



DEPARTMENT OF AIRPORTS

RETAIL CONCESSION AGREEMENT

SACRAMENTO INTERNATIONAL AIRPORT

Terminal XX

COMPANY NAME

TABLE OF CONTENTS

DEFINITIONS.....	2
1.01 ACDBE	2
1.02 AGREEMENT.....	2
1.03 AGREEMENT YEAR	2
1.04 AIRPORT	2
1.05 AIRSIDE	2
1.06 CONCESSIONAIRE	2
1.07 COUNTY.....	2
1.08 DIRECTOR.....	2
1.09 DOT.....	2
1.10 FAA	2
1.11 FISCAL YEAR.....	2
1.12 GROSS REVENUES	3
1.13 HVAC	3
1.14 LANDSIDE	4
1.15 LEASED PREMISES	4
1.16 LLC.....	4
1.17 MAG OR MINIMUM ANNUAL GUARANTEE	4
1.18 PERCENTAGE RENT.....	4
1.19 RENT	4
1.20 RENT COMMENCEMENT DATE	4
1.21 SENSE OF PLACE	4
1.22 SIGN.....	4
1.23 STATE.....	4
1.24 SUBTENANT	4
1.25 TENANT IMPROVEMENTS.....	4
1.26 TRADE FIXTURES	5
1.27 TSA	5
ARTICLE 2.....	6
SPECIAL CONDITIONS	6
2.01 LEASED PREMISES	6
A. CONCESSION LOCATIONS	6
B. EXPANSION, CONTRACTION AND RELOCATION	6
2.02 TERM.....	7
2.03 RENT AND OTHER PAYMENT OBLIGATIONS	7
A. TIME AND MANNER OF PAYMENT.....	7
B. MINIMUM ANNUAL GUARANTEE	7
C. PERCENTAGE RENT.....	8
D. ANNUAL RECONCILIATION AND ADJUSTMENT OF CONCESSION FEE.....	8
2.04 OTHER CHARGES	8
A. COMMON AREA MAINTENANCE (CAM)	8
B. MERCHANT ASSOCIATION PROGRAM (MAP)	8
C. TRASH COLLECTION FEE	9
D. SUPPORT SPACE CHARGES	9
2.05 SECURITY DEPOSIT	9
2.06 AUTHORIZED USE.....	10
2.07 NOTICE ADDRESS.....	11
2.08 UTILITIES	11
2.09 MAINTENANCE.....	11

ARTICLE 3.....	12
GENERAL CONDITIONS	12
3.01 ACCEPTANCE OF LEASED PREMISES	12
3.02 ACCORD AND SATISFACTION	12
3.03 ADDITIONAL FEES, CHARGES AND RENTALS	12
3.04 AIRPORT SECURITY	12
3.05 AMENDMENT REQUIRED BY FAA OR TSA	13
3.06 APPLICABLE LAW	14
3.07 ASSIGNMENT AND SUBLETTING	14
3.08 ASSURANCES REQUIRED BY FAA.....	14
3.09 AUDIT	14
A. CONCESSIONAIRE’S AUDIT.....	14
B. COUNTY AUDIT.....	15
3.10 AUTHORITY OF THE DIRECTOR	15
3.11 COMPLIANCE WITH CHILD, FAMILY, AND SPOUSAL SUPPORT REPORTING OBLIGATIONS	15
3.12 CONCESSIONAIRE INDEMNIFICATION OF COUNTY	15
3.13 CONFLICTS BETWEEN CONCESSIONAIRES	16
3.14 CONSENT.....	16
3.15 COUNTY’S REMEDIES	16
3.16 COUNTY’S RIGHT TO PERFORM CONCESSIONAIRE’S OBLIGATIONS	17
3.17 CREDIT CARDS AND DEBIT CARDS	17
3.18 CUMULATIVE REMEDIES.....	17
3.19 DAMAGE OR DESTRUCTION OF LEASED PREMISES.....	17
A. RESTORATION OF TENANT IMPROVEMENTS, TRADE FIXTURES OR PERSONAL PROPERTY	17
B. REMOVAL OF DAMAGED PROPERTY	18
C. OPTION TO TERMINATE CONCESSIONAIRE’S INTEREST UPON DAMAGE OR DESTRUCTION.....	18
3.20 DELIVERY OF MERCHANDISE.....	19
3.21 ENTIRE AGREEMENT.....	19
3.22 EARLY TERMINATION BY CONCESSIONAIRE.....	19
3.23 EARLY TERMINATION BY COUNTY.....	20
3.24 FORCE MAJEURE	21
3.25 HAZARDOUS MATERIALS.....	21
A. CONCESSIONAIRE’S COMPLIANCE WITH ENVIRONMENTAL LAWS.....	21
B. HAZARDOUS MATERIAL STORAGE PERMIT	21
3.26 HEADINGS.....	21
3.27 HOLDING OVER	21
3.28 IMPROVEMENTS BY CONCESSIONAIRE	21
A. GENERAL	22
B. PRELIMINARY PLANS	22
C. REVIEW OF AND COMMENT ON PRELIMINARY PLANS	23
D. FINAL PLANS.....	23
E. APPROVAL OF FINAL PLANS	23
F. MODIFICATION OF FINAL PLANS	23
G. NOTICE OF COMPLETION	24
H. AS-CONSTRUCTED/RECORD DRAWINGS	24
I. REMOVAL OF UNAPPROVED IMPROVEMENTS	24
J. LIQUIDATED DAMAGES FOR FAILURE TO TIMELY COMPLETE THE PROJECT.....	24
K. CERTIFICATION OF FACILITY BUILD-OUT INVESTMENT	24
L. TITLE TO TENANT IMPROVEMENTS.....	25
3.29 IMPROVEMENTS BY COUNTY	25
3.30 INDEPENDENT CONTRACTