2.6%**	**1.4%**

Top 10 Domestic Seats Available Carriers at San Antonio

Ranked By 12 Months Ended December 2000

100% Sample - Outbound + Inbound - Commuter Carriers Excluded

Rank	Carrier	YE 4q98	YE 4q99	YE 4q00	Percent of 2000 Total	Avg. Ann. Change 98-00	Avg. Ann. Change 99-00
1	Southwest	3,977,577	4,101,535	4,149,102	39.9%	2.1%	1.2%
2	Delta	1,757,634	1,811,594	1,810,704	17.4%	1.5%	0.0%
3	American	1,581,276	1,549,993	1,473,432	14.2%	-3.5%	-4.9%
4	Continental	1,162,522	1,195,777	1,223,370	11.8%	2.6%	2.3%
5	Trans World Airways	431,568	487,678	547,850	5.3%	12.7%	12.3%
6	United	468,871	469,526	410,128	3.9%	-6.5%	-12.7%
7	Northwest	253,026	271,870	331,131	3.2%	14.4%	21.8%
8	America West	233,749	248,638	251,839	2.4%	3.8%	1.3%
9	Midwest Express	0	60,996	89,604	0.9%	100.0%	46.9%
10	Sun Country	0	41,140	78,458	0.8%	100.0%	90.7%
Top 10 Carriers		*9,866,223*	*10,238,747*	*10,365,618*	*99.6%*	*2.5%*	*1.2%*
Total Seats Available		**9,894,319**	**10,267,109**	**10,407,755**	**100.0%**	**2.6%**	**1.4%**

ATTACHMENT C

Attachment D

Top 10 Domestic Origin & Destination Passenger Carriers at San Antonio

Ranked By Calendar Year 2000

Approximates 100% Sample - Directional Journeyed Passengers

Rank	Airline	CY 1998	CY 1999	CY 2000	Percent of 2000 Total	Avg. Ann. Change 98-00	Avg. Ann. Change 99-00
1	Southwest	2,145,610	2,202,930	2,270,970	36.7%	2.9%	3.1%
2	Delta	1,006,720	1,006,640	1,051,220	17.0%	2.2%	4.4%
3	American	1,119,990	1,013,830	993,480	16.1%	-5.8%	-2.0%
4	Continental	719,200	732,720	739,270	12.0%	1.4%	0.9%
5	Trans World Airways	313,280	338,120	361,020	5.8%	7.3%	6.8%
6	United	325,270	304,390	269,090	4.4%	-9.0%	-11.6%
7	Northwest	182,150	184,480	224,540	3.6%	11.0%	21.7%
8	America West	137,560	148,380	170,820	2.8%	11.4%	15.1%
9	Midwest Express	260	31,210	55,960	0.9%	100.0%	79.3%
10	Sun Country	0	14,720	35,050	0.6%	100.0%	138.1%
Total Domestic Passengers		**5,980,480**	**5,989,520**	**6,184,750**	**100.0%**	**1.7%**	**3.3%**

Source: US DOT

Attachment D, P1

Top 10 Domestic Origin & Destination Revenue Carriers at San Antonio

Ranked By Calendar Year 2000

Approximates 100% Sample - Directional Journeyed Revenues - Values in Thousands

Rank	Airline	CY 1998	CY 1999	CY 2000	Percent of 2000 Total	Avg. Ann. Change 98-00	Avg. Ann. Change 99-00
1	Southwest	$189,460	$205,900	$223,720	25.1%	8.7%	8.7%
2	Delta	$166,740	$169,460	$185,850	20.8%	5.6%	9.7%
3	American	$175,800	$161,540	$173,180	19.4%	-0.7%	7.2%
4	Continental	$106,060	$112,480	$125,740	14.1%	8.9%	11.8%
5	Trans World Airways	$47,210	$49,470	$57,380	6.4%	10.2%	16.0%
6	United	$56,080	$53,850	$50,910	5.7%	-4.7%	-5.5%
7	Northwest	$27,310	$27,870	$35,900	4.0%	14.7%	28.8%
8	America West	$16,780	$18,840	$23,060	2.6%	17.2%	22.4%
9	Midwest Express	$60	$4,690	$9,370	1.1%	100.0%	99.8%
10	Sun Country	$0	$1,840	$3,860	0.4%	100.0%	100.0%
Total Domestic Revenues		**$790,130**	**$808,290**	**$891,730**	**100.0%**	**6.2%**	**10.3%**

Source: US DOT

Attachment D, P2

Summary of Top 10 Domestic Origin & Destination Carriers at San Antonio

Ranked By Calendar Year 2000

Approximates 100% Sample - Directional Journeyed Revenues

Rank	Airline	O&D Passengers	Market Share	O&D Revenues	Market Share	Fared Avg. Fare	Fared Avg. Yield	Avg. Paxs Trip
1	Southwest	2,270,970	36.7%	$223,720,000	25.1%	$105.70	15.96¢	662
2	Delta	1,051,220	17.0%	$185,850,000	20.8%	$185.91	14.97¢	1,241
3	American	993,480	16.1%	$173,180,000	19.4%	$185.91	15.89¢	1,170
4	Continental	739,270	12.0%	$125,740,000	14.1%	$177.01	15.88¢	1,115
5	Trans World Airways	361,020	5.8%	$57,380,000	6.4%	$168.98	13.50¢	1,252
6	United	269,090	4.4%	$50,910,000	5.7%	$204.54	14.88¢	1,374
7	Northwest	224,540	3.6%	$35,900,000	4.0%	$171.11	13.64¢	1,255
8	America West	170,820	2.8%	$23,060,000	2.6%	$138.44	11.11¢	1,246
9	Midwest Express	55,960	0.9%	$9,370,000	1.1%	$175.71	20.82¢	844
10	Sun Country	35,050	0.6%	$3,860,000	0.4%	$110.46	10.07¢	1,097
Total Domestic Revenues		**6,184,750**	**100.0%**	**$891,730,000**	**100.0%**	**$153.13**	**15.22¢**	**1,006**

Source: US DOT

Attachment D, P3

Attachment E

Statistical Comparison of the Top 100 Domestic Passenger Markets

Ranked By Average Yield - 12 Months Ended December 2000

Approximates 100% Sample - Outbound Passengers & Revenues

Rank	Market	Revenues (000's)	O&D Paxs	Zero Fare O&D Paxs	Avg Itinerary Miles	Avg Coupons	Fared Avg. Fare	Fared Avg. Yield
1	White Plains, NY	$119,948	491,030	38,710	904	1.4	$265.18	29.35¢
2	Charlotte, NC	$622,212	2,832,450	192,350	834	1.3	$235.68	28.26¢
3	Cincinnati, OH	$544,442	2,634,270	159,920	877	1.3	$220.03	25.08¢
4	Greenville/Spart., SC	$146,490	687,220	46,650	916	1.7	$228.69	24.98¢
5	Pittsburgh, PA	$647,335	3,354,920	226,510	853	1.3	$206.92	24.26¢
6	Columbia, SC	$116,432	543,020	28,380	954	1.8	$226.24	23.73¢
7	Richmond, VA	$259,728	1,207,040	74,520	983	1.7	$229.34	23.32¢
8	Memphis, TN	$345,531	1,908,410	88,570	833	1.4	$189.87	22.80¢
9	Huntsville, AL	$100,034	475,920	21,470	996	1.9	$220.12	22.10¢
10	Dallas/Fort Worth, TX	$2,357,549	13,076,070	813,740	877	1.2	$192.26	21.91¢
11	Greensboro, NC	$211,230	1,259,430	56,480	805	1.6	$175.59	21.82¢
12	Charleston, SC	$139,899	750,170	53,780	932	1.7	$200.89	21.55¢
13	Knoxville, TN	$135,605	773,480	43,710	886	1.8	$185.82	20.98¢
14	Harrisburg, PA	$122,858	583,650	41,600	1,081	1.8	$226.65	20.96¢
15	St Louis, MO	$842,919	5,369,570	362,680	821	1.2	$168.35	20.50¢
16	Wichita, KS	$107,284	527,220	30,570	1,062	1.8	$216.01	20.34¢
17	Des Moines, IA	$146,851	747,760	46,370	1,040	1.8	$209.37	20.13¢
18	Atlanta, GA	$2,174,584	13,678,030	543,360	823	1.2	$165.56	20.11¢
19	Rochester, NY	$193,069	1,103,920	74,120	940	1.6	$187.48	19.95¢
20	Washington, DC	$1,987,028	10,796,800	593,610	979	1.3	$194.75	19.90¢
21	Dayton, OH	$179,695	1,095,320	44,570	866	1.7	$171.02	19.75¢
22	Pensacola, FL	$83,883	470,740	32,780	993	1.8	$191.53	19.30¢
23	Denver, CO	$1,721,960	8,916,630	717,730	1,091	1.3	$210.02	19.25¢
24	Grand Rapids, MI	$157,691	854,000	67,480	1,056	1.9	$200.49	18.98¢
25	Minneapolis, MN	$1,302,615	7,225,050	516,040	1,028	1.2	$194.16	18.88¢
26	Houston, TX	$1,424,233	8,903,730	599,860	910	1.2	$171.51	18.85¢
27	Philadelphia, PA	$1,342,804	6,869,440	427,610	1,126	1.3	$208.45	18.51¢
28	Chicago, IL	$3,134,905	19,347,790	1,036,860	928	1.2	$171.20	18.45¢
29	Madison, WI	$108,218	595,930	46,930	1,089	1.9	$197.12	18.11¢
30	Cleveland, OH	$642,831	4,009,530	215,190	938	1.3	$169.42	18.07¢
31	Syracuse, NY	$173,543	961,980	68,780	1,081	1.6	$194.29	17.98¢
32	Jackson/Vicksburg, MS	$98,472	639,950	26,940	895	1.7	$160.64	17.95¢
34	Austin, TX	$527,138	3,251,310	221,390	986	1.5	$173.98	17.65¢
33	Little Rock, AR	$164,995	1,173,520	54,100	840	1.7	$147.39	17.55¢
35	Birmingham, AL	$203,694	1,394,620	68,840	882	1.6	$153.64	17.41¢
36	Norfolk, VA	$240,447	1,380,790	81,850	1,063	1.7	$185.11	17.41¢
37	Milwaukee, WI	$426,343	2,566,410	156,500	1,018	1.5	$176.91	17.37¢
38	Burbank, CA	$207,725	2,342,140	75,150	533	1.2	$91.63	17.19¢
39	New York, NY	$5,024,184	25,853,960	1,680,980	1,210	1.2	$207.84	17.17¢
40	Colorado Springs, CO	$205,587	1,121,920	77,060	1,149	1.8	$196.76	17.12¢
41	Lubbock, TX	$57,218	540,410	31,440	659	1.4	$112.42	17.06¢
42	Boston, MA	$1,869,140	9,974,610	652,660	1,177	1.3	$200.51	17.03¢
43	Louisville, KY	$250,826	1,809,690	72,170	849	1.6	$144.36	17.00¢
44	Detroit, MI	$1,176,049	7,657,950	416,180	957	1.2	$162.40	16.97¢
45	Tulsa, OK	$215,322	1,541,550	85,590	872	1.6	$147.89	16.95¢
46	Nashville, TN	$477,429	3,463,710	189,120	863	1.4	$145.80	16.89¢
47	Savannah, GA	$114,036	804,480	39,570	887	1.7	$149.08	16.80¢
48	Raleigh/Durham, NC	$564,279	3,913,270	161,520	903	1.4	$150.40	16.66¢
49	Portland, ME	$116,651	639,960	58,950	1,206	1.7	$200.77	16.64¢
50	Oklahoma City, OK	$223,359	1,551,740	78,450	944	1.7	$151.61	16.07¢

continued on next page →

urce: U.S. DOT

Statistical Comparison of the Top 100 Domestic Passenger Markets

Ranked By Average Yield - 12 Months Ended December 2000

Approximates 100% Sample - Outbound Passengers & Revenues

Rank	Market	Revenues (000's)	O&D Paxs	Zero Fare O&D Paxs	Avg Itinerary Miles	Avg Coupons	Fared Avg. Fare	Fared Avg. Yield
51	Indianapolis, IN	$509,387	3,417,230	139,150	974	1.5	$155.39	15.95¢
52	Buffalo, NY	$258,779	1,918,310	78,190	891	1.5	$140.63	15.78¢
53	El Paso, TX	$196,212	1,442,300	69,820	908	1.4	$142.96	15.75¢
54	Santa Ana, CA	$611,874	3,747,430	260,610	1,115	1.4	$175.48	15.73¢
55	San Jose, CA	$856,123	5,525,280	271,130	1,037	1.3	$162.94	15.72¢
56	Columbus, OH	$460,861	3,123,060	120,130	984	1.5	$153.47	15.60¢
57	Kansas City, MO	$632,426	4,795,460	210,620	889	1.4	$137.94	15.52¢
58	San Antonio, TX	$445,531	3,079,370	177,610	1,007	1.6	$153.54	15.25¢
59	Boise, ID	$164,924	1,315,770	57,380	861	1.4	$131.06	15.22¢
60	Charlotte Amalie, VI	$90,259	490,740	64,040	1,392	1.6	$211.53	15.20¢
61	Jacksonville, FL	$322,568	2,442,710	118,060	914	1.5	$138.76	15.18¢
62	Omaha, NE	$253,062	1,738,500	74,770	1,007	1.6	$152.11	15.11¢
63	Myrtle Beach, SC	$78,064	736,990	22,540	727	1.5	$109.26	15.02¢
64	Miami, FL	$775,683	4,606,550	366,330	1,262	1.4	$182.93	14.50¢
65	New Orleans, LA	$559,800	4,212,570	206,470	964	1.5	$139.74	14.50¢
66	Hilo, HI	$33,372	732,910	57,820	345	1.1	$49.43	14.34¢
67	San Francisco, CA	$2,393,005	11,358,300	972,720	1,617	1.3	$230.42	14.25¢
68	Indio/Palm Springs, CA	$94,094	557,400	49,570	1,304	1.6	$185.29	14.21¢
69	Oakland, CA	$522,236	4,817,810	215,410	807	1.2	$113.47	14.06¢
70	Albuquerque, NM	$342,530	2,696,520	194,350	978	1.5	$136.89	14.00¢
71	Salt Lake City, UT	$636,816	4,627,030	282,410	1,056	1.3	$146.58	13.88¢
72	Albany, NY	$204,123	1,315,300	77,360	1,195	1.7	$164.89	13.80¢
73	Tucson, AZ	$233,384	1,647,750	114,710	1,121	1.6	$152.24	13.58¢
74	Hartford, CT	$536,677	3,437,490	189,330	1,233	1.5	$165.23	13.41¢
75	Sacramento, CA	$466,814	3,790,090	178,610	988	1.3	$129.26	13.08¢
76	West Palm Beach, FL	$390,462	2,774,000	186,240	1,155	1.4	$150.89	13.06¢
77	Spokane, WA	$164,436	1,439,300	68,760	931	1.5	$119.98	12.89¢
78	Sarasota/Braden., FL	$92,202	683,520	45,720	1,130	1.7	$144.56	12.80¢
79	Tampa, FL	$909,109	7,155,700	359,980	1,048	1.4	$133.78	12.76¢
80	Ontario, CA	$364,277	3,088,240	146,620	975	1.4	$123.84	12.70¢
81	Phoenix, AZ	$1,396,104	10,674,590	751,870	1,113	1.2	$140.70	12.64¢
82	Baltimore, MD	$1,012,719	7,780,180	305,850	1,090	1.3	$135.49	12.43¢
83	Manchester, NH	$220,132	1,543,250	62,270	1,202	1.6	$148.64	12.36¢
84	San Diego, CA	$1,000,405	7,038,390	473,120	1,236	1.4	$152.38	12.33¢
85	Los Angeles, CA	$2,778,321	16,788,790	1,317,200	1,461	1.3	$179.58	12.29¢
86	Fort Myers, FL	$318,912	2,359,570	156,010	1,179	1.5	$144.73	12.27¢
87	Providence, RI	$361,250	2,591,220	113,610	1,192	1.5	$145.81	12.23¢
88	Portland, OR	$757,402	5,320,640	316,550	1,242	1.4	$151.36	12.19¢
89	Seattle/Tacoma, WA	$1,498,531	9,535,120	618,570	1,383	1.3	$168.06	12.15¢
90	Lihue, HI	$109,209	1,315,730	103,790	745	1.2	$90.11	12.10¢
91	San Juan, PR	$533,305	2,770,200	144,180	1,704	1.3	$203.08	11.92¢
92	Orlando, FL	$1,455,022	11,747,890	568,630	1,105	1.3	$130.15	11.78¢
93	Anchorage, AK	$276,374	1,483,870	150,270	1,772	1.5	$207.24	11.69¢
94	Kona, HI	$126,286	1,164,450	95,930	1,015	1.2	$118.19	11.65¢
95	Fort Lauderdale, FL	$850,740	6,802,340	287,730	1,138	1.3	$130.59	11.47¢
96	Reno, NV	$257,854	2,449,420	127,080	975	1.4	$111.03	11.39¢
97	Long Island, NY	$115,576	1,108,640	40,540	1,029	1.3	$108.21	10.52¢
98	Las Vegas, NV	$1,476,523	13,133,790	639,460	1,145	1.2	$118.18	10.32¢
99	Kahului, HI	$284,112	2,463,000	232,500	1,266	1.3	$127.38	10.06¢
100	Honolulu, HI	$767,058	6,213,320	671,450	1,582	1.3	$138.41	8.75¢
Top 100 Markets		*$62,951,220*	*400,670,540*	*24,092,460*	*1,073*	*1.4*	*$167.12*	*15.57¢*
Total		**$68,279,279**	**432,334,570**	**25,813,230**	**1,073**	**1.4**	**$167.96**	**15.65¢**

source: U.S. DOT

ATTACHMENT E

Attachment F

ARTICLE I
DEFINITIONS

The following words, terms and phrases wherever used in this Agreement shall for the purposes of this Agreement have the following meanings:

1.1 Additional Bonds -- shall mean the additional parity revenue Bonds which the City reserves the right to issue in the future as provided in the Bond Ordinance and obligations issued to refund any of the foregoing on a parity with the Bonds Similarly Secured.

1.2 Affiliate or Affiliated Airline -- shall mean (i) any wholly owned-subsidiary or majority-owned Airline; or (ii) any regional Airline operating under the name of the Airline; in any case only if such airline is named on Exhibit "I", as may be revised from time to time. Affiliated Airlines may be added or deleted from time to time by agreement of the Airline and the City and will be designated on a revised Exhibit "I". Airline agrees to notify the City of any airlines affiliated with Airline that will be operating at the Airport prior to commencement of such service.

1.3 Agreement -- shall mean this Airline-Airport Use and Lease Agreement between the City and Airline, as the same may be amended or supplemented from time-to-time.

1.4 Air Transportation System -- shall mean that system operated by Airline for the commercial transportation of persons, property and/or mail by air.

1.5 Aircraft Parking Apron -- shall mean that portion of the Ramp Area immediately adjacent to the Terminals that is used for the parking of aircraft and support vehicles and the loading and unloading of passengers and cargo.

1.6 Airline Fee Refund Account -- shall mean that account established in Paragraph 6.6.A. of this Agreement.

1.7 Airline Premises -- shall mean Exclusively Leased Premises, Preferential Use Premises and Joint Use Premises as hereinafter defined.

1.8 Airline-Airport Affairs Committee (AAAC) -- shall mean a Committee composed of a representative of each Signatory Airline to consult and coordinate with the City in matters related to the planning, promotion, development, operation and financing of the Airport System.

1.9 Airport -- shall mean the San Antonio International Airport owned and operated by the City of San Antonio, the boundaries of which are more particularly shown on Exhibit **"A"** attached hereto.

1.10 Airport System -- shall mean and include the San Antonio International Airport and Stinson Municipal Airport, as each now exists, and all land, buildings, structures, equipment and facilities pertaining thereto, together with all future improvements, extensions, enlargements, and additions thereto, and replacements thereof, and all other airport facilities of the City acquired, constructed, leased or operated in the future with funds from any source.

1.11 Bond Fund -- shall mean the fund of such name created by the Bond Ordinance.

1.12 Bond Ordinance -- shall mean (i) Ordinance No. 52307, dated June 19, 1980, authorizing the City of San Antonio Airport System Revenue Bonds Series 1980, (ii) Ordinance No. 56972, dated May 19, 1983, authorizing the City of San Antonio, Texas Airport System Improvement and Refunding Revenue Bonds, Series 1983, and (iii) Ordinance No. 73387, dated March 28, 1991, authorizing the City of San Antonio, Texas Airport System Revenue Refunding Bonds, Series 1993, as such Ordinances may from time-to-time be amended or supplemented pursuant to the terms of said Ordinances, and any ordinance authorizing the issuance of obligations to refund all outstanding Bonds and Additional Bonds as defined in such Ordinances.

1.13 Bonds -- shall mean the bonds authorized by the Bond Ordinance and issued by the City and all Additional Bonds and other obligations issued as permitted by the Bond Ordinance. "Bonds" shall not include Special Facility Revenue Bonds.

1.14 Bonds Similarly Secured -- shall mean the Previously Issued Bonds, the Bonds and any Additional Bonds.

1.15 Capital Improvement Fund -- shall mean that fund established in Section 19 of the Bond Ordinance or any similar successor fund established by the City for purposes of the Agreement.

1.16 Commencement Date -- shall mean that date established in Paragraph 19.2.A.

1.17 Cost of Capital -- shall mean the (a) for capital expenditures financed with bonds, the effective interest rate (the "true interest cost" or "TIC") on the bonds used to finance the particular capital expenditure and (b) for capital expenditures financed with other City funds, the current Revenue Bond Index of 22+ year, "A" rated tax exempt bonds published daily in the Wall Street Journal (or successor publication thereto), as of the date the capital expenditure is placed in service.

However, for the purpose of developing annual rates and charges, the rate index nearest to the date of rate setting will be used for a capital expenditure planned to be placed into service during the next year.

1.18 Debt Service Requirement -- shall mean the total, as of any particular date of computation for any particular period or year, of the (a) scheduled amounts required during such period or year for the payment of all principal of and interest on the Bonds, during such period or fiscal year (b) 25 percent of the amount determined for "(a)" preceding; and (c) other amounts required by the Bond Ordinance.

1.19 Director -- shall mean the Director or Acting Director of Aviation as from time-to-time appointed by the City Manager and shall include such person or persons as may from time-to-time be authorized in writing by the City Manager or by the Director to act for him with respect to any or all matters pertaining to this Agreement.

1.20 Effective Date -- shall mean the date specified in Article XIX.

1.21 Enplaned Passengers -- shall mean all originating and on-line transfer and off-line transfer passengers boarded at the Airport (excluding Non-Revenue Passengers) including those of any Affiliate(s) and any passengers boarded by any air transportation company ground handled or otherwise accommodated by Airline, if such affiliate or accommodated or handled air transportation company does not have its own agreement with the City requiring the direct submission of such data.

1.22 Exclusively Leased Premises -- shall mean Terminal space leased to Airline, as shown on Exhibit **"C"** attached hereto, as such may be amended from time-to-time.

1.23 Fiscal Year -- shall mean the then current annual accounting period of the City for its general accounting purposes which, at the time of entering into this Agreement, is the period of twelve consecutive calendar months ending with the last day of September of any year.

1.24 Gate-Position -- shall mean Airline's passenger gate(s) including Airline's preferential Aircraft Parking Apron and the Preferential Use holdroom, passenger loading bridge, and appurtenant furnishings in and about the Terminal that are reasonably necessary for the use thereof.

1.25 Gross Revenues -- shall mean all of the revenues and income of every nature and from whatever source derived by the City (but excluding grants and donations for

capital purposes) from the operation and/or ownership of the Airport System, including the investment income from the investment or deposit of money in each Fund created by the Bond Ordinance (excluding the Construction Fund); provided, however, that if the net rent (excluding ground rent) from any lease executed in the future is pledged to the payment of principal, interest, reserve, or other requirements in connection with revenue bonds issued by the City to provide special facilities for the Airport System for the lessee (or in connection with bonds issued to refund said revenue bonds) the amount of such net rent so pledged and actually used to pay such requirements shall not constitute or be considered as Gross Revenues, but all ground rent, and any net rent in excess of the amounts so pledged and used, shall be deposited in the Revenue Fund created in the Bond Ordinance. Without limiting the generality of the foregoing, the term "Gross Revenues" shall include all landing fees and charges, ground rentals, space rentals in buildings and all charges made to concessionaires, and all revenues of any nature derived from contracts or use agreements with airlines and other users of the Airport System and its facilities; provided, however, that when the Series 1980 Bonds and Series 1983 Bonds are no longer outstanding, the term Gross Revenues shall not include any passenger facility charges described substantially in the manner provided in Section 1113 of the Federal Aviation Act of 1958, as amended, or the rules and regulations promulgated thereby, or any other similar charges that may be imposed pursuant to federal law.

1.26 Guest Airline -- shall mean a provider of commercial air transportation services which does not have in force a written agreement with the City to operate at the Airport.

1.27 Host Airline – shall mean a Signatory Airline that accommodates an Affiliate within its Airline Premises as described in Section 4.1.Q.

1.28 Joint Use Premises -- shall mean those Terminal areas assigned to two or more Scheduled Air Carriers as shown on Exhibit **"C"** attached hereto.

1.29 Landing Area -- shall mean those portions of the Airport (exclusive of buildings, hangars and aircraft storage areas) provided for the landing, take-off and taxiing of aircraft, including without limitation approach and turning zones, avigation or other easements, runways, taxiways, runway and taxiway lights, and other appurtenances in connection therewith.

1.30 Maximum Gross Landed Weight -- shall mean the maximum gross certificated landing weight in one thousand pound units at which each aircraft operated by Airline is certified by the FAA.

1.31 Non-Revenue Landing -- shall mean any aircraft landing other than a Revenue Landing.

1.32 Non-Revenue Passenger -- shall mean an airline employee or an eligible family member of an airline employee traveling on an airline pass.

1.33 Non-Signatory Airline -- shall mean an airline which is not a party to the Agreement.

1.34 Operation and Maintenance Expenses -- shall mean the reasonable and necessary current expenses of the City, as determined by City, paid or accrued in administering, operating, maintaining and repairing the Airport System. Without limiting the generality of the foregoing, the term "Operation and Maintenance Expenses" shall include all costs directly related to the Airport System, that is; (1) collecting Gross Revenues and making any refunds therefrom lawfully due others; (2) engineering, audit reports, legal and other overhead expenses directly related to its administration, operation, maintenance and repair; (3) salaries wages and other compensation of officers and employees and payments to pension, retirement, health and hospitalization funds and other insurance, including self-insurance for the foregoing (which shall not exceed a level comparable to airports of a similar size and character); (4) costs of routine repairs, replacements, renewals and alterations not constituting a capital improvement, occurring in the usual course of business; (5) utility services; (6) expenses of general administrative overhead of the City allocable to the Airport System; (7) equipment, materials and supplies used in the ordinary course of business not constituting a capital improvement including ordinary and current rentals of equipment or other property; (8) fidelity bonds, or a properly allocable share of the premium of any blanket bond, pertaining to the Airport System or Gross Revenues or any other money held under the Bond Ordinance or required by the Bond Ordinance to be held or deposited under the Bond Ordinance; and (9) costs of carrying out the provisions of the Bond Ordinance, including paying agent's fees and expenses; costs of insurance required by the Bond Ordinance, or a properly allocable share of any premium of any blanket policy pertaining to the Airport System or Gross Revenues, and costs of recording, mailing and publication.

1.35 Preferential Use Premises -- shall mean the Aircraft Parking Apron, and holdroom(s) assigned to Airline as more particularly delineated on Exhibit **"C"** attached hereto, and to which Airline shall have preferential use, defined herein as the unrestricted, higher and continuous priority over all other users subject to the provisions of Article XV herein.

1.36 Previously Issued Bonds -- shall mean (i) the currently outstanding and unpaid revenue bonds of the City payable from and equally and ratably secured solely by a first lien on and pledge of the Gross Revenues of the Airport System on a parity with the City of San Antonio, Texas Airport System Revenue Refunding Bonds, Series 1993 (the "Series 1993 Bonds"), identified as; (1) City of San Antonio Airport System Revenue Bonds, Series 1980, dated July l, 1980, and originally issued in the principal amount of $25,000,000 (the "Series 1980 Bonds"); (2) City of San Antonio Airport System Improvement and Refunding Revenue Bonds, Series 1983, dated May 1, 1983, and originally issued in the principal amount of $76,040,000 (the "Series 1983 Bonds") and (3) any Additional Bonds sold and delivered by the City prior to the date of delivery of the Series 1993 Bonds; (ii) obligations hereafter issued to refund any of the foregoing on a parity with the Previously Issued Bonds.

1.37 Ramp Area -- shall mean the aircraft parking and maneuvering areas adjacent to Terminal.

1.38 Requesting Airline -- shall mean a Scheduled Air Carrier desiring to provide new or expanded commercial passenger air transportation service to and from Airport but unable to obtain from City Aircraft Parking Apron and/or Terminal space.

1.39 Revenue Landing -- shall mean an aircraft landing by Airline at the Airport in conjunction with a flight for which Airline makes a charge or from which revenue is derived for the transportation by air of persons, property or mail, but Revenue Landing shall not include any landing of an aircraft which, after having taken off from the Airport and without making a landing at any other airport, returns to land at Airport because of meteorological conditions, mechanical or operating causes, or any other reason of emergency or precaution.

1.40 Scheduled Air Carrier -- shall mean an air transportation company performing or desiring to perform, pursuant to published schedules, commercial air transportation services over specified routes to and from Airport, and holding any necessary authority to provide such transportation from the appropriate federal or state agencies.

1.41 Signatory Airline -- shall mean a Scheduled Air Carrier which has an agreement with City substantially similar to this Agreement that includes the lease of Exclusively Leased Premises and Preferential Use Premises directly from the City.

1.42 Special Purpose Facilities -- shall mean any capital improvements or facilities acquired or constructed by City from funds other than Gross Revenues or obligations payable from Gross Revenues and located or to be located on any property included under the definition of the Airport System.

1.43 Terminals -- shall mean the airline terminal buildings owned and operated by the City at the Airport as shown on Exhibit **"A"** hereof, as such may be amended from time-to-time.

1.44 U.S. Implicit Price Deflator Index -- shall mean the then most recently issued year-to-year U.S. GNP Implicit Price Deflator Index, issued by the United States Department of Commerce, or, if such index shall be discontinued, a successor index as designated by the United States Government. Additional words and phrases used in this Agreement but not defined herein shall have the meanings set forth in the Bond ordinance or, if not so set forth, shall have their usual and customary meaning.

ARTICLE II
TERM

The term of this Agreement shall commence on October 1, 2001 and shall terminate upon the earlier of either the Date of Beneficial Occupancy (DBO) of Concourse B or at midnight on September 30, 2006, unless sooner terminated under the provisions hereof.

Attachment G

ARTICLE III
PREMISES

Section 3.1 - Airline Premises

3.1.A. City does hereby lease and demise to Airline, and Airline does hereby lease and accept from City the Exclusively Leased Premises, the Preferential Use Premises, and the Joint Use Premises as set forth on Exhibit **"C"** attached hereto.

3.1.B. City, acting by and through the Director, and Airline may, from time to time, by mutual agreement add to or delete space from Airline Premises. Any such additions shall be subject to the rates and charges set forth in Exhibit **"G"** hereof. In the event of any such addition or deletion, Exhibit **"C"** shall be revised as of the effective date of such addition or deletion to reflect agreed upon additions or deletions of space. A copy of such revised Exhibit **"C"** shall be filed of record with the City Clerk of the City of San Antonio and, upon such filing, shall automatically become a part of this Agreement.

3.1.B.1 City, acting by and through the Director shall advise Airline, in writing, whenever Airline's use of Exclusively Leased Premises or Preferential Use Premises extends into space not leased by Airline. The Airline shall upon receipt of City's written notice promptly (i.e., within seventy–two (72) hours) cease its use of space not leased by the Airline. In the event Airline does not immediately cease its use of space not leased to Airline or to another airline, such additional space shall be automatically added to Airline's Exclusively Leased Premises or Preferential Use Premises and Exhibit "C" shall be immediately revised to reflect the added space. A copy of such revised Exhibit "C" shall be filed of record with the City Clerk of the City of San Antonio and, upon such filing, shall automatically become a part of this Agreement.

3.1.C. All space added to Airline Premises, pursuant to this Section 3.1, shall be subject to all the terms, conditions, and other provisions of this Agreement and Airline shall pay to City all rentals, fees and charges applicable to such additional premises in accordance with the terms of this Agreement.

3.1.D. Notwithstanding the above, Airline recognizes and agrees that City's Capital Improvement Program provides for the construction of Concourse B, including an addition to Terminal 1, and the demolition of Terminal 2. Airline agrees to cooperate with a transition plan for the orderly relocation of Airlines and agrees to modify the use of their premises if required in order to accommodate the construction of Concourse B. Airline agrees that City, at its option and upon One Hundred and Twenty (120) days written notice to Airline, may recapture the premises leased to Airline if said premises are required by City to implement said construction program. In such event, City agrees to provide Airline with comparable facilities, with such comparable facilities to be substituted for Airline Premises in accordance with Paragraphs 3.1.B. and 3.1.C. to pay reasonable relocation expenses and to adjust the rentals payable by Airline.

Section 3.2 - Employee Parking

City shall make available or cause to be developed an area or areas at the Airport as common parking facilities for personnel employed at the Terminals, including Airline personnel, subject to applicable charges for such parking facilities set forth in Section 6.5.A. herein.

Section 3.3 - Federal Inspection Facilities

City shall designate areas in the Terminal (initially as shown on Exhibit **"C"**) to be used by agencies of the United states Government for the inspection of passengers and their baggage, and for the exercise of the responsibilities of said agencies with respect to the movement of persons and property to and from the United States.

Section 3.4 - Public Address System

City shall provide and maintain a public address system in the Terminal which Airline and others similarly authorized by City shall have the right to use for flight announcements, paging and similar purposes, subject to reasonable rules and regulations established by City for the use of the public address system.

EXHIBIT C
SUMMARY OF TERMINAL AREAS

TERMINAL 1 FIS

AIRLINE EXCLUSIVE, PREFERENTIAL AND JOINT USE SPACE

	Exclusive Ticket Counter (1)	Exclusive Ticket Office (1)	Exclusive Operations Office (4)	Preferential Hold Rooms (2)	Exclusive Clubs (2)	Exclusive Baggage Make-Up (5)	Exclusive Curbside (5)	Baggage Claim (3)	Tug Lane (5)	Exclusive Lost Baggage (3)	Concourse Circulation (2)	Exclusive Apron / Ramp (6)	FIS	Total
Midwest Ex.	753	667	0	0	0	918	0	0	0	0	0	0	0	2,338
Southwest	2,654	4,160	6,811	10,869	0	4,465	207	0	0	537	0	190	0	29,893
Mexicana	995	1,402	1,968	2,181	680	2,703	0	0	0	0	0	0	0	9,929
Delta	1,681	2,256	9,393	5,854	0	3,778	146	0	0	269	0	280	0	23,657
United	1,050	1,405	1,089	3,576	0	1,787	140	0	0	259	0	0	0	9,306
Northwest	1,201	1,073	0	2,215	0	1,787	26	0	0	0	0	0	0	6,302
AeroLitoral	311	390	190	506	0	0	0	0	0	0	0	0	0	1,397
Champ. Air	0	179	0	0	0	0	0	0	0	0	0	0	0	179
Sun Country	0	250	0	0	0	0	0	0	0	0	0	0	0	250
Unassigned	863	1,372	14,488	7,917	0	3,617	-	0	0	0	0	3,601	0	31,858
	9,508	13,154	33,939	33,118	680	19,055	519	0	0	1,065	0	4,071	0	115,109
Joint Use Space	0	0	0	0	0	0	0	12,281	15,760		24,167	0	0	52,208
Airline FIS Area	0	0	0	0	0	0	0	0	0	0	0	0	42,641	42,641
Total Airline Space	9,508	13,154	33,939	33,118	680	19,055	519	12,281	15,760	1,065	24,167	4,071	42,641	209,958

NOTE:

(1) Numbers in ( ) under each column heading represent type of space description for Exhibit "G" rental, fees and charges calculations.

Revised 11/1/2002

(2) Concourse circulation area represents prorata share of Airlines lease area to Concession lease area in concourse.

EXHIBIT C

SUMMARY OF TERMINAL AREAS

TERMINAL 1 FIS

JOINT USE AND FIS DETAIL

	General Area	Baggage Claim (3)	Tug Lane (5)	FIS Corridor *(Mezzanine)* & Concourse (2)	Total
Federal Inspection Station	23,783	3,428	2,515	12,915	42,641
Other Joint Use	0	12,281	15,760	24,167	52,208

NOTES:
(1) Numbers in () under each column heading represent type of space designation for Exhibit "G" rental, fees and charges calculations.

(2) Concourse circulation area represents prorata share of Airline lease area to Concession lease area in concourse.

EXHIBIT C

SUMMARY OF TERMINAL AREAS

TERMINAL 1 FIS

SPACE SUMMARY

	Exclusive Use	Preferential Use	Joint Use	FIS	Concession Space	Public Area	Maint. & Utility	Admin.	Service Area	Total
Airline Space	81,991	33,118	52,208	42,641	0	0	0	0	0	209,958
Concession Space	0	0	0	0	34,484	0	0	0	0	34,484
Sub–Total Rentable Space	81,991	33,118	52,208	42,641	34,484	0	0	0	0	244,442
Public Area	0	0	0	0	0	54,234	0	0	0	54,234
Other Building Areas	0	0	0	0	0	0	37,771	16,758	22,168	76,697
Total Area	**81,991**	**33,118**	**52,208**	**42,641**	**34,484**	**54,234**	**37,771**	**16,758**	**22,168**	**375,373**

Areas not verified

EXHIBIT C

SUMMARY OF TERMINAL AREAS

TERMINAL 1 FIS

AIRLINE RAMP AREA

	Number of Gates			
Airline	**Narrow – Body**	**Wide – Body**	**Total**	**Linear Feet**
Southwest	5	0	5	625 (1)
Mexicana	1	0	1	125 (1)
Delta	3	0	3	375 (1)
United	2	0	2	250 (1)
Northwest	1	0	1	125 (1)
Aerolitoral	0	1	1	175 (2)
Unassigned	2	1	3	425 (1)
	14	**2**	**16**	**2100**

NOTES:
(1) Based on 125 LF per Narrow–Body gate position, and 175 LF per Wide–Body gate position.
(2) Aerolitoral will only use 66 LF of 175 LF available at the Wide–Body gates.

EXHIBIT C

SUMMARY OF TERMINAL AREAS

TERMINAL 2

AIRLINE EXCULSIVE, PREFERENTIAL AND JOINT USE SPACE

	Exclusive Ticket Counter (1)	Exclusive Ticket Office (1)	Exclusive Operations Office (4)	Preferential Hold Rooms (2)	Exclusive Clubs (2)	Exclusive Baggage Make–up (5)	Baggage Claim (3)	Exclusive Cubside (5)	Tug Lane (5)	Exclusive Lost Baggage (3)	Concourse Circulation (2)	Exclusive Fenced Apron/Ramp (6)	Total
TWA	725	763	5,208	3,604	0	956	0	81	0	0	0	0	11,337
Continental	2,368	2,440	6,071	5,402	3,876	2,815	0	371	0	541	0	1,277	25,161
American	2,441	2,346	4,523	5,401	0	3,097	0	347	0	761	0	1,120	20,036
Commuter	0	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned	767	2,098	2,750	4,238	0	811	0	0	0	0	0	0	10,664
	6,301	7,647	18,552	18,645	3,876	7,679	0	799	0	1,302	0	2,397	67,198
Joint Use Space	0	0	0	0	0	0	6,702	0	5,011	0	16,317	0	28,030
Total Airline Space	6,301	7,647	18,552	18,645	3,876	7,679	6,702	799	5,011	1,302	16,317	2,397	95,228

NOTE:
(1) Numbers in () under each column heading represent type of space description for Exhibit “G” rental, fees and charges calculations.
(2) Concourse circulation area represents prorata share of Airlines lease area to Concession lease area in concourse.

EXHIBIT C

SUMMARY OF TERMINAL AREAS

TERMINAL 2

SPACE SUMMARY

	Exclusive Use	Preferential Use	Joint Use	Concession Space	Public Area	Maint. & Utility	Admin.	Total
Airline Space	48,553	18,645	28,030	0	0	0	0	95,228
Concession Space	0	0	0	26,659	0	0	0	26,659
Sub–Total Rentable Space	48,553	18,645	28,030	26,659	0	0	0	121,887
Public Area	0	0	0	0	37,845	0	0	37,845
Other Building Areas	0	0	0	0	0	38,589	13,654	52,243
Total Area	**48,553**	**18,645**	**28,030**	**26,659**	**37,845**	**38,589**	**13,654**	**211,975**

Area not verified

EXHIBIT C

SUMMARY OF TERMINAL AREAS

TERMINAL 1

AIRLINE RAMP AREA

	Number of Gates			
Airline	**Narrow - Body**	**Wide - Body**	**Total**	**Linear Feet** (1)
TWA	2	0	2	250
Continental	3	0	3	375
American	2	1	3	425
Commuters	1	0	1	125
Unaasigned	2	0	2	250
Number of Gates	**10**	**1**	**11**	**1425**

NOTE:
(1) Based on 125 LF per Narrow-Body gate position, and 175 LF per Wide-Body gate position.

Attachment H

ARTICLE XIV
ASSIGNMENT, SUBLETTING AND USE FEES

Section 14.1 - Assignment and Subletting by Airline

14.1.A. Airline shall not, directly or indirectly, assign, sell, hypothecate or otherwise transfer this Agreement, or any portion of Airline Premises, without the prior written consent of City which may be given only by or pursuant to an ordinance enacted by the City Council of San Antonio, Texas, provided that the foregoing shall not prevent the assignment of this Agreement to any corporation with which Airline may merge or consolidate, or which may succeed to the business of Airline, provided such successor corporation no later than thirty (30) days after the date of such merger, consolidation or succession shall acknowledge by a writing satisfactory in form and content to City that it has assumed all obligations of Airline and will fully honor all the terms and conditions set forth in this Agreement.

14.1.B. Airline shall not without the prior written consent of Director sublease Airline Premises. The parties hereto agree that Director may reasonably withhold such consent if City has substantially similar space available but unleased or if City can make such space available for lease within a reasonable time. Exclusive use of Airline Premises, or any part thereof, by anyone other than Airline shall be considered a sublease.

14.1.C. In the event Airline requests permission to sublease, the request shall be accompanied by a copy of the proposed sublease agreement, if prepared. In the event such proposed sublease agreement has not been prepared, a written summary of the material terms and conditions to be contained in such sublease agreement shall be included with Airline's request for tentative approval by Director. The area or space to be subleased and the rental to be charged shall be specified and all other information reasonably requested by City pertaining to said sublease shall be promptly provided. A fully executed copy of such sublease shall be submitted to Director for final review no later than thirty (30) days following occupancy of Airline Premises, or any portion thereof, by the sublessee.

14.1.D. In the event of a sublease where the rentals, fees and charges for the subleased premises exceed the rentals, fees and charges payable by Airline for said premises pursuant to this Agreement, Airline shall pay to City as Gross Revenues the excess of the rentals, fees and charges received from the sublessee over that specified to be paid by Airline herein, provided that Airline may charge a reasonable fee for administrative costs, not to exceed 15% of the specified sublease rental, and such 15% shall not be considered excess rentals, fees and charges. Airline shall also have the right to charge a reasonable fee to others for the use of Airline's capital equipment and to charge for use of utilities and other services being paid for by Airline.

