

ATTACHMENT "B"

AMENDMENT TO OPERATING AGREEMENT
DATED MARCH 10, 1985
BETWEEN THE CITY OF COTTONWOOD
AND
COTTONWOOD AIRPARK, INC.

COMES NOW the CITY OF COTTONWOOD, a municipal corporation, and COTTONWOOD AIRPARK, INC., an Arizona corporation, and agree that the operating agreement with an effective date of the 10th day of March, 1985, by between the CITY OF COTTONWOOD and COTTONWOOD AIRPARK, INC. be amended as hereinafter set forth.

WITNESSETH

THAT WHEREAS, the parties hereto entered into an operating agreement for the Cottonwood Municipal Airport on the 10th day of March, 1985, and

WHEREAS, at the time of said agreement, the City of Cottonwood was legally designated as a "Town", and

WHEREAS, the City of Cottonwood is now a "City",

NOW, THEREFORE, it is agreed by the parties that the operating agreement of March 10, 1985, be amended to substitute the word "City" for the word "Town", wherever the word "Town" appears in said operating agreement.

It is further understood and agreed by the parties hereto that the operating agreement of March 10, 1985, be amended to provide for the operation and maintenance of a terminal building to be constructed upon the airport property. That said amendment shall be accomplished through the insertion of the following language:

2. AIRPORT TERMINAL BUILDING.

THE "CITY" SHALL PROVIDE, UPON COMPLETION OF CONSTRUCTION, AN AIRPORT TERMINAL BUILDING FOR THE "OPERATOR'S" USE, UNDER THE FOLLOWING CONDITIONS:

- a. THE CITY WILL MAKE AVAILABLE APPROXIMATELY 20% OF THE AIRPORT TERMINAL BUILDING TO THE OPERATOR FOR AIRPORT OFFICE, VENDING AREA, AND AIRPORT OPERATIONAL RELATED USES. THE REMAINING 80% OF THE AIRPORT TERMINAL BUILDING SHALL REMAIN AVAILABLE TO THE CITY FOR USE FOR PUBLIC PURPOSES ASSOCIATED WITH THE AIRPORT OPERATION.
- b. THE "OPERATOR" SHALL BE RESPONSIBLE FOR SUPERVISION OF MAINTENANCE OF THE INTERIOR OF THE BUILDING AND FOR 20% OF OPERATIONAL AND MAINTENANCE COSTS (INCLUDING NORMAL JANITORIAL SUPPLIES) ASSOCIATED WITH THE INTERIOR OF THE BUILDING, INCLUDING UTILITY COSTS. THE "CITY" SHALL BE RESPONSIBLE FOR 80% OF OPERATIONAL AND MAINTENANCE COSTS ASSOCIATED WITH THE INTERIOR OF THE BUILDING. THE "CITY" AGREES TO PAY FOR EQUIPMENT REPLACEMENT COSTS FOR SUCH ITEMS AS AIR CONDITIONING, HEATER, HOT WATER HEATER, ETC.
- c. THE "CITY" AGREES TO MAINTAIN THE EXTERIOR OF THE AIRPORT TERMINAL BUILDING INCLUDING LANDSCAPING AND PARKING AREAS.
- d. THE "OPERATOR" SHALL PAY THE "CITY" THE AMOUNT OF \$2,911.20 AS ANNUAL REIMBURSEMENT IN ADVANCE ON THE FIRST DAY OF EACH CALENDAR YEAR, WITH THE FIRST YEAR OF OCCUPANCY BEING PRORATED ACCORDINGLY (EXACT AMOUNT TO BE DETERMINED AT FINAL ACCEPTANCE OF NEW AIRPORT TERMINAL BUILDING CONSTRUCTION), AS REIMBURSEMENT FOR ITS USE OF 20% OF THE TERMINAL BUILDING FOR THE

AIRPORT OFFICE AND AIRPORT OPERATION RELATED USES. AFTER 10 YEARS THIS MONTHLY USE FEE WILL BE RENEGOTIATED.

e. HOLD HARMLESS - "OPERATOR" SHALL INDEMNIFY, PROTECT AND SAVE HARMLESS THE "CITY" FROM ANY UNINSURED CLAIM AND LIABILITY INCLUDING REASONABLE ATTORNEYS' FEES INCURRED IN DEFENDING ANY CLAIM OR LIABILITY FOR DEATH AND INJURY TO PERSONS OR DAMAGE TO PROPERTY CAUSED DIRECTLY AND SOLELY BY;

1. ANY DANGEROUS, HAZARDOUS OR UNSAFE CONDITION OF THE AIRPORT TERMINAL BUILDING, WHICH MAY EXIST BY REASON OF ANY ACT, OMISSION OR NEGLIGENCE OF OR BY ANY USE OR OCCUPATION OF AIRPORT PROPERTY BY "OPERATOR", ITS AGENTS, EMPLOYEES, LICENSEES, PERMITEES OR INVITEES;

