

RESOLUTION NO. 2017-0282

AUTHORIZE THE DIRECTOR OF AIRPORTS TO EXECUTE THE SCHEDULED AIRLINE OPERATING AGREEMENT AND TERMINAL BUILDING LEASE BETWEEN THE COUNTY OF SACRAMENTO AND THE AIRLINES OPERATING AT SACRAMENTO INTERNATIONAL AIRPORT AND MATHER AIRPORT

WHEREAS, the Scheduled Airlines operating at Sacramento International Airport and Mather Airport have been operating under the authority of the Sacramento County Airline Ordinance since May 1, 2008; and

WHEREAS, the Department of Airports negotiated the Scheduled Airline Operating Agreement and Terminal Building Lease with the Airlines to reduce airline's cost to operate at Sacramento International Airport, reduce financial risk for the County, establish space guarantees, and improve airline relationships.

BE IT RESOLVED AND ORDERED that the Director of Airports be and is hereby authorized to execute the Scheduled Airline Operating Agreement and Terminal Building Lease on behalf of the COUNTY OF SACRAMENTO, a political subdivision of the State of California, with AMERICAN AIRLINES, INCORPORATED and to do and perform everything necessary to carry out the purpose of this Resolution.

On a motion by Supervisor Serna, seconded by Supervisor Kennedy, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento this 9th day of May, 2017, by the following vote, to wit:

AYES: Supervisors, Frost, Kennedy, Nottoli, Serna

NOES: None

ABSENT: None

ABSTAIN: None

RECUSAL: Peters

(PER POLITICAL REFORM ACT (§ 18702.5))

FILED
BOARD OF SUPERVISORS

MAY 09 2017

BY *Florence Evans*
CLERK OF THE BOARD



Don Nottoli

Chair of the Board of Supervisors
of Sacramento County, California

In accordance with Section 25103 of the Government Code of the State of California a copy of the document has been delivered to the Chair of the Board of Supervisors, County of Sacramento on 5.9.17

By: *J. Studdert*
Deputy Clerk, Board of Supervisors

ATTEST: *Florence Evans*
Clerk, Board of Supervisors



DEPARTMENT OF AIRPORTS

SACRAMENTO INTERNATIONAL AIRPORT

SCHEDULED AIRLINE OPERATING AGREEMENT

AND TERMINAL BUILDING LEASE

AMERICAN AIRLINES, INC

SACRAMENTO INTERNATIONAL AIRPORT

SCHEDULED AIRLINE OPERATING AGREEMENT

AND TERMINAL BUILDING LEASE

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<i>Exhibit D</i>	<i>Responsibilities of County and Airline for Operation and Maintenance of the Terminal</i>
<i>Exhibit E</i>	<i>Rates for Rentals, Fees and Charges</i>
<i>Exhibit F</i>	<i>Affiliate Identification and Requirements</i>
<i>Exhibit G</i>	<i>Terminal Resource Access and Assignment Policy</i>

**SACRAMENTO INTERNATIONAL AIRPORT
SCHEDULED AIRLINE OPERATING AGREEMENT
AND TERMINAL BUILDING LEASE**

This Scheduled Airline Operating Agreement and Terminal Building Lease (hereinafter "Agreement") is made and entered into this 1 day of July, 2017 by and between the COUNTY OF SACRAMENTO, a political subdivision of the State of California (hereinafter "County"), and AMERICAN AIRLINES, INC., a corporation organized and existing under the laws of the State of Delaware, and authorized to do business in the State of California (hereinafter "Airline");

WITNESSETH:

WHEREAS, County is the owner and operator of the Airport located in Sacramento County, California, and has the right to lease portions of this Airport and to grant operating privileges at airports within the Airport System subject to specified terms and conditions; and

WHEREAS, Airline is a corporation primarily engaged in the business of providing air transportation with respect to persons, cargo, or mail; and

WHEREAS, both County and Airline desire to enter into this Agreement to set forth the rights, privileges, and obligations of both parties with respect to the leased portions of the Airport, and to grant operating privileges at the Airport subject to the terms and conditions hereinafter set forth; and

WHEREAS, both County and Airline desire to enter into this Agreement also to facilitate the development, promotion, and improvement of air commerce;

NOW, THEREFORE, County and Airline agree as follows:

ARTICLE 1. DEFINITIONS

Section 1.01 Definitions

When used elsewhere in this Agreement, the words and phrases in this Section 1.01 shall have the following meanings:

A. "Affiliate" shall mean any Air Transportation Company that: (1) is a parent or subsidiary of Airline, a subsidiary of the parent of Airline; (2) shares an International Air Transport Association (IATA) code with Airline at the Airport; or (3) otherwise operates under essentially the same trade name as Airline or its parent or subsidiary at the Airport or uses essentially the same livery as Airline or its parent or subsidiary; provided that no "major" airline, as such term is defined by the FAA, shall be classified as an Affiliate of another "major" airline. A Signatory Airline must designate in writing to the County any Air Transportation Company that will be an Affiliate of that Signatory Airline at the Airport using the form presented herein as Exhibit F. A Signatory Airline must also designate in writing to the County to terminate such Affiliate status of an Air Transportation Company. Affiliates shall have the rights afforded Airline without payment of any additional charges or premiums, provided Airline (a) remains a Signatory Airline to this Agreement; (b) agrees to be billed for Affiliate's activity at the Airport; and (c) agrees and shall be obligated to serve as a financial guarantor for all rentals, fees, and charges incurred by any Affiliate of Airline at the Airport if affiliate incurs such rentals, fees or charges on behalf of Airline. Airline shall be responsible for any and all unpaid rentals, fees, and charges of any such Affiliate while such Affiliate operates at the Airport as an Affiliate of Airline; provided however, Airline shall only be responsible for such payments as they relate to any terminated Affiliate's operations before such termination as an Affiliate of Airline took effect. Termination as an Affiliate of Airline will not occur until Airline notifies the County in writing and such termination will be effective as of the date of such notification.

B. "Airline Cost Centers" shall mean the group of Airport System Cost Centers that include Airfield Area, Airline Systems and Equipment, Apron Area, Cargo Apron Area, Loading Bridges, and Terminal Building as defined in Section 1.01J.

C. "Air Transportation" shall mean the carriage of persons, property, cargo, baggage, or mail by aircraft.

D. "Air Transportation Company" shall mean a legal entity engaged in the business of scheduled or non-scheduled commercial transportation by air of persons, property, mail, parcels and/or cargo.

E. "Aircraft Arrivals" shall mean any and all landings by aircraft at the Airport and Mather Airport but shall exclude any landings by general aviation aircraft or by aircraft owned or operated by the U.S. Government.

F. "Aircraft Gate" shall mean those aircraft loading positions shown on Exhibit B, attached hereto and incorporated herein, as they now exist or as they may hereinafter be modified or changed.

G. "Airline Premises" shall mean those areas in the Terminal Building assigned to Airline as Exclusive Use Space, Preferential Use Space or Joint Use Space, as defined herein, and shown in Exhibits B and C, attached hereto and incorporated herein.

H. "Airport" shall mean Sacramento International Airport as it exists as of the effective date of this Agreement and as it may be changed from time to time in the future.

I. "Airport System" shall mean Sacramento International Airport, Executive Airport, Mather Airport, Franklin Field, and any other aviation facility as may be from time to time operated by County and designated by the County to be part of the Airport System.

J. "Airport System Cost Centers" shall mean the following cost centers, to be used in accounting for Airport System revenues and expenses and for calculating and adjusting certain rentals and fees described herein:

1. "Airfield Area" shall mean those areas on the Airport, as they now exist or as they may hereafter be modified, changed, or developed, that provide for the landing, takeoff, taxiing, parking (other than in the Apron Area), or other operations of aircraft. The Airfield Area includes the runways, taxiways, approach and clear zones, safety zones, infield areas, landing and navigational

aids, and other facilities and land areas (including but not limited to runway protection zones and noise protection zones as established by the County) at the Airport required by or related to aircraft operations.

2. "Airline Systems and Equipment" shall mean County-owned systems and equipment provided, operated or maintained by the County for use by Airline, including but not limited to systems and equipment for passenger processing, flight and baggage information display and baggage handling.

3. "Apron Area" shall mean the areas dedicated to parking, servicing, and ground handling of aircraft at the Airport.

4. "Cargo Apron Area" shall mean the areas dedicated to parking of cargo aircraft at the Airport.

5. "Loading Bridges" shall mean any loading bridges owned or leased by County serving aircraft at the Terminal Buildings.

6. "Terminal Building" shall mean the terminal buildings, associated concourses and associated curbside entrance areas, together with the automated people mover, at the Airport as they now exist or as they may hereafter be reconstructed, modified, changed or developed.

7. "Rental Car" shall mean the rental car facilities, ready / return areas, and storage facilities at the Airport, including but not limited to the rental car shuttle bus operations.

8. "Other Buildings and Areas" shall mean those portions of the Airport not included in the preceding Airport System Cost Centers, including the facilities, installations and improvements thereon as they now exist, or as they may hereafter be modified, changed or developed, and any other interest owned by the County in real property with regard to the Airport.

9. "Parking" shall mean the public parking garage and associated access ramps, surface lots, and other automobile parking areas; employee parking lots; and associated ground transportation service area at the Airport.

10. "Roadways" shall mean the public roadway system within Airport property that provides access to the Terminal Building, Parking areas, and other facilities and areas at the Airport.

11. "Reliever Airports" shall mean the system of reliever airports, owned or operated by County, as such system now exists or as it may hereafter be modified, changed or developed. The Reliever Airports currently include Executive Airport and Mather Airport.

12. "Franklin Field" shall mean the general aviation airport owned by the County.

K. "Airport System Purpose" shall mean any action or undertaking by County directly or indirectly related to the development and preservation of the Airport System for air commerce.

L. "Airport System Revenue" shall mean all gross income and revenue received by the County from the ownership or operation of the Airport System, including all rents, fees and charges received by the County for the use of the Airport System, all investment income (other than investment income from amounts or deposits in the Capital Improvement Fund, the Acquisition and Construction Fund, PFC Fund and any Capitalized Interest Account) and all proceeds of insurance covering business interruption loss relating to the Airport System and all other income and revenue howsoever derived by the County from the ownership or operation of the Airport System or arising from the Airport System, but excluding (i) any gifts, grants or other amounts the use of which is restricted by the donor or grantor by law or regulation, (ii) any receipts derived from Special Facilities to the extent the receipts are pledged to secure the financing of the Special Facilities, (iii) the proceeds of any passenger facility charge or other per-passenger charge hereafter established by or for the County, (iv) the proceeds of any customer

facility charge or other per-transaction or per-transaction day charge hereafter established by or for the County, (v) the proceeds from the sale, transfer or other disposition of title to all or any part of the Airport System, (vi) the proceeds of any court or arbitration award or settlement in lieu thereof received by the County, (vii) the proceeds of any securities offering, and (viii) unrealized gains on securities held for investment by or on behalf of the County.

M. "Amortization" shall mean the amount to recover a Capital Expenditure which is not debt financed, and shall be calculated based on the expected useful life of the Capital Expenditure with a rate of return, equivalent to the County's cost of capital as of the date of Substantial Completion. Amortization will commence in the Fiscal Year immediately following date of Substantial Completion of any such Capital Expenditure.

N. "Annual Bond Debt Service" shall mean the total amount required to be deposited in any Fiscal Year to any Interest, Principal or Sinking Fund Accounts established by the Master Indenture for any Bonds issued for the Airport System.

O. "Airport System Budget" shall mean the Airport System annual capital and operating budget prepared, and periodically revised and updated, by the Director and submitted to the County Executive and approved by the County Board of Supervisors, prior to the commencement of the Fiscal Year in which it is to apply.

P. "Bonds" shall mean any bonds issued in accordance with the Master Indenture.

Q. "Capital Expenditure" shall mean any single item that costs three hundred thousand dollars (\$300,000) or more (net of PFCs, CFCs, grants or insurance proceeds) with a useful life in excess of three (3) years, acquired, purchased or constructed to improve, maintain or develop the Airport System, as well as any extraordinary or substantial expenditure whose object is to preserve, enhance or protect the Airport System. In addition, Capital Expenditure may, at the discretion of County, include certain costs associated with planning studies, environmental studies and environmental mitigation measures.

R. "Capital Outlay" shall mean an item that costs less than three hundred thousand dollars (\$300,000) (net of PFCs, CFCs, grants or insurance proceeds), acquired, purchased or constructed to improve, maintain or develop the Airport System, as well as any extraordinary or substantial expenditure whose object is to preserve, enhance or protect the Airport System. In addition, a Capital Outlay may, at the discretion of County, include certain costs associated with planning studies, environmental studies and environmental mitigation measures.

S. "Coverage" shall mean, for any series of Bonds, a given percentage of the Annual Bond Debt Service as identified in the Master Indenture at the time of the Bonds issuance.

T. "Default" or "Event of Default" shall mean the events set forth in Section 14.01.

U. "Deplaned Passenger" shall mean any passenger disembarking an aircraft at the Terminal Building, including any such passenger that shall subsequently board another aircraft of the same or a different Air Transportation Company or the same aircraft, previously operating under a different flight number.

V. "Director" shall mean the person holding the position of Director of Airports of County or any other person designated by Director to exercise functions with respect to the rights and obligations of the Director as specified in this Agreement.

W. "Enplaned Passenger" shall mean any passenger boarding an aircraft at the Terminal Building, including any such passenger that previously disembarked from another aircraft of the same or a different Air Transportation Company or from the same aircraft, previously operating under a different flight number.

X. "Exclusive Use Space" shall mean that space set forth in Exhibits B and C and leased by County to Airline for Airline's sole use.

Y. "Extraordinary Coverage Protection" shall mean the requirements set forth in Section 5.08.

Z. "Extraordinary Service Charge" shall mean charges as described in Section 5.07.

AA. "FAA" shall mean the Federal Aviation Administration of the United States Government or any federal agency or agencies succeeding to its jurisdiction.

BB. "Fiscal Year" shall mean the twelve (12) month period beginning July 1 of any year and ending June 30 of the following year or any other period adopted by County for its financial affairs.

CC. "Joint Use Formula" shall mean the formula, which allocates ten percent (10%) of the cost of the Terminal Building Joint Use Areas square footage equally among Scheduled Air Carriers and ninety percent (90%) prorated among all Scheduled Air Carriers, based on the ratio of each Scheduled Air Carrier's Enplaned Passengers projected for the upcoming fiscal year at the Airport, to the total of all Enplaned Passengers projected for the upcoming fiscal year at the Airport, by all Scheduled Air Carriers. When calculating the number of Scheduled Air Carriers sharing in the ten percent (10%) portion of the Joint Use Formula, all individual Scheduled Air Carriers that are Affiliates shall be combined with the applicable Signatory Airline(s) and each Signatory Airline will therefore be considered a single Scheduled Air Carrier along with its affiliate(s).

DD. "Joint Use Space" shall mean that space set forth in Exhibit B, which is attached hereto and incorporated herein, and leased by County to Airline for shared use with one or more other airlines.

EE. "Majority In Interest of Airlines" ("MII") shall mean Signatory Airlines who together had at least seventy five percent (75%) of the Signatory Airlines' total Maximum Gross Landing Weight, including those carried by the Signatory Airlines' Affiliates, during the immediately preceding Fiscal Year for any Capital Expenditures in the Airfield Area, Apron Area or Cargo Apron Area Airport System Cost Centers, which are subject to review of capital projects as described in Section 4.02; OR shall mean Signatory Airlines who together had at least seventy five percent (75%) of the Signatory Airlines' Enplaned Passengers, including those carried by the Signatory Airlines' Affiliates, during the

immediately preceding Fiscal Year for any Capital Expenditures in the Airline Systems and Equipment, Loading Bridges, or Terminal Building Airport System Cost Centers, which are subject to review of capital projects as described in Section 4.02.

FF. "Master Indenture" shall mean the Master Indenture of Trust, dated as of May 1, 2008, between the County and The Bank of New York Mellon Trust Company, NA., as trustee and any subsequent ordinance or resolution, heretofore or hereafter adopted, amendatory or supplemental thereto, authorizing the issuance of bonds or other securities or obligations which are payable from or secured by all or any part of the Airport System Revenue.

GG. "Maximum Gross Landing Weight" shall mean that maximum certificated weight, in thousand (1,000) pound units, of each aircraft authorized by the FAA to land at an airport in the Airport System as recited in Airline's flight manual governing that aircraft type.

HH. "Net Remaining Revenues" shall mean total Airport System Revenues less O&M Expenses, required deposit to O&M Reserve, Annual Bond Debt Service (Net of PFC), Amortization and Capital Outlays.

II. "Operation and Maintenance Expenses or O&M Expenses" shall mean all costs paid or incurred by the County for maintaining and operating the Airport System, including all expenses of maintenance and repair and other expenses necessary to maintain and preserve the Airport System in good condition and working order, and including all administrative costs of the County that are charged directly or apportioned to the operation of the Airport System, such as salaries and wages of employees, overhead, insurance, taxes (if any), insurance premiums, Capital Outlays, judgments, assessments (including assessments for flood control) and cost of defending or settling litigation or threatened litigation, and including all other costs of the County or charges required to be paid by it to comply with the terms of the law or of Bonds, including but not limited to compensation, reimbursement and indemnification of the fiscal agent, letter of credit fees, credit facility fees and expenses of independent certified public accountants and airport consultants and other fees and expenses related to the issuance of Bonds which are not paid from the proceeds of Bonds; but excluding any payments of Debt Service and

excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or any other bookkeeping entries of a similar nature.

JJ. "Operation and Maintenance Reserve or O&M Reserve" shall mean an amount equal to one fourth (1/4) of the amount appropriated in the annual budget for O&M Expenses for the then current Fiscal Year.

KK. "Per Use Fee – Aircraft Gate" shall mean a charge assessed by the County for each use of an unassigned Aircraft Gate for a period not to exceed two (2) hours and calculated as shown in Exhibit E. The Per Use Fee - Aircraft Gate will include use of the holdroom, Loading Bridge, pre-conditioned air, and 400 Hertz systems. The Per Use Fee - Aircraft Gate shall not apply to the use of areas within the Terminal Building that are included in an Air Transportation Company's Preferential Use Space pursuant to this Agreement with the County. The location of the Aircraft Gate to be used on a per-use basis will be assigned by the Director and will be contingent upon the size of the aircraft needing to use such Aircraft Gate at the Airport.

LL. "Per Use Fee – Baggage Makeup" shall mean a charge assessed by the County for each use of an unassigned baggage makeup position for a period not to exceed two (2) hours and calculated as shown in Exhibit E, which is attached hereto and incorporated herein. The Per Use Fee – Baggage Makeup shall not apply to the use of areas within the Terminal Building that are included in an Air Transportation Company's Preferential Use Space pursuant to this Agreement with the County. The location of the baggage makeup position(s) to be used on a per-use basis will be assigned by the Director.

MM. "Per Use Fee – Ticket Counter" shall mean a charge assessed by the County for each use of an unassigned ticket counter for a period not to exceed two (2) hours and calculated as shown in Exhibit E, which is attached hereto and incorporated herein. The Per Use Fee – Ticket Counter shall not apply to the use of areas within the Terminal Building that are included in an Air Transportation Company's Preferential Use Space pursuant to this Agreement with the County. The location of the ticket counter positions to be used on a per-use basis will be assigned by the Director.

NN. "Preferential Aircraft Parking Position" shall mean the nonexclusive use, to which an airline has priority over all other users, subject to the terms and conditions of this Agreement, of an Apron Area, or portion thereof, at Airport as designated or allocated by the Director to Airline for Airline's use, in common with others, for the parking of aircraft owned or operated by Airline. The preferential use Apron Area is more fully set forth in Exhibit B.

OO. "Preferential Use" shall mean nonexclusive use to which an airline has priority over all other users, subject to the terms and conditions of this Agreement, in common with others.

PP. "Preferential Use Space" shall mean that space that is not Exclusive Use Space or Joint Use Space in which Airline has priority over all other users, subject to the terms and conditions of this Agreement, thereof and as set forth in Exhibit B.

QQ. "Public Areas" shall mean those Terminal Building areas not leased on an exclusive, preferential or joint use basis, or otherwise, to any person, company or corporation, that are open to the general public. Such areas are shown in Exhibit B.

RR. "Public View Areas" shall mean those areas within the Terminal Building which are reasonably expected to be seen by the general public when in the Terminal Building.

SS. "Revenue Sharing" shall mean a portion of Net Remaining Revenues that the County will share with the Signatory Airlines as further described in Section 6.06.

TT. "Rules and Regulations" shall mean those rules and regulations promulgated by the County or Director, governing conduct on and operations at any airport within the Airport System and use of any of the facilities of the Airport System, but shall not include those rules and regulations from which Airline is expressly excluded from compliance by Director or by this Agreement.

UU. "Scheduled Air Carrier" shall mean any Air Transportation Company certificated under 14 CFR Part 121 (Operating Requirements: Domestic, flag and Supplemental Operations) or Part 135 (Operating Requirements: Commuter and On-

Demand Operations and Rules Governing Persons on Board Such Aircraft) performing or desiring to perform, pursuant to published schedules, seasonal or non-seasonal commercial air transportation services over specified routes to and from the Airport and holding the necessary authority from the appropriate federal or state agencies to provide such transportation.

VV. "Signatory Airlines" shall mean any airline that, together with the County, has executed an agreement substantially similar to this Agreement and pays to the County at least \$250,000 per year in any combination of Landing Fees, Aircraft Parking Position Fees, Airline Systems and Equipment Fees, Loading Bridge Fees and Terminal Building Rentals, as calculated in Exhibit E, as well as rental payments for cargo facilities.

WW. "Substantial Completion" shall mean the date on which County's architects and/or engineers certify any premises, or project, at the Airport to be substantially complete as to permit use and occupancy.

XX. "Total Landed Weight" shall mean the sum of the Maximum Gross Landing Weight for all Aircraft Arrivals over a stated period of time. Said sum shall be rounded up to the nearest thousand (1,000) pound unit for all landing fee computations.

YY. "TSA" shall mean the Office of Homeland Security and Transportation Security Administration, or their authorized successor(s).

Section 1.02 Cross-References

All references to articles, sections, and exhibits in this Agreement relate to material in this Agreement unless specifically noted otherwise.

ARTICLE 2. TERM

Section 2.01 Term

This Agreement shall commence upon execution by County and Airline but no sooner than July 1, 2017, and shall terminate at 11:59 PM (Pacific Time) on June 30, 2022, unless terminated sooner as provided herein.

Section 2.02 Extension of Agreement

This Agreement shall be extended through June 30, 2027, unless one or both of the following occur:

- A. At least seventy-five percent (75%) of Signatory Airlines having a similar agreement to this Agreement with County (excluding any Affiliates) transmit their notice to discontinue this Agreement to the Director no later than September 30, 2021.
- B. The Director notifies the Signatory Airlines no later than September 30, 2021 that this Agreement will terminate.

No further action shall be required by Airline or County for the extension to take effect; however, if Airline intends to discontinue this Agreement on June 30, 2022, notice must be given to the Director on or before April 30, 2022. For purposes of clarity, if Airline provides timely notice of its intent to discontinue this Agreement, the term shall not be extended with respect to Airline, irrespective of whether similar agreements are extended for other Signatory Airlines. The Director will notify Signatory Airlines if the Agreement is extended through June 30, 2027.

Section 2.03 One Time Release of Exclusive Use Space and / or Preferential Use Space

Should this Agreement be extended subject to Section 2.02, Airline will be entitled to release all or part of its Exclusive Use Space and / or Preferential Use Space provided such release occurs on a one-time basis to be effective July 1, 2022. County will notify Airline no later than January 1, 2022, that such release of space is available to

the Airline and Airline will notify County no later than April 30, 2022 of the amount of Exclusive Use Space and / or Preferential Use Space to be released; and provided such release does not violate the leasing requirements of a Signatory Airline as described in Section 1.01 (VV). Such changes to Exclusive Use Space and / or Preferential Use Space will be reflected in Exhibits B and C.

Section 2.04 Surrender of the Premises

County shall give no notice to quit possession at the expiration date of the term of this Agreement. Airline covenants and agrees that on expiration of the term of this Agreement, or on earlier termination as hereinafter provided, or on reassignment of the premises to others as hereinafter provided, it will peaceably surrender possession of the premises leased hereunder in good condition, reasonable wear and tear, acts of God, acts of terrorism, fire and other casualties excepted, and County shall have the right to take possession of said premises.

Airline shall have the right, on termination or reassignment and within thirty (30) days thereafter, to remove all trade fixtures, equipment and other personal property installed or placed by it at its expense, in, on or about the Airport, subject to any valid lien that County may have thereon for unpaid rentals or fees. All County property damaged by, or as the result of, the removal of Airline's property shall be restored by Airline, at its own expense, to the condition existing prior to such damage.

Airline shall not abandon any of its property on the premises. Any and all property not removed by Airline within thirty (30) calendar days from termination or reassignment shall be disposed of by the County and all direct and indirect costs associated with the disposal shall be paid by Airline.

This Section 2.04 shall survive the expiration or termination of this Agreement.

ARTICLE 3. RIGHTS, SPECIFIC PRIVILEGES, AND PREMISES

Section 3.01 Use of the Airport

The parties agree that the purpose of this Agreement is to enable Airline to provide Air Transportation using Airport facilities. Consistent with this purpose, Airline, its officers, representatives, agents, employees, passengers, guests, patrons, contractors, subcontractors, licensees, subtenants, invitees, and suppliers shall have the right to the use (in common with other authorized users) of the Airport and appurtenances, together with all facilities, improvements, equipment, and services that have been or may hereafter be provided for use at or in connection with the Airport, subject to the Rules and Regulations and the terms of this Agreement.

Section 3.02 Specific Rights of Airline at the Airport

Consistent with the purpose set forth in Section 3.01, and subject to the Rules and Regulations of County, Airline shall have the right to use the Airport for the following:

- A. The operation of an Air Transportation business using aircraft for the carriage of persons, property, cargo, baggage, or mail, including all activities related to such operation.
- B. The landing, taking off, flying over, taxiing, pushing, towing, loading, unloading, delivering fuel to aircraft, repairing, maintaining, conditioning, servicing, parking, storing, and testing of aircraft or other equipment of or operated by Airline or others, including the right to provide or handle all or part of the operations or services of such others.
- C. The sale of tickets, documentation of shipments, handling of reservations, and the loading and unloading of persons, property, cargo, baggage, or mail at the Airport in the operation of Airline's Air Transportation business.
- D. This Agreement does not convey any rights to Airline to provide commercial ground transportation services to any person upon payment of any fee or charge. However, so long as all applicable ground transportation ordinances, laws, Rules and Regulations are complied with, Airline may provide, directly or

by agreement with third parties, prearranged ground transportation services for its employees, or passengers who must be transported to or from the Airport due to weather or other extraordinary event, without the imposition by the County of any ground transportation fees or other charges in addition to those specified in this Agreement, provided that approval of the Director is secured in advance of such transportation. If a third party is utilized to provide such ground transportation services, then Airline shall provide (or cause to be provided) documentation that the third party's transportation was provided exclusively to Airline's employees, or passengers who must be transported to or from the Airport due to weather or other extraordinary event, to the satisfaction of the Director, to receive an exemption from the County of its ground transportation fees and other charges.

E. The training at the Airport of employees of Airline. Training is to be limited to that incidental to Airline's Air Transportation business at the Airport or other Airport System airports. Flight training and testing of aircraft and other equipment shall be undertaken by Airline only with the prior written approval of the Director, and to the extent permitted by, and subject to, the conditions of the Rules and Regulations.

F. The purchase of Airline's requirements of personal property, services, food, beverage, other passenger supplies, and any other materials and supplies used by Airline that are incidental to the operation of Airline's Air Transportation business.

G. The sale, disposal and exchange of Airline's aircraft, engines, accessories and other equipment, and materials or supplies (excepting fuel and lubricants), provided that (1) such items are not otherwise available on the Airport from a vendor other than another airline, and (2) such right shall not be construed as authorizing the conduct of a separate regular business by Airline, but as permitting Airline to perform only such functions as are incidental to the operation of its Air Transportation business.

H. The servicing by Airline, or by its suppliers of materials, or furnishers of services, of aircraft and other equipment operated by Airline including the provision of line maintenance, or other materials or supplies, on Exclusive Use Space or Preferential Use Space or at assigned Aircraft Gates or other locations designated by the Director.

I. The installation and operation of identifying signs, posters, and graphics on Airline's leased premises, subject to the prior written approval of the Director. Such signs shall be substantially uniform in size, type and location with those of other airlines, consistent with County's graphic standards and the Rules and Regulations, and in compliance with all applicable laws and ordinances.

J. The installation, maintenance and operation of such radio, meteorological, and aerial navigation equipment and facilities at suitable locations on the Airport System as may be necessary or convenient in the opinion of Airline for its operations; provided that (1) the location of such equipment and facilities shall be subject to the prior written approval of County; (2) the use and location of such equipment and facilities shall not conflict with other similar equipment and facilities on the Airport System; and (3) the use and location of such equipment and facilities on the Airport System shall be subject to payment of standard rental rates established for such use of the Airport System.

K. The installation, maintenance and operation of passenger clubs, lounges or VIP rooms in Airline's Exclusive Use Space or Preferential Use Space, provided that such right shall not be construed as authorizing the conduct of a separate regular business by Airline, but as permitting Airline to perform only such functions as are incidental to the operation of its Air Transportation business. Airline may sell food, beverages, merchandise, telecommunication services or any other item, only in its clubrooms or VIP rooms and may only do so if Airline pays the County the same percentage fees as County receives from its concessionaires of food, beverages, merchandise, telecommunication services or other items at Airport. Airline shall not provide, without charge, food, beverages, merchandise, telecommunication services or any other item, unless Airline purchases such

items from the County's concessionaires or unless prior written permission to provide such items without charge is obtained from the Director. However, nothing herein shall prohibit Airline from providing, without charge, light snacks and water to its passengers during the occurrence of irregular operations.

L. The installation, maintenance, and operation of data and voice transportation, communications equipment (e.g. data, telephone, wireless), network infrastructure components, and support computers with their associated peripherals at suitable locations, as may be necessary or convenient for Airline operations; provided that (1) the location of such equipment shall be subject to the prior written approval of the Director, (2) the use and location of such equipment shall not interfere with the use of other similar equipment on the Airport, and (3) the use and location of such equipment on the Airport shall be subject to payment of such nondiscriminatory reasonable fee or charge as may lawfully be established by County for such use of the Airport by Airline.

M. Nothing in this Section 3.02 shall restrict County from requiring a permit and levying a charge on any person or company for conducting business at the Airport. Furthermore, County intends to levy a charge for such business conducted at Airport, including Airline's provision of non-Air Transportation services to others, except for ground transportation services provided free of any fee or charge as set forth in Section 3.02 (D) of this Agreement.

Section 3.03 Limitations on Use of Airport

In connection with the exercise of Airline's rights under this Agreement, neither Airline nor any of its agents, employees, directors, officers, contractors, invitees, licensees, or representatives shall:

A. Do anything that may interfere with the effectiveness or accessibility of the drainage and sewage system, electrical system, air conditioning system, fire protection system, sprinkler system, alarm system, fire hydrants and hoses, if any, installed or located on or within the premises of the Airport.

B. Have installed or maintained in or at Airline's Preferential Use Space, Joint Use Space or unenclosed Exclusive Use Space amusement machines, vending machines, public pay phones, facsimile, copy machines, or other machines operated by coins, tokens or credit cards unless otherwise approved by the Director.

C. Do anything that may invalidate or conflict with any fire or other casualty insurance policies (copies of which, together with premium schedules, shall be furnished to Airline on request) covering the Airport or any part thereof.

D. Keep or store, at any time, flammable or combustible liquids except in storage facilities especially constructed for such purposes in accordance with federal, State, and County laws including the Uniform Fire Code and the Uniform Building Code. For purposes of this Agreement, flammable or combustible liquids shall have the same definitions as set forth in the most recent Uniform Fire Code.

E. Do anything that may be in conflict with FAR Part 139 or jeopardize the Airport's operating certificate.

F. Do anything that may be in conflict with the Airport's TSA approved security plan or Transportation Security Administration regulations.

Section 3.04 Airline Space

A. Subject to the Director's ability to reassign as provided for in this Agreement, Airline hereby leases space as identified in Exhibits B & C of this Agreement.

B. Preferential Aircraft Parking Positions shall be leased to Airline on a preferential nonexclusive use basis. Airline shall use its preferential nonexclusive aircraft parking positions for servicing and fueling of aircraft, and loading and unloading passengers, baggage, cargo, property, and mail at the Airport.

C. Airline shall use its Exclusive Use Space and Preferential Use Space for office purposes and the sale of Air Transportation, handling, ticketing, billing and

manifesting of passengers, baggage, cargo, property and mail in the conduct of its business of Air Transportation or on behalf of any other Air Transportation Company authorized by Director to use the Airport. The use of such Exclusive Use Space may also include use as an Airline clubroom.

D. Airline shall use its Joint Use Space for purposes designated for such joint use area by Director.

Section 3.05 Availability of Adequate Facilities

A. Airline acknowledges County's objective to offer access to Airport to all Air Transportation Companies desiring to serve Airport and to provide adequate facilities at the Airport. Recognizing that physical and financial limitations may preclude timely expansion of the Airport to meet the stated requests of Air Transportation Companies ("Requesting Airline") for additional facilities at the Airport, Airline acknowledges that it may be necessary for Air Transportation Companies operating at the Airport, including Airline, to share Aircraft Gates and other Airport facilities from time to time. Airline further acknowledges that County may also have a need to accommodate the immediate, non-recurring needs of an Air Transportation Company, such as charters, and flights delayed or diverted due to weather or mechanical reasons.

B. It is the policy of County, to the extent reasonably practicable, to accommodate an Airport Transportation Company's need for additional facilities at the Airport in the following manner: (1) first, by offering use of unleased space on a per use basis; (2) second, by entering into a direct agreement for the use of unassigned facilities with the Air Transportation Company; (3) third, by approving a sublicense agreement between an Air Transportation Company with an existing agreement with the County and a Requesting Airline; (4) fourth, by requiring an Air Transportation Company to accommodate a Requesting Airline; (5) fifth, through the reassignment of an existing Air Transportation Company's Preferential Use Space in accordance with the provisions of this Article; and (6) sixth, through the expansion of Airport facilities, unless in the opinion of County, the physical, financial, or time limitations make expansion impractical.

C. The parties acknowledge and agree that any accommodation agreement made by Airline with a Requesting Airline voluntarily, or pursuant to a directive from County, shall recognize Airline's Preferential Use rights for the Preferential Use Space and the necessity that the Requesting Airline's operations be compatible with those of Airline. When determining if the Requesting Airline's need for facilities can be accommodated via Airline's Preferential Use Space, County shall give priority to Airline's schedule and shall identify any available blocks of time in accordance with the gate occupancy times as shown in Exhibit G.

Section 3.06 Accommodation of Air Transportation Companies

A. Upon receipt of a request for an accommodation by a Requesting Airline, County will require the Requesting Airline to first coordinate directly with the Signatory Airlines if the Airport facilities being requested, such as Aircraft Gates, are not available. Airline shall cooperate in good faith with County to accommodate the needs of a Requesting Airline by permitting such Requesting Airline to utilize Airline's Preferential Use Space for such time period(s) as reasonably necessary to permit the Requesting Airline's scheduled operations at such times when the use of such facilities will not interfere with Airline's operations or those of its Affiliates, approved sub-licensees or Air Transportation Companies being handled by Airline.

B. In the event a Requesting Airline and the Signatory Airlines are unable to reach an agreement regarding the Requesting Airline's requested accommodation, County will determine whether any Air Transportation Company operating at the Airport, including Airline, has the ability to accommodate any or all of such Requesting Airline's proposed operations. If County determines that Airline has the ability to accommodate the Requesting Airline's proposed operations, County will notify Airline in writing of its determination. In the event Airline objects to County's determination, Airline may notify County of its objection within fifteen (15) days of the date of County's notice, which shall include the reasons why Airline believes that it will be unable to accommodate the Requesting Airline. In

making its final determination, County shall consider Airline's capabilities, capacity, facilities, plans for future operations, and personnel, Airline's requirements and contractual obligations, the compatibility of the Requesting Airline's proposed operations with those of Airline, and the need for labor harmony. If County, after considering the information, if any, provided by Airline, reasonably determines that Airline has the capability to accommodate a Requesting Airline, County may direct Airline, in writing, to accommodate the Requesting Airline to the extent of, and during those periods when, County deems reasonable and shall provide Airline and the Requesting Airline with a written statement specifying the terms and conditions of the accommodation. Notwithstanding anything to the contrary contained herein, prior to any Requesting Airline being permitted to use Airline's leased premises, County shall require such Requesting Airline to indemnify Airline and its officers, directors, employees, agents and affiliates against any claims, damages, injuries and costs (including reasonable attorneys' fees) arising from the acts or omissions of the Requesting Airline, its officers, directors, employees, agents, and affiliates and deliver to Airline reasonably satisfactory evidence of insurance coverage, which insurance shall provide at least the coverages (including amounts) as are required of Airline under this Agreement and name Airline as an additional insured party.

C. Notwithstanding the foregoing, in no event shall the requirements of this Section be construed to authorize County to require Airline to alter its scheduled operations, or those of its Affiliates and Air Transportation Companies that are ground handled by Airline, in order to accommodate a Requesting Airline. In addition, the requirements of this Section shall not apply to Airline's Exclusive Use Space.

D. If Airline accommodates another Air Transportation Company pursuant to this Section 3.06, Requesting Airline shall pay Per Use Fees – Aircraft Gate, Per Use Fees – Baggage Makeup; and / or Per Use Fees – Ticket Counter, (collectively, Per Use Fees) as appropriate for space utilized by Requesting Airline, to County and County will credit the amount of the Per Use Fees to the accommodating Airline.

Section 3.07 Accommodation of Specific Flights

A. Airline shall cooperate in good faith with County to accommodate specific flights of other Air Transportation Companies from time to time, as deemed necessary by County, for situations, including, but not limited to, the following:

1. Unscheduled flights, including charters, diversions due to weather and other circumstances not otherwise accommodated or handled by other Air Transportation Companies operating at the Airport.

2. Scheduled flights for which the Air Transportation Company has no assigned gate(s) or its assigned gate(s) are occupied at the time its flight arrives.

B. Airline shall not be required to accommodate other Air Transportation Companies pursuant to this Section if all of Airline's Aircraft Gates are occupied by Airline's flights or flights of other Air Transportation Companies already being accommodated or ground handled by Airline at the time a flight requiring accommodation will arrive; provided, however, the overnight parking of Airline's aircraft at an Aircraft Gate, or at any other time beginning ninety (90) minutes following the arrival of an aircraft and ending one (1) hour before its scheduled departure shall not be deemed an occupied Aircraft Gate for the purposes of this Article, provided that County has designated an alternative parking position for such aircraft.

C. If Airline accommodates another Air Transportation Company's flight pursuant to this Section 3.07, Requesting Airline shall pay Per Use Fees – Aircraft Gate, Per Use Fees – Baggage Makeup; and / or Per Use Fees – Ticket Counter, (collectively, Per Use Fees) as appropriate for space utilized by Requesting Airline, to County and County will credit the amount of the Per Use Fees to the accommodating Airline.

Section 3.08 Accommodation of Airline

Airline shall be entitled to the same rights of accommodation of its needs for use or lease of additional facilities as specified in this Article at any time that Airline requests accommodation or has individual flights needing to be accommodated pursuant to Section 3.07.

Section 3.09 Reassignment of Preferential Use Space

County reserves the right to reassign one or more of Airline's Aircraft Gates located within Airline's Preferential Use Space to another Signatory Airline if: (1) Airline's scheduled average for any individual Aircraft Gate utilization falls below three (3) flights per Aircraft Gate per weekday (including flights of Affiliates, sublicensees, Air Transportation Companies that are ground handled by Airline, and other Air Transportation Companies accommodated by Airline); (2) County determines that there is a reasonable need for the Preferential Use of such Aircraft Gate(s) by another Signatory Airline; (3) the other Signatory Airline meets the required three (3) flights per Aircraft Gate per weekday minimum; (4) County has no available Aircraft Gate to assign to the other Signatory Airline; and (5) there are no unassigned Aircraft Gate or other Aircraft Gate used by other Signatory Airlines with lower average weekday utilization. Prior to such reassignment becoming effective, Airline shall have a ninety (90) day period to adjust its schedule to three (3) or more flights per gate per week day to avoid reassignment. In the event of reassignment, Airline will be entitled to reimbursement, in the form of a credit ("Rental Credits") against Terminal Rentals as described in Section 5.05, for the replacement cost of improvements installed or constructed by Airline in Airline's existing Preferential Use Space, if any, and reasonable relocation costs. The costs associated with renovations of Preferential Use Space acquired as part of such a reassignment will not be reimbursed by County, unless approved in advance in writing by County, which approval may be granted or withheld in County's sole and absolute discretion. When determining specific Preferential Use Space to be reassigned, County shall coordinate with Airline to ensure that the space Airline retains will be sufficient to support Airline's operations at the Airport.

Section 3.10 **Relocation Expenses**

In an effort to optimize passenger flow and use of the Airport and/or to minimize the need for construction of improvements, County may request Airline to relocate its operations to alternate areas within the Terminal Building. Subject to the terms and conditions of this Agreement, Airline shall be eligible for reimbursement of its reasonable and necessary relocation costs, as approved by County, through Rental Credits. Relocation costs may include moving expenses, construction, signage, rewiring, and other costs incidental to the relocation. Prior to relocation, Airline shall submit a proposal outlining the necessary costs for the relocation, including any plans or specifications for construction, if any. Airline shall use reasonable efforts to minimize costs. County shall retain the right to require competitive quotes for work submitted in the relocation proposal. Airline's request for reimbursement shall include documentation reasonably satisfactory to County evidencing the costs incurred by Airline to complete the relocation.

Section 3.11 **Employee Parking Facilities**

Airline shall have the right to the use of reasonably adequate vehicular parking facilities at the Airport for its employees, employed at the Airport, in common with employees of other airlines and Airport-related services. Such facilities shall be located in an area designated by the Director. County reserves the right to assess a reasonable charge for such employee parking facilities, provided that County shall give thirty (30) days prior written notice to Airline prior to the effective date of any increase in such parking fees. Airline shall pay, as Additional Charges, all employee parking charges for its employees using Airport parking facilities. Airline shall, on request of the Director, provide verification that it is only providing parking for its employees employed at Airport.

Section 3.12 **Access**

A. Subject to the terms of this Agreement, the Rules and Regulations, and such restrictions as Airline may impose with respect to its Exclusive Use Space, County hereby grants to Airline, its officers, representatives, agents, employees,

passengers, guests, patrons, contractors, subcontractors, licensees, subtenants, invitees, and suppliers, the right and privilege of access, ingress and egress to the Terminal Building.

B. The ingress and egress provided for in Section 3.12(A) shall not be used, enjoyed or extended to any person engaging in any activity or performing any act or furnishing any service for or on behalf of Airline that Airline is not authorized to engage in or perform under the terms of this Agreement unless that person is expressly authorized by Director.

C. Director shall have the right at any time to close, relocate, reconstruct, change, alter or modify any such means of access provided for Airline's use pursuant to this Agreement or otherwise, either temporarily or permanently, provided that reasonable notice to Airline and a reasonably convenient and adequate means of access, ingress and egress shall exist or be provided in lieu thereof. County shall suffer no liability by reason thereof, and such action shall in no way alter or affect any of Airline's obligations under this Agreement.

ARTICLE 4. CAPITAL EXPENDITURES

Section 4.01 Need for Capital Expenditures

The parties hereto recognize that Capital Expenditures to preserve, protect, enhance, expand, or otherwise improve the Airport System, or part thereof, will be required during the Term of this Agreement. Any such Capital Expenditures shall be subject to the provisions of Sections 4.02, below.

Section 4.02 Review of Capital Expenditures

It is the intent of the parties hereto to establish a procedure that will allow the timely review of certain Capital Expenditures by Airline. On or before January 1 of each Fiscal Year, County shall notify Airline in writing of its intent to undertake, by taking a future recommendation to the County Board of Supervisors, any proposed Capital Expenditure(s) in one or more Airline Cost Centers that is anticipated to be funded with ten million dollars (\$10,000,000) or more in County funds or Bond proceeds (net of PFCs, CFCs, grants or insurance proceeds).

A. The notice from County shall include the following information associated with the Capital Expenditure, which is subject to MII consideration:

1. A description of the proposed Capital Improvement together with cost estimates and any available preliminary drawings.
2. A statement of the need for such Capital Improvement.
3. A statement of the benefits to be derived from such Capital Improvement.
4. The allocation of the cost thereof to the various Airport System Cost Centers.
5. County's preferred means of financing the cost and the Fiscal Year in which the cost will be included in Airline's rents or fees.

B. Within fifteen (15) days of the date of County's notice, Airline may request in writing, a meeting with County for the purpose of discussing the proposed Capital Expenditure. In the event a request is timely delivered to County, County shall set a date and time to meet collectively with the Signatory Airlines for the purposes of discussing the proposed Capital Expenditure. County agrees to consider comments and recommendations of the Signatory Airlines with respect to the proposed Capital Expenditure.

C. County may proceed with a Capital Expenditure, unless the Signatory Airlines constituting a MII, issue a written notice to County within thirty (30) days of the date of the meeting that they are requesting a deferral of the Capital Expenditure ("Deferral Notice"), time being of the essence. In the event a timely Deferral Notice is delivered to County, the proposed Capital Expenditure will be deferred as follows:

1. If the Capital Expenditure is funded with at least ten million dollars (\$10,000,000) but no more than eighteen million dollars (\$18,000,000) in County funds or Bond proceeds (net of PFCs, CFCs, grants or insurance proceeds), the Capital Expenditure will be deferred for a period of twelve (12) months from the date of the Deferral Notice (12-Month Deferral Period).

2. If the Capital Expenditure is funded with more than eighteen million dollars (\$18,000,000) (net of PFCs, CFCs, grants or insurance proceeds), the proposed Capital Expenditure will be deferred for a period of twenty four (24) months from the date of the Deferral Notice (24-Month Deferral Period).

During any 12-Month Deferral Period or 24-Month Deferral Period, County will consult with the Signatory Airlines constituting the MII to discuss the scope of any deferred Capital Expenditure. During the 12-Month Deferral Period or 24-Month Deferral Period, the County may undertake conceptual and schematic design for the Capital Expenditure being deferred.

Upon the expiration of the 12-Month Deferral Period or 24-Month Deferral Period, County may proceed with the Capital Expenditure as proposed.

D. County shall have the right to request reconsideration of a deferral of a Capital Expenditure by the Signatory Airlines constituting a MII, and the deferral may be reversed by the Signatory Airlines constituting a MII at any time.

E. Notwithstanding any provision of this Agreement to the contrary, County may proceed at any time with any Capital Expenditure that is not subject to MII consideration hereunder, and with any other planning, construction, improvement or development project that is not defined as a Capital Expenditure hereunder. The following Capital Expenditures shall not be subject to consideration by the Signatory Airlines, including Airline, hereunder and shall be permitted to be undertaken by County at any time:

1. A Capital Expenditure required by any governmental authority having jurisdiction over the Airport, including, but not limited to, the State of California, including any agency or political subdivision thereof, and any federal agency including, but not limited to, the FAA, TSA, and the Department of Transportation.
2. A Capital Expenditure necessary to repair casualty damage to Airport property.
3. Special Purpose Facilities for which the tenant(s) or other user(s) thereof shall be required to reimburse County for the costs of the Capital Expenditure that will be paid with Revenues, including, but not limited to, financing costs.
4. A Capital Expenditure necessary to settle a claim, satisfy a judgment, comply with any judicial or administrative order issued against County by reason of its ownership, operation, maintenance, or use of the Airport.
5. A Capital Expenditure to prevent or address an emergency that might result in the closure of the Airport, or any portion thereof, as reasonably determined by County.

6. A Capital Expenditure that is required to make available additional terminal space or related facilities for the expansion of an Air Transportation Company, or to make space or facilities available in a terminal to accommodate a new entrant or expanding Air Transportation Company; provided that: (1) such Air Transportation Company enters into a binding commitment to lease the space so made available for at least the remaining Term and on the same terms as provided for the lease of comparable space under this Agreement; and (2) existing space or facilities are not otherwise available to accommodate the Air Transportation Company under Article 3 of this Agreement in a competitive, non-disruptive and otherwise satisfactory manner.

7. A Capital Expenditure that will not impact Signatory Airline rates, fees or charges hereunder.

ARTICLE 5. RENTALS AND FEES

Airline shall pay County 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 including rentals, fees, and charges payable by Airline with respect to the Airfield Area Cost Center, Airline Systems and Equipment Cost Centers, Apron Area Cost Center, Loading Bridges Cost Center, and Terminal Building Cost Center. The rentals, fees, and charges for each of these Cost Centers shall be equal to the Signatory Airline's share of the Net Requirement in each respective area of the Airport, all as set forth in Exhibit E.

Section 5.01 Landing Fees

Airline shall pay to County monthly fees based on Aircraft Arrivals for the preceding month. Airline's Landing Fees shall be determined as the product of the Landing Fee Rate for the period, calculated in accordance with Exhibit E attached hereto, and Airline's total landed weight for the month. Airline's landed weight for the month shall be determined as the sum of the products obtained by multiplying the Maximum Gross Landing Weight of each type of Airline's aircraft by the number of landings of each said aircraft during such month.

Airline shall furnish to County on or before the fifteenth (15th) day of each month an accurate verified report detailing operations for the previous month and for the Fiscal Year to date, on forms prescribed by the County. Said report shall include, but need not be limited to: (1) Airline's total number of Aircraft Arrivals, by type of aircraft and Maximum Gross Landing Weight of each type of aircraft; (2) the total number of revenue and non-revenue enplaning and deplaning passengers; (3) the total weight of freight, mail and other cargo for such month; (4) the total number of times Airline parked aircraft at Aircraft Gate; and (5) total number of times Airline parked aircraft at a remain overnight parking position. Airline shall remit payment of Landing Fees for Airline's operations at the Airport no later than the fifteenth 15th day of the second month following the month of Airline's operations. The report and payment shall be delivered or mailed, postage prepaid, to the Director. The acceptance by County of any payment made by Airline

shall not preclude County from verifying the accuracy of Airline's report submitted to County as provided in this Section 5.01, or from recovering any additional payment actually due from Airline.

If Airline fails to furnish County with the report required in this Section 5.01, Airline's Landing Fee shall be determined by assuming that the Total Landed Weight for Airline during the preceding month was one hundred percent (100%) of the Total Landed Weight for the most recent month for which such figure is available. Any necessary adjustment in such Landing Fee shall be calculated after the required report is delivered to County by Airline for the month in question, and resulting surpluses or deficits shall be applied to Airline's Landing Fee for the next succeeding month.

Section 5.02 Aircraft Parking Position Fees

Throughout the Term of the Agreement, Airline shall pay to County monthly Aircraft Parking Position Fees calculated in accordance with Exhibit E.

Section 5.03 Airline Systems and Equipment Fees

Throughout the Term of the Agreement, Airline shall pay to County monthly Airline Systems and Equipment Fees calculated in accordance with Exhibit E and allocated to all Scheduled Air Carriers in accordance with the Joint Use Formula.

Section 5.04 Loading Bridge Fees

Throughout the Term of the Agreement, Airline shall pay to County monthly Loading Bridge Fees calculated in accordance with Exhibit E.

Section 5.05 Terminal Rentals

"Terminal Rentals" shall be determined as the sum of Airline's rentals for Exclusive Use Space, Preferential Use Space and Joint Use Space as well as Per Use Fees – Baggage Makeup, Per Use Fees – Gates and Per Use Fees – Ticket Counter (collectively known as Per Use Fees), when applicable.

A. Airline's annual Terminal Rentals for Exclusive Use Space and Preferential Use Space shall be determined as the Terminal Rental Rate, calculated in accordance with Exhibit E, multiplied by the amount of the corresponding type of space leased by Airline as Exclusive Use Space and Preferential Use Space as set forth in Exhibits B and C.

B. Total Terminal Rentals for Joint Use Space shall be calculated as the Terminal Rental Rate for the period calculated in accordance with Exhibit E, multiplied by the Airline's share of the Joint Use Space. Airline's share of the Joint Use Space shall be determined in accordance with the Joint Use Formula.

C. For inclusion in the Joint Use Formula, Airline shall include in its monthly report of Enplaned Passengers and Deplaned Passengers the total number of Enplaned Passengers and Deplaned Passengers handled or otherwise accommodated by Airline for other Air Transportation Companies not having an agreement with County that provides for the direct payment to County of appropriate charges for the use of Joint Use Premises.

D. The amount due by Airline for Per Use Fees shall be calculated as the product of each Per Use Fee for the applicable period calculated in accordance with Exhibit E, and the number of times Airline used such space.

Section 5.06 Failure to Remit Fees on a Timely Basis

If Airline is repeatedly delinquent in remitting fees on a timely basis, County may impose or re-impose the Contract Security requirements of Section 5.12(A) upon Airline by written notice to Airline as described in more detail in Section 5.12(C).

Section 5.07 Extraordinary Service Charges

Throughout the Term of the Agreement, Airline shall pay Extraordinary Service Charges, if applicable, as evidenced by Extraordinary Service Charge authorizations executed by Airline for such extraordinary additional equipment and services provided by County for Airline's use. (e.g., Club room finishes, or any other systems or equipment that are unique or special to Airline's operation). Airline's charges for County purchased

Terminal equipment shall be as set forth in a separate agreement with County.

Section 5.08 Extraordinary Coverage Protection

Airline shall pay Extraordinary Coverage Protection payments in the rates for rentals, fees, and charges at the Airport in any Fiscal Year in which the amount of Revenues less O&M Expenditures and the O&M Reserve Requirement is projected to be less than the required Coverage on the Annual Bond Debt Service requirement. Any amounts which must be collected for such Extraordinary Coverage Protection payments will be allocated to Airport System Cost Centers within the Airline supported areas on the basis of the Net Requirement of such Airport System Cost Centers. Should Extraordinary Coverage Protection payments be made, County will refund to the Signatory Airlines such payments made by each Signatory Airline as soon as uncommitted funds become available.

Section 5.09 Additional Charges

County, after reasonable notice to Airline, may, but is not obligated to, cure any default on Airline's part in fulfilling Airline's covenants and obligations under this Agreement. Any amounts paid or lawful costs incurred by County to cure any such default(s) are hereby agreed to and declared to be Additional Charges. Unless otherwise provided herein, all Additional Charges shall be due and payable with the next succeeding installment of monthly rent due under this Agreement.

Section 5.10 Passenger Facility Charges

Airline agrees to faithfully collect and promptly remit to County (without notice or demand by County and in accordance with FAR Part 158) the proceeds of the County's Passenger Facility Charge so long as the County has an FAA approved Passenger Facility Charge in effect. Airline shall pay the County interest for late payment of Passenger Facility Charge proceeds to County in accordance with Section 5.11. Further, both Airline and County hereby covenant to fulfill their responsibilities under the terms of FAR Part 158. If legislation and regulations, in effect on the date of this Agreement, governing passenger facilities charges, use fees, or similar charges on Airline's passengers using the Airport are amended, changed, or eliminated during the term of this

Agreement, the County reserves the right to appropriately adjust such charges, levy new charges, revise charges, or implement additional charges as determined by the County to be necessary.

Section 5.11 Liquidated Damages on Overdue Payments

Without waiving any other rights available to County, in the event of default in Airline's payment of rentals, fees or charges under this Agreement, including Passenger Facility Charge proceeds, in the event that Airline is delinquent for a period of seven (7) calendar days or more from the date when due in paying County any such rentals, fees or charges, and Airline fails to cure any such delinquency within five (5) days after receiving written notice from County, Airline shall pay County liquidated damages thereon, from the date such rents, fees or charges become payable to the date of payment at the rate of one and one-half percent (1.5%) per month; provided, however, that if the maximum rate then provided by law is less than one and one-half percent (1.5%) per month, then the rate shall be such maximum legal rate. County may, but is not obligated to, provide Airline with a written reminder where invoiced rentals, fees or charges have not been received within thirty (30) calendar days of transmittal of the invoice therefor.

Section 5.12 Contract Security

A. Unless Airline has provided regularly scheduled flights to and from the Airport pursuant to an agreement with County for no less than eighteen (18) consecutive months prior to the Effective Date without violating such agreement, Airline shall provide County with a clean, irrevocable letter of credit, surety bond or other security acceptable to County ("Contract Security") in an amount equal to County's estimate of three (3) months' fees and charges payable by Airline hereunder, to guarantee the faithful performance by Airline of its obligations under this Agreement and the payment of all fees and charges due hereunder. The Contract Security shall be provided to County prior to the Effective Date. Airline shall be obligated to maintain the Contract Security in effect for no less than eighteen (18) consecutive months. The Contract Security shall be in a form and issued by a company reasonably acceptable to County. In the event that any such Contract Security shall be for a period of less than the full period required by this

Agreement, or if the Contract Security may be canceled, Airline shall provide a renewal or replacement Contract Security at least sixty (60) days prior to the later of: (1) the date the Contract Security expires, or (2) the effective date of cancellation of the Contract Security.

B. If Airline commits an Event of Default hereunder (as set forth in 14.01), or upon Airline's election to assume this Agreement under federal bankruptcy laws, County shall have the right to impose or re-impose the Contract Security requirements of Section 5.12(A) above upon Airline by written notice to Airline. In such event, Airline shall provide County with the required Contract Security within ten (10) days of receipt of County's written notice and shall thereafter maintain such Contract Security for a period of no less than eighteen (18) consecutive months. In the event Airline does not commit an Event of Default or an act or omission that, with the passage of time or giving of notice, or both, would constitute an Event of Default hereunder for a period of eighteen (18) consecutive months, Airline shall be released from its obligation to maintain the Contract Security required by this Section. County's rights under this Section shall be in addition to all other rights and remedies available to County either by law or under the terms and conditions of this Agreement.

C. If Airline is more than fourteen (14) days late for three (3) consecutive months in remitting rentals, fees and charges described in Sections 5.01 through 5.05, County shall have the right to impose or re-impose the Contract Security requirements of Section 5.12(A) above upon Airline by written notice to Airline. In such event, Airline shall provide County with the required Contract Security within ten (10) days of receipt of County's written notice and shall thereafter maintain such Contract Security for a period of no less than eighteen (18) consecutive months. In the event Airline does not remit fees late during the 18-consecutive month period, Airline shall be released from its obligation to maintain the Contract Security required by this Section. County's rights under this Section shall be in addition to all other rights and remedies available to County either by law or under the terms and conditions of this Agreement.

D. The parties acknowledge and agree that any Contract Security provided by Airline will not be considered “property of the estate” for purposes of the United States Bankruptcy Code, it being understood that any Contract Security is property of the third party providing it (subject to County’s ability to draw against the Contract Security) and that all PFCs collected by Airline with respect to Enplaned Passengers at the Airport (other than any portion for Airline’s expenses or that is reimbursable to a ticket purchaser), are property of County.

E. Notwithstanding any provision of this Agreement to the contrary, failure to maintain Contract Security as required herein shall constitute an Event of Default and shall be grounds for termination of this Agreement in accordance with Article 14 of this Agreement.

Section 5.13 Payment of Utility Charges

Airline shall pay promptly for all utilities and utility services used by Airline at or in Airline’s Exclusive Use Space in excess of those utility services specifically provided by County.

Section 5.14 No Other Fees and Charges

Except as expressly provided for in this Agreement, no further rentals, fees, or charges shall be charged against or collected by County from Airline, its passengers, shippers, and receivers of freight and express, or its suppliers of material, contractors, and furnishers of services for the premises, facilities, rights, licenses, and privileges granted to Airline under this Agreement. However, County expressly reserves the right to assess and collect reasonable fees for fuel sales, fueling services, inflight catering, food/beverage sales, vending, parking, commercial ground transportation where charges are imposed on the customers thereof, and other business activities (other than Air Transportation). Also, County expressly reserves the right to assess and collect a Passenger Facility Charge in accordance with Section 5.10.

Anything in this Agreement to the contrary notwithstanding, this Section 5.14 shall not be interpreted or understood as contracting away any County governmental authority.

ARTICLE 6. ADJUSTMENT OF AIRLINE RENTALS AND FEES

Section 6.01 Effective Date of Adjustments

The Landing Fee, the Aircraft Parking Position Fee, the Airline Systems and Equipment Fees, the Loading Bridge Fee and the Terminal Building rental rate as described in Article 5 and calculated as presented in Exhibit E shall be adjusted annually as hereinafter set forth. Throughout this Article, whenever the adjustment calculation involves an estimate, the estimate of the Director shall be used. Such adjustments shall be effective on the first day of the Fiscal Year for which they apply.

Section 6.02 County Records

A. County shall establish an Airport System accounting system and shall maintain accounting records that document the following items for each Airport System Cost Center:

1. Annual revenues.
2. Operation and Maintenance Expenses, including administrative expenses.
3. Expenses of County incurred for the improvement, renovation, or enhancement of the Airport System.

B. County shall further maintain records evidencing the allocation of all capital funds to each Airport System Cost Center. Included in the allocation to each Airport System Cost Center shall be its proportionate share of the expenses of any Bond issuance, capitalized interest, and funding of special funds, determined with reference to the allocation of costs funded through securities or other capital fund sources. All State and federal funds received by County shall be deposited in the appropriate fund(s).

Section 6.03 Reports

A. On or before February 1 of each Fiscal Year, Airline shall submit to County for budgetary purposes, a written estimate of the Total Landed Weight for Airline for the succeeding Fiscal Year. On or around January 1 of each Fiscal Year,

Director shall provide Airline with a written reminder that a written estimate is due on February 1.

B. On or before May 1 of each Fiscal Year, Director shall submit to Airline the following reports in addition to report(s) described in Section 4.02.

1. County's Airport System Budget for the succeeding Fiscal Year which shall include:

- a. Estimated Airport System Operation and Maintenance Expenses.
- b. Annual Bond Debt Service, if any and any estimated Bond fund deposits.

2. A statement of estimated revenue from all sources other than Landing Fees, Aircraft Parking Position Fees, the Airline Systems and Equipment Fees, Loading Bridge Fees and Terminal Building rentals for the succeeding Fiscal Year.

3. A schedule of all Capital Expenditure(s) for the Airport System proposed to be undertaken by County during the succeeding Fiscal Year, as provided in Section 4.02.

4. A calculation of the Landing Fee, the Aircraft Parking Position Fee, the Airline Systems and Equipment Fees, the Loading Bridge Fee and the Terminal Building rental rate, calculated in accordance with Exhibit E to be effective from and after the beginning of the Fiscal Year for which the Airport System Budget is adopted.

C. County retains the responsibility and expressly reserves the right to make all final decisions with respect to the Airport System Budget.

D. Failure to provide reports by either Airline or County or reminders by County on a timely basis shall not result in a Default or Event of Default as set forth in Article 14.

Section 6.04 Other Rate Changes

Rates for rentals, fees, and charges may be changed if unaudited monthly County financial data indicates that total rentals, fees, and charges payable pursuant to the then current rate schedules are reasonably estimated and anticipated by County to increase or decrease by more than ten percent (10%) from the total rentals, fees, and charges that would be payable based upon the use of the monthly financial data then available for said Fiscal Year.

Section 6.05 Settlement

County shall use its best efforts as soon as audited financial data for said Fiscal Year is available, to recalculate the actual rates for rentals, fees, and charges for the preceding Fiscal Year using audited financial data and the methods set forth in Exhibit E. Airline shall have reasonable access to the records of County, and shall have the right to audit the financial data used in connection with such recalculation. Upon the determination of any difference(s) between the actual rentals, fees, and charges paid by Signatory Airlines during the preceding Fiscal Year and the rentals, fees, and charges that would have been paid by Signatory Airlines using said recalculated rates, County shall, in the event of overpayment, refund to Airline the amount of such overpayment within sixty (60) days, and in the event of underpayment, invoice Airline for the amount of such underpayment. Said invoiced amount shall be due within sixty (60) days of the date invoice was mailed pursuant to Section 15.01.

In the event that Airline stops serving the Airport, prior to the expiration date of this Agreement, Airline will not participate in settlement for the Fiscal Year in which service stops and each subsequent Fiscal Year until expiration date of this Agreement.

Section 6.06 Revenue Sharing.

At the end of each Fiscal Year, in conjunction with calculation of Settlement in Section 6.05, County will share with the Signatory Airlines a portion of Net Remaining Revenues calculated in accordance with Exhibit E. The Signatory Airlines' percentage of Revenue Sharing on Net Remaining Revenues will be forty percent (40%), and Airline's portion of the Revenue Sharing shall be an amount equal to the Airline's proportionate

share of total Signatory Airlines' Enplaned Passengers, including those of each Signatory Airline's Affiliates, during the Fiscal Year for which Revenue Sharing has been calculated times the total Revenue Sharing amount for the Fiscal Year. Upon the determination of any amount due to the Airline for Revenue Sharing, County shall pay to Airline the amount of such Revenue Sharing within sixty (60) days.

Section 6.07 Incorporation of Exhibit E.

Adjustments to rates for rentals, fees, and charges but not the methodology of calculating them shall apply without the necessity of formal amendment of this Agreement. Upon each adjustment pursuant to this Article 6, a revised Exhibit E, showing the calculation of adjusted rates for rentals, fees, and charges, shall be prepared by County and transmitted to Airline. Said exhibit shall then be deemed part of this Agreement without formal amendment thereto.

ARTICLE 7. MASTER INDENTURE

Section 7.01 Subordination of Agreement to Master Indenture

A. This Agreement and all rights of Airline hereunder are expressly subordinated and subject to the lien and provisions of any pledge, transfer, hypothecation, or assignment made at any time by County pursuant to the terms, covenants, and conditions of present and future Master Indenture.

B. In conflicts between this Agreement and any Master Indenture, the Master Indenture shall govern.

C. All those terms that are not specifically defined herein are to have the same definition as set forth in the Master Indenture.

D. Any future Master Indenture adopted by County shall conform to revenue financing requirements of the then current bond market and to generally accepted airport industry practices. County shall provide Airline a reasonable opportunity to review and comment upon any such Master Indenture prior to its adoption.

ARTICLE 8. MAINTENANCE, REPAIR, ALTERATIONS AND IMPROVEMENTS

Section 8.01 Designation of Maintenance and Operation Responsibilities

In addition to the obligations of Airline and County set forth in this Article 8, responsibilities for maintenance, cleaning, and operation of the Airport shall be as set forth in Exhibit D, attached hereto and made a part hereof.

Section 8.02 Airline's Responsibilities

It is understood and agreed that Airline and County shall have the following maintenance and repair obligations:

- A. Airline agrees that by commencing occupancy of all Exclusive Use Space (enclosed and unenclosed) and Preferential Use Space assigned to it pursuant to this Agreement, Airline is representing that such space is in good and tenantable condition.
- B. Airline shall at its sole expense and in a manner acceptable to Director:
 1. Maintain its enclosed Exclusive Use Space in a neat, clean and orderly condition.
 2. Maintain its unenclosed Exclusive Use Space and Preferential Aircraft Parking Position(s) in a neat, clean and orderly condition, free from litter, debris, refuse, petroleum products or grease which result from the activities of its officers, representatives, agents, employees, passengers, guests, patrons, contractors, subcontractors, licensees, subtenants, invitees, or suppliers; and remove all oil and grease spillage that is attributable to Airline's aircraft or equipment from its unenclosed Exclusive Use Space and Preferential Aircraft Parking Position(s).
 3. Perform ordinary preventive maintenance and upkeep and nonstructural repair of all facilities located in enclosed Exclusive Use Space that is not in public view.

4. Immediately repair any damage in any other space at the Airport caused by Airline, its officers, representatives, agents, employees, passengers, guests, patrons, contractors, subcontractors, licensees, subtenants, invitees, or suppliers.

C. After reasonable notice, County may, at the sole discretion of the Director, provide any or all of the above delineated maintenance and repair obligations that are not timely performed by Airline and recover its entire cost plus an administrative charge equivalent to no more than fifteen percent (15%) of the entire cost from Airline as Additional Charges.

Section 8.03 County's Responsibilities

A. County, during the term of this Agreement, shall retain FAA Airport Certification and keep the Airport in reasonably good repair.

B. County shall equip, furnish, and decorate the areas in public view of the Terminal Building except for baggage service offices, including holdroom furnishings.

C. Likewise, County shall provide and supply to Airline's enclosed Exclusive Use Space heat, electricity, air conditioning, wastewater disposal, water, pest control and access to trash and recycling receptacles. Interruptions of services shall not constitute a breach of this Agreement by County, but County shall use its best efforts to restore such service after interruption.

D. County shall provide and supply to the areas in public view of the Terminal Building heat, electricity, light, air conditioning, wastewater disposal, water, and janitorial services, including rubbish removal. Interruptions of services shall not constitute a breach of this Agreement by County, but County shall use its best efforts to restore such service after interruption.

E. The undertakings by County under this Section 8.03 do not relieve Airline of its duties to maintain any leased facilities (as set forth in this Agreement, including Exhibit D) and to use Joint Use facilities with due care.

Section 8.04 County's Right to Inspect and Make Repairs

County, by its officers, employees, agents, contractors, subcontractors and other representatives, shall have the right, at such times as may be reasonable under the circumstances and with as little interruption of Airline's operations as is reasonably practicable) to enter Airline's Exclusive Use Space (enclosed and unenclosed), Preferential Use Space and Joint Use Space for the following purposes:

- A. To inspect such space to determine whether Airline has complied and is complying with the terms and conditions of this Agreement.
- B. To accomplish repairs or replacements by County required of County by Section 8.03, or in any case where Airline is obligated to make repairs or replacements and has failed to do so, after reasonable notice, make such repairs or replacements on Airline's behalf.
- C. In the exercise of County's right to inspect, no such entry by or on behalf of County upon any Exclusive Use Space (enclosed and unenclosed), Preferential Use Space and Joint Use Space leased to Airline shall be deemed to constitute an interference with the possession and quiet enjoyment thereof by Airline.

Section 8.05 Alterations and Improvements

Airline shall make no alterations, additions, improvements to, or installations on, the space leased under this Agreement without the prior written approval of Director, Airline shall be financially responsible for damage to the Terminal Building caused by Airline, its officers, representatives, agents, employees, passengers, guests, patrons, contractors, subcontractors, licensees, subtenants, invitees, or suppliers in the event that Airline makes any Director approved alterations, additions, improvements, or installations. In the event that Airline fails to timely repair any such damage, the County, after reasonable notice to Airline, may repair such damage on Airline's behalf, and the County may recover its entire cost plus a reasonable administrative charge (not to exceed fifteen percent (15%) of the entire cost) from Airline as Additional Charges.

**ARTICLE 9. DAMAGE OR DESTRUCTION, INSURANCE, INDEMNIFICATION AND
RELEASE OF LIABILITY**

Section 9.01 Damage or Destruction

A. If the Exclusive Use Space (enclosed or unenclosed), Preferential Use Space or Joint Use Space, or any portions thereof, or buildings or structures of which such space may be a part, are damaged by fire or other casualty, County shall notify Airline whether the space shall be repaired. If the space is to be repaired, it shall be repaired with due diligence by County, and the rental allocable to the particular building, rooms, or other portion of the space rendered untenable, for the period from the occurrence of the damage to the completion of the repairs, shall be abated. County shall exert its best effort to provide Airline with temporary, comparable, substitute space, if available, at rental rates not to exceed those set forth in Exhibit E, until such time as the repairs are completed: provided, however, that if the remaining space will not allow Airline to conduct its full operation, Airline may terminate this Agreement.

B. If County fails to notify Airline of its decision within sixty (60) calendar days after destruction, County shall be deemed to have elected to terminate this Agreement as to the space damaged or destroyed, and this Agreement shall automatically terminate as to such space as of the date of the damage.

Section 9.02 Insurance

A. By use and occupancy of space on Airport premises, Airline understands and agrees that it shall, at its sole expense and in a manner acceptable to the County, purchase and maintain or cause to maintain in force the following insurance coverage for itself and its officers, agents, employees passengers, guests, patrons, contractors, subcontractors, licensees, subtenants, invitees and suppliers.. Airline shall maintain in full force and effect the forms of insurance specified under this Section 9.02.

All such insurance hereunder shall be maintained with insurance underwriters who have a Best's rating or equivalent of A:X or who have been approved by the County.

All liability insurance policies shall provide coverage which includes, or has the same substantive effect as, the following wording:

1. "The County of Sacramento, its governing Board and each of its officers, directors, officials, employees, and authorized agents and volunteers, (collectively, "County Additional Insureds") , in their respective capacities as such, shall be included as additional insureds hereunder as respects to liability caused, in whole or in part, by the acts or omissions of Airline, or the acts or omissions of those acting on behalf of Airline; or premises owned, occupied or used by Airline in conjunction with work or services provided by Airline to the extent of the named insured's obligations under its Agreement with the County of Sacramento." Such required liability policy shall contain a Severability of Interest (Cross Liability) clause which states "It is agreed that the insurance afforded by these policies shall apply separately to each insured against whom a claim is made or a suit is brought with respect to the limits of the Airline's liability."
2. "It is agreed that this insurance policy shall apply as primary and any insurance and/or self-insurance as may be maintained by the County of Sacramento, its governing Board, officers, directors, officials, employees, and authorized agents and volunteers shall apply in excess of and shall not contribute with insurance provided by this policy."
3. "This insurance shall not be materially changed, altered, canceled or non-renewed until after thirty (30) days advance written notice has been given to the County of Sacramento except that only ten (10) day notice shall be required in the event of cancellation due to non-payment of premium."

At least ten (10) calendar days prior to the effective date of this Agreement, Airline shall furnish County with evidence of all insurance policies

negotiated. Prior to the expiration of any then-current policy of insurance, Airline shall deliver to County evidence showing that such insurance coverage has been renewed. At least five (5) calendar days prior to the date of cancellation or reduction of coverage, as received in the written notice from the insurer, Airline shall deliver to Director evidence showing reinstatement or other provision for the required insurance.

All such evidence shall be in the form of certificates of insurance satisfactory to Director, accompanied by a copy of an endorsement to each policy containing the language required by Section 9.02(A) and, if applicable, cross liability coverage.

B. Aircraft liability insurance and comprehensive form general liability and/or airport liability insurance, covering bodily injury, personal injury, property damage, , products/completed operations liability, premise liability, and contractual liability specifying this Agreement, with a liability limit of not less than three hundred million dollars (\$300,000,000) combined single limit per occurrence, on occurrence form policy. Said limit shall be reduced to \$150,000,000 where Airline's maximum seating capacity on any airplane operated by Airline is thirty (30) or less. With respect to coverage for products/completed operations and personal injury, except with respect to passengers, a sublimit of not less than twenty five million dollars (\$25,000,000) per occurrence, and in the annual aggregate, shall be permitted with the approval of the Director. Said aircraft liability shall be applicable to owned, non-owned, and hired aircraft.

C. Automobile liability insurance with a liability limit of not less than five million dollars (\$5,000,000) for all owned, non-owned, and hired vehicles operated by or on behalf of Airline on the leased space, or anywhere else at the Airport, including any additional or replacement vehicles.

D. Liquor liability insurance for Airline serving alcoholic beverages in an amount not less than ten million dollars (\$10,000,000) per occurrence.

E. Hangarkeepers liability insurance or other appropriate insurance in an amount adequate to cover any aircraft or non-owned property in the care, custody and control of Airline at the Airport, but in any event in an amount not less than five million dollars (\$5,000,000) per occurrence.

F. Employer's liability insurance in an amount not less than one million dollars (\$1,000,000) per occurrence.

G. Airline shall likewise maintain workers' compensation insurance or evidence of self-insurance, in accordance with the laws of the State of California, covering all its employees who may from time to time be at the Airport in such capacity. Airline shall require each of its agents, licensees, subcontractors, and suppliers of the leased premises to maintain such workers' compensation insurance covering their employees coming on Airport premises in connection with Airline's operations hereunder. The workers' compensation policy(s) required hereunder shall be endorsed to state that the workers' compensation carrier waives its right of subrogation against the County of Sacramento, its governing Board, officers, directors, officials, employees, and authorized agents and volunteers. Upon request by Director, Airline shall furnish Director with evidence of such workers' compensation insurance in a form acceptable to County.

H. Environmental/Pollution Liability insurance with a limit of not less than five million dollars (\$5,000,000) including coverage for Third Party Pollution Liability, Remediation coverage, and offsite cleanup. Satisfaction of the requirement for Environmental/Pollution Liability may be made by securing a policy of insurance for this coverage or providing to the County a letter on company letterhead stating that Airline is self-insured for this coverage. If a policy of insurance is secured to meet this insurance requirement, the County of Sacramento, its governing Board, officers, directors, officials, employees, and authorized agents and volunteers (collectively, "County Additional Insureds") shall be included as Additional Insureds.

I. The parties understand and agree that the minimum limits of the insurance herein required may become inadequate during the term of this Agreement, and Airline and County agree that each will increase such minimum limits by reasonable amounts on request of Director with concurrence of County Risk Manager.

J. If at any time Airline fails to obtain or maintain in force the insurance required herein, such failure shall constitute an incurable default permitting County, at its option, to immediately terminate this Agreement and take possession upon giving the notice specified in Article 14, but without giving any prior notice of default pursuant to Article 14, and County shall have all available remedies specified in Article 14 or permitted by law. Under this provisions, County does not have to wait until the expiration of the fifteen (15) day notice period as stated in Article 14, but upon providing written notification, can immediately take possession and terminate the agreement.

K. If any claim for damages is filed with Airline or if any lawsuit is instituted against Airline, Airline shall give prompt and timely notice thereof to Director, provided that claims and lawsuits subject to such notice are only those that arise out of or are in any way connected with Airline's or its officers', representatives', agents', employees', passengers', guests', patrons', contractors', subcontractors', licensees', subtenants', invitees', or suppliers' use of the leased premises or Airline's operations or activities in regard to the Airport or Airport System and that in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect County. Notice shall be deemed prompt and timely if given within thirty (30) calendar days following the date of receipt of a claim or ten (10) calendar days following the date of service of process of a lawsuit. Accident or property damage claims in an amount less than ten thousand dollars (\$10,000) shall be excluded from the requirements of this Section 9.02(J).

L. If any claim for damages is filed with County or if any lawsuit is instituted against County, County shall give prompt and timely notice thereof to Airline, provided that claims and lawsuits subject to such notice are only those that arise

out of or are in any way connected with the operation of the Airport or Airport System by County and that in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect Airline. Notice shall be deemed prompt and timely if given within thirty (30) calendar days following the date of receipt of a claim or ten (10) calendar days following the date of service of process of a lawsuit. Accident or property damage claims in an amount less than ten thousand dollars (\$10,000) shall be excluded from the requirements of this Section 9.02(K).

M. The time limitations set forth in Section 9.02(J) and 9.02(K) are directory. If the notice required to be given by these Sections 9.02(J) and 9.02(K) is not given within the time limitations set forth therein, then the party giving the notice shall not be precluded from establishing that the notice actually given was timely under the circumstances of the particular claim or lawsuit, unless by the failure to give such notice within the applicable time period, the other party has been prejudiced in its ability to consider such claim or to respond to, or properly defend, such lawsuit. If the other party is so prejudiced by a late notice, then the late notice shall not be deemed to be prompt and timely.

Section 9.03 Indemnification

To the fullest extent permitted by law, Airline shall indemnify, defend and hold harmless the County of Sacramento, its governing Board, officers, directors, officials, employees, and authorized volunteers and agents, (collectively “Indemnified Parties”), from and against any and all claims, demands, actions, losses, liabilities, damages, and all expenses and costs incidental thereto (collectively “Claims”), including cost of defense, settlement, arbitration, and reasonable attorneys’ fees, sustained by any person or to any property in, on, or about the Airport System leased premises, or Airport System premises used or occupied by Airline for Airline’s operations or activities resulting from injuries to or death of persons, including but not limited to employees of either party hereto, and damage to or destruction of property or loss of use thereof, including but not limited to the property of either party hereto, arising out of, pertaining to, or resulting from the negligent acts or omissions of the Airline, its officers, directors, officials, employees,

volunteers, agents, representatives, contractors, invitees, passengers, guests, subtenants and suppliers, excepting only such injury, death or damage to the extent it is caused by the active negligence of one or more of the Indemnified Parties. Airline shall not be liable for any Claims arising from the sole negligence or willful misconduct of one or more of the Indemnified Parties where such indemnification would be invalid under Section 2782 of the Civil Code.

This indemnity shall not be limited by the types and amounts of insurance or self-insurance maintained by the Airline.

Nothing in this Indemnity shall be construed to create any duty to, any standard of care with reference to, or any liability or obligation, contractual or otherwise, to any third party.

The provisions of this indemnity shall survive the termination or expiration of this Agreement.

Section 9.04 Release of Liability Regarding Certain Damages

A. County shall not be liable for, and is hereby released from, all liability to Airline, Airline's insurance carrier, or anyone claiming under or through Airline for bodily injury or any loss or damage to real or personal property occasioned by flood, fire, earthquake, lightning, windstorm, hail, explosion, terrorism, riot, strike, civil commotion, military confrontation, smoke, vandalism, malicious mischief, acts of civil disobedience, acts of civil authority or any other cause beyond County's control.

B. County shall not be liable for, and is hereby released from all liability to Airline, Airline's insurance carrier, or anyone claiming under or through Airline for any loss or damage whatsoever to the property or effects of Airline resulting from the discharge of water or other substances from pipes, sprinklers, or conduits, containers or appurtenances thereof or fixtures thereto, or for any damage resulting from the discharge or failure of electric current, regardless of cause or origin, except for such damage as may be caused by reason of the sole active negligence of County, its employees or agents.

C. The provisions of this Section 9.04 shall not be construed as a limitation of County's rights pursuant to Section 9.03, but are additional to the rights and exclusions from liability provided in Section 9.03.

ARTICLE 10. ENVIRONMENTAL COMPLIANCE

Section 10.01 Definitions

The following definitions shall apply as used in this article:

A. “Environmental Laws” shall mean all applicable present and future federal, state, and local statutes, regulations, ordinances, permits, codes, orders, limitations, restrictions, or prohibitions of any governmental authority, including County codes and orders, relative to the occupancy and use of the Airline Premises, the Airport and Airfield Area regarding the environment, including, without limitation, Pollutants, wetlands, waters of the United States, areas inhabited by Endangered, Threatened, or Sensitive Species, historic sites, the protection of the environment, public health, welfare or safety, including, without limitation, those related to Pollutants (as such terms are defined herein).

B. “Endangered, Threatened and Sensitive Species” shall mean any flora or fauna identified by the provisions of the California Endangered Species Act (California Fish and Game Code §2050, et seq.), the Federal Endangered Species Act (16 U.S.C. §§1531-1543), and the Federal Migratory Bird Treaty Act (16 U.S.C. §§703-712) on the Airport.

C. “Hazardous Material” shall mean any substance whether solid, liquid, or gaseous in nature:

1. the presence of which requires investigation or remediation under any applicable federal, state or local statute, regulation, ordinance, order or common law; or
2. which is or becomes defined as a hazardous waste, hazardous substance, pollutant or contaminant under any applicable federal, state, or local statute, regulation, rule, or ordinance, or amendments thereto, including, without limitation, the following: (a) Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §§9601-9675); (b) Resource Conservation and Recovery Act (42 U.S.C. §§6901-6992); (c) Clean Air Act

(42 U.S.C. §§7401-7642); (d) Clean Water Act (33 U.S.C. §§1251-1387); (e) state and federal regulations relating to storm water discharges, including without limitation, 40 CFR Part 122; or

3. the presence of which on the Airport causes or threatens to cause a nuisance upon the Airport or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Airport; or

4. without limitation, which contains gasoline, diesel fuel, other petroleum hydrocarbons, natural gas liquids, polychlorinated biphenyls (PCBs), asbestos, or lead-based paint; or

5. defined as a “Hazardous Waste” or “Extremely Hazardous Waste” or “Restricted Hazardous Waste” under Sections 25115, 15117 or 25122.7 or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); or

6. defined as a “Hazardous Substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); or

7. defined as a “Hazardous Materials” or “Hazardous Substance” or “Hazardous Waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); or

8. defined as a “Hazardous Substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); or

9. including petroleum; or

10. including asbestos; or

11. listed under Article 9 or defined as “Hazardous Wastes” or “Extremely Hazardous” pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20; or

12. designated as a “Hazardous Waste” pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317); or

13. defined as a “Hazardous Waste” pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 6903); or

14. defined as a “Hazardous Substance” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. (42 U.S.C. Section 9601).

D. “Process Water” shall mean water which contains Hazardous Material or Solid Waste from any point or non-point source subject to the Clean Water Act, amendments thereto, and regulations promulgated pursuant thereto, including without limitation, requirements of the National Pollution Discharge Elimination System Program and the State of California Porter-Cologne Water Quality Control Act.

E. “Pollutants” shall mean Hazardous Materials, Solid Wastes, and Process Waters (as such terms are defined herein).

F. “Release” shall mean any depositing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment, regardless of intent.

G. “Solid Waste” shall have the same meaning as in the Resource Conservation and Recovery Act and shall include sewage.

Section 10.02 Duty to Comply with Environmental Laws

Airline shall, relative to its occupancy and use of the Airline Premises, the Airport, and the Airfield Area, comply with all Environmental Laws.

Section 10.03 Liability and Responsibility for Corrective Action

Airline shall be liable and responsible for any Release of Pollutants arising out of the Airline's occupancy or use of the Airline Premises, and/or Airport, and/or Airfield Area, which is caused by Airline, employees, agents, representatives, or affiliates (hereinafter "Airline Release"). Liability and responsibility for such Airline Releases shall include, but not be limited to:

- A. all immediate actions reasonably necessary under applicable Environment Laws to promptly control any such Airline Release and to mitigate any immediate threat to public health, safety, and the environment resulting from such Airline Release;
- B. any further repairs or corrective actions, conducted in a timely manner, reasonably necessary under applicable Environmental Laws to remediate the Airline Release and to protect public health, safety, and the environment, and to bring the affected areas on and/or outside the Airline Premises, and/or Airport, and/or Airfield Area into compliance with applicable Environmental Laws and other applicable regulatory requirements;
- C. damages to persons, property and the Airline Premises, and/or Airport, and/or Airfield Area resulting from such Airline Release;
- D. all claims resulting from those damages;
- E. fines imposed by any governmental agency related to the Airline Release, and
- F. any other liability as provided by law.

If Airline causes, or permits the use or storage of Hazardous Materials resulting in a release of Pollutants on the Airline Premises, then Airline shall indemnify, defend and hold harmless County, its governing Board, officers, directors, officials, employees, and authorized volunteers and agents, (collectively "Indemnified Parties") from and against, any and all claims, demands, actions, judgments, damages, penalties, fines, costs, liabilities or losses, and all expenses and costs incidental thereto (collectively "Claims")

including cost of defense, settlement, arbitration and reasonable attorneys' fees, which arise during or after the term of this Agreement as a result of such a Release of Pollutants on the leased premises. This indemnification of County by Airline includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean up, remedial, removal or restoration work required by any Federal, State or local governmental agency or political subdivision because of Hazardous Material present in the soil or ground water on or under the leased premises, excepting pre-existing conditions. Without limiting the foregoing, if the presence of any Hazardous Material on the leased premises caused or permitted by Airline results in any Release of Pollutants on the Airline Premises, Airline shall promptly take all actions at its sole expense as are necessary to render the leased premises in compliance with all applicable Environmental Laws; provided that County's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the leased premises. County shall have a direct right of action against Airline to enforce this provision.

Section 10.04 Right to Inspect and Test

The County, or its designated representatives, may at any time during the term of this Agreement enter upon the Airline Premises and make any inspections, assessments, investigations, audits, tests or measurements County deems reasonably necessary, including boring into surfaces and/or the ground, in order to determine if a Release of Pollutants has occurred. County shall give Airline a minimum of seventy-two (72) hours' notice in writing prior to conducting any inspections or tests, unless, in County's reasonable sole judgment, based on significant release of hazardous materials or other emergency situation, circumstances require otherwise, and such tests shall be conducted in a manner so as to minimize any inconvenience and disruption to Airline's operations. If such tests indicate a Release has occurred, then County will confer with the airline to determine the party responsible for such Release. If the Airline is determined to be the responsible party the County may require Airline, at Airline's sole expense, to have tests for such Pollutants conducted by a qualified party or parties on the Airline Premises, and/or Airport, and/or Airfield Area, as required by applicable Environmental Law. If Pollutants that originated from an Airline Release have impacted any area outside the

Airline Premises, including but not limited to surface, subsurface, surface water, and groundwater, then County, at County's reasonable but sole discretion, may require Airline, at Airline's sole expense, to have tests for such Pollutants conducted by a qualified party or parties on said area outside the Airline Premises, and/or Airport, and/or Airfield Area as required by applicable Environmental Laws.

Section 10.05 Duty to Furnish Information

At the reasonable written request of the County in advance, Airline shall make available for inspection and copying any or all substantive documents and materials that Airline possesses associated with Airline's operations at or occupancy or use of the Airline Premises, and/or Airport, and/or Airfield Area by Airline, including without limitation any and all associated records, test results, studies and/or other documentation regarding environmental conditions relating to Airline's use, storage, or treatment of any Hazardous Materials and/or Solid Wastes and/or Process Waters.

Immediately upon receipt by Airline (and in no event later than five (5) business days after receipt), Airline shall provide the County with copies of any notice or other document issued to Airline (or any employee, agent, contractor, sub-lessee, or any other third party under Airline's direction and/or control) by any governmental agency alleging non-compliance or investigating potential non-compliance with any Environmental Laws (i) arising out of the occupancy or use of the Airline Premises, and/or Airport, and/or Airfield Area by Airline, or (ii) at the Airport and alleged to have arisen in whole or in part from Airline operations, activities, actions or omissions of Airline or third parties under Airline's direction and/or control.

At the request of the County (but in no event more than thirty (30) days after such request), the Airline shall provide the results of any tests conducted by Airline or Airline's qualified party at the Airline Premises, the Airport or Airfield Area, including but not be limited to, comprehensive soil, emission, material, Process Water, surface water or groundwater sampling and testing or other procedures to determine any actual or possible Release of Pollutants.

Airline shall report such known or identified Releases to County within seventy-two (72) hours. If (i) such Releases are determined to be an Airline Release, and (ii) necessary to determine compliance with Environmental Laws, Airline shall diligently proceed to identify the horizontal and vertical extent of the Release, how it will be controlled and/or mitigated and/or remediated as required by applicable Environmental Law(s), when and by whom it will be controlled and/or mitigated and/or remediated, and the cost of such corrective actions. By way of clarification, the above requirements shall not apply to the extent that a Release of Pollutants was caused by the sole active negligence or willful misconduct of the County or by a third party with no relationship to Airline.

If Airline provides privileged or confidential materials to County, County agrees to not disclose such materials unless required by law. To the extent that the Airline is subject to disclosure requirements under the California Public Records Act (Govt. Code § 6250 – 6276.48) and/or other applicable federal, state, and local public record laws (collectively, “the Disclosure Laws”), the following additional terms apply:

In the event the County receives a request for disclosure of such information or disclosure under the Disclosure Laws, then County will provide Airline with reasonable prior notice, and in no case less than ten (10) days’ notice, of the request prior to disclosing the information or documentation. If Airline claims the information or documentation is exempt from disclosure under the Disclosure Laws, it must obtain a protective order, injunctive order, or other appropriate remedy from a California court of law before the County’s deadline for responding to the request. If Airline fails to obtain such judicial relief within that time, the County may disclose the requested information without any penalty or liability to Airline.

Section 10.06 Term of Environmental Provisions

The provisions of this Article, including the representations, warranties, covenants and indemnities of Airline, shall expressly survive termination of this Agreement and Airline’s obligations and liabilities under this Article shall continue so long as County bears any liability or responsibility under the Environmental Laws arising from Airline’s

occupancy or use of the Airline Premises, and/or Airport, and/or Airfield Area during the term of this Agreement.

Section 10.07 Sustainability

Airline and County jointly agree that protection of the environment is an important mutual goal and objective. Airline shall, relative to its occupancy and use of the Airline Premises, the Airport, and the Airfield Area, comply with all Environmental Laws, and will work collaboratively with the Airport to meet its sustainability initiatives.

**ARTICLE 11. ASSIGNMENT, SUBLEASE, REASSIGNMENT, MERGER,
BANKRUPTCY**

Section 11.01 Assignment and Sublease

Airline shall not at any time sublet, assign, transfer, convey, mortgage, pledge, or encumber its interest under this Agreement, or any part of the leased space, to any party other than a wholly owned subsidiary of Airline, or corporation with which Airline may merge or consolidate, without prior written approval of Director. Any such attempt to sublet, assign, or transfer in violation of the provisions hereof shall be null and void and considered a default hereunder. No sublease, assignment, transfer, conveyance, mortgage, pledge or encumbrance by Airline shall relieve Airline of its primary responsibility for all payments and performance of all other obligations required of Airline by this Agreement. Consent by County to any type of sublease, assignment, transfer, conveyance, mortgage, pledge or encumbrance shall not in any way be construed to relieve Airline from obtaining further consent for any subsequent sublease, assignment, transfer, conveyance, mortgage, pledge or encumbrance of any nature whatsoever.

Section 11.02 Remedies Under Federal Bankruptcy Laws

Notwithstanding the foregoing, upon the filing by or against Airline of any proceeding under Federal bankruptcy laws, if Airline has defaulted in the performance of any provision of this Agreement within the six (6) months preceding such filing, County shall have the right to cancel this Agreement, in addition to other remedies provided under provisions of the Federal Bankruptcy Rules and Regulations and Federal Judgeship Act of 1984, as such may be subsequently amended, supplemented, or replaced. Such cancellation shall be by written notice to Airline within sixty (60) days from the date of Airline's initial filing in bankruptcy court.

**ARTICLE 12. RULES AND REGULATIONS, COMPLIANCE WITH LAW,
NONDISCRIMINATION**

Section 12.01 Rules and Regulations

- A. Airline shall observe and obey all Rules and Regulations. County agrees that its Rules and Regulations shall not be inconsistent with the express terms of this Agreement or any applicable law, regulation or directive of the FAA or of any other federal or State agency. Copies of the Rules and Regulations, as promulgated, shall be forwarded to Airline's local manager.
- B. Airline shall take all reasonably necessary steps to ensure that its officers, agents, employees, representatives, contractors, subcontractors, licensees or invitees fully comply with all Rules and Regulations.
- C. County shall prescribe penalties and injunctive remedies for violations of the Rules and Regulations, and these penalties and injunctive remedies may be applied by Director to Airline for violations by any of Airline's officers, representatives, agents, employees, passengers, guests, patrons, contractors, subcontractors, licensees, subtenants, invitees, or suppliers.

Section 12.02 Compliance with Law

Airline shall not, in connection with any of its activities or operations, use any of the Airport's facilities or permit the same to be used by any of its officers, representatives, agents, employees, contractors, subcontractors, licensees, subtenants, invitees, or suppliers for any illegal purpose and shall:

- A. Comply with all applicable ordinances, laws, and rules and regulations of any city, county, state, federal government or agency that has jurisdiction to pass laws or ordinances or to make and enforce rules and regulations governing conduct on and operations at the Airport and the use of its facilities.
- B. Strictly comply with future FAA and TSA regulations concerning Airport security and any directives issued by the Director relating to Airport security.

C. Make, at its own expense, all nonstructural improvements, repairs and alterations to its Exclusive Use Space (Enclosed and Unenclosed), Preferential Use Space, equipment, and personal property that are required to comply with or conform to any of such laws, ordinances, and rules and regulations referred to in Section 12.02(A) or (B).

D. Reimburse County for a pro rata portion of all nonstructural improvements, repairs and alterations that are required to comply with or conform to any of such laws, ordinances and rules and regulations referred to in Section 12.02(A) or (B).

E. Be and remain an independent contractor with respect to all installations, construction and services performed hereunder by or at the request of County.

Section 12.03 Amendment Required by FAA

This Agreement may be amended without further consideration for the purpose of complying with FAA requirements.

Section 12.04 Assurances Required By FAA

Airline will, at all times during this Agreement, comply with the applicable provisions of the FAA's "Airport Sponsor Assurances" (Assurances) and any subsequent revisions, updates, or amendments thereto. County is not responsible for notifying Airline of any changes to the Assurances. Airline is required to contact the FAA for any updates or revisions. The Airline shall include compliance with these Assurances in all other agreements it enters into with third parties, pertaining to, referencing or otherwise related to activities regarding the Airline Premises. The Assurances document is available on the FAA's website.

Section 12.05 Compliance with 14 CFR 382 Boarding Assistance for Large Aircraft

Airline, when required by 14 CFR part 382 or any other laws, rules or applicable regulations now or hereafter adopted by federal or state governments, shall provide certain facilities for the movement of passengers with disabilities while enplaning and deplaning its aircraft. To the extent required by law, Airline shall be responsible for

acquiring or making arrangements for the use of boarding assistance devices, when applicable, for its aircraft. Airline shall ensure that all lifts and other accessibility equipment used by it are maintained in proper working condition. Airline shall ensure that those personnel involved in providing boarding assistance through the use of lifts or other accessibility equipment are properly trained in the use and operation of the devices and appropriate boarding assistance procedures that safeguard the safety and dignity of passengers.

ARTICLE 13. COVENANT NOT TO GRANT MORE FAVORABLE TERMS

Section 13.01 Covenant Not to Grant More Favorable Terms

A. County covenants and agrees not to enter into any lease, contract or any other agreement with any other Air Transportation Company containing substantially more favorable terms than this Agreement, or to grant to any tenant engaged in Air Transportation, rights or privileges with respect to the Airport that are not accorded Airline hereunder, unless the same rights, terms and privileges are concurrently made available to Airline.

B. If any other Air Transportation Company shall undertake any operations at the Airport for the carriage of passengers, baggage, cargo or mail by air, County shall require, such other aircraft operator to execute and deliver an agreement, permit, license, lease or contract with County providing for rates, charges and fees substantially similar as County charges Airline including, but not limited to:

1. The payment of Landing Fees at rates and on such other terms and conditions as are not less burdensome on the other Air Transportation Company than those rates or terms and conditions then in effect for Airline.
2. The payment of rentals for aircraft parking and the use of County equipment and for any space leased from County in the Terminal Building at rates not less than those rental rates then payable by Airline for similar facilities.
3. The payment for use by such other Air Transportation Company of all Joint Use Space and operating costs of all baggage handling or other passenger service systems, calculated and billed to such entity as in the case of Airline.

ARTICLE 14. DEFAULT AND TERMINATION

Section 14.01 Airlines Default and Default Notices

A. The following shall be “Events of Default” under this Agreement constituting a material breach of the Agreement and the terms “Events of Default” and “Default” shall mean, whenever they are used in this Agreement, any one of the following events:

1. If the rentals and fees, Passenger Facility Charge proceeds or reports required pursuant to DOT Part 158, or other money payments that Airline herein agrees to pay, or any part hereof, shall be unpaid on the date the same becomes due and not cured in accordance with Section 5.11.
2. If Airline files a voluntary petition in bankruptcy, or makes a general assignment for the benefit of creditors, or if Airline is adjudicated as bankrupt.
3. The taking of jurisdiction of Airline or its assets by a court of competent jurisdiction pursuant to proceedings brought under the provisions of any federal reorganization act.
4. The appointment of a receiver or a trustee of Airline’s assets by a court of competent jurisdiction or a voluntary agreement with Airline’s creditors, and the same is not removed within ninety (90) calendar days from the date of such appointment.
5. If a custodian is appointed for or takes possession of Airline’s property, other than a trustee receiver or agent who is appointed or authorized to take charge of less than substantially all of Airline’s property for the purpose of enforcing a lien against such property. For this purpose, “custodian” means one of the following:
 - a. A receiver or trustee of any of Airline’s property, appointed in any case or proceeding other than a case or proceeding under the federal Bankruptcy Code, as amended.

- b. An assignee under a general assignment for the benefit of Airline's creditors.
 - c. A trustee, receiver or agent under applicable law, or under a contract, who is appointed or authorized to take charge of Airline's property for the purpose of enforcing a lien against such property, or for the purpose of the general administration of such property for the benefit of Airline's creditors.
6. If any act occurs that permanently deprives Airline of the rights, power and privileges necessary for the proper conduct and operation of its Air Transportation business.
7. If Airline abandons and fails to use its Exclusive Use Enclosed Space, Exclusive Use Unenclosed Space, or Preferential Use Space for a period of thirty (30) calendar days at any one time, except when such abandonment and cessation are due to fire, earthquake, strike, governmental action, or acts, omissions or default of County, or other cause beyond Airline's control.
8. If Airline uses or permits the use of its Exclusive Use Enclosed Space, Exclusive Use Unenclosed Space, or Preferential Use Space at any time for any purpose for which the use thereof at that time is not authorized by this Agreement, or by a subsequent written agreement between the parties, or permits the use thereof in violation of any law, rule or regulation to which Airline has agreed in this Agreement to perform.
9. If Airline discontinues Air Transportation to the Airport as a consequence of Airline's filing a bankruptcy petition, voluntary or involuntary, seeking a reorganization or readjustment of its indebtedness under the federal bankruptcy laws or under any other statute of the United States or any state thereof or being adjudged bankrupt, Airline shall be deemed to have forfeited its leasehold space.
10. If Airline is in violation of any material provision of this Agreement.

B. Prior to pursuing any remedy for a curable default by Airline, County shall, before pursuing any remedy, give notice of such default to Airline and an opportunity to cure the default. Each notice of default shall specify the alleged event of default and the intended remedy.

C. If the alleged default is nonpayment of rent, fees or other sums to be paid by Airline to County, Airline shall have thirty (30) calendar days after notice is given to cure the default. For the cure of any other default, Airline shall promptly and diligently, after notice, commence curing the default and shall have thirty (30) calendar days after notice is given to complete the cure or, in the case of a failure or omission that cannot be cured by the payment of money and cannot be cured within thirty (30) calendar days, such additional time as the parties may agree thereto. If the default is not curable, County may terminate this Agreement, with reasonable notice of default, and / or pursue any remedy specified in Section 14.02 or as provided by law.

Section 14.02 County's Remedies

If any default by Airline shall continue uncured following notice of default for the period applicable to the default under the provisions of this Agreement, or if the default is not curable, County shall have the following remedies:

A. County may, at its election, terminate this Agreement by giving Airline notice of termination. No acts by County other than giving written notice to Airline shall terminate this Agreement. Acts of maintenance and efforts to relet, assign, reassign, allocate, reallocate, or relocate the premises shall not constitute a termination of Airline's right to possession. On the giving of the notice, all Airline's rights in the premises and in all improvements shall terminate. Termination under this Section 14.02(A) shall not relieve Airline from the payment of any sum then due County or from any claim for damages previously accrued or then accruing against Airline.

B. County may, at its election, reenter the premises by giving Airline notice of such election and, without terminating this Agreement, County may at any time

relet the premises and improvements or any parts thereof for the account and in the name of Airline or otherwise. County may execute any agreements made under this provision either in County's name or in Airline's name and shall be entitled to all rents from the use, operation or occupancy of the premises or improvements or both. Airline shall nevertheless pay to County, on the due date specified in this Agreement, the equivalent of all sums required of Airline under this Agreement, plus County's expenses, less the avails of any reletting or attornment.

In addition to all other rights and remedies it may have, County shall have all of the rights and remedies of a landlord pursuant to Section 1951.2 and 1951.4 of the California Civil Code:

1. In the event that Airline breaches this Agreement and abandons the Airline Premises before the end of the Term hereof, or if Airline's right to possession is terminated by County because of a breach of this Agreement, this Agreement terminates. Upon such termination, the County may recover from Airline:

- a. The "worth at the time of award" of the unpaid Rent which had been earned at the time of termination;
- b. The "worth at the time of award" of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Airline proves could have been reasonably avoided;
- c. The "worth at the time of award" of the amount by which the unpaid Rent for the balance of the Term hereof after the time of award exceeds the amount of such rental loss that Airline proves could reasonably be avoided; and

d. Any other amount necessary to compensate County for all the detriment proximately caused by Airline's failure to perform its obligations under this Agreement, or which in the ordinary course of things would be likely to result therefrom.

2. The "worth at the time of award" of the amounts referred to in Section 14.02 (B) (1) (a) is computed by allowing interest at the rate of eighteen percent (18%) or, if the maximum charge permitted by law is less than the foregoing amount, then the rate shall be such amount determined to be the maximum legal amount. The "worth at the time of award" of the amount referred to in Section 14.02 (B) (1) (c) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

3. Damages which County may recover pursuant to Section 14.02 (B) (1) (c) include the "worth at the time of award" of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss for the same period that Airline proves could be reasonably avoided; County may also recover damages pursuant to Section 14.02 (B) (1) (c) in the event that County relets the Airline Premises prior to the time of award and proves that in reletting the property it acted reasonably and in a good-faith effort to mitigate the damages.

4. Efforts by County to mitigate the damages caused by Airlines breach of this Agreement do not waive County's right to recover damages pursuant to said Section 1951.2 and this Section.

5. Nothing in this Section affects the right of County under this Agreement to indemnification for liability arising prior to the termination of this Agreement for personal injuries or property damage, as herein provided.

6. Notwithstanding the foregoing, the County has the remedy described in California Civil Code Section 1951.4 (County may continue lease in effect after Airline's breach and abandonment and recover rent as it becomes due,

if Airline has right to sublet or assign, subject only to reasonable limitations). In the event of Lessee's breach of this Agreement and abandonment of the Airline Premises, pursuant to Section 1951.4 of the California Civil Code, County may, at its sole option, elect to continue this Agreement and enforce all its rights and remedies herein against Airline, including the right to recover the Rent as it becomes due.

C. County shall be entitled at its election to damages and shall have all the remedies available by law.

Section 14.03 Possession by County

When giving notice of termination or notice of election to reenter the premises, County may take possession upon fifteen (15) calendar days' notice or such later date as may be specified in such notice.

Section 14.04 No Remedy Exclusive

No remedy conferred herein upon or reserved to County is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle County to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be required in this Agreement or by law.

Section 14.05 Waiver and Voluntary Acts

No waiver of any breach or default shall constitute a waiver of any other breach or default, whether of the same or any other term, agreement or condition. No waiver, benefit, privilege or service voluntarily given or performed by either party shall give the other any contractual right by custom, estoppel or otherwise. The subsequent acceptance of rent, fees or other money payments pursuant to this Agreement shall not constitute a

waiver of any preceding breach or default by Airline other than default in the payment of the particular rental payment so accepted regardless of County's knowledge of the preceding breach at the time of accepting this payment. Acceptance of rent, fees or other money payments after termination shall not constitute a reinstatement, extension or renewal of the Agreement or revocation of any notice or other act by County.

Section 14.06 Additional Remedy in Bankruptcy

The parties hereto expressly agree, notwithstanding anything in this Agreement to the contrary, that in the event that Airline becomes a debtor under any chapter of the Bankruptcy Code and this Agreement has not been terminated prior to the commencement of Airline's bankruptcy proceedings, all rents, fees and charges payable by Airline to, or on behalf of, County hereunder, whether or not expressly denominated as rent, shall constitute rent solely for the purposes of calculating County's damage pursuant to 11 U.S.C. Section 502(b)(6) or any similar provision of the Bankruptcy Code, in the event that this Agreement is rejected in such bankruptcy proceeding.

Section 14.07 Events Permitting Termination of Agreement by Airline

If County is in default of any material portion of this Agreement, Airline may terminate this Agreement and terminate all of its future obligations hereunder at any time that Airline is not in default in its payments or other obligations to County hereunder, and such default continues for a period of sixty (60) calendar days after receipt of written notice of such default from Airline.

Section 14.08 Statement Regarding a Certified Access Specialist

Pursuant to California Civil Code §1938, the County states that the Leased Premises:

- Have not undergone an inspection by a Certified Access Specialist (CASp).
- Have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Leased Premises met all applicable construction-related accessibility standards and a disability access inspection certificate has been issued pursuant to California Civil Code §55.51 et seq.
- Have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Leased Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

ARTICLE 15. NOTICES

Section 15.01 Delivery of Notices

A. Notices required herein shall be in writing and served personally, sent by certified mail, return receipt requested, express carrier delivery or via email, if email address is provided below. Either party shall have the right, by giving written notice to the other or to change the address at which its notices are to be received. Until any such change is made, notices shall be addressed and delivered as follows:

1. When to County:

Director of Airports
Department of Airports
County of Sacramento
6900 Airport Boulevard
Sacramento, CA 95837-1109

2. When to Airline:

Manager of Properties & Airport Affairs/SMF
American Airlines, Inc.
4333 Amon Carter Boulevard, MD 5317
Fort Worth, TX 76155

B. If notice is given in any other manner or at any other place, it will also be given at the place and in the manner specified in Section 15.01(A).

ARTICLE 16. MISCELLANEOUS

Section 16.01 Successors and Assigns Bound

This Agreement shall be binding on and inure to the benefit of the successors and assigns of the parties hereto.

Section 16.02 Governing Law

This Agreement and all disputes arising hereunder shall be governed by the laws of the State of California. Venue for any litigation regarding any matter related to this Agreement shall be in a State Superior Court or federal District Court located in Sacramento, California. In the event of a dispute between the parties hereto as to the language of this Agreement or the construction or meaning of any term hereof, this Agreement shall be deemed to have been drafted by the parties in equal parts so that no presumptions or inferences concerning its terms or interpretation may be construed against any party to the Agreement.

Section 16.03 Noninterference with Operation of the Airport System Airports

Airline, by accepting this Agreement, expressly agrees for itself, its successors and assigns that it will not make use of the leased premises in any manner that might interfere with the landing and taking off of aircraft at any of the airports in the Airport System or otherwise constitute a hazard. In the event the aforesaid covenant is breached, upon reasonable notice to Airline and opportunity to cure, County reserves the right to enter into the premises hereby leased and cause the abatement of such interference at the expense of Airline.

County shall maintain and keep in reasonably good repair the Airport landing areas, including taxiways, and shall have the right to direct and control all activities of Airline in this regard.

Section 16.04 Quiet Enjoyment

Airline shall, upon payment of the rentals and fees as herein required, and subject to performance and compliance by Airline of the covenants, conditions and agreements on the part of Airline to be performed and complied with hereunder, peaceably have and enjoy the rights, uses and privileges of the Airport, its appurtenances and facilities as granted hereby and by the Rules and Regulations.

Section 16.05 Taxes

A. Under this Agreement, a possessory interest subject to property taxation may be created. Notice is hereby given pursuant to California Revenue and Taxation Code, Section 107.6, and Government Code Section 53340.1, that Airline's interest may be subject to property taxation and special taxation pursuant to The Mello Roos Community Facilities Act of 1982 (Chapter 2.5, commencing with Section 5331, of Part 1 of , Division 2 of Title 5 the California Government Code), (Mello Roos Community Facilities Act of 1982) and that Airline may be subject to the payment of property taxes and special taxation levied on such interest. Airline shall pay, but such payment shall not be considered part of Airport System Revenue, all taxes (including any possessory interest tax), assessments and charges of whatever character which at any time during the term of this Agreement may be levied against Airline or become a lien by virtue of any levy, assessment or charge against Airline by federal, State and any other public agency, including the County, with respect to: (1) any of the space leased under this Agreement or such facilities of the Airport as are made available for use by Airline hereunder; (2) any personal property belonging to Airline situated on the space leased under this Agreement; or (3) Airline's leasehold improvements or operations hereunder. Payment of any such taxes, assessments and charges, shall be made by Airline directly to the taxing or assessing authority charged with collection thereof.

B. Airline may, at its own expense, contest the amount or validity of any tax or assessment, or the inclusion of the space leased under this Agreement as taxable or assessable property, directly against the taxing or assessing authority. Airline shall

indemnify and hold County harmless from all taxes, penalties, costs, expenses and attorney fees incurred by County resulting directly or indirectly from all such tax contests.

C. On any termination of this Agreement, all lawful taxes then levied and all liens upon any such property or taxable interest therein shall be paid in full by Airline forthwith, or as soon as a statement thereof has been issued by the tax collector if termination occurs during the interval between attachment of the lien and issuance of a statement.

Section 16.06 Liens

Airline shall cause to be removed promptly any and all liens of any nature arising out of or because of any construction performed by Airline or any of its contractors or subcontractors upon Exclusive Use Space (enclosed and unenclosed), Preferential Use Space, or Joint Use Space or arising out of or because of the performance of any work or labor by or for it to them at said premises, reserving the right to contest in court the validity of any such liens. Airline shall have the right to post an appropriate bond to cover its obligations pursuant to this Section 16.06.

In the event any person or corporation shall attempt to assert a mechanic's lien against the leased premises for improvements made by Airline, Airline shall indemnify and hold County harmless from such claim, including the cost of defense.

Section 16.07 Subordination to Agreements with the U.S. Government

This Agreement is subject and subordinate to the provisions of any agreements heretofore or hereafter made between County and the United States, relative to the development, operation or maintenance of the Airport System, the execution of which has been required as a condition precedent to the transfer of federal rights or property to County for Airport System purposes, or to the expenditure of federal funds for the improvement or development of the Airport System, including the expenditure of federal funds for the development of the Airport System in accordance with the provisions of the Federal Aviation Act of 1958, the Federal Aid to Airports Act, the Airport and Airway Development Act of 1970, and the Airport and Airway Improvement Act of 1982, as

such acts may have been amended from time to time. County covenants that, to the best of its knowledge, it has no existing agreements with the United States that contain provisions expressly in conflict with the express provisions of this Agreement.

In the event that the FAA requires, as a condition precedent to the granting of funds for the improvement of the Airport System, modification or changes to this Agreement, Airline agrees to consent to such amendments, modifications, revisions, supplements or deletions of any of the terms, conditions or requirements of this Agreement as may be reasonably required to enable County to obtain such grant of funds, provided that in no event shall such changes impair the rights of Airline hereunder.

Section 16.08 Incorporation of Exhibits

All exhibits referred to in this Agreement are intended to be and hereby are specifically made a part of this Agreement.

Section 16.09 Incorporation of Required Provisions

The parties incorporate herein by this reference all provisions lawfully required to be contained herein by any governmental body or agency.

Section 16.10 Entire Agreement

This Agreement, together with all exhibits attached hereto, constitutes the entire agreement between the parties hereto, and all other representations or statements heretofore made, verbal or written, are merged herein, and this Agreement may be amended only in writing, and executed by duly authorized representatives of the parties hereto.

Section 16.11 Force Majeure

Neither County nor Airline shall be deemed in violation of this Agreement if it is prevented from performing any of the obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, shortage of energy or materials, acts of God, acts of a public enemy, terrorism, acts of superior governmental authority, weather conditions, riots, rebellion, sabotage or any other circumstances for which it is not responsible or which are not within its control, provided these provisions shall not excuse Airline from paying the rentals and fees specified in Article 5.

Section 16.12 Headings

The headings of the several articles and sections of this Agreement are inserted only as a matter of convenience and for reference and do not define or limit the scope or intent of any provisions of this Agreement and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.

Section 16.13 Nonexclusive Rights

It is understood and agreed that nothing herein contained shall be construed to grant to Airline any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act for the conduct of any activity on the Airport, except that, subject to the terms and provisions hereof, Airline shall have the right to exclusive possession of the Exclusive Use Space leased to Airline under the provisions of this Agreement.

Section 16.14 Inspection of Books and Records

Each party hereto, at its expense and on reasonable notice, shall have the right from time to time to inspect the books, records and other data of the other party relating to the provisions and requirements hereof, provided such inspection is made during regular business hours.

Section 16.15 Generally Accepted Accounting Principles

Whenever any report or disclosure referred to in this Agreement consists, either in whole or in part, of financial information, such report or disclosure shall be prepared in accordance with generally accepted accounting principles, except where provided to the contrary in this Agreement.

Section 16.16 General Interpretation

Insofar as this Agreement grants, permits or contemplates the use of space or facilities or the doing of any other act or thing at the Airport by Airline, such use or the doing of such act or thing is to be in connection with the operation of the civil air transportation system by Airline for the carriage by aircraft of persons, property, cargo, baggage, and mail on scheduled or nonscheduled flights, whether as a common carrier, a contract carrier, a private carrier or otherwise. Each of the parties, however, has entered into this Agreement solely for its own benefit; and (without limiting the right of either party to maintain suits, actions or other proceedings because of breaches of this Agreement) the Agreement does not grant to any third person (excepting a successor party to County or Airline) a right to claim damages or bring any suit, action or other proceeding against either County or Airline because of any breach hereof.

Section 16.17 Holding Over

If Airline remains in possession of the leased premises after the expiration of this Agreement without any written renewal thereof, such holding over shall not be deemed as a renewal or extension of this Agreement, but shall create only a tenancy from month to month that may be terminated at any time by County. Such holding over shall otherwise be upon the same terms and conditions as set forth in this Agreement.

Section 16.18 Consent Not to be Unreasonably Withheld

Whenever consent or approval is required herein by either County or Airline, such consent or approval is not to be unreasonably withheld.

Section 16.19 Authority of Director

All rights and obligations of County under this Agreement may be exercised by the Director or his designee, unless specifically provided otherwise or required by law.

Section 16.20 Invalid Provision

If any covenant, condition or provision herein contained is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, condition or provision shall in no way affect any other covenant, condition or provision herein contained, provided that the invalidity of any such covenant, condition or provision does not materially prejudice either party hereto in its respective rights and obligations contained in the valid covenants, conditions or provisions in this Agreement.

Section 16.21 Public Address System

Airline agrees that the use of County's public address, voice and data communication system will be in accordance with County's Rules and Regulations. Airline shall not install, cause to be installed or use any other such system at the Terminal Building without the prior written approval of Director.

Section 16.22 Employees of Airline

Airline shall require all of its employees, agents, officers, representatives, suppliers, contractors, subcontractors, licensees, subtenants, invitees, and suppliers hired by Airline and working about the Terminal Building to wear clean and neat attire and to display appropriate identification.

Section 16.23 Removal of Disabled Aircraft

Airline shall promptly remove any of its disabled aircraft from any part of the Airport (including, without limitation, runways, taxiways, aprons and Aircraft Gates) and place any such disabled aircraft in such storage areas as may be designated by County (or at Airline's discretion, in an off-Airport location). Airline may store such disabled aircraft only for such length of time and on such terms and conditions as may be established by County. If Airline fails to remove any of its disabled aircraft promptly,

County may, but shall not be obligated to, cause the removal of such disabled aircraft, provided, however, the obligation to remove or store such disabled aircraft shall not be inconsistent with federal and State laws and regulations and Airline agrees to reimburse County for all costs of such removal, and Airline further hereby releases County from any and all claims for damage to the disabled aircraft or otherwise arising from or in any way connected with such removal by County, except to the extent such damage arises from the gross negligence or willful misconduct of County, its employees, agents or contractors.

Section 16.24 Licenses, Fees and Permits

Airline shall obtain and pay for all licenses, fees, permits, or other authorization or charges as required under federal, State or local laws and regulations insofar as they are necessary to comply with the requirements of this Agreement and the privileges extended hereunder.

Section 16.25 Airport Access License Permit

County reserves the right to establish a licensing or permit procedure for vehicles requiring access to Airport operational areas and to levy directly against Airline or its suppliers a uniform and nondiscriminatory regulatory or administrative charge for issuance of such Airport access license or permit.

Section 16.26 Compliance with Part 77, Title 14, CFR

Airline agrees to comply with the notification and review requirements covered in Part 77, Title 14, Code of Federal Regulations, FAA Regulations, in the event future construction of a building is planned for the leased premises, or in the event of any planned modification or alteration of any present or future building or structure on the leased premises.

Section 16.27 Reservations re: Airspace and Noise

There is hereby reserved to County, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the leased premises. This public right of flight shall include the right to cause

in such airspace any noise inherent in the operation of any aircraft used for navigation or flight through such airspace or landing at, taking off from, or other operations on the Airport.

Section 16.28 National Emergency

This Agreement and all the provisions hereof shall be subject to whatever right the U.S. Government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of said Airport or the exclusive or nonexclusive use of the Airport by the United States during time of war or national emergency.

Section 16.29 Time is of the Essence

Time is of the essence in this Agreement.

Section 16.30 Noise Abatement and Mitigation

County may, in the future, enact certain regulations for the purpose of minimizing, abating, or mitigating noise resulting from operation of the Airport. County and Airline agree that nothing in this Agreement shall be deemed to (i) impair or in any way affect County's right as Airport proprietor, to the extent of such right, to enact such regulations for noise minimization, abatement, or mitigation purposes, as long as such regulations are otherwise valid under applicable laws, or (ii) affect or impair Airline's right to challenge any such regulation on any ground other than as a breach or impairment of this Agreement.