14.1.E. In the event Airline agrees to ground handle any portion of the operations of a Guest Airline, Airline shall use its best efforts to provide City advance written notice of such proposed activities, including a description of the type, extent, frequency and duration of the service to be provided. In such event, and with exception of landing fees, Airline shall be responsible to City for the payment of all fees and charges and the filing of all reports required on behalf of such Guest Airline. Further, and in the event that such Guest Airline shall not maintain in force and provide evidence thereof to City insurance of the types and in such amounts as required in Article X of this Agreement, Airline shall cause City to be named as an additional indemnitee in any agreement of indemnification provided by such Guest Airline to Airline and as an additional insured in all policies of insurance provided by such Guest Airline to Airline.

14.1.F. No sublease or temporary use agreement shall release Airline from its obligations to pay the rentals, fees and charges provided herein. Notwithstanding the above, other airlines by prior arrangements with Airline, and subject to City's prior written consent, may use Airline's Airline Premises on a temporary basis pursuant to and in accordance with the provisions of Article XV.

Section 14.2 – Assignment and Subletting Use Fee

14.2.1 Airline shall be entitled to charge other airlines a use fee for the use of its Exclusive Use or Preferential Use premises. The use fee shall not exceed (a) the rentals, fees and charges payable by Airline for said premises pursuant to this Agreement, (b) a reasonable charge for the use of Airline’s capital equipment, utilities and other services prorated by Airline and (c) a reasonable fee for administrative costs, not to exceed 15% of items (a) and (b) above. In the case of a shared use with Airline the use fee shall be prorated over the planned number of uses by Airline and others. The use fees shall be subject to the review and approval of the Aviation Director.

Attachment I

ARTICLE XV
ACCESS

Section 15.1 - Declaration of Intent

The parties acknowledge the objective of the City to offer to all airlines desiring to serve Airport access to the Airport and to provide adequate Gate Positions and space in the Terminal. Recognizing that physical and financial limitations may preclude timely expansion of the Terminal and Aircraft Parking Apron areas to meet the stated requests of Airline and/or such other airlines for additional facilities, City hereby states its intent to pursue the objective of achieving an optimum balance in the overall utilization of Terminal and Aircraft Parking Apron to be achieved, if necessary, through sharing and reassignment, from time to time, of Gate Positions and other Terminal facilities.

Section 15.2 – Accommodation of Requesting Airlines

15.2.A. Airline agrees to cooperate with City to accommodate the needs of a Requesting Airline on a temporary basis by permitting such Requesting Airline to utilize Airline's Gate Position(s) and other portions of Airline Premises and other necessary facilities in connection with and for the time period(s) necessary to permit passenger loading and unloading operations in conjunction with its scheduled operations at times when the use of such facilities shall not interfere with Airline's planned operations or those of its sublessees, licensees or permittees. City shall provide Airline with as much advance notice as reasonably possible so that Airline may plan for the accommodation of a Requesting Airline. Airline's obligation hereunder shall be subject to execution of a written agreement between Airline and such Requesting Airline setting forth mutually agreed to terms and conditions governing such use which shall include a charge by Airline for its prorata direct costs plus a reasonable administrative charge. Airline agrees to make all reasonable efforts to facilitate the temporary accommodation of Requesting Airline's scheduled operations, including use of ticket counter area, use of Airline's baggage facilities and the use of other portions of Airline Premises and facilities reasonably necessary to accommodate Requesting Airline upon Requesting Airline's request, if (1) Airline has adequate capabilities, capacity, facilities and personnel therefor, after taking into account Airline's own requirements and contractual obligations, the compatibility of said Requesting Airline's proposed operations with those of Airline, and the need for labor harmony, and (2) said Requesting Airline enters into a written agreement with Airline therefor which agreement shall be approved in writing by City prior to the effective date thereof.

15.2.B. Subject to the provisions of Section 14.1.B, nothing contained in this Article shall prevent or prohibit Airline from electing to enter into an agreement with other air carriers authorized to operate into and out of the Airport and desiring the joint use of Airline Premises as provided in Article XIV herein.

15.2.C. During the period of use of Airline's facilities by a Requesting Airline at City's request pursuant to this Section, Airline shall be relieved of its obligation under this Agreement to indemnify and save harmless City, its officers, directors, employees or agents with regard to any claim for damages or personal injury arising out of or in connection with said accommodated Requesting Airline's use of Airline Premises unless such damage or personal injury is proximately caused by the negligence of Airline, its officers, directors, employees, agents or representatives who have come upon Airline Premises in connection with Airline's occupancy hereunder. The City shall require such Requesting Airline to indemnify City in the manner and to the extent required of Airline pursuant to Article X hereof.

Section 15.3 – Reassignment of Premises

15.3.A. In addition to any other rights of the City, the City may after the third anniversary of the effective date of this Agreement reallocate the Airline's Premises among the Signatory Airlines because of one or more of the following conditions:

a) The need to provide Premises to a Signatory Airline which is without adequate Premises leased directly from the City due to the unavailability of such space;
b) The impracticality of the City constructing additional Premises within a reasonable period of time; and
c) The need for the City to manage aircraft and passenger activity at the Airport in order to correct an imbalanced use of Airport facilities, including Gate Positions, or to minimize or ameliorate congestion in the Terminal or at the curbside.

Such reallocation may result in a reduction of the Airline's Premises and/or cause the Airline to vacate Premises and relocate to other Premises. The reallocation of any Premises shall be in accordance with a utilization study conducted by the City that shall take into account the following factors, among others:

a) Each Signatory Airline's number of enplaning and deplaning passengers;
b) Each Signatory Airline's historical, current and reasonably projected frequency of operations;
c) Each Signatory Airline's number of Gate Positions;
d) Each Signatory Airline's linear feet of ticket counter space, square feet of holdroom space and square feet of other Premises;

15.3.B. In making such reallocation, the City shall give the Airline, along with the other Signatory Airlines, not less than sixty (60) days written notice of the proposed space reallocation together with the City's reasons for the reallocations. The Airline shall during the sixty (60) day period be entitled to respond to the proposed reallocations in writing A final decision of the City shall be from the Aviation Director in writing and contain the basis thereof along with the effective date of any reallocations.

15.3.C. In implementing such reallocations, the City shall attempt to minimize disruptions to the Airline's operations and to preserve the operational integrity of the Airline's Premises during and after such reallocation.

15.3.D. If, as a result of a reallocation under this Section 15.3, the Airline is required to relocate all or a portion of its operations, or to consolidate its operations in its remaining Premises, the City shall determine the reasonable cost of such relocation or consolidation, including the unamortized cost of reallocated Premises and fixed improvements vacated by the Airline calculated on the basis of generally accepted accounting principles, and said costs shall be borne by the Signatory Airline gaining the use of the reallocated Premises, and shall be paid to the Airline.

15.3.E. Airline will not be required to operate with less than (a) one Gate Position, (b) four ticketing positions with a corresponding amount of ticketing office and outbound baggage area, and (c) operations areas adequate to support its planned number of flights. If, as a result of a reallocation under this Section 15.3, the Airline is required to consolidate its premises to less than seventy-five percent (75%) of the total amount of square feet prior to the consolidation, then Airline, provided that it is not otherwise in default of this Agreement, may elect to terminate this Agreement upon giving sixty (60) days prior written notice. If Airline is required to relinquish (a) one or more gates or (b) four or more ticketing positions, then Airline will be entitled to also relinquish to City a proportionate amount of the remainder of Airline premises.

ATTACHMENT I

Attachment J

ARTICLE VI
RENTALS, FEES AND CHARGES

Airline shall pay City rentals for use of Airline Premises, and fees and charges for the other rights, licenses, and privileges granted hereunder during the term of this Agreement, and shall file periodic reports as specified herein. Notwithstanding anything in this Agreement to the contrary, all amounts payable by Airline to or on behalf of City under this Agreement, whether or not expressly denominated as rent, shall constitute rent for the purposes of the Bankruptcy Code of the United States of America.

Section 6.1 - Landing Fee Charges

6.1.A. Airline shall pay to city within fifteen (15) days following the end of each calendar month, without demand or invoicing, landing fee charges for Revenue Landings for the preceding month at the rate and in the amount calculated in accordance with Exhibit **"G".**

6.1.B. Airline shall include with its payment for landing fee charges a copy of its applicable Monthly Landed Weight/Fee Report (Exhibit **"F"**), submitted to City in accordance with Section 6.8 hereof, showing the basis for its landing fee charges.

Section 6.2 - Rentals for Exclusively Leased Premises and Joint Use Premises

6.2.A. Airline shall pay to City in advance, on the first day of each month, without demand or invoicing, rentals for Airline's Exclusively Leased Premises at the rates and in the amounts calculated in accordance with Exhibit **"G".**

6.2.B. Airline's proportionate share of rentals for Terminal baggage claim and tug lane Joint Use Premises shall be paid by Airline to City no later than 15 days following receipt by Airline of billing therefore and shall be calculated in accordance with the following formula:

6.2.B(l) The total number of square feet of each category and area of Joint Use Premises shall be multiplied by the appropriate annual square foot rate calculated in accordance with Exhibit **"G"** for such category of space. Twenty percent (20%) of the total amount calculated for each category shall be divided equally among all Scheduled Air Carriers using said category and area of Joint Use Premises. An Airline executing this Agreement and its Affiliated Airlines designated in Exhibit "I" shall be treated as a single entity for the purposes of the calculation of Joint Use Charges which will be paid by that Airline. Also, any Scheduled Air Carrier that is not a Signatory whose Enplaned Passengers equal less than one percent (1%) of the total Enplaned Passengers for the current month using said category and area of Joint Use Premises shall not be included in the twenty percent (20%) Joint Use calculation. However, if Airline operates less than 15 days during a month, it shall not be included in the 20% joint use calculation.

6.2. B (2) Eighty percent (80%) of the total amount calculated for each category and area shall be prorated among Scheduled Air Carriers using such category and area of premises based on the ratio of each such Scheduled Air Carrier's Enplaned Passengers during the calendar month for which such charges are being determined, to the total of all Enplaned Passengers during said calendar month. For purposes of this calculation, each Scheduled Air Carrier's Enplaned Passengers total shall include, in addition to the Enplaned Passengers served by such Scheduled Air Carrier, the number of Enplaned Passengers handled by said Scheduled Air Carrier for a Guest Airline or for a Non-Signatory Airline not having an agreement with City that provides for the direct payment to City of appropriate charges for use of Joint Use Premises.

6.2.C. Airline's proportionate share of rentals for Terminal concourse portions of the Joint Use Premises shall be paid by Airline to City no later than fifteen (15) days following receipt by Airline of billing therefore and shall be calculated in accordance with the following formula:

6.2.C(l) The number of square feet of each concourse area, as determined in accordance with Exhibit **"G",** shall be multiplied by the appropriate annual square foot rate calculated in accordance with Exhibit **"G"** for such category of space. Twenty percent (20%) of the total amount calculated for each concourse area shall be divided equally among all Scheduled Air Carriers using said concourse area. An Airline executing this Agreement and its Affiliated Airlines designated in Exhibit I shall be treated as a single entity for the purposes of the calculation of Joint Use Charges which will be paid by that Airline. Also, any Scheduled Air Carrier that is not a Signatory Airline whose Enplaned Passengers equal less than one percent (1%) of the total Enplaned Passengers for the current month using said category and area of Joint Use Premises shall not be included in the twenty percent (20%) Joint Use calculation. However, if Airline operates less than 15 days during a month, it shall not be included in the 20% joint use calculation.

6.2.C(2) Forty percent (40%) of the total amount calculated for each concourse area shall be prorated among all Scheduled Air Carriers using said concourse area based upon the ratio of each such Scheduled Air Carrier's number of Revenue Landings during the calendar month for which such charges are being determined, to the total of all Revenue Landings using said concourse area during said calendar month. For purposes of this calculation, each Scheduled Air Carrier's Revenue Landings total shall include, in addition to the number of Revenue Landings conducted by such Scheduled Air Carrier, the number of Revenue Landings handled by said Scheduled Air Carrier for a Guest Airline or for a Non-signatory Airline not having an agreement with City that provides for the direct payment to City of appropriate charges for use of Joint Use Premises.

6.2.C(3) Forty percent (40%) of the total amount calculated for each concourse area shall be prorated among all Scheduled Air Carriers based upon the ratio of each such Scheduled Air Carrier's Enplaned Passengers during the calendar month for which such charges are being determined, to the total Enplaned Passengers during said calendar

month. For purposes of this calculation, each Scheduled Air Carrier's Enplaned Passengers total shall include, in addition to the Enplaned Passengers served by such Scheduled Air Carrier, the number of Enplaned Passengers handled by said Scheduled Air Carrier for a Guest Airline or a Non-Signatory Airline not having an agreement with City that provides for the direct payment to City of appropriate charges for use of Joint Use Premises.

6.2.D. City shall estimate the number of Revenue Landings and Enplaned Passengers for any Scheduled Air Carrier which fails to report its Revenue Landing and enplanement data and shall also make appropriate adjustments in the event a Scheduled Air Carrier ceases to be a user of a particular category and area of Joint Use Premises.

Section 6.3 - Rentals for Preferential Use Premises

Airline shall pay to City in advance on the first day of each month, without demand or invoicing, rentals for Airline's Preferential Use Premises, calculated in accordance with Exhibit **"G".**

Section 6.4 - Federal Inspection Service Facilities Charges

6.4.A. Airline shall pay charges for use of the Federal Inspection Service Facilities at the rates and in the amounts calculated in accordance with Exhibit **"G".**

6.4.B. Each Scheduled Air Carrier and air transportation company using said facilities shall pay its proportionate share of the Federal Inspection Service charges based on a deplanement fee, as calculated in accordance with Exhibit **"G"**, multiplied by the-number of international passengers processed through the Federal Inspection Service Facilities. Such FIS Use Fee may in the City's sole discretion be adjusted yearly as required in order to permit the City to more fully recover its costs and/or become more competitive with other airports providing international service.

6.4.C. City shall issue monthly invoices for each Scheduled Air Carrier's and other air transportation company's proportionate share of said charges, and remittance of Airline's share of use charges shall be made within 15 days of receipt of invoice.

Section 6.5 - Other Charges

Other charges payable by Airline, in addition to those specified elsewhere in this Agreement, shall be as follows:

6.5.A. **Employee Parking Charges**

Should Airline elect to furnish parking for its employees, Airline shall pay to City in advance on the first day of each month, without demand or invoicing, charges as are reasonably established by the City for the use of employee parking areas designated in Section 3.2 herein.

6.5.B. **Miscellaneous**

Charges for miscellaneous items or activities not specified herein (e.g. badges, extraordinary electrical usage, personal property storage, etc.) shall be assessed by City as reasonably determined by Director and paid by Airline.

Section 6.6 - Refund To Signatory Airlines

6.6.A. For the purpose of providing refunds with respect to rentals, fees, and charges payable by Signatory Airlines a separate Airline Fees Refund Account shall be created and established by the City at one of its depositories.

6.6.B. The amounts in the Capital Improvement Fund established and maintained pursuant to Section 19 of the Bond Ordinance shall be used and shall be subject to the priority of claim and use as provided in said Section 19. As soon as practicable after the end of each Fiscal Year the City agrees to transfer to the Airline Fees Refund Account, from any surplus in the Capital Improvement Fund which is available for any other lawful purpose related to the Airport System, an amount equal to the Airline Fees Refund calculated pursuant to Exhibit **"G"** to this Agreement, or so much of such amount as is so available.

6.6.C. To the extent any such funds become available in the Airline Fees Refund Account, and to the extent the City is not in default with respect to its covenants in the Bond Ordinance, nor expects to be in the then current Fiscal Year, and to the extent Airline is not in default of any of the terms and covenants herein provided, Airline shall receive a proportionate share of said funds in the manner and in the amounts established pursuant to Section 7.3.

6.6.D. Airline agrees that upon an Event of Default (as defined in Section 11.1 of this Agreement) the City shall have the right to set off and apply against all amounts it is entitled to receive under this Agreement all refunds which Airline would otherwise receive under Section 6.6 of this Agreement.

Section 6.7 - Late Payments

If Airline shall fail to make payment within 10 days of the dates due as set forth in this Article VI, then Airline shall pay to City a monthly service charge equal to the maximum allowable under state statutes on any such overdue amount, plus reasonable attorneys' fees incurred by City in attempting to obtain payment.

Section 6.8 - Information to be supplied by Airline

6.8.A. Not later than ten (10) days after the end of each month, Airline shall file with City a written report on forms provided by City (Exhibits **"E"** and **"F"**) for activity conducted by Airline during said month.

6.8.B. Not later than ten (10) days after the end of each month, separate reports (Exhibits E and F) shall be filed by Airline with City regarding any aircraft flights (whether scheduled or non-scheduled) handled by Airline for other aircraft operators not having an agreement with City that provides for the handled carrier to submit its own reports to City. City may request Airline to report the number of scheduled flights departing each gate during the month.

6.8.C. Upon City's receipt of activity data submitted by all airlines for the preceding month, City shall submit to Airline a composite statistical report for the preceding month. The statistical report will be used by the City in calculating rentals for Joint Use Premises, and any other rentals, fees and charges based upon such activity data.

6.8.D. If necessary statistical data for the then current month is not available by the tenth (10th) day of the succeeding month, the City shall base its charges upon the most recent data available and transmitted by Airline to City, with such charges to be adjusted on the next succeeding payment date following the date upon which current data are available.

6.8.E. Airline shall, at all times, maintain and keep books, ledgers, accounts or other records wherein are accurately kept all entries reflecting the total number of Revenue Landings at Airport and the Maximum Gross Landed Weight of each such aircraft together with the traffic statistics to be reported hereunder. Such books, ledgers, accounts and records shall be made available for examination by City or its duly authorized representative in the City of San Antonio during all reasonable business hours upon ten (10) days written request.

6.8.F. The acceptance by City of any Airline payment shall not preclude City from verifying the accuracy of Airline's reports on which Airline's rental, fees and charges are based as provided in this Article and shall not be construed as a waiver of interest penalty due, if any.

EXHIBITS

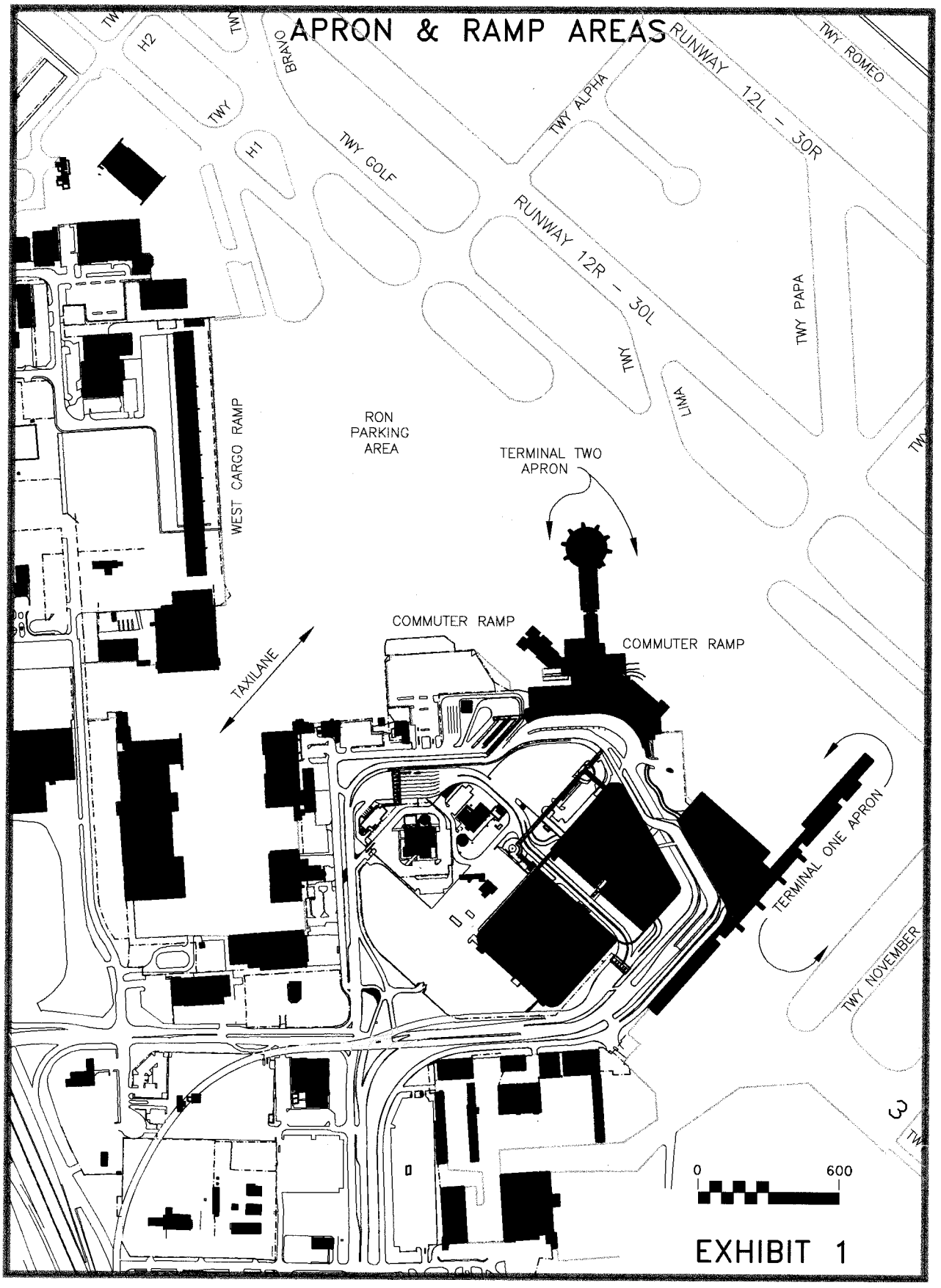
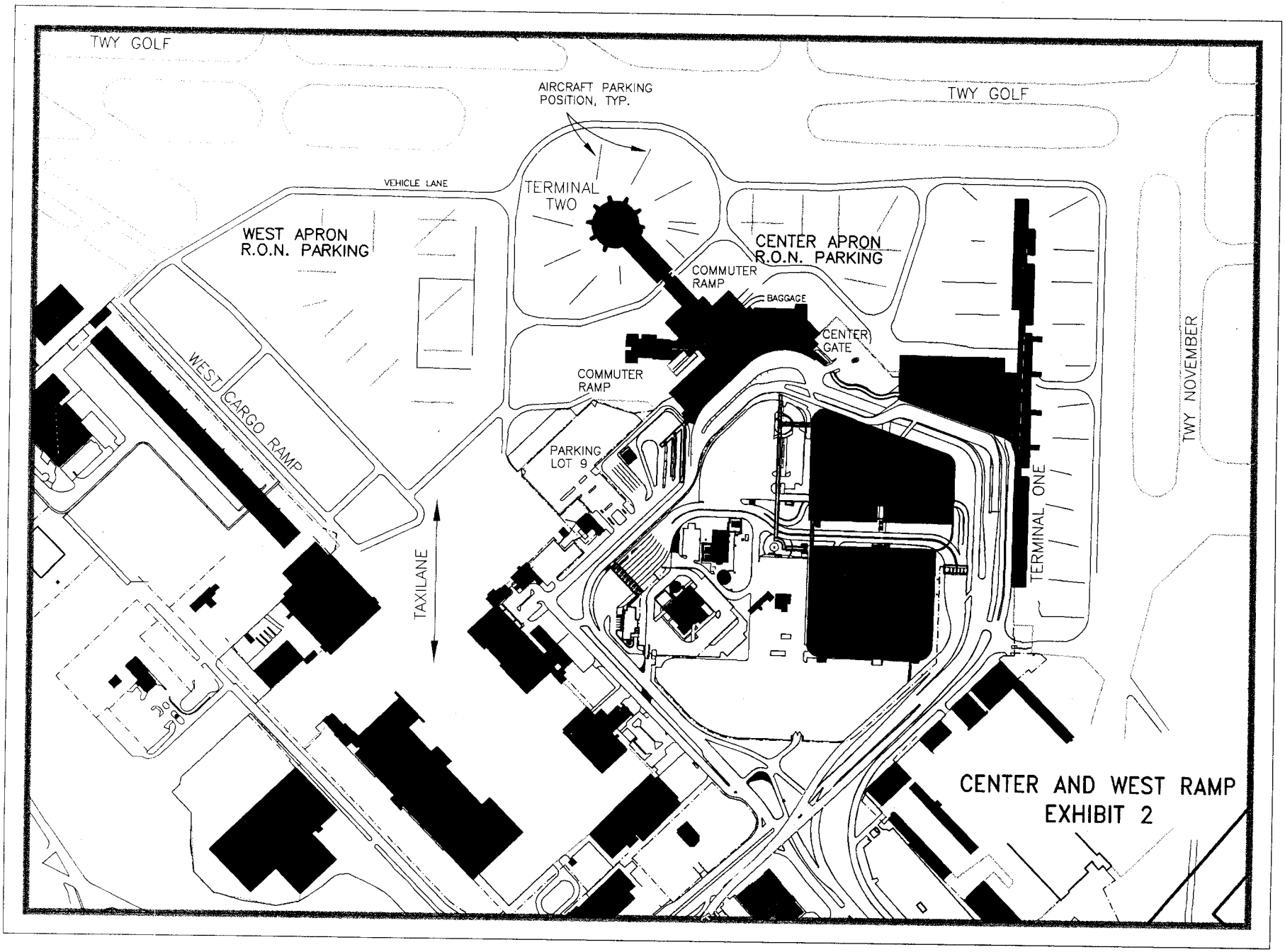
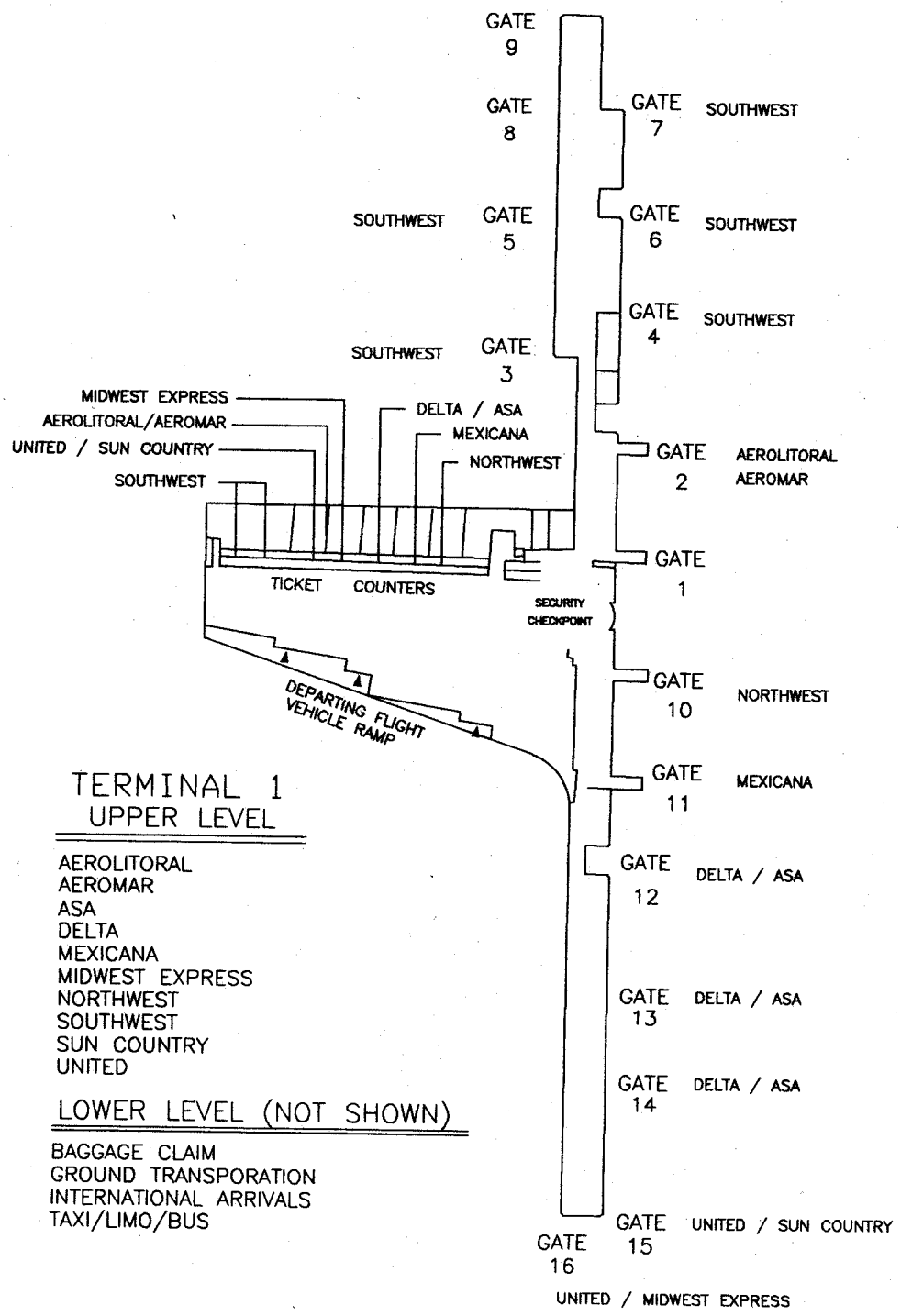

APRON & RAMP AREAS
TWY
H2
TWY
BRAVO
H1
TWY GOLF
TWY ALPHA
RUNWAY 12L - 30R
TWY ROMEO
RUNWAY 12R - 30L
TWY PAPA
TWY
LIMA
WEST CARGO RAMP
RON
PARKING
AREA
TERMINAL TWO
APRON
COMMUTER RAMP
COMMUTER RAMP
TAXILANE
TERMINAL ONE APRON
TWY NOVEMBER
0
600

EXHIBIT 1



CENTER AND WEST RAMP
EXHIBIT 2

TERMINAL I



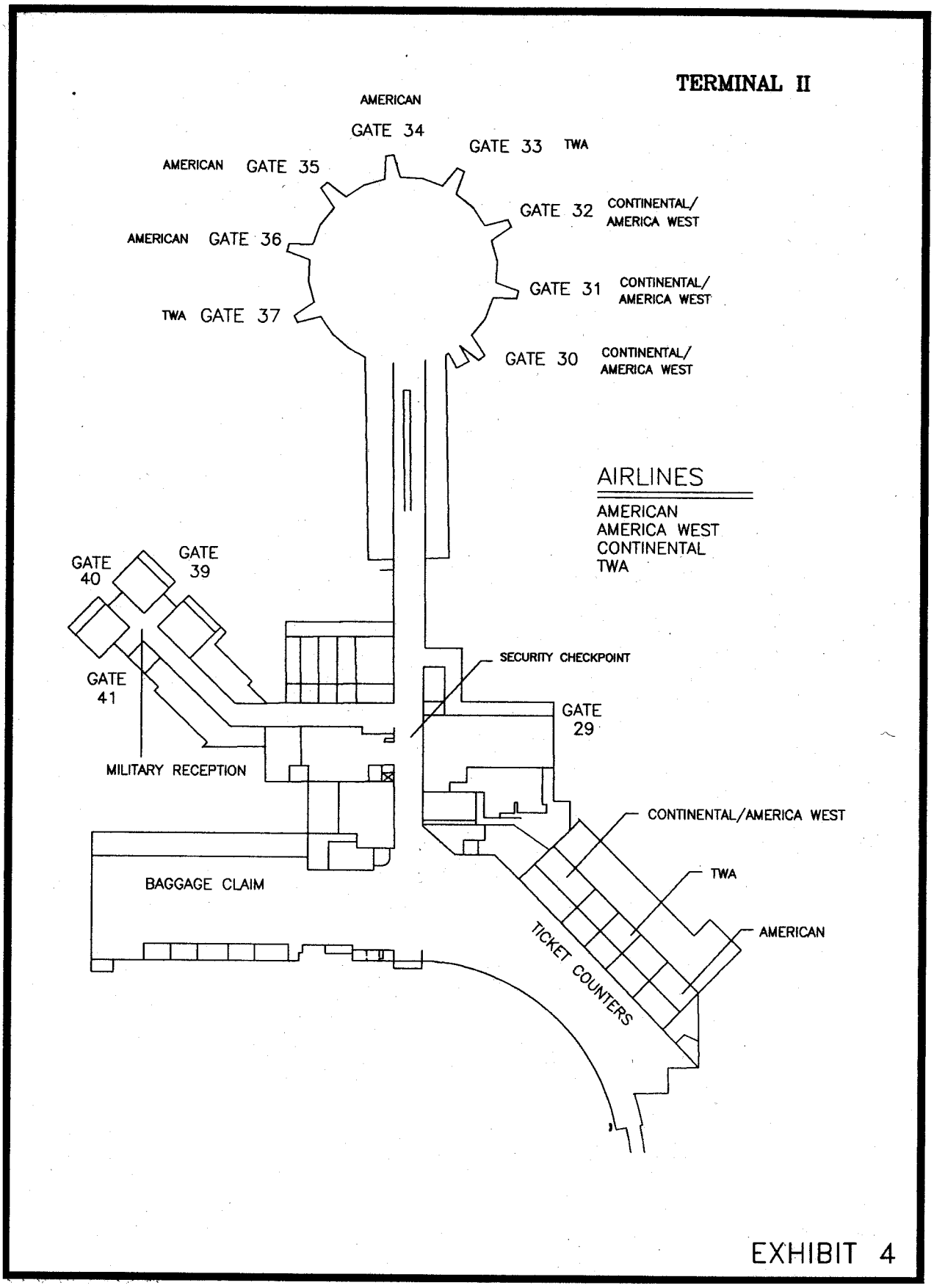
TERMINAL 1
UPPER LEVEL

AEROLITORAL
AEROMAR
ASA
DELTA
MEXICANA
MIDWEST EXPRESS
NORTHWEST
SOUTHWEST
SUN COUNTRY
UNITED

LOWER LEVEL (NOT SHOWN)

BAGGAGE CLAIM
GROUND TRANSPORATION
INTERNATIONAL ARRIVALS
TAXI/LIMO/BUS

EXHIBIT 3


TERMINAL II
AMERICAN
GATE 34
GATE 33 TWA
AMERICAN GATE 35
GATE 32 CONTINENTAL/ AMERICA WEST
AMERICAN GATE 36
GATE 31 CONTINENTAL/ AMERICA WEST
TWA GATE 37
GATE 30 CONTINENTAL/ AMERICA WEST
AIRLINES
AMERICAN
AMERICA WEST
CONTINENTAL
TWA
GATE 40
GATE 39
GATE 41
SECURITY CHECKPOINT
GATE 29
MILITARY RECEPTION
CONTINENTAL/AMERICA WEST
TWA
AMERICAN
BAGGAGE CLAIM
TICKET COUNTERS
EXHIBIT 4

Marmon Mok
architecture engineering interiors

DDHR

EXHIBIT 5.1

Marmon Mok
architecture engineering interiors

DDHR

EXHIBIT 5.2

U.S. Department
of Transportation
**Federal Aviation
Administration**

Office of Airport Planning
and Programming

800 Independence Ave., SW.
Washington, DC 20591

2002 NOV -4 P 2:55

AVIATION DEPT.

SEP 18 2002

Mr. Kevin C. Dolliole
Director
San Antonio Aviation Department
9800 Airport Blvd.
San Antonio, TX 78216

Dear Mr. Dolliole:

Thank you for your submittal of the City of San Antonio Aviation Department's (City) annual update of the Competition Plan for San Antonio International Airport (SAT) dated September 28, 2001. We have reviewed your updated Competition Plan for the Airport and the information contained in your June 11, 2002 letter, which was in response to our request for additional information. This letter confirms that on June 12, 2002, we determined that your Plan update is in accordance with the requirements of section 155 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), Pub. L. 106-181, April 5, 2000. This determination was originally communicated by email of the same date. However, we have identified some areas where submission of additional information with your next update to the plan would help us more fully understand your current business practices and policies.

As we indicated in our letter of June 22, 2001, annual competition updates are required for a covered airport applying for a new passenger facility charge (PFC) or a grant to be issued under the Airport Improvement Program (AIP) in FY 2002. In Program Guidance Letter (PGL) 00-3 (May 8, 2001), the FAA addressed the information needed to be provided in Competition Plan updates on each of the eight areas specified in section 155. On August 16, 2001 we issued guidance reminding covered airports of the requirement to have a Competition Plan update accepted by the FAA before new AIP grants or PFC approvals could be issued in FY 2002. We also reminded covered airports of the need to address the issues raised in our review letters for their FY 2001 submittals.

The September 11 terrorist attacks necessitated an immediate response to security requirements. Therefore, on October 1, 2001, we modified the August 16, 2001, guidance to indicate that we would make AIP and PFC funding decisions before May 1, 2002, regardless of the status of the

Competition Plan update. Additionally, we requested that Competition Plans be filed by March 1, 2002 in order to meet the statutory requirement and to provide sufficient time for our review. The Aviation and Transportation Security Act, Pub. L. 107-71 (November 16, 2001) exempted a covered airport from filing a Competition Plan or update for a PFC approved or grant made in FY 2002 if the fee or grant is to be used to improve security at a covered airport. We interpret this provision to apply only in cases where a PFC approval or AIP grant issued in FY 2002 will be used exclusively for improved security. Since SAT has not indicated that PFC and AIP requests in FY 2002 will be limited exclusively to security projects, it is necessary to review your update for compliance with section 155 of AIR-21.

Your Plan indicates that the airport is implementing the following competitive practices (effective October 1, 2001 with the new airline lease agreement):

- Use of preferential leases for gates and hold rooms; and
- Reduced fees for use of Joint Use premises (e.g., baggage claim) by non-signatory scheduled carriers that have a very small presence at the airport, to encourage use of SAT by small, non-signatory airlines.

Your Plan update indicates that the airport plans to implement the following competitive practices:

- Gate monitoring, per contractual provisions and information provided in your June 11, 2002, correspondence;
- Installation of a common use city-operated gate in 2002 in Terminal 1; and
- Installation of Multi-user flight information display system (MIFUDS) and use of MIFUDS data to monitor actual gate usage.

Thank you for providing an opportunity for us to review portions of your new use and lease agreement, in connection with review of updates to your Competition Plan. We are encouraged by the new provisions outlined in your airport lease and use agreement and your overall adherence with the "best practices" we identified in the 1999 FAA/OST Task Force Study, Airport Business Practices and Their Impact on Airline Competition (Airport Practices report). In view of these positive developments, and your commitment to incorporate additional entry-friendly business practices as reflected in your June 11, 2002 correspondence, we have determined that you update is acceptable under the terms of section 155.

Your June 11, 2002 letter, in particular, indicates that SAT is undertaking significant initiatives with regard to developing a formal dispute resolution process and a formal gate-monitoring program.

Specifically, your letter indicates that when a new entrant or incumbent air carrier expresses interest in initiating service at SAT, City officials will assist the air carrier in obtaining acceptable facilities, by sublease or other method. In addition, your letter indicated that there is no history of air carriers being refused

adequate access at SAT and that the City is prepared to find accommodations, without any unreasonable delay, for all air carriers requesting facilities.

Further, your letter also indicates that SAT has developed a process for resolving written complaints from an air carrier desiring airline space at SAT that involves the following:

- Active involvement of airport staff from various Aviation Department divisions to assist in identifying options for locating or reconfiguring terminal space;
- Appeal of unresolved requests for airport space and referral of complaints to the Aviation Director;
- Complaint resolution through informal means involving the Aviation Director and involved air carriers;
- Reliance on the written procedures in Article XV of the Airline-Airport Use and Lease Agreement, establishing reallocation procedures, to facilitate an acceptable resolution for the air carriers; and
- A 120-day deadline for the Aviation Director's resolution of a complaint or dispute, followed by a formal amendment to the signatory agreement(s).

Similarly, your June 11, 2002, letter indicates the Aviation Department's commitment to institute a formal gate-monitoring program should the number of unassigned gates at SAT (not assigned to a specific air carrier), fall below 15 percent of the total. At the time this occurs, the Aviation Department will determine average daily gate utilization for the airport, which will be used as a benchmark threshold for determining if it is necessary to apply Article XV – Reassignment of Premises (Attachment I). Any resulting reallocation of gates will take into account the factors listed in Article 15.3A for determining reassignment of premises.

In addition, your letter also indicates that by mid 2003, it is anticipated that a Multi-User Flight Information Display System (MUFIDS) will be operational at the SAT terminals. Reports generated from the MUFIDS will provide the Aviation Department with the number of flights per gate on a daily, weekly and monthly basis. The MUFIDS reports will be utilized in the formal Gate-monitoring Program.

Further, The Aviation Department has developed an alternative method to monitor actual gate-use should the Aviation Department have a need to initiate a formal Gate-Monitoring Program prior to the MUFIDS coming on line. This method would rely on quarterly survey data from signatory carriers and analysis of monthly reports currently submitted to the airport.

We, again, commend your efforts with regard to development of a formal dispute resolution process and a gate-use monitoring program. We would also request, however, that the City consider and address in the next update of the Competition Plan the following concerns that were raised by the FAA in prior correspondence regarding your Competition Plan.

First and foremost, please provide a complete copy of the City's new lease and use agreement. In addition, please confirm that the City Council has approved the new lease. We have categorized our remaining concerns and issues according to the applicable features specified in PGL 00-3.

Gate availability

With regard to the reallocation system in your lease, please explain any additional rights the City may have to reallocate premises in the event of nonuse or under use of gates by a signatory carrier. Additionally, you indicated that the preferential-use provisions do not require a minimum frequency of operations but that the airport was reluctant to assign Midwest Express a gate due to its schedule of only two daily operations. (The Airport did work with the carrier and others to formulate a gate assignment for Midwest Express in which it agreed to share with other carriers). Please explain whether, in fact, three turns a day is the minimum required for a gate assignment. We are also concerned that the three-year reassignment provisions appear to favor only the incumbent signatory carriers. Please explain how a new entrant or non-signatory may gain signatory rights to premises at the time of reallocation, under the lease provisions.

Leasing and sub-leasing

Your Plan update indicated interest by America West and US Airways in signatory status. Please comment on the status of those negotiations.

In addition, we request that you consider incorporating disputes with regard to overnight parking positions in your dispute resolution process. An airline's need for continued access to RON positions is often critical to ensuring its ability to provide competitive service at an airport.

Finally, our January 8, 2001, letter encouraged the City to post its Competition Plan submittals and the FAA responses on the SAT web-site. In reviewing your web-site, we were unable to access your FY 2001 Plan. Please indicate, within 30 days, whether the Plan is accessible on your web-site and, if so, provide its precise web address. Once again, we encourage the City to post the FY 2001 and 2002 plan submittals and all FAA responses on the Airport's web site promptly.

Further, pursuant to our authority under 49 U.S.C. sections 47107(a)(15) and 47122, we have determined that your Competition Plan is a report within the meaning of section 47107(a)(15) and AIP grant assurance No. 26. Consequently, under the terms of the assurance, the Competition Plan must be made available to the public. The posting of your Plan and update in accordance with our suggestion is one method of satisfying this requirement. If you have determined not to post the Competition Plan and related documents on your web-site, please inform us within 30 days of the method you are using

to make these documents publicly available to facilitate accountability to the public and air carriers, and advise us of the reasons for your decision.

We look forward to reviewing the future updates to your Competition Plan. We have revised the schedule for submittal of future Competition Plan updates, effective for FY 2003. Under this new schedule, your next update shall be due 18 months after the date of approval of your FY 2002 update, i.e., June 12, 2002.

Please also be advised that the Secretary is required to review the implementation of the Competition Plans from time-to-time to make sure each covered airport successfully implements its Plan. In connection with our review, we may determine that further contacts with, or site visits to one or more locations would be useful. We will notify you should we decide to visit SAT in connection with its Competition Plan. We look forward to seeing the recommended information outlined above in your response to this letter, and where indicated, in your next Competition Plan Update.

If you have any questions regarding this letter or the FAA's review of your Plan, please contact Mr. Barry Molar, Manager, Airports Financial Assistance Division at (202) 267-3831.

Sincerely,

Catherine M. Lang
Director, Office of Airport Planning
and Programming