2. ANY OPERATION CONDUCTED UPON OR ANY USE OR OCCUPATION OF THE AIRPORT TERMINAL BUILDING BY "OPERATOR", ITS AGENTS, EMPLOYEES, LICENSEES, PERMITEES OR INVITEES PURSUANT TO THE PROVISIONS OF THIS AGREEMENT, OR OTHERWISE;

3. ANY ACT, OMISSION OR NEGLIGENCE OF "OPERATOR", ITS AGENTS, EMPLOYEES, LICENSEES, PERMITEES OR INVITEES;

4. ANY FAILURE OF "OPERATOR", ITS AGENTS, EMPLOYEES, LICENSEES, PERMITEES OR INVITEES TO COMPLY WITH ANY APPLICABLE FEDERAL, STATE OR MUNICIPAL LAW, ORDINANCE, RULE OR REGULATION NOW IN FORCE OR WHICH MAY HEREAFTER BE IN FORCE, INCLUDING BUT NOT LIMITED TO THE USE AND DISPOSAL OF ALL WASTE MATERIAL OR BY-PRODUCTS AND/OR OTHER REGULATED OR HAZARDOUS MATERIAL AND SUBSTANCE ("HAZARDOUS MATERIAL) USE OR STORED IN THE AIRPORT TERMINAL BUILDING.

f. LIABILITY INSURANCE.

1. "OPERATOR" AGREES TO PROVIDE, PAY FOR AND MAINTAIN DURING THE TERM OF THIS AGREEMENT, LIABILITY INSURANCE IN THE AMOUNT OF \$1,000,000.00 FOR EACH OCCURRENCE AND \$1,000,000.00 AGGREGATE, ALL OF WHICH POLICIES OF INSURANCE SHALL NAME THE "CITY" AS ADDITIONAL INSURED. "OPERATOR" AGREES TO FURNISH THE "CITY" WITH CERTIFICATES OF INSURANCE OR OTHER EVIDENCE THAT SUCH INSURANCE IS IN EFFECT PRIOR TO COMMENCEMENT OF THE TERMS OF THIS AGREEMENT. "OPERATOR" SHALL FURTHER PROCURE AN ENDORSEMENT ON THIS COVERAGE REQUIRING THE INSURER TO GIVE THE "CITY" AT LEAST THIRTY DAYS WRITTEN NOTICE PRIOR TO ALTERATION, AMENDING, CANCELING OR IN ANY MANNER AFFECTING THE COVERAGE. "OPERATOR" SHALL PROVIDE THE "CITY" WITH A CERTIFICATE OF INSURANCE EVIDENCING THIS COVERAGE.

2. NO USE SHALL BE MADE OF THE AIRPORT TERMINAL BUILDING, NOR ACTS DONE, WHICH WILL INCREASE THE EXISTING RATE OF INSURANCE UPON THE SITE WHERE THE AIRPORT TERMINAL BUILDING EXISTS, OR CAUSE THE CANCELLATION OF ANY INSURANCE POLICY COVERING THE AIRPORT TERMINAL BUILDING.

3. "OPERATOR" SHALL NEITHER SELL, NOR PERMIT TO BE KEPT, USED, OR SOLD, IN OR ABOUT THE AIRPORT TERMINAL BUILDING AND SURROUNDING PARKING AREAS, ANY ARTICLES WHICH ARE PROHIBITED BY THE STANDARD FORM OF FIRE INSURANCE POLICIES FOR BUILDINGS LIKE THE AIRPORT TERMINAL BUILDING.

4. THE CITY WILL PROCURE AT ITS EXPENSE FIRE, CASUALTY AND ANY OTHER INSURANCE IT DEEMS NECESSARY TO PROTECT ITS INTEREST IN THE AIRPORT TERMINAL BUILDING.

That a copy of the amended operating agreement incorporating the changes herein agreed upon by the parties is attached hereto as Exhibit "A" and made a part hereof by reference.

That the operating agreement of March 10, 1985, except as herein amended, is ratified and confirmed by the parties and upon execution of this agreement by the parties hereto, the parties will execute an amended operating agreement in the form as attached hereto as Exhibit "A".

That this amendment shall not operate to alter in any manner any rights, liabilities or obligations of the parties hereto under the operating agreement of March 10, 1985, except as herein specifically provided.

It is further understood and agreed by the parties hereto that in view of the fact that the terminal building which is the subject of this amended operating agreement is being constructed in part with funds administered by the Arizona Department of Transportation Aeronautics Division, that this agreement and the amendment to the operating agreement are subject to the approval of said entity as well as conditions which may be imposed by the State of Arizona.

IN WITNESS WHEREOF, the parties have hereunto set their hands this ____ day of _____, 1992.

ATTEST:

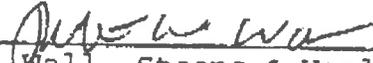
CITY OF COTTONWOOD,
a municipal corporation

Manager/Clerk

Mayor

APPROVED AS TO FORM:

COTTONWOOD AIRPARK, INC.

By 
Mangum, Wall, Stoops & Warden

By _____
Its _____

APPROVAL:

STATE OF ARIZONA

By _____
Arizona Department of Transportation
Aeronautics Division