Section 16.31 Authority for Agreement

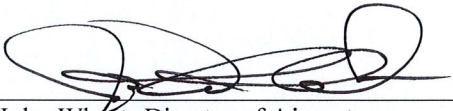
Airline warrants and represents that it has the right, power, and legal capacity to enter into, and perform its obligations under this Agreement, and no approvals or consents of any persons are necessary in connection with it. The execution, delivery, and performance of this Agreement by the undersigned Airline representatives have been duly authorized by all necessary corporate action of Airline, and this Agreement will constitute a legal, valid, and binding obligation of Airline, enforceable in accordance with its terms.

IN WITNESS WHEREOF, the parties have hereto caused this Agreement to be duly executed as of the day and year first written above.

COUNTY OF SACRAMENTO, a political subdivision of the State of California

“COUNTY”

Date: 6-23-17


By: 
John Wheat, Director of Airports on behalf of the Board of Supervisors of the County of Sacramento, California

AMERICAN AIRLINES, INC.

(SEAL)

“AIRLINE”

Date: 6-15-17


By: 

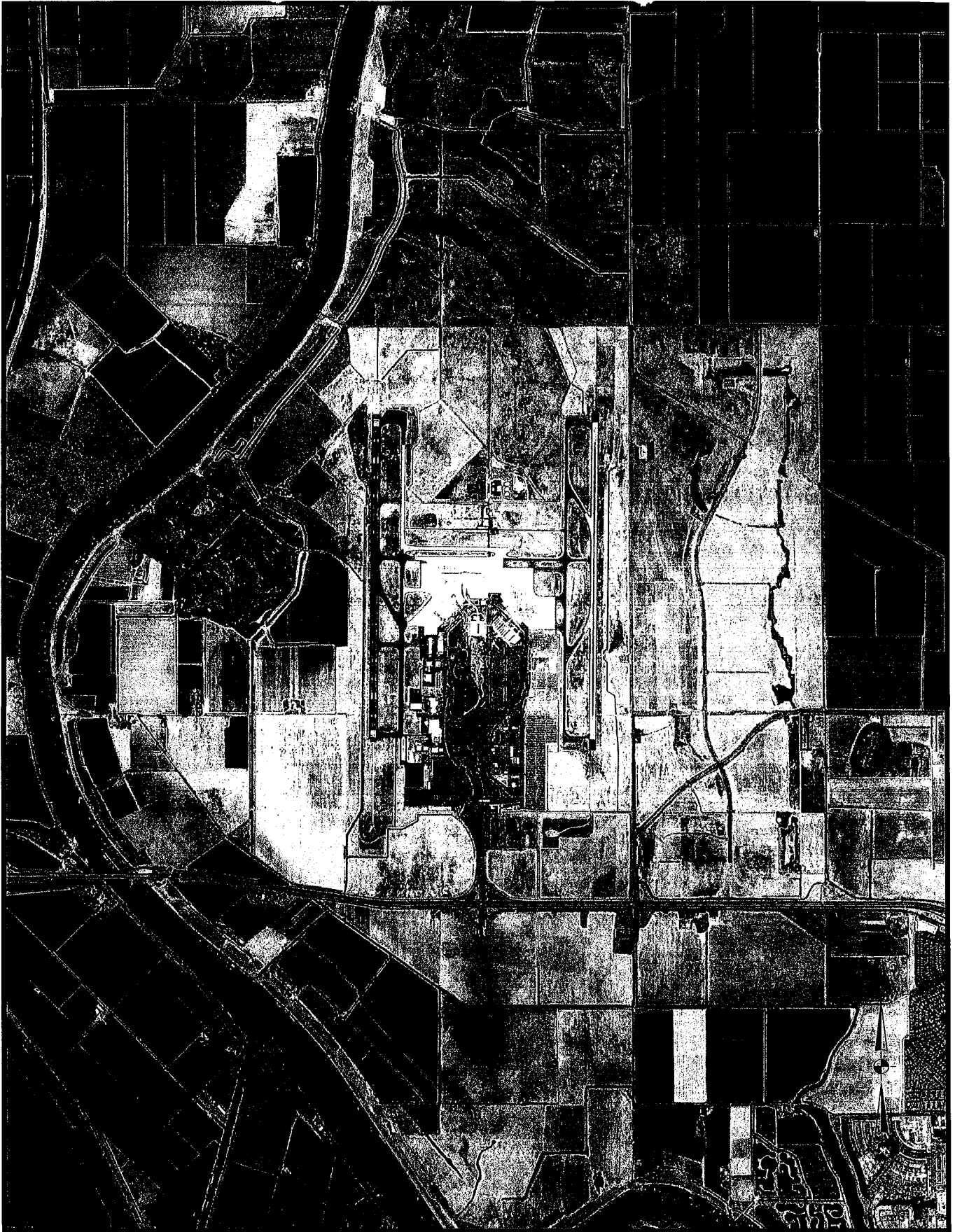
(Name) Kirk Hotelling
Managing Director - Corporate Real Estate

(Title) _____

By: _____
Attorney for Airline

REVIEWED AND APPROVED:

By: 
County Counsel

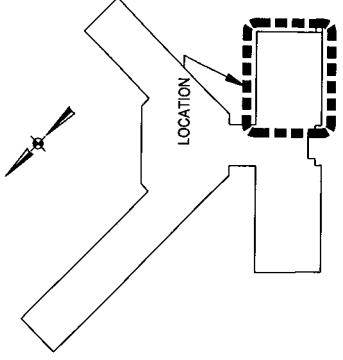
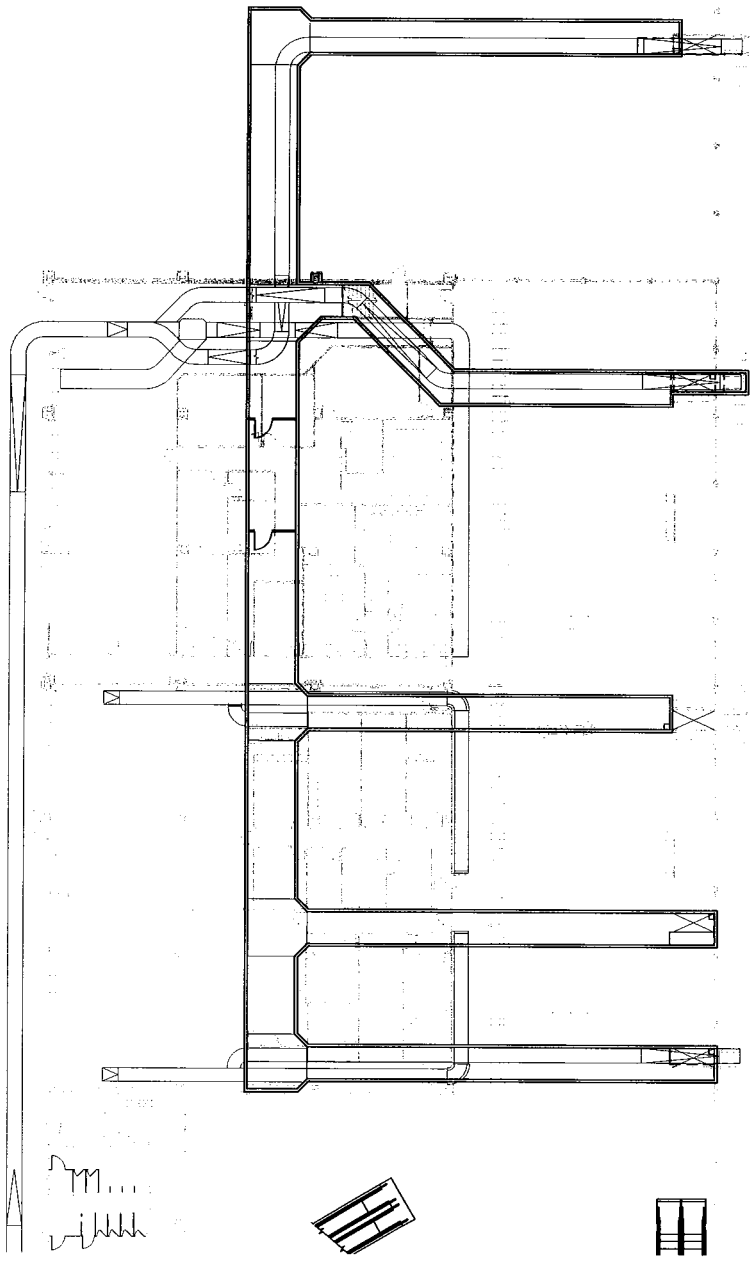
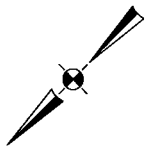


DRAWING:		DRAWN BY:	
Exhibit A		D. Wilson	
SHEET:	SCALE:	DATE:	
1	N.T.S.	10/31/2016	

Sacramento International Airport
Airport Boundaries



SACRAMENTO
COUNTY AIRPORT SYSTEM
6900 AIRPORT BLVD.
SACRAMENTO, CA 95837



TERMINAL A

KEY PLAN

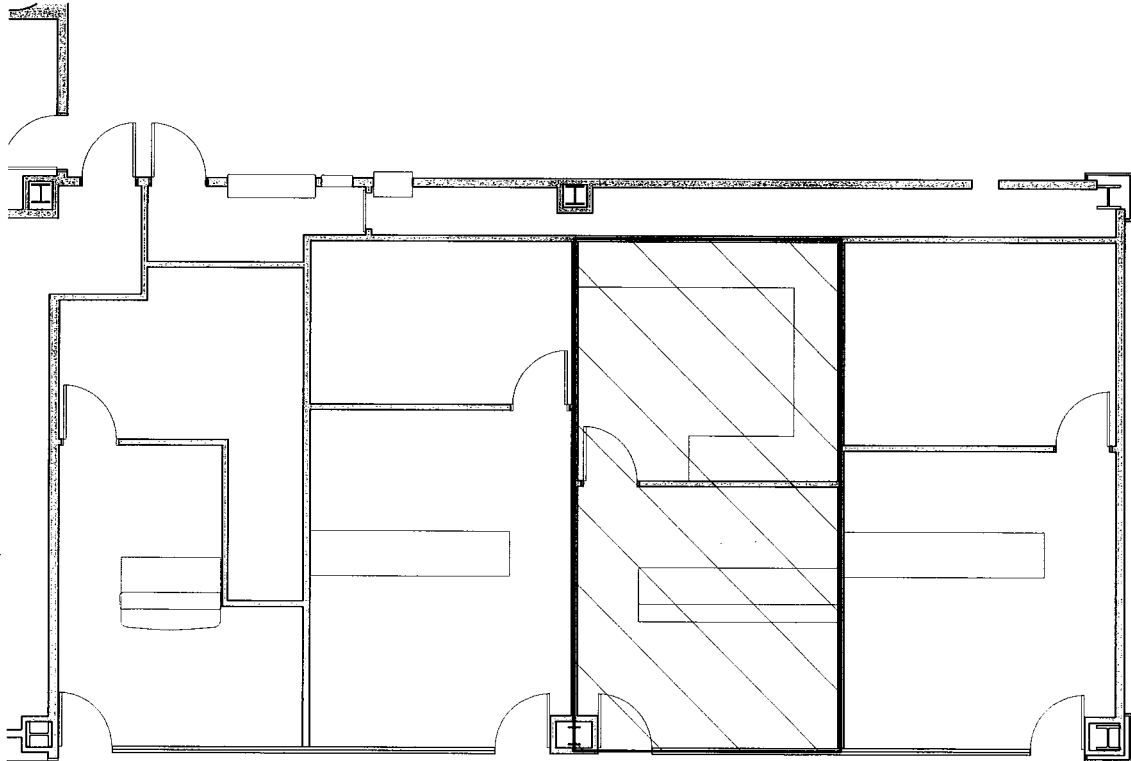
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<input type="checkbox"/>	PREFERENTIAL USE SPACE	0
TOTAL		0

Exhibit B1

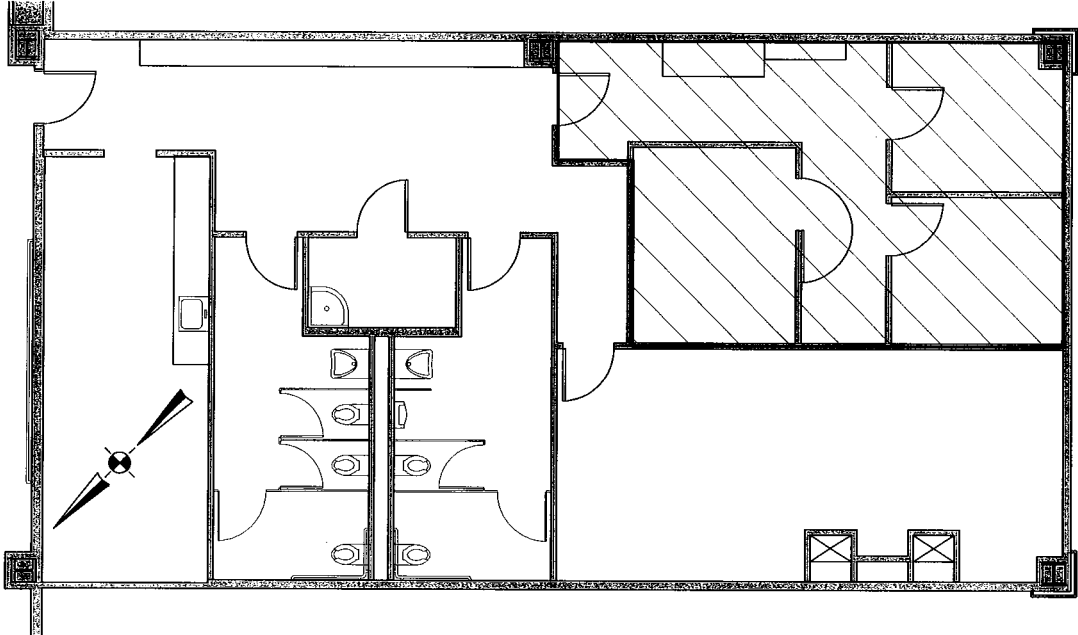
SACRAMENTO INTERNATIONAL AIRPORT
AMERICAN
TERMINAL A BASEMENT

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		DATE:	1/22/2015

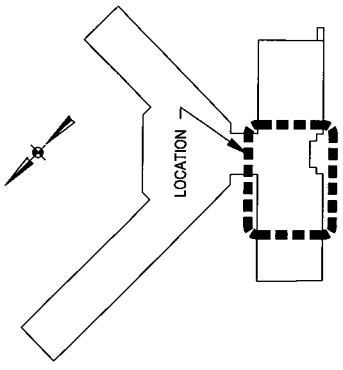




LEVEL ONE



LEVEL TWO



TERMINAL A

KEY PLAN

EXCLUSIVE BSO LEVEL ONE	426.25
PREFERENTIAL USE SPACE	0
EXCLUSIVE OFFICE LEVEL TWO	469.14
TOTAL	895

Exhibit B2

SACRAMENTO INTERNATIONAL AIRPORT

AMERICAN
TERMINAL A

DRAWN BY:
ManzyukP

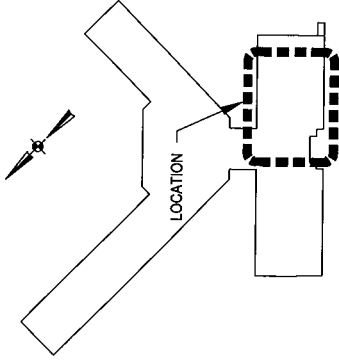
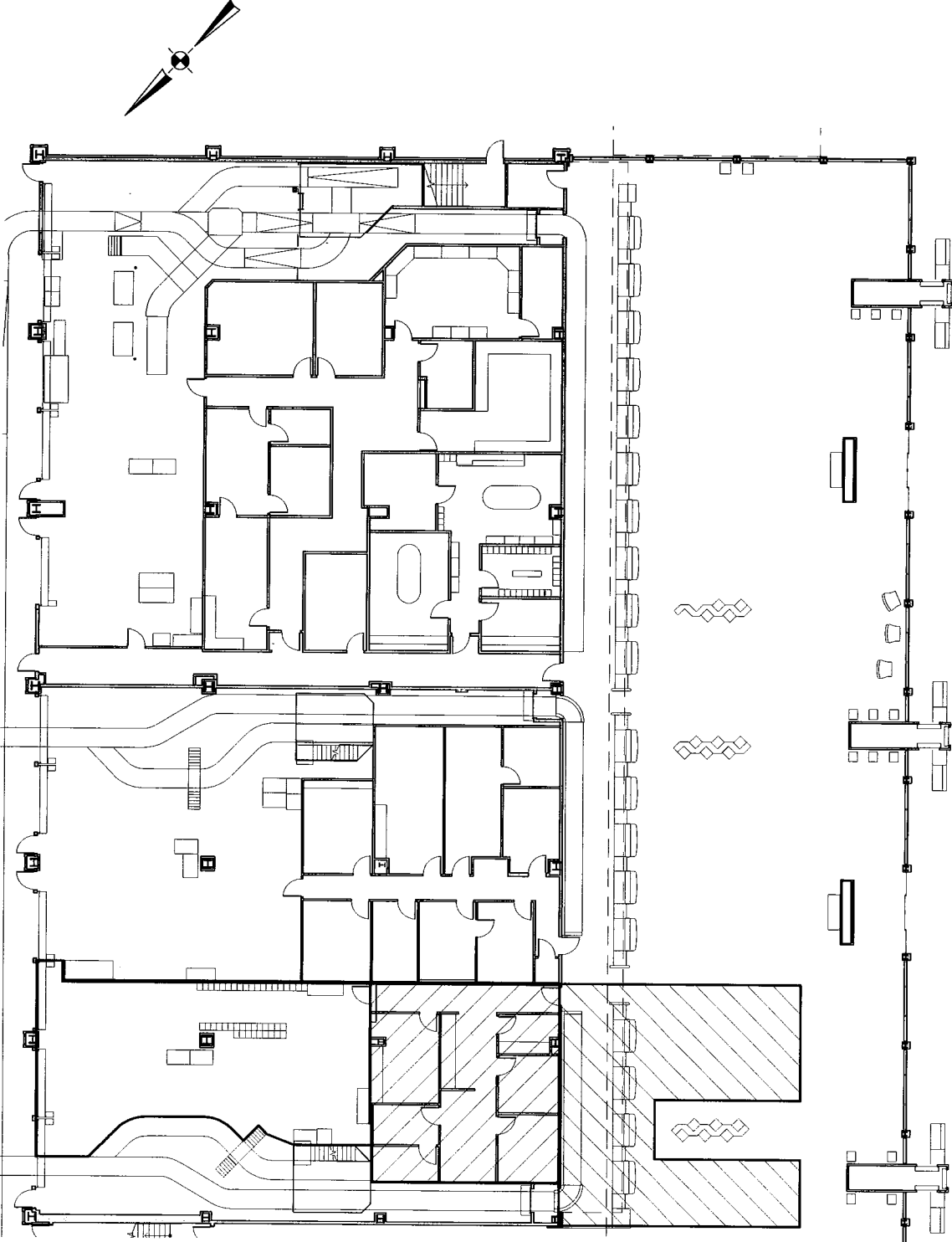
DATE:
5/31/2016

DRAWING:
EXH-16-AMERICAN-TA

SCALE:
N.T.S.

SHEET:
B





TERMINAL A

KEY PLAN

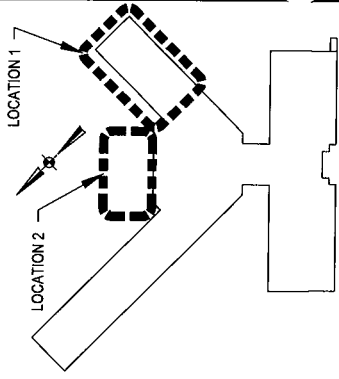
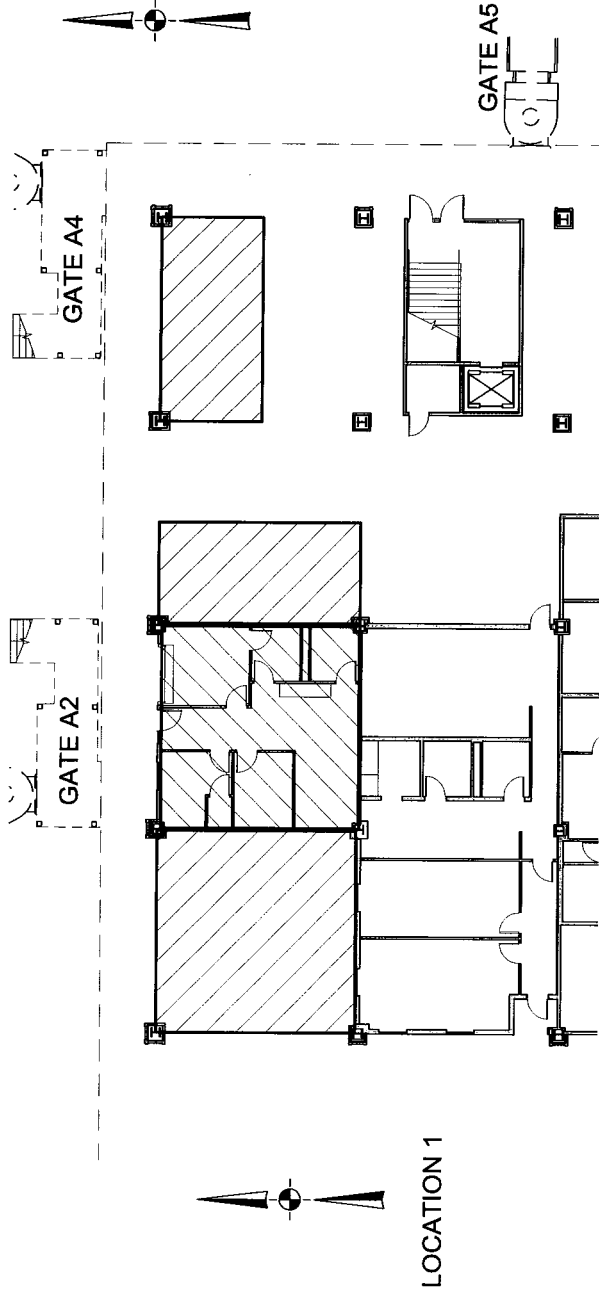
	PREFERENTIAL TICKET COUNTER	1,438.62
	EXCLUSIVE ATO	1,094.68
	PREFERENTIAL BMU	1,521.43
	TOTAL	4,055

Exhibit B3



SACRAMENTO INTERNATIONAL AIRPORT
AMERICAN
TERMINAL A LOWER LEVEL

DRAWING: EXH-16-AMERICAN-TA	DRAWN BY: ManzyukP
	DATE: 5/31/2016
SHEET: C	SCALE: N.T.S.



TERMINAL A
KEY PLAN

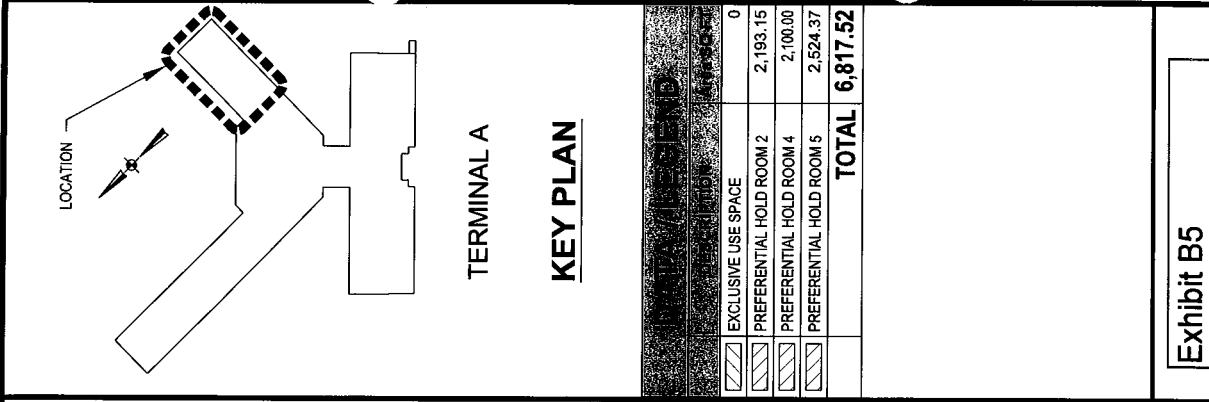
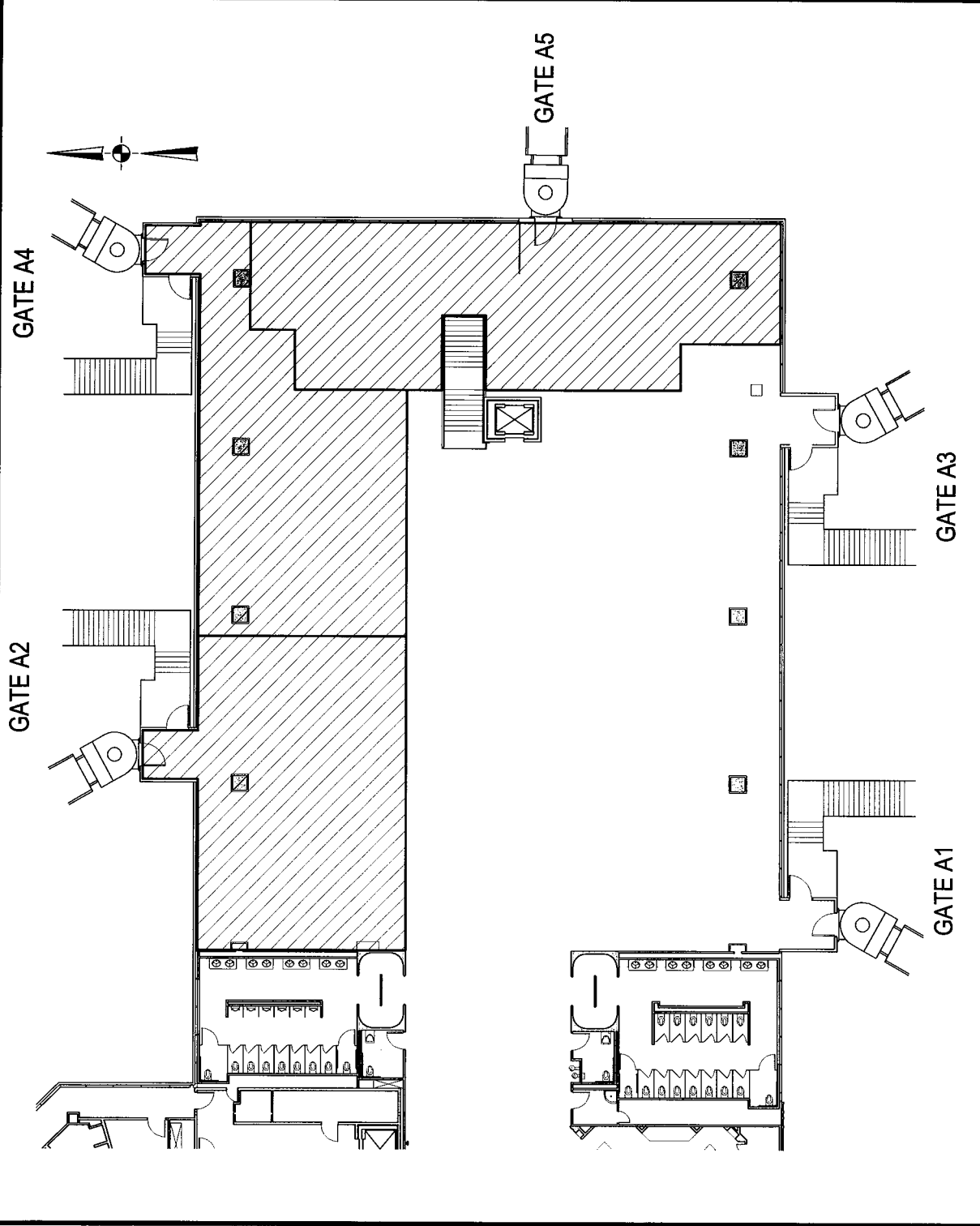
EXCLUSIVE ENCLOSED SPACE	884.06
EXCLUSIVE UNENCLOSED	1,776.11
BAGGAGE MAKE-UP	2,699.80
TOTAL	5,359

Exhibit B4



SACRAMENTO INTERNATIONAL AIRPORT
AMERICAN
TERMINAL A LOWER LEVEL

DRAWING:	EXH-16-AMERICAN-TA	DRAWN BY:	ManzyukP
SHEET:	D	DATE:	6/1/2016
SCALE:	N.T.S.		



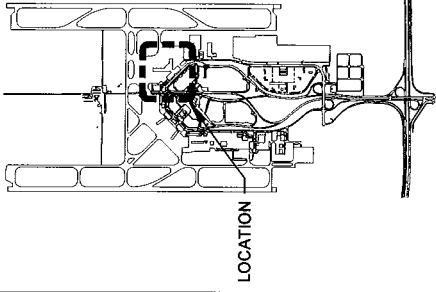
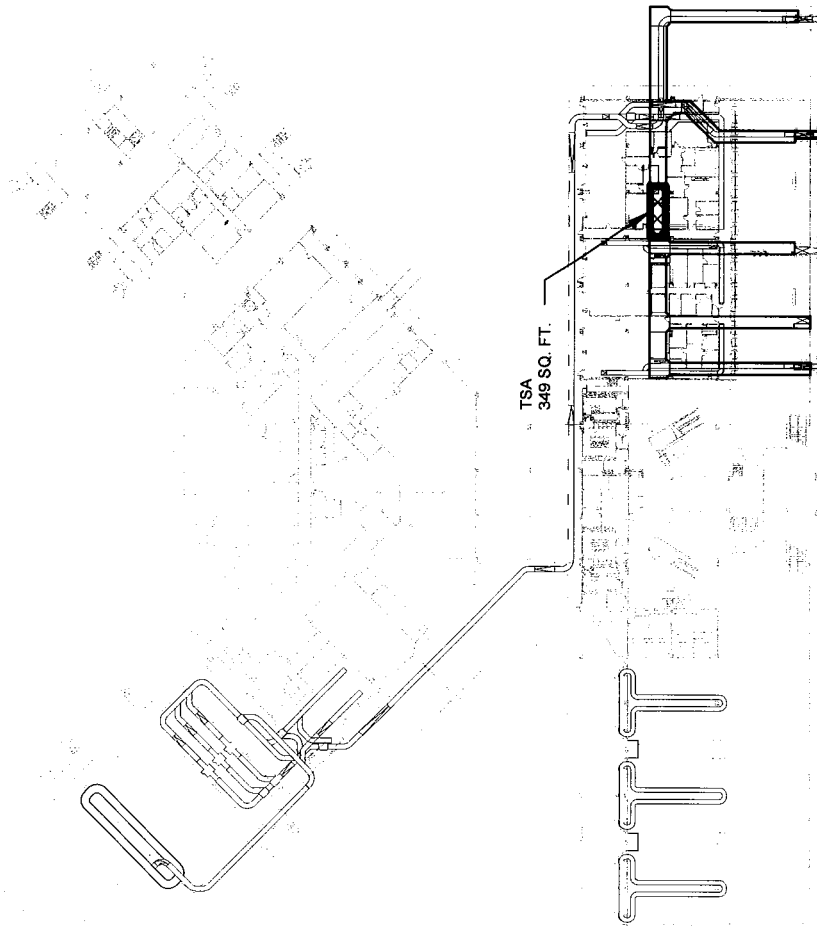
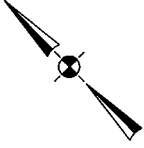
EXCLUSIVE USE SPACE	0
PREFERENTIAL HOLD ROOM 2	2,193.15
PREFERENTIAL HOLD ROOM 4	2,100.00
PREFERENTIAL HOLD ROOM 5	2,524.37
TOTAL	6,817.52

Exhibit B5

SACRAMENTO
COUNTY AIRPORT SYSTEM
6900 AIRPORT BLVD.
SACRAMENTO, CA 95837

SACRAMENTO INTERNATIONAL AIRPORT
AMERICAN
TERMINAL A UPPER LEVEL

DRAWING: EXH-15-AMERICAN-TA-2	DRAWN BY: ManzyukP
SHEET: E	DATE: 5/20/2015
SCALE: N.T.S.	



LOCATION

KEY PLAN

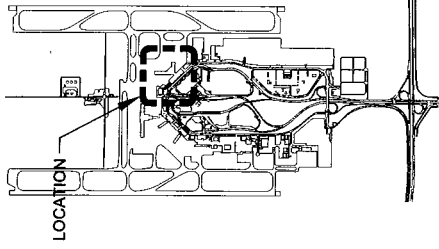
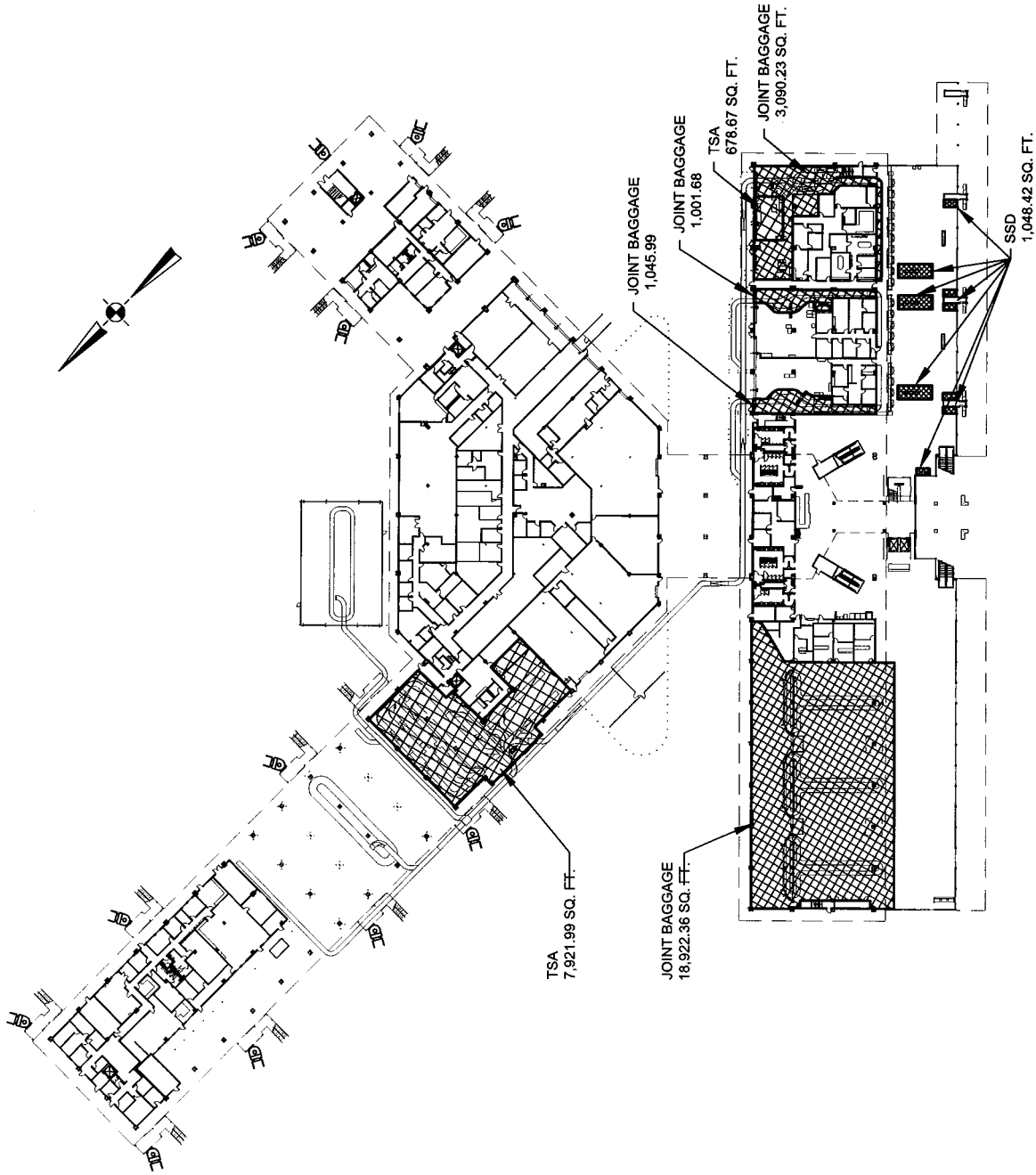
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XXXX	JOINT USE TSA SPACE	349				
	TOTAL	349				

Exhibit B6

**SACRAMENTO INTERNATIONAL AIRPORT
JOINT USE SPACE
TERMINAL A BASEMENT LEVEL**

DRAWING:	EXH-11-JOINT-TA-0	DRAWN BY:	ManzyukP
SHEET:	F	SCALE:	N.T.S.
		DATE:	8/24/2011





KEY PLAN

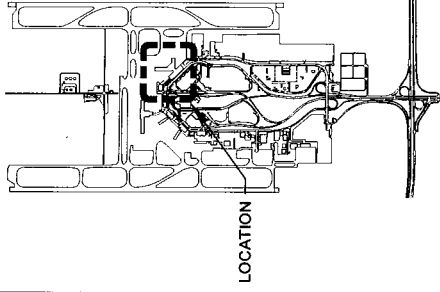
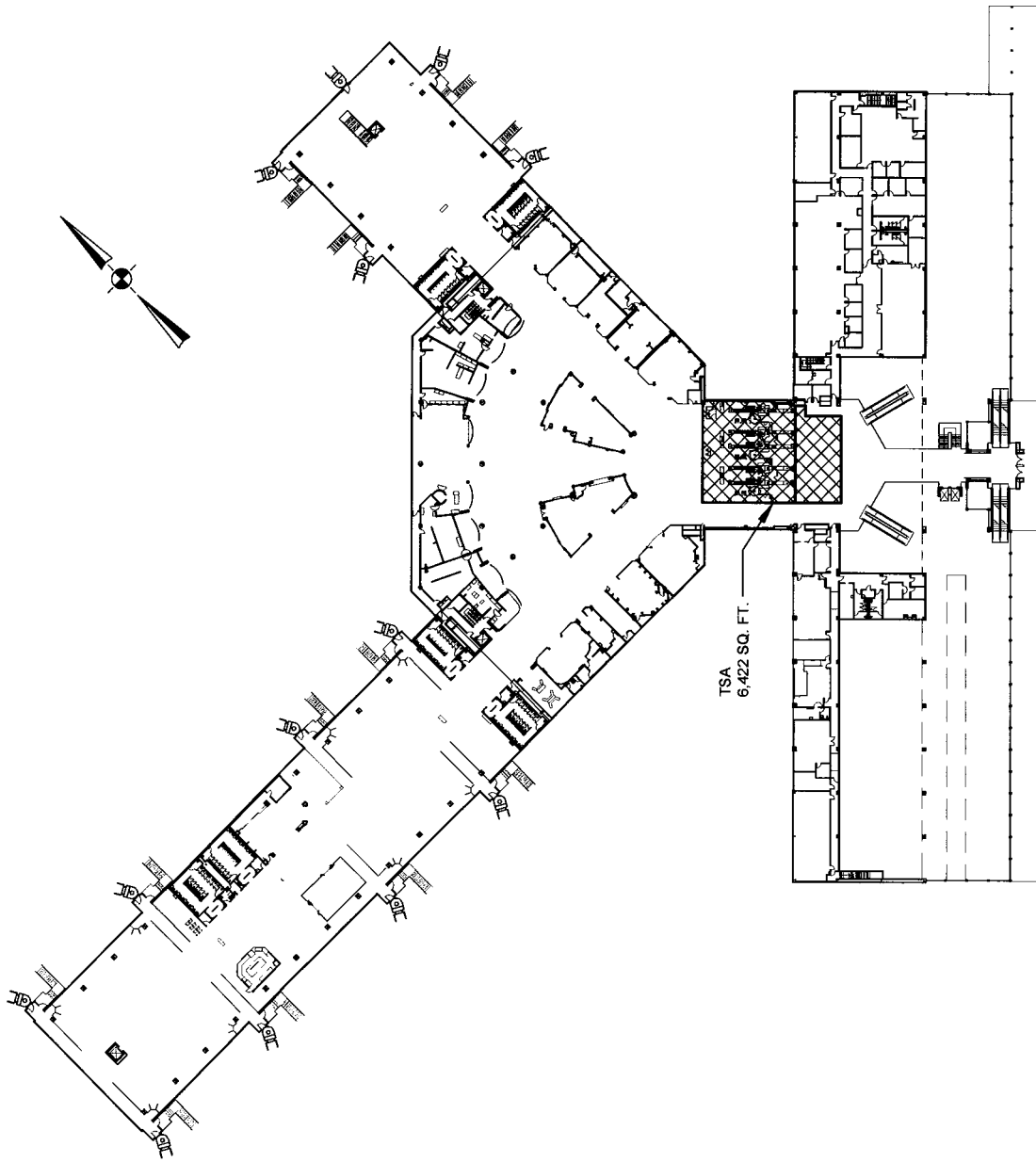
JOINT USE BAGGAGE	24,060
JOINT USE TSA SPACE	8,601
SSD	1,048
TOTAL	33,709

Exhibit B7



SACRAMENTO INTERNATIONAL AIRPORT
JOINT USE SPACE
TERMINAL A LOWER LEVEL

DRAWING:	EXH-17-JOINT-TA-1	DRAWN BY:	ManzyukP
SHEET:	G	DATE:	4/24/2017
SCALE:	N.T.S.		



KEY PLAN

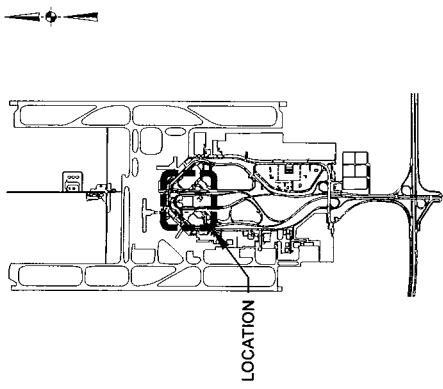
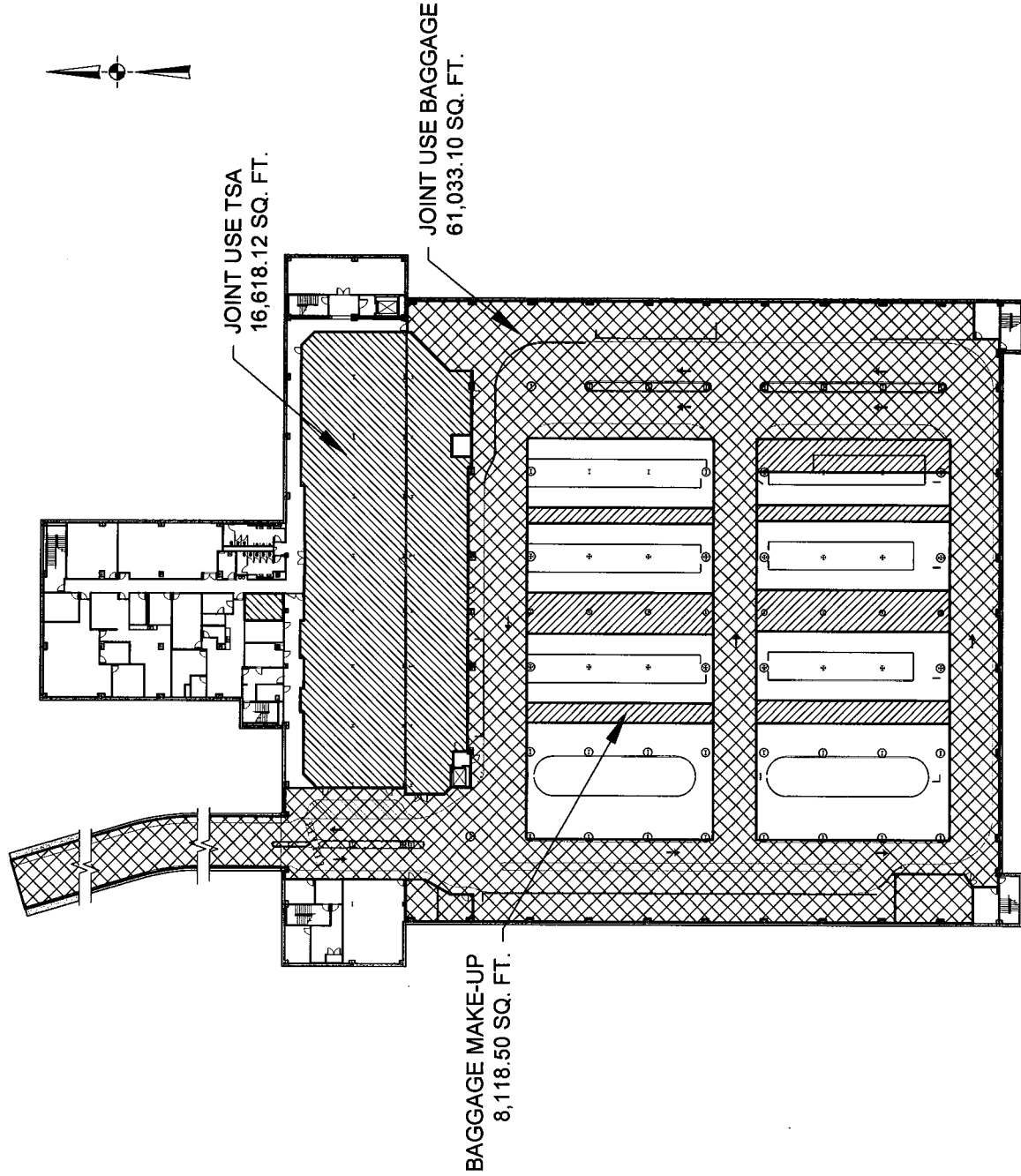
 JOINT USE TSA SPACE	6,422.35
TOTAL	6,422

Exhibit B8

SACRAMENTO INTERNATIONAL AIRPORT
JOINT USE SPACE
TERMINAL A UPPER LEVEL

DRAWING: EXH-12-JOINT-TA2		DRAWN BY: ManzyukP	
SHEET: H	SCALE: N.T.S.	DATE: 3/28/2012	





KEY PLAN

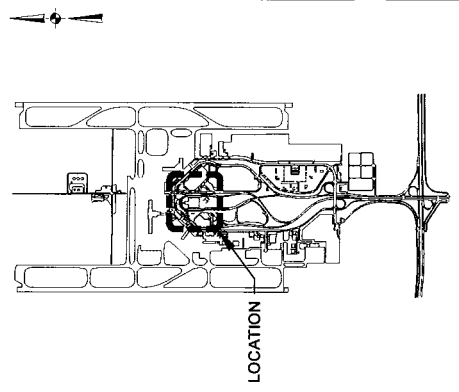
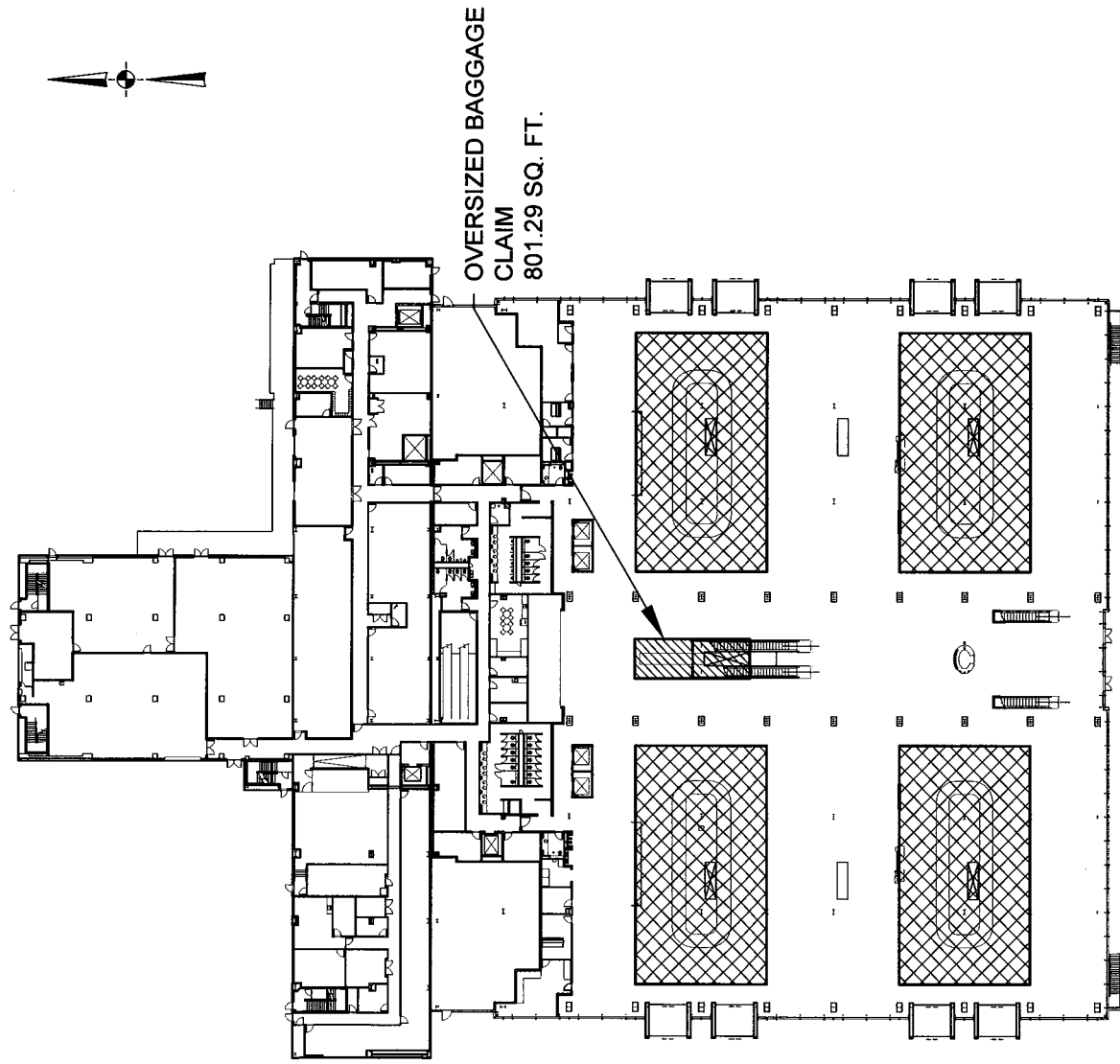
DATA / LEGEND		Area, SQ. FT.
DESCRIPTION	Area, SQ. FT.	
JOINT USE BAGGAGE	61,033.10	
JOINT USE TSA SPACE	16,618.12	
JOINT BAGGAGE MAKE-UP	8,118.50	
TOTAL	85,770	

Exhibit B9

SACRAMENTO INTERNATIONAL AIRPORT
JOINT USE SPACE
TERMINAL B BASEMENT

DRAWING: EXH-11-JOINT-TB-0		DRAWN BY: ManzyukP
SHEET: I	SCALE: N.T.S.	DATE: 12/14/2011





KEY PLAN

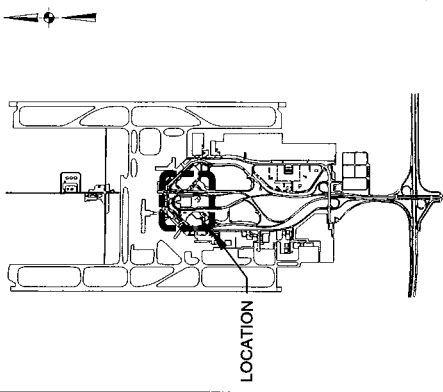
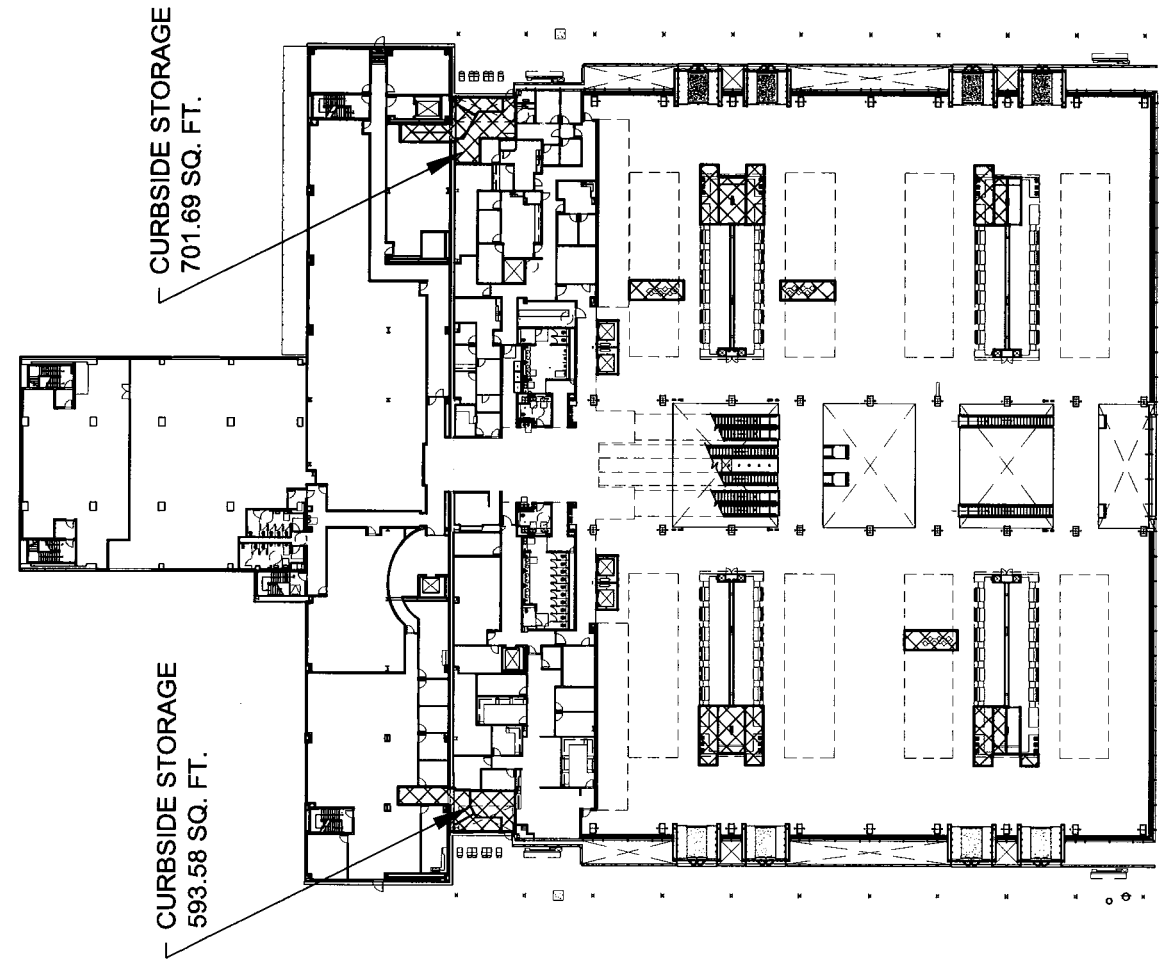
DATA/LEGEND		Area, SQ. FT.
	JOINT USE BAGGAGE CLAIM	22,381.16
	JOINT USE OVERSIZED BAGGAGE CLAIM	801.29
TOTAL		23,182

Exhibit B10

SACRAMENTO INTERNATIONAL AIRPORT
JOINT USE SPACE
TERMINAL B LEVEL 1

DRAWING: EXH-11-JOINT-TB-1		DRAWN BY: ManzyukP
SHEET: J	SCALE: N.T.S.	DATE: 8/24/2011





DATA/LEGEND

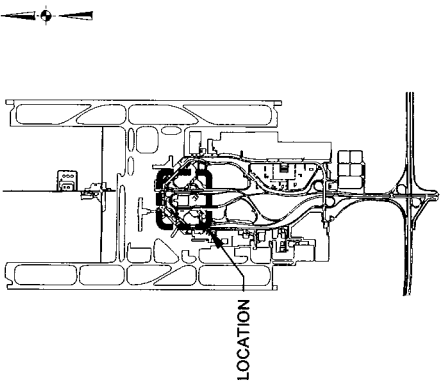
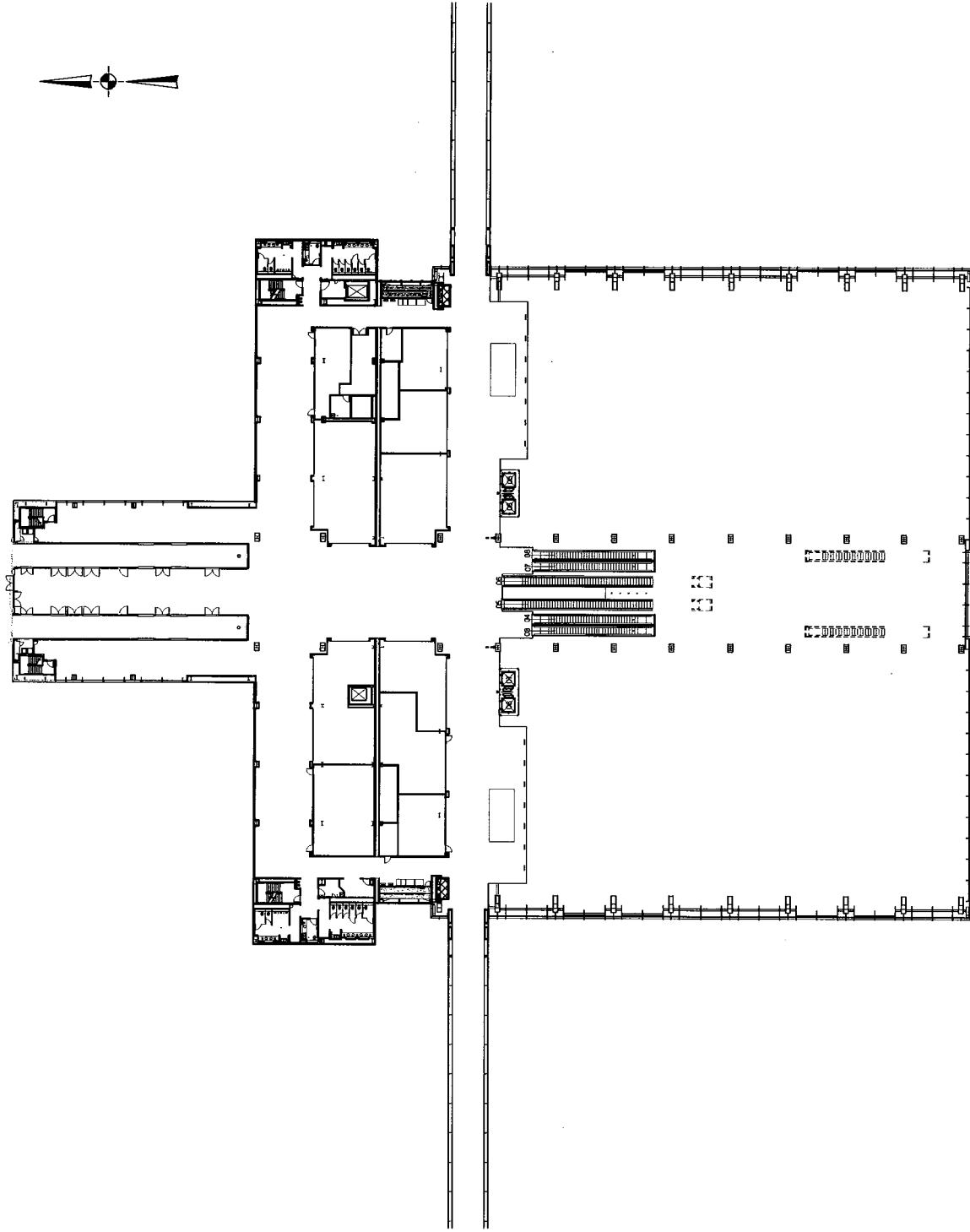
DESCRIPTION	Area, SQ. FT.
JOINT USE SSD	2,249.83
CURBSIDE STORAGE	1,295.27
TOTAL	3,545

Exhibit B11

SACRAMENTO
COUNTY AIRPORT SYSTEM
6900 AIRPORT BLVD.
SACRAMENTO, CA 95837

SACRAMENTO INTERNATIONAL AIRPORT
JOINT USE SPACE
TERMINAL B LEVEL 2

DRAWING: EXH-14-JOINT-TB-2		DRAWN BY: ManzyukP	
SHEET: K	SCALE: N.T.S.	DATE: 5/27/2014	



KEY PLAN

LOCATION

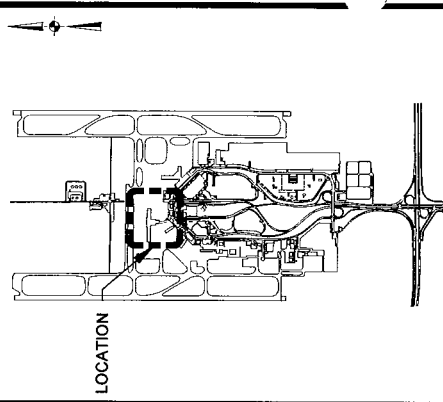
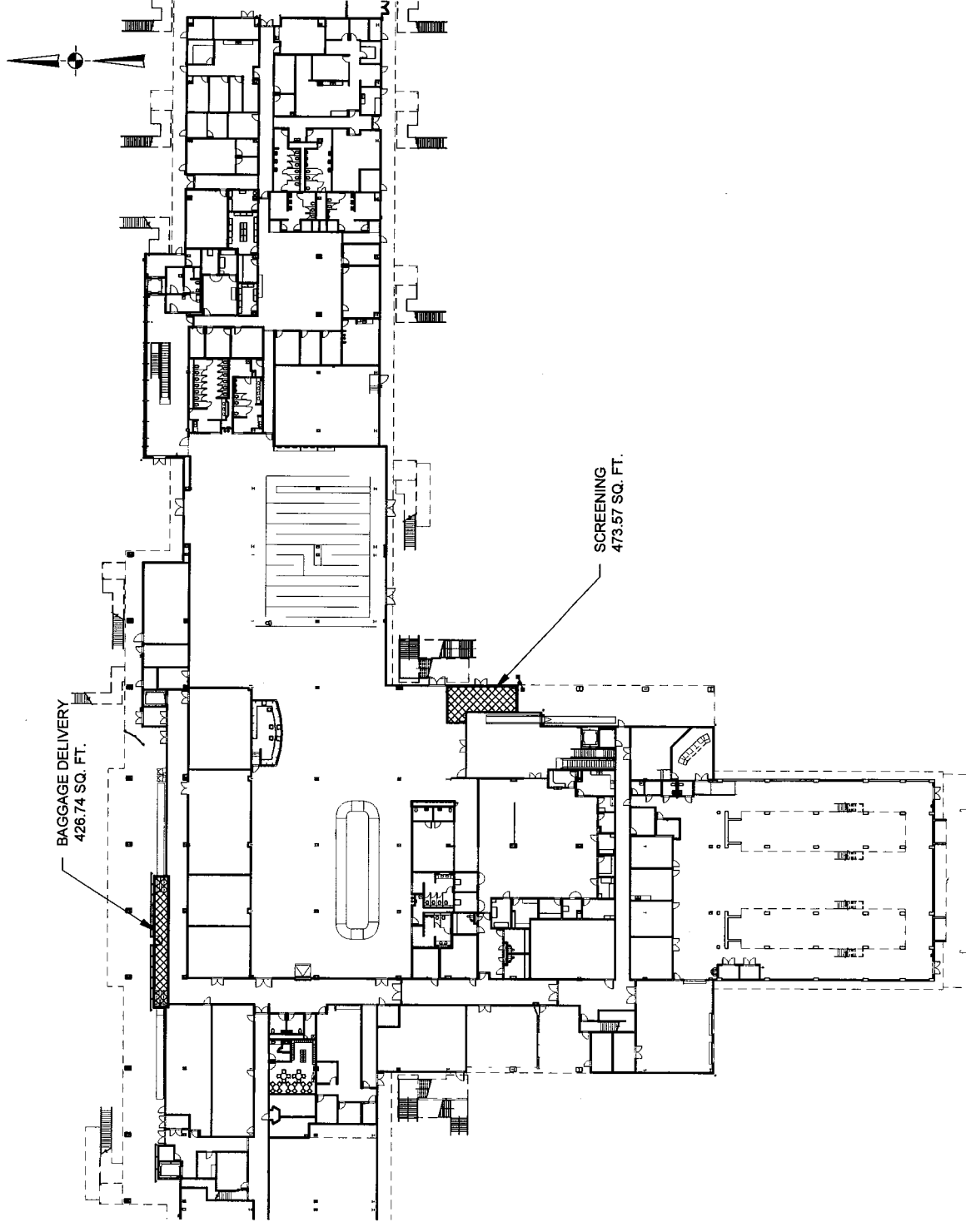
JOINT USE SSD COUNTER	114.44
TOTAL	114

Exhibit B12

SACRAMENTO INTERNATIONAL AIRPORT
JOINT USE SPACE
TERMINAL B LEVEL 3

DRAWING: EXH-11-JOINT-TB-3		DRAWN BY: ManzyukP	
SHEET: L	SCALE: N.T.S.	DATE: 8/24/2011	





KEY PLAN

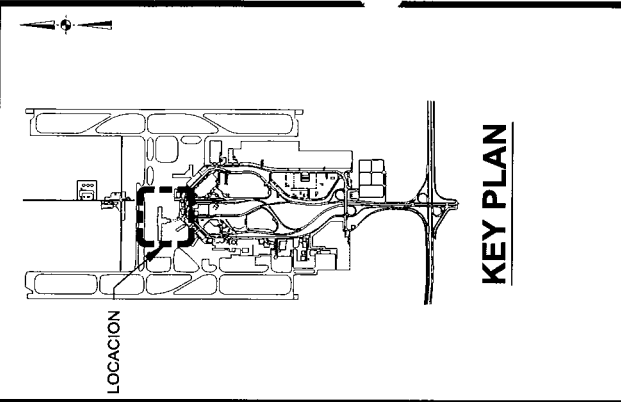
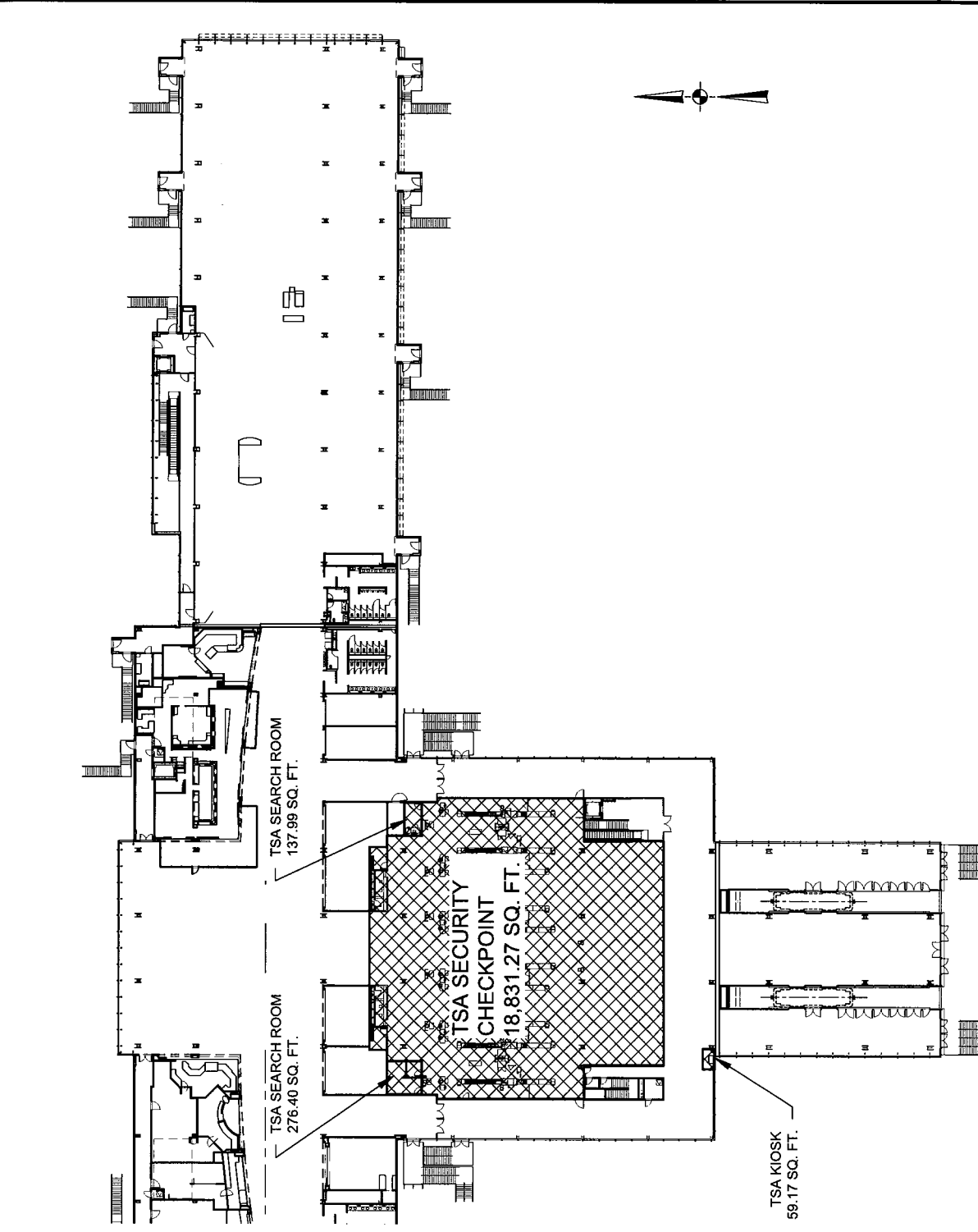
DATA / LEGEND		Area SQ. FT.
▣	BAGGAGE DELIVERY	426.74
▣	SCREENING	473.57
TOTAL		900

Exhibit B13



SACRAMENTO INTERNATIONAL AIRPORT
JOINT USE SPACE
CONCOURSE B LEVEL 1

DRAWING: EXH-11-JOINT-CB-1		DRAWN BY: ManzyukP
SHEET: M	SCALE: N.T.S.	DATE: 5/1/2012



JOINT USE TSA SPACE	19,245.67
SSD	59.17
TOTAL	19,305

Exhibit B14

SACRAMENTO INTERNATIONAL AIRPORT
JOINT USE SPACE
CONCOURSE B LEVEL 2

DRAWING: EXH-16-JOINT-CB-2		DRAWN BY: ManzyukP	
SHEET: N	SCALE: N.T.S.	DATE: 5/31/2016	



Exhibit C: Summary of Terminal Areas

(Fiscal Year Ending June 30)

		2018 ^{1/}
Airline Rentable Space		
Airline Preferential Space		
Leased		
Holdroom		51,636
Ticket Counter		8,274
Bag Makeup		9,595
Subtotal Leased	[A]	69,504
Common Use		
Holdroom - Common Use		29,454
Holdroom - Vacant		-
Ticket Counter - Common Use		7,691
Ticket Counter - Vacant		7,234
Bag Makeup - Common Use		5,808
Bag Makeup - Vacant		13,835
Subtotal Vacant / Common Use	[B]	64,022
Total Airline Preferential Space	[C]=[A]+[B]	133,526
Airline Exclusive		
Leased		
ATO Space		8,527
Bag Service Offices		2,600
Enclosed Operations Space		13,986
Other Offices		992
Subtotal Leased	[D]	26,106
Vacant		
ATO Space		3,942
Bag Service Offices		687
Enclosed Operations Space		39,738
Other Offices		113
Subtotal Vacant	[E]	44,481
Total Airline Exclusive Space	[F]=[D]+[E]	70,586
Joint Use Space		
SSD (Kiosks)		3,972
Baggage Claim/Makeup		116,524
Curbside		1,295
TSA Screening		52,629
Total Joint Use Space	[G]	174,420
FIS Facility	[H]	37,657
Total Airline Rentable Space	[I]=[C]+[F]+[G]+[H]	416,189
Other Rentable Space		
TSA Office Space		4,506
Concession Space (Leased)		101,217
Concession Space (Vacant)		20,236
Other Tenants		20,412
Total Other Rentable Space	[J]	146,371
Total Rentable Space	[K]=[I]+[J]	562,560
Unenclosed Space		
Leased		24,058
Vacant		13,443
Total Unenclosed Space	[L]	37,501
Other Usable Space		
Public Space		268,017
Secured Hallways		19,430
SCAS Space		63,414
Total Other Usable Space	[M]	350,861
Utility / Mechanical Space	[N]	106,043
Total Terminal Square Footage	=[K]+[L]+[M]+[N]	1,056,966

NOTE:

1/ Reflects FY 2017 Settlement space reconciliation, prepared subsequent to the calculation of Budget FY 2017 rates a

SOURCES: Sacramento County Department of Airports, July 2016.

PREPARED BY: Ricondo & Associates, Inc., October 2016.

Exhibit C: Summary of Terminal Areas

(Fiscal Year 2018 Ending June 30) ^{1/}

SPACE TYPE BY AIRLINE	DESCRIPTION	SPACE BY LEASE TYPE (SQUARE FEET)			TOTAL SPACE
		ENCLOSED EXCLUSIVE USE	UNENCLOSED EXCLUSIVE USE	ENCLOSED PREFERENTIAL USE	
AeroMexico					
ATO Office	Airline Office	382			382
Total AeroMexico		382	-	-	382
Alaska Airlines					
Airline Enclosed	Ramp Office	1,493			1,493
ATO Office	Airline Office	112			112
Bag Makeup	Baggage Makeup			1,519	1,519
BSO Office	Airline Baggage Service Office	155			155
Holdroom	Passenger Gate Lounge			5,246	5,246
Ticket Counter	Airline Ticket Counter			665	665
Unenclosed	Open Space		480		480
Total Alaska Airlines		1,760	480	7,430	9,669
American Airlines					
Airline Enclosed	Office	469			469
Airline Enclosed	Ramp Office	884			884
ATO Office	Airline Office	1,095			1,095
Bag Makeup	Baggage Area Open Space			1,521	1,521
BSO Office	BSO Office	426			426
Holdroom	Passenger Gate Lounge			6,818	6,818
Ticket Counter	Airline Ticket Counter			1,439	1,439
Unenclosed	Baggage Area Open Space		2,700		2,700
Unenclosed	Open Space		1,775		1,775
Total American Airlines		2,874	4,475	9,778	17,127
Delta Air Lines					
Airline Enclosed	Ramp Office	984			984
ATO Office	Airline Office	1,825			1,825
Bag Makeup	Baggage Area Open Space			1,638	1,638
BSO Office	Airline Baggage Service Office	427			427
Holdroom	Passenger Gate Lounge			8,359	8,359
Other Space	Baggage Tunnel	992			992
Ticket Counter	Airline Ticket Counter			1,446	1,446
Unenclosed	Baggage Area Open Space		2,700		2,700
Unenclosed	Open Space		1,562		1,562
Total Delta Air Lines		4,228	4,261	11,442	19,931
Hawaiian Airlines					
Airline Enclosed	Ramp Office	647			647
Airline Enclosed	Storage	37			37
ATO Office	Airline Office	379			379
BSO Office	Airline Baggage Service Office	47			47
Unenclosed	Open Space		328		328
Total Hawaiian Airlines		1,110	328	-	1,438

NOTE:

1/ Reflects FY 2017 Settlement space reconciliation, prepared subsequent to the calculation of Budget FY 2017 rates and charges.

SOURCES: Sacramento County Department of Airports, July 2016.

PREPARED BY: Ricondo & Associates, Inc., October 2016.

Exhibit C: Summary of Terminal Areas

(Fiscal Year 2018 Ending June 30) ^{1/}

SPACE TYPE BY AIRLINE	DESCRIPTION	SPACE BY LEASE TYPE (SQARE FEET)			TOTAL SPACE
		ENCLOSED EXCLUSIVE USE	UNENCLOSED EXCLUSIVE USE	ENCLOSED PREFERENTIAL USE	
JetBlue Airlines					
Airline Enclosed	Ramp Office	174			174
ATO Office	Airline Office	641			641
BSO Office	Baggage Pickup	364			364
Holdroom	Passenger Gate Lounge			2,338	2,338
Ticket Counter	Airline Ticket Counter			350	350
Unenclosed	Baggage Makeup		2,230		2,230
Unenclosed	Open Space		201		201
Total JetBlue Airlines		1,178	2,431	2,688	6,297
Southwest Airlines					
Airline Enclosed	Ramp Office	6,522			6,522
Airline Enclosed	Ready Room	272			272
ATO Office	Airline Office	2,894			2,894
Bag Makeup	Baggage Makeup			4,917	4,917
BSO Office	Airline Baggage Service Office	246			246
BSO Office	BSO Storage	490			490
Holdroom	Passenger Gate Lounge			19,344	19,344
Ticket Counter	Airline Ticket Counter			2,194	2,194
Unenclosed	Open Space		6,218		6,218
Total Southwest Airlines		10,424	6,218	26,456	43,098
United Airlines					
Airline Enclosed	Office	134			134
Airline Enclosed	Ramp Office	2,371			2,371
ATO Office	Airline Office	1,109			1,109
BSO Office	BSO Office	445			445
Holdroom	Passenger Gate Lounge			9,531	9,531
Ticket Counter	Airline Ticket Counter			2,152	2,152
Ticket Counter	Cash to Credit Kiosk			28	28
Unenclosed	Baggage Makeup		5,400		5,400
Unenclosed	Open Space		465		465
Total United Airlines		4,059	5,865	11,711	21,635
Volaris					
ATO Office	Airline Office	90			90
Total Volaris		90	-	-	90
All Airlines					
Airline Enclosed		13,986	-	-	13,986
ATO Office		8,527	-	-	8,527
Bag Makeup		-	-	9,595	9,595
BSO Office		2,600	-	-	2,600
Holdroom		-	-	51,636	51,636
Other Space		992	-	-	992
Ticket Counter		-	-	8,274	8,274
Unenclosed		-	24,058	-	24,058
Total All Airlines		26,106	24,058	69,504	119,667

NOTE:

1/ Reflects FY 2017 Settlement space reconciliation, prepared subsequent to the calculation of Budget FY 2017 rates and charges.

SOURCES: Sacramento County Department of Airports, July 2016.

PREPARED BY: Ricondo & Associates, Inc., October 2016.

Exhibit D
Airline / County of Sacramento Responsibilities for Operation and Maintenance of Terminal Spaces

	Exclusive Space					Common Space						Joint Space			
	ATO Offices	Baggage Make-up	Baggage Service Office	Ramp Office/Support	Unenclosed Spaces	Apron Area	Curbside Check-in	Hold rooms	IT&T Rooms	Public Space/Corridor	Ticket Counter	Baggage Claim	Baggage Screening	Passenger Screening	PAX Processing Equipment
Building Maintenance															
Other Than Structure	A	A	A	A	A	-	S	S	S	S	S	S	S	S	S
Structure	S	S	S	S	S	-	S	S	S	S	S	S	S	S	S
Exterior	S	-	S	S	S	-	S	S	-	S	-	-	-	-	-
HVAC															
Installation	S	S	S	S	-	-	-	S	S	S	S	S	S	S	S
Maintenance	S	S	S	S	-	-	-	S	S	S	S	S	S	S	S
Electrical															
Bulb and Tube Replacement	A	A	A	A	A	S	S	S	S	S	S	S	S	S	S
Maintenance	A	A	A	A	A	S	S	S	S	S	S	S	S	S	S
Water															
Distribution	S	-	-	S	S	S	-	-	-	S	-	-	-	-	-
Fixtures	A	-	-	A	A	S	-	-	-	S	-	-	-	-	-
Sewer															
Distribution	S	-	-	S	S	S	-	-	-	S	-	-	-	-	-
Fixtures	A	-	-	A	A	S	-	-	-	S	-	-	-	-	-
Services															
Custodial	A	A	A	A	A	S	S	S	S	S	S	S	S	S	S
Pest Control	S	S	S	S	S	S	S	S	S	S	S	S	S	S	S
Window Cleaning	A	-	A	A	-	S	S	S	-	S	S	S	-	S	-

A = Airline / S = County of Sacramento

EXHIBIT E: RATES FOR RENTALS, FEES AND CHARGES

SECTION I - RATE CALCULATIONS

- E.01** Signatory Airlines and Non-Signatory Airlines Rates for Landing Fees, Aircraft Parking Position Fees, Airline Systems and Equipment Fees, Loading Bridge Fees, Terminal Building Fees, and Per Use Fees. The Landing Fees, Aircraft Parking Position Fees, Airline Systems and Equipment Fees, Loading Bridge Fees, Terminal Building Fees, and Per Use Fees shall be calculated in accordance with Exhibits E-1, E-2, E-3, E-4, E-5 and E-6-8 respectively.
- E.02** Summary of Rates for Rate Setting Period – From the Effective Date, July 1, 2017, through June 30, 2018 the rates will be as follows:
- **Landing Fee Rate** - The Signatory Airlines Landing Fee Rate shall be \$3.71 per 1,000 pounds of Maximum Gross Landed Weight (MGLW) and the Non-Signatory Airlines Landing Fee Rate shall be \$4.45 per 1,000 pounds of MGLW as calculated and presented on **Exhibit E-1.**
 - **Aircraft Parking Position Fees** - The Signatory Airlines Aircraft Parking Position Fee shall be \$10,049 per month and the Non-Signatory Airlines Aircraft Parking Position Fee shall be \$12,059 per month as calculated and presented on **Exhibit E-2.**
 - **Airline Systems and Equipment Fees** - The Signatory Airlines Airline Systems and Equipment Fees shall be \$533,496 per month and the Non-Signatory Airlines Airline Systems and Equipment Fees shall be \$640,195 as calculated and presented on **Exhibit E-3.**
 - **Loading Bridge Fee** – The Signatory Airlines Loading Bridge Fee shall be \$5,202 per month and the Non-Signatory Airlines Loading Bridge Fee shall be \$6,243 per month as calculated and presented on **Exhibit E-4.**
 - **Terminal Building Rate** – The Signatory Airlines Terminal Building Rates shall be \$12.04 per square-foot of enclosed space per month and \$3.01 per square-foot of unenclosed space per month; and the Non-Signatory Airlines Terminal Building Rates shall be \$14.44 per square-foot of enclosed space per month and \$3.61 per square-foot of unenclosed space per month as calculated and presented on **Exhibit E-5.** The resulting Average Terminal Building Rental Rate shall be \$11.47 per square-foot per month.
 - **Per Use Fees** – The Signatory Airlines Per Use Fee – Baggage Makeup shall be \$259 per use or \$5.18 per seat for aircraft with less than 50 seats and the Non-Signatory Airlines Per Use Fee – Baggage Makeup shall be \$311 per use, as calculated and presented on **Exhibit E-6.** The Signatory Airlines Per Use Fee – Aircraft Gate for a gate with a loading bridge shall be \$536 per turn or \$10.72 per seat for aircraft with less than 50 seats and the Non-Signatory Airlines Per Use Fee – Aircraft Gate for a gate with a loading bridge shall be \$643 as calculated and presented on **Exhibit E-7.** The Signatory Airlines Per Use Fee – Aircraft Gate for a gate without a loading bridge shall be \$478 per turn or \$9.56 per seat for aircraft with less than 50 seats and the Non-Signatory Airlines Per Use Fee – Aircraft Gate for a gate without a loading bridge shall be \$574. The Signatory Airlines Per Use Fees – Ticket Counter shall be \$23 per use per position or \$0.46 per seat for aircraft with less than 50 seats and the Non-Signatory Airlines Per Use Fees – Ticket Counter shall be \$28 as calculated and presented on **Exhibit E-8.**

E.03 Calculation of Landing Fee Rate – Exhibit E-1

Table E-1: Landing Fee

(Fiscal Year Ending June 30)

	2018
A) Airfield Area O&M Expenses	\$15,552,990
B) Airfield Area Capital Outlays	1,118,400
C) Airfield Area Annual Bond Debt Service	1,360,912
D) Airfield Area Annual Bond Debt Service Coverage	340,228
E) Credit for Prior Year Airfield Area Annual Bond Debt Service Coverage	(384,051)
F) Airfield Area Amortization	2,516,114
G) Airfield Area O&M Reserve	81,164
H) Airfield Area Extraordinary Coverage Protection	0
I) Reliever Airports Operating Deficit / (Surplus)	<u>3,570,875</u>
J) Airfield Area Total Requirement	\$24,156,631
K) Less: Airfield Area Nonairline Revenue	<u>(761,613)</u>
L) Net Airfield Area Requirement	\$23,395,018
M) Less: Non-Signatory Airlines Landing Fees ^{1/}	<u>0</u>
N) Net Signatory Airlines Requirement	\$23,395,018
O) Total Signatory Airlines Landed Weight (thousand pounds)	6,303,974
P) Signatory Airlines Landing Fee Rate (per thousand pounds)	\$3.71
Q) Non-Signatory Airlines Landing Fee Rate (per thousand pounds) ^{2/}	\$4.45

NOTES:

1/ Non-Signatory Airlines Landing Fees calculated by multiplying the Non-Signatory Airlines Landing Fee Rate by total Non-Signatory Airlines Landed Weight (thousand pounds).

2/ 120 percent of the Signatory Airlines Landing Fee Rate.

SOURCES: Sacramento County Department of Airports; FY2018 Operating Budget

PREPARED BY: Business Services, April 2017

Exhibit E-1 Line Items:

- A. Airfield Area O&M Expenses** - All costs paid or incurred by the County for operation and maintenance related to the Airfield Area Cost Center.
- B. Airfield Area Capital Outlays** – Amount of Capital Outlays for capital projects funded with less than \$300,000 of County funds attributable to the Airfield Area Cost Center.
- C. Airfield Area Annual Bond Debt Service** – Amount required to be deposited in any Fiscal Year to any Interest, Principal or Sinking Fund Accounts established by the Master Indenture for any Bonds issued for

the Airport System, exclusive of amounts funded by PFC collections or other reimbursements, attributable to the Airfield Area Cost Center.

- D. Airfield Area Annual Bond Debt Service Coverage** – An amount equal to 25 percent times the Annual Bond Debt Service on Bonds attributable to the Airfield Area Cost Center in the current Fiscal Year.
 - E. Credit for Prior Year Airfield Area Annual Bond Debt Service Coverage** – A credit in the current Fiscal Year equal to 25 percent times the Annual Bond Debt Service on Bonds attributable to the Airfield Area Cost Center from the prior fiscal year.
 - F. Airfield Area Amortization** – The amount to recover Capital Expenditures attributable to the Airfield Area Cost Center which are not debt financed, and shall be calculated based on the expected useful life of the Capital Expenditure with a rate of return, equivalent to the County's cost of capital as of the date of Substantial Completion. Amortization will commence in the Fiscal Year immediately following date of Substantial Completion of any such Capital Expenditure.
 - G. Airfield Area O&M Reserve** – Amount equal to one fourth (1/4) of the amount appropriated in the annual budget for O&M Expenses attributable to the Airfield Area Cost Center.
 - H. Airfield Area Extraordinary Coverage Protection** – Amount collected to ensure County will meet the Coverage requirement on the Annual Bond Debt Service requirement attributable to the Airfield Area Cost Center.
 - I. Reliever Airport Operating Deficit / (Surplus)** – The sum of the operating deficits or surpluses at Mather and Executive Airports, calculated separately for each of the two Reliever Airports by subtracting from the total revenue allocable to each Airport (other than scheduled Airline landing fees paid at Mather) the sum of the Operating Expenses, Capital Outlays, Annual Debt Service and Operating Reserve Requirements allocable to each Airport.
 - J. AIRFIELD AREA TOTAL REQUIREMENT** – Sum of A through I.
 - K. Airfield Area Nonairline Revenue** – Nonairline Revenues attributable to the Airfield Area.
 - L. NET AIRFIELD AREA REQUIREMENT** – J minus K.
 - M. Non-Signatory Airlines Landing Fees** – Non-Signatory Airlines Landing Fee Rate multiplied by Total Maximum Gross Landed Weight of all Non-Signatory Airlines in current Fiscal Year.
 - N. Net Signatory Airlines Requirement** – L minus M.
 - O. Total Landed Weight (thousand pounds)** – Total Maximum Gross Landed Weight of all airlines in current Fiscal Year.
 - P. SIGNATORY AIRLINES LANDING FEE RATE (per thousand pounds)** – N divided by O.
 - Q. Non-Signatory Airlines Landing Fee Rate (per thousand pounds)** – P times 120 percent
- E.04 Calculation of Aircraft Parking Position Fees (Apron Area) – Exhibit E-2**

Table E-2: Aircraft Parking Position Fee

(Fiscal Year Ending June 30)

	2018
A) Apron Area O&M Expenses	\$1,578,057
B) Apron Area Capital Outlays	0
C) Apron Area Annual Bond Debt Service	2,636,797
D) Apron Area Annual Bond Debt Service Coverage	659,199
E) Credit for Prior Year Apron Area Annual Bond Debt Service Coverage	(718,993)
F) Apron Area Amortization	229,209
G) Apron Area O&M Reserve	197,950
H) Apron Area Extraordinary Coverage Protection	<u>0</u>
I) Aircraft Parking Position Requirement	\$4,582,219
J) Remain Over Night (RON) Positions	20.0
K) Discount Factor	25%
L) Equivalent of Full Parking Positions	5.0
M) Passenger Aircraft Parking Positions	31.0
N) Cargo Aircraft Parking Positions	<u>2.0</u>
O) Total Aircraft Parking Positions	38.0
P) Signatory Airlines Preferential Aircraft Parking Position Fee Per Year	\$120,585
Q) Non-Signatory Airlines Preferential Aircraft Parking Position Fee Per Year ^{1/}	\$144,702
R) Signatory Airlines Preferential Aircraft Parking Position Fee Per Month	\$10,049
S) Non-Signatory Airlines Preferential Aircraft Parking Position Fee Per Month	\$12,059
T) Signatory Airlines Daily Rate per RON Position	\$84
U) Non-Signatory Airlines Daily Rate per RON Position	\$100

NOTES:

1/ 120 percent of the Signatory Airlines Preferential Aircraft Parking Position Fee Per Year

SOURCES: Sacramento County Department of Airports; FY2018 Operating Budget

PREPARED BY: Business Services, April 2017

Exhibit E-2 Line Items

- A. Apron Area O&M Expenses** - All costs paid or incurred by the County for operation and maintenance related to the Apron Area Cost Center.
- B. Apron Area Capital Outlays** – Amount of Capital Outlays for capital projects funded with less than \$300,000 of County funds attributable to the Apron Area Cost Center.
- C. Apron Area Annual Bond Debt Service** – Amount required to be deposited in any Fiscal Year to any Interest, Principal or Sinking Fund Accounts established by the Master Indenture for any Bonds issued for the Airport System, exclusive of amounts funded by PFC collections or other reimbursements, attributable to the Apron Area Cost Center.
- D. Apron Area Annual Bond Debt Service Coverage** – An amount equal to 25 percent times the Annual Bond Debt Service on Bonds attributable to the Apron Area Cost Center in the current Fiscal Year.
- E. Credit for Prior year Apron Area Annual Bond Debt Service Coverage** – A credit in the current Fiscal Year equal to 25 percent times the Annual Bond Debt Service on Bonds attributable to the Apron Area Cost Center from the prior fiscal year.
- F. Apron Area Amortization** – The amount to recover Capital Expenditures attributable to the Apron Area Cost Center which are not debt financed, and shall be calculated based on the expected useful life of the Capital Expenditure with a rate of return, equivalent to the County's cost of capital as of the date of Substantial Completion. Amortization will commence in the Fiscal Year immediately following date of Substantial Completion of any such Capital Expenditure.
- G. Apron Area O&M Reserve** – Amount equal to one fourth (1/4) of the amount appropriated in the annual budget for O&M Expenses attributable to the Apron Area Cost Center.
- H. Apron Area Extraordinary Coverage Protection** – Amount collected to ensure County will meet the Coverage requirement on the Annual Bond Debt Service requirement attributable to the Apron Area Cost Center.
- I. AIRCRAFT PARKING POSITION FEE REQUIREMENT** – Sum of A through H.
- J. Remain Over Night Positions** – Total number of remain over night aircraft parking positions.
- K. Discount Factor** – Factor applied to convert remain over night positions to equivalent full parking positions.
- L. Equivalent of Full Parking Positions** – J times K.
- M. Passenger Aircraft Parking Positions** – Number of available Preferential passenger aircraft parking positions.
- N. Cargo Aircraft Parking Positions** – Number of available cargo aircraft parking positions.
- O. Total Aircraft Parking Positions** – Sum of L through N.

- P. SIGNATORY AIRLINES PREFERENTIAL AIRCRAFT PARKING POSITION FEE PER YEAR** – I divided by O.
- Q. Non-Signatory Airlines Preferential Aircraft Parking Position Fee Per Year** – P times 120 percent.
- R. Signatory Airlines Preferential Aircraft Parking Position Fee Per Month** – P divided by twelve.
- S. Non-Signatory Airlines Preferential Aircraft Parking Position Fee Per Month** – Q divided by twelve.
- T. Signatory Airlines Daily Rate per RON Position** – R multiplied by 25 percent divided by 30.
- U. Non-Signatory Airlines Daily Rate per RON Position** – S multiplied by 25 percent divided by 30.

E.05 Calculation of Airline Systems and Equipment (S&E) Fee – Exhibit E-3

Table E-3: Airline Systems and Equipment Fee

(Fiscal Year Ending June 30)

	2018
A) Airline S&E O&M Expenses	\$4,037,035
B) Airline S&E Area Capital Outlays	0
C) Airline S&E Annual Bond Debt Service	2,168,387
D) Airline S&E Annual Bond Debt Service Coverage	542,097
E) Credit for Prior Year Airline S&E Annual Bond Debt Service Coverage	(588,258)
F) Airline S&E Amortization	147,562
G) Airline S&E O&M Reserve	95,124
H) Airline S&E Extraordinary Coverage Protection	0
I) Total Airline Systems and Equipment Requirement	\$6,401,947
J) Signatory Airlines Airline Systems and Equipment Fee per Month	\$533,496
K) Non-Signatory Airlines Airline Systems and Equipment Fee per Month ^{1/}	\$640,195

NOTES:

1/ 120 percent of the Signatory Airlines Systems and Equipment Fee per Month.

SOURCES: Sacramento County Department of Airports; FY2018 Operating Budget

PREPARED BY: Business Services, April 2017

Exhibit E-3 Line Items:

- A. Airline S&E O&M Expenses** - All costs paid or incurred by the County for operation and maintenance related to the Airline Systems and Equipment Cost Center.
- B. Airline S&E Capital Outlays** – Amount of Capital Outlays for capital projects funded with less than \$300,000 of County funds attributable to the Airline Systems and Equipment Cost Center.
- C. Airline S&E Annual Bond Debt Service** – Amount required to be deposited in any Fiscal Year to any Interest, Principal or Sinking Fund Accounts established by the Master Indenture for any Bonds issued for the Airport System attributable to the Airline Systems and Equipment Cost Center.
- D. Airline S&E Annual Bond Debt Service Coverage** – An amount equal to 25 percent times the Annual Bond Debt Service on Bonds attributable to the Airline Systems and Equipment Cost Center in the current Fiscal Year.
- E. Credit for Prior Year Airline S&E Annual Bond Debt Service Coverage** – A credit in the current Fiscal Year equal to 25 percent times the Annual Bond Debt Service on Bonds attributable to the Airline Systems and Equipment Cost Center from the prior fiscal year.

- F. Airline S&E Amortization** – The amount to recover Capital Expenditures attributable to the Airline Systems and Equipment Cost Center which are not debt financed, and shall be calculated based on the expected useful life of the Capital Expenditure with a rate of return, equivalent to the County’s cost of capital as of the date of Substantial Completion. Amortization will commence in the Fiscal Year immediately following date of Substantial Completion of any such Capital Expenditure.
- G. Airline S&E O&M Reserve** – Amount equal to one fourth (1/4) of the amount appropriated in the annual budget for O&M Expenses attributable to the Airline Systems and Equipment Cost Center.
- H. Airline S&E Extraordinary Coverage Protection** – Amount collected to ensure County will meet the Coverage requirement on the Annual Bond Debt Service requirement attributable to the Airline Systems and Equipment Cost Center.
- I. TOTAL AIRLINE SYSTEMS AND EQUIPMENT REQUIREMENT** – Sum of A through H.
- J. Signatory Airlines Airline Systems and Equipment Fee per Month** – I Divided by twelve.
- K. Non-Signatory Airlines Airline Systems and Equipment Fee per Month** – J times 120 percent.

E.06 Calculation of Loading Bridge Fee – Exhibit E-4

Table E-4: Loading Bridge Fee

(Fiscal Year Ending June 30)

	2018
A) Loading Bridge O&M Expenses	\$685,160
B) Loading Bridge Area Capital Outlays	0
C) Loading Bridge Annual Bond Debt Service	1,200,736
D) Loading Bridge Annual Bond Debt Service Coverage	300,184
E) Credit for Prior Year Loading Bridge Annual Bond Debt Service Coverage	(295,926)
F) Loading Bridge Amortization	22,417
G) Loading Bridge O&M Reserve	22,594
H) Loading Bridge Extraordinary Coverage Protection	0
I) Total Loading Bridge Requirement	\$1,935,164
J) Loading Bridges Available	31
K) Signatory Airlines Annual Loading Bridge Fee	\$62,425
L) Non-Signatory Airlines Annual Loading Bridge Fee ^{1/}	\$74,910
M) Signatory Airlines Monthly Loading Bridge Fee	\$5,202
N) Non-Signatory Airlines Monthly Loading Bridge Fee	\$6,243

NOTES:

1/ 120 percent of the Signatory Airlines Annual Loading Bridge Fee

SOURCES: Sacramento County Department of Airports; FY2018 Operating Budget

PREPARED BY: Business Services, April 2017

Exhibit E-4 Line Items:

- A. Loading Bridge O&M Expenses** - All costs paid or incurred by the County for operation and maintenance related to the Loading Bridge Cost Center.
- B. Loading Bridge Area Capital Outlays** – Amount of Capital Outlays for capital projects funded with less than \$300,000 of County funds attributable to the Loading Bridge Cost Center.
- C. Loading Bridge Annual Bond Debt Service** – Amount required to be deposited in any Fiscal Year to any Interest, Principal or Sinking Fund Accounts established by the Master Indenture for any Bonds issued for the Airport System, exclusive of amounts funded by PFC collections or other reimbursements, attributable to the Loading Bridge Cost Center.

- D. Loading Bridge Annual Bond Debt Service Coverage** – An amount equal to 25 percent times the Annual Bond Debt Service on Bonds attributable to the Loading Bridge Cost Center in the current Fiscal Year.
- E. Credit for Prior Year Loading Bridge Annual Bond Debt Service Coverage** – A credit in the current Fiscal Year equal to 25 percent times the Annual Bond Debt Service on Bonds attributable to the Loading Bridge Cost Center from the prior Fiscal Year.
- F. Loading Bridge Amortization** – The amount to recover Capital Expenditures attributable to the Loading Bridge Cost Center which are not debt financed, and shall be calculated based on the expected useful life of the Capital Expenditure with a rate of return, equivalent to the County's cost of capital as of the date of Substantial Completion. Amortization will commence in the Fiscal Year immediately following date of Substantial Completion of any such Capital Expenditure.
- G. Loading Bridge O&M Reserve** – Amount equal to one fourth (1/4) of the amount appropriated in the annual budget for O&M Expenses attributable to the Loading Bridge Cost Center.
- H. Loading Bridge Extraordinary Coverage Protection** – Amount collected to ensure County will meet the Coverage requirement on the Annual Bond Debt Service requirement attributable to the Loading Bridge Cost Center.
- I. TOTAL LOADING BRIDGE REQUIREMENT** – Sum of A through H.
- J. Loading Bridges Available** – Total available loading bridges at the Airport.
- K. SIGNATORY AIRLINES ANNUAL LOADING BRIDGE USE FEE** – I divided by J.
- L. Non-Signatory Airlines Annual Loading Bridge Use Fee** – K times 120 percent.
- M. Signatory Airlines Monthly Loading Bridge Fee** – K divided by twelve.
- N. Non-Signatory Airlines Monthly Loading Bridge Fee** – L divided by twelve.

E.07 Calculation of Terminal Building Rental Rates – Exhibit E-5

Table E-5: Terminal Building Rental Rates

(Fiscal Year Ending June 30)

	2018
A) Terminal Building O&M Expenses	\$39,203,818
B) Terminal Building Area Capital Outlays	1,467,000
C) Terminal Building Annual Bond Debt Service	35,724,652
D) Terminal Building Annual Bond Debt Service Coverage	8,931,163
E) Credit for Prior Year Terminal Building Annual Bond Debt Service Coverage	(9,065,624)
F) Terminal Building Amortization	6,369,410
G) Terminal Building O&M Reserve	7,698
H) Loading Bridge Extraordinary Coverage Protection	0
I) Total Terminal Building Requirement	\$83,115,013
J) Less: Federal/TSA Reimbursements	(509,744)
K) Net Terminal Building Requirement	\$82,605,259
L) Enclosed Airline Rentable Space (square feet)	416,189
M) Enclosed Nonairline Rentable Space (square feet)	146,371
N) Leased Unenclosed Rentable Space (square feet)	24,058
O) Vacant Unenclosed Rentable Space (square feet)	13,443
P) Total Rentable Space (square feet)	600,061
Q) Average Terminal Building Rental Rate Per Square Foot Per Year	\$137.67
R) Average Terminal Building Rental Rate Per Square Foot Per Month	\$11.47
S) Signatory Airlines Enclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Year	\$144.44
T) Non-Signatory Airlines Enclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Year ^{1/}	\$173.33
U) Signatory Airlines Enclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Month	\$12.04
V) Non-Signatory Airlines Enclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Month	\$14.44
W) Signatory Airlines Unenclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Year	\$36.11
X) Non-Signatory Airlines Unenclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Year	\$43.33
Y) Signatory Airlines Unenclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Month	\$3.01
Z) Non-Signatory Airlines Unenclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Month	\$3.61
AA) FIS Facility Rate Per Deplaned International Passenger	\$5.00

NOTES:

1/ 120 percent of the Signatory Airlines Enclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Year.

SOURCES: Sacramento County Department of Airports; FY2018 Operating Budget

PREPARED BY: Business Services, April 2017

Exhibit E-5 Line Items:

- A. Terminal Building O&M Expenses** - All costs paid or incurred by the County for operation and maintenance related to the Terminal Building Cost Center.
- B. Terminal Building Area Capital Outlays** – Amount of Capital Outlays for capital projects funded with less than \$300,000 of County funds attributable to the Terminal Building Cost Center.
- C. Terminal Building Annual Bond Debt Service** – Amount required to be deposited in any Fiscal Year to any Interest, Principal or Sinking Fund Accounts established by the Master Indenture for any Bonds issued for the Airport System, exclusive of amounts funded by PFC collections or other reimbursements, attributable to the Terminal Building Cost Center.
- D. Terminal Building Annual Bond Debt Service Coverage** – An amount equal to 25 percent times the Annual Bond Debt Service on Bonds attributable to the Terminal Building Cost Center in the current Fiscal Year.
- E. Credit for Prior Year Terminal Building Annual Bond Debt Service Coverage** – A credit in the current Fiscal Year equal to 25 percent times the Annual Bond Debt Service on Bonds attributable to the Terminal Building Cost Center from the prior Fiscal Year.
- F. Terminal Building Amortization** – The amount to recover Capital Expenditures attributable to the Terminal Building Cost Center which are not debt financed, and shall be calculated based on the expected useful life of the Capital Expenditure with a rate of return, equivalent to the County's cost of capital as of the date of Substantial Completion. Amortization will commence in the Fiscal Year immediately following date of Substantial Completion of any such Capital Expenditure.
- G. Terminal Building O&M Reserve** – Amount equal to one fourth (1/4) of the amount appropriated in the annual budget for O&M Expenses attributable to the Terminal Building Cost Center.
- H. Terminal Building Extraordinary Coverage Protection** – Amount collected to ensure County will meet the Coverage requirement on the Annual Bond Debt Service requirement attributable to the Terminal Building Cost Center.
- I. TOTAL TERMINAL BUILDING REQUIREMENT** – Sum of A through H.
- J. Federal/TSA Reimbursements** – Reimbursement and grant monies received from the Transportation Security Administration and law enforcement officer expense reimbursements.
- K. NET TERMINAL BUILDING REQUIREMENT** – I minus J.
- L. Enclosed Airline Rentable Space (square feet)** – Total enclosed Exclusive Use Space, Preferential Use Space, and Joint Use Space available to be leased by Airlines.
- M. Enclosed Nonairline Rentable Space (square feet)** – Total enclosed space available to be leased by nonairline tenants.

- N. Leased Unenclosed Rentable Space (square feet)** – Total unenclosed Exclusive Use Space leased by Airlines in the current Fiscal Year.
- O. Vacant Unenclosed Rentable Space (square feet)** – Total vacant unenclosed Exclusive Use Space in the current Fiscal Year.
- P. Total Rentable Space** – Sum of L through O.
- Q. AVERAGE TERMINAL BUILDING RENTAL RATE PER SQUARE FOOT PER YEAR** – K divided by P.
- R. Average Terminal Building Rental Rate Per Square Foot Per Month** – Q divided by twelve.
- S. ENCLOSED AIRLINE TERMINAL BUILDING SPACE RENTAL RATE PER SQUARE FOOT PER YEAR** – Q times P divided by: sum of L and M plus the sum of N and O times 0.25.
- T. Non-Signatory Airlines Enclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Year** – S times 120 percent.
- U. Signatory Airlines Enclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Month** – S divided by twelve.
- V. Non-Signatory Airlines Enclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Month** – T divided by twelve.
- W. SIGNATORY AIRLINES UNENCLOSED AIRLINE TERMINAL BUILDING SPACE RENTAL RATE PER SQUARE FOOT PER YEAR** – S times 0.25.
- X. Non-Signatory Airlines Unenclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Year** – T times 0.25.
- Y. Signatory Airlines Unenclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Month** – W divided by twelve.
- Z. Non-Signatory Airlines Unenclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Month** – X divided by twelve.
- AA. FIS FACILITY RATE PER DEPLANED INTERNATIONAL PASSENGER** – \$5.00.

E.08 Calculation of Per Use Fee – Baggage Makeup – Exhibit E-6

Table E-6: Per Use Fee - Baggage Makeup

(Fiscal Year Ending June 30)

	2018
A) Unassigned Baggage Makeup Space (square feet)	5,808
B) Enclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Year	<u>\$144.44</u>
C) Total Unassigned Baggage Makeup Rent	\$838,908
D) Unassigned Baggage Makeup Positions	3
E) Monthly Baggage Makeup Rent per Position	\$23,303
F) Monthly Uses Per Unassigned Baggage Makeup Position	90
G) Signatory Airlines Per Use Fee - Baggage Makeup	\$259
H) Non-Signatory Airlines Per Use Fee - Baggage Makeup ^{1/}	\$311
I) Per Use Fee - Baggage Makeup; Per Seat Fee for Aircraft With Less Than 50 Seats	\$5.18

NOTE:

1/ 120 percent of the Signatory Airlines Baggage Makeup Per Use Fee

SOURCES: Sacramento County Department of Airports; FY2018 Operating Budget

PREPARED BY: Business Services, April 2017

Exhibit E-6 Line Items:

- A. Unassigned Baggage Makeup Space (square feet)** – Total unassigned baggage makeup space.
 - B. Enclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Year** – Section E.07 Item S.
 - C. Total Unassigned Baggage Makeup Rent** – A times B.
 - D. Unassigned Baggage Makeup Positions** – Number of unassigned baggage makeup positions.
 - E. Monthly Baggage Makeup Rent per Position** – C divided by D divided by twelve.
 - F. Monthly Uses Per Unassigned Baggage Makeup Position** – Approximate average number of turns per month at Airport in current Fiscal Year.
 - G. SIGNATORY AIRLINES PER USE FEE – BAGGAGE MAKEUP** – E divided by F.
 - H. Non-Signatory Airlines Per Use Fee – Baggage Makeup** – G times 120 percent.
 - I. Per Use Fee – Baggage Makeup; Per Sear Fee for Aircraft With Less Than 50 Seats** – G divided by 50.
- E.09 Calculation of Per Use Fee – Aircraft Gate – Exhibit E-7**

Table E-7: Per Use Fee - Aircraft Gate

(Fiscal Year Ending June 30)

	2018
A) Unassigned Holdroom Space (square feet)	29,454
B) Enclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Year	<u>\$144.44</u>
C) Total Unassigned Holdroom Rent	\$4,254,291
D) Preferential Aircraft Parking Position Fee Per Month	\$10,049
E) Less: Estimated Remain Over Night Revenues	<u>(2,512)</u>
F) Net Aircraft Parking Position Fee Per Common Use Gate	\$7,537
G) Unassigned Gate Count	10.0
H) Monthly Holdroom Rent Per Gate	\$35,452
I) Monthly Loading Bridge Use Fee	\$5,202
J) Monthly Turns Per Unassigned Gate	90
<hr/>	
K) Signatory Airlines Per Use Fee - Gate With Loading Bridge	\$536
L) Non-Signatory Airlines Per Use Fee - Gate With Loading Bridge ^{1/}	\$643
M) Per Use Fee - Gate With Loading Bridge; Per Seat Fee for Aircraft With Less Than 50 Seats	\$10.72
N) Signatory Airlines Per Use Fee - Gate Without Loading Bridge	\$478
O) Non-Signatory Airlines Per Use Fee - Gate Without Loading Bridge ^{2/}	\$574
P) Per Use Fee - Gate Without Loading Bridge; Per Seat Fee for Aircraft With Less Than 50 Seats	\$9.56

NOTES:

1/ 120 percent of the Signatory Airlines Gate With Loading Bridge Per Use Fee

2/ 120 percent of the Signatory Airlines Gate Without Loading Bridge Per Use Fee

SOURCES: Sacramento County Department of Airports; FY2018 Operating Budget

PREPARED BY: Business Services, April 2017

Exhibit E-7 Line Items:

A. Unassigned Holdroom Space (square feet) – Total unassigned holdroom space.

B. Enclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Year – Section E.07 Item S.

C. Total Unassigned Holdroom Rent – A times B.

- D. Preferential Aircraft Parking Position Fee Per Month** – Section E.04 Item R.
- E. Estimated Remain Over Night Revenues** – D times 25 percent.
- F. Net Aircraft Parking Position Fee Per Common Use Gate Per Month** – D minus E.
- G. Unassigned Gate Count** – Amount of unassigned gates.
- H. Monthly Holdroom Rent Per Gate** – C divided by G divided by twelve.
- I. Monthly Loading Bridge Use Fee** – Section E.06 Item M.
- J. Monthly Turns per Unassigned Gate** – Approximate average number of turns per month at Airport in current Fiscal Year.
- K. SIGNATORY AIRLINES PER USE FEE – GATE WITH LOADING BRIDGE** – Sum of F, H and I divided by J.
- L. Non-Signatory Airlines Per Use Fee – Gate With Loading Bridge** – K times 120 percent.
- M. Per Use Fee – Gate With Loading Bridge; Per Seat Fee for Aircraft With Less Than 50 Seats** – K divided by 50.
- N. SIGNATORY AIRLINES PER USE FEE – GATE WITHOUT LOADING BRIDGE** – Sum of F and H divided by J.
- O. Non-Signatory Airlines Per Use Fee – Gate Without Loading Bridge** – N times 120 percent.
- P. Per Use Fee – Gate Without Loading Bridge; Per Seat Fee for Aircraft With Less Than 50 seats** – N divided by 50.

E.10 Calculation of Per Use Fee – Ticket Counter – Exhibit E-8

Table E-8: Per Use Fee - Ticket Counter

(Fiscal Year Ending June 30)

	2018
A) Unassigned Ticket Counter Space (square feet)	7,691
B) Enclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Year	<u>\$144.44</u>
C) Total Unassigned Ticket Counter Rent	\$1,110,922
D) Unassigned Ticket Counter Positions	44
E) Monthly Ticket Counter Rent Per Position	\$2,104
F) Monthly Uses Per Unassigned Ticket Counter Position	90
G) Signatory Airlines Per Use Fee - Ticket Counter	\$23
H) Non-Signatory Airlines Per Use Fee - Ticket Counter ^{1/}	\$28
I) Per Use Fee - Ticket Counter; Per Seat Fee for Aircraft With Less Than 50 Seats	\$0.46

NOTES:

1/ 120 percent of the Signatory Airlines Ticket Counter Per Use Fee

SOURCES: Sacramento County Department of Airports; FY2018 Operating Budget

PREPARED BY: Business Services, April 2017

Exhibit E-8 Line Items:

- A. Unassigned Ticket Counter Space (square feet)** – Total unassigned ticket counter space.
- B. Enclosed Airline Terminal Building Space Rental Rate Per Square Foot Per Year** – Section E.07 Item S.
- C. Total Unassigned Ticket Counter Space Rent** – A times B.
- D. Unassigned Ticket Counter Positions** – Number of unassigned ticket counter positions.
- E. Monthly Ticket Counter Rent Per Position** – C divided by D divided by twelve.
- F. Monthly Uses Per Unassigned Ticket Counter Position** – Approximate average number of uses per unassigned ticket counter position per month.
- G. SIGNATORY AIRLINES PER USE FEE – TICKET COUNTER** – E divided by F.
- H. Non-Signatory Airlines Per Use Fee – Ticket Counter** – G times 120 percent.
- I. Per Seat Fee – Ticket Counter; Per Seat Fee for Aircraft with Less Than 50 Seats** – G divided by 50.

SECTION II – REVENUE SHARING

E.11 Calculation of Revenue Sharing - Exhibit E-9

Exhibit E-9: Revenue Sharing Calculation	
(Fiscal Year Ending June 30)	
	2018
A) Net Remaining Revenue	\$2,303,928
B) Signatory Airlines' Percentage of Revenue Sharing	40%
C) Projected Signatory Airlines' Total Revenue Sharing Amount ^{1/}	\$921,571

NOTES:

1/ Actual Signatory Airlines' Revenue Sharing will be calculated and distributed after the fiscal year ends. See Article 6.06.

SOURCES: Sacramento County Department of Airports; FY2018 Operating Budget
 PREPARED BY: Business Services, April 2017

Exhibit E-9 Line Items:

- A. Net Remaining Revenues** – Total Revenues less O&M Expenses, required deposit to O&M Reserve, Annual Bond Debt Service (Net of PFCs), Amortization and Capital Outlays.

- B. Signatory Airlines' Percentage of Revenue Sharing** – The percentage of Net Remaining Revenue available to distribute to all Signatory Airlines shall be equal to forty percent (40%).

- C. Projected Signatory Airlines' Total Revenue Sharing Amount** – Equal to the Net Remaining Revenues, if any, multiplied by the Revenue Sharing Percentage (40%). Airline's portion of the Revenue Sharing shall be an amount equal to the Airline's proportionate share of total Signatory Airlines Enplaned Passengers during the Fiscal Year for which Revenue Sharing has been calculated times the total Revenue Sharing amount for the Fiscal Year.

SECTION III – COST CENTERS

E.12 Airport System Cost Centers Cost Centers to be used in accounting for Airport System revenues and expenses and for calculating and adjusting certain rentals and fees described in this Agreement are listed in **Exhibit E-10**.

Exhibit E-10: Airport System Cost Centers	
Cost Center	Description of Area Included or Functional Activity
Airfield Area	Shall mean those areas on the Airport, as they now exist or as they may hereafter be modified, changed, or developed, that provide for the landing, takeoff, taxiing, parking (other than in the Apron Area), or other operations of aircraft. The Airfield Area includes the runways, taxiways, approach and clear zones, safety zones, infield areas, landing and navigational aids, and other facilities and land areas (including but not limited to runway protection zones and noise protection zones as established by the County) at the Airport required by or related to aircraft operations.
Airline Systems and Equipment	Shall mean County-owned systems and equipment provided, operated or maintained by the County for use by Airline, including but not limited to systems and equipment for passenger processing, flight and baggage information display and baggage handling.
Apron Area	Shall mean the areas dedicated to parking, servicing, and ground handling of aircraft at the Airport.
Cargo Apron Area	Shall mean the areas dedicated to parking of cargo aircraft at the Airport.
Loading Bridges	Shall mean any loading bridges owned or leased by County serving aircraft at the Terminal Buildings.
Terminal Building	Shall mean the terminal buildings, associated concourses and associated curbside entrance areas, together with the automated people mover, at the Airport as they now exist or as they may hereafter be reconstructed, modified, changed or developed.
Rental Car	Shall mean the rental car facilities, ready / return areas, and storage facilities at the Airport, including but not limited to the rental car shuttle bus operations.
Other Buildings and Areas	Shall mean those portions of the Airport System not included in the preceding Airport System Cost Centers, including the facilities, installations and improvements thereon as they now exist, or as they may hereafter be modified, changed or developed, and any other interest owned by the County in real property with regard to the Airport.
Parking	Shall mean the public parking garage and associated access ramps, surface lots, and other automobile parking areas; employee parking lots; and associated ground transportation service area at the Airport.
Roadways	Shall mean the public roadway system within Airport property that provides access to the Terminal Building, Parking areas, and other facilities and areas at the Airport.
Reliever Airports	Shall mean the system of reliever airports owned or operated by County, as such system now exists or as it may hereafter be modified, changed or developed. The Reliever Airports currently include Executive Airport and Mather Airport.
Franklin Field	Shall mean the general aviation airport owned by the County.

EXHIBIT F

AFFILIATE IDENTIFICATION AND REQUIREMENTS

"AIRLINE": American Airlines, Inc.

"AFFILIATE": SkyWest Airlines, Inc
d/b/a

AFFILIATE ADDRESS: 444 S. River Rd
St. George, UT 84790

AFFILIATE POINT OF CONTACT: Kelly Lane

Telephone: 435-634-3265

Fax: 435-634-3205

Email: klane@skywest.com

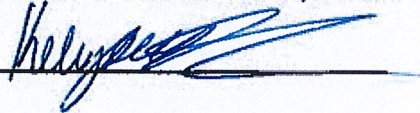
Date Start of Service: _____

Term of contract with Affiliate: _____

Airline and Affiliate acknowledge and agree that Affiliate will comply with all terms, conditions, covenants, and obligations as set forth in the Sacramento International Airport Scheduled Airline Operating Agreement and Terminal Building Lease, dated July 1, 2017.

AIRLINE

American Airlines, Inc.

By: 

AFFILIATE

SkyWest Airlines, Inc.

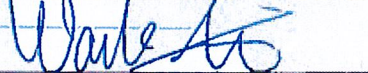
By: 

EXHIBIT F

AFFILIATE IDENTIFICATION AND REQUIREMENTS

"AIRLINE": American Airlines

"AFFILIATE": Compass d/b/a

AFFILIATE ADDRESS: 7500 AIRLINE DR, Suite 130
MINNEAPOLIS MN 55450

AFFILIATE POINT OF CONTACT: John Coffaro

Telephone: 612-713-6867

Fax: 612-713-6999

Email: John.Coffaro@CompassAirline.com

Date Start of Service: _____

Term of contract with Affiliate: _____

Airline and Affiliate acknowledge and agree that Affiliate will comply with all terms, conditions, covenants, and obligations as set forth in the Sacramento International Airport Scheduled Airline Operating Agreement and Terminal Building Lease, dated July 1, 2017.

AIRLINE

American Airlines, Inc

By: [Signature]

AFFILIATE

Compass Airlines, LLC

By: [Signature]

Exhibit G Gate Occupancy Times

County shall use the following Gate Occupancy Times when determining if accommodation of a Requesting Airline could be accomplished using space that is leased on a Preferential Use basis.

Aircraft Group/Class	Minutes		
	Turn	Arrival Only	Departure Only
Group VI	180	60	90
Group V Class A and B	150	45	60
Group IV Class A and B	120	40	55
Group III Class A, B, C and D	60	30	45
Group II	45	25	35

Aircraft Group / Classes			
Group	Class	Wingspan (feet)	Examples
VI	A	Greater than 214	B747-800 AB380
V	A	Greater than 200 and less than 214	B747- 400 B777-200/300/ER AB340-500/600
V	B	Greater than 171 and less than 200	B747-100/200/300/Combi B777-100/200/300 AB340-200/300/AB330
IV	A	Greater than 125 and less than or equal to 171	MD-11 B767- 100/200/300/400 AB300-100/200 AB310-200/300 B757-200/300 with winglets
IV	B	Greater than 118 and less than or equal to 125	B757 – 100/200/300
III	A	Greater than 109 and less than or equal to 118	B737- 600/700/800/900 AB320/319/318
III	B	Greater than 91 and less than or equal to 109	B737- 100/200/300/400/500 B727 - 100/200 DC9-10/20/30/40/50 MD80 EMB 190 F100/F70 F27
III	C	Less than or equal to 91	BAE146 – 100/200/300/RJ100 F28 – 1000/2000/4000 CRJ/CR7 EMB 170 EMB 145
III	D	Prop Aircraft with Wingspan greater than 79	Q200/300/400
II	A	Prop Aircraft with Wingspan less than or equal to 75	EMB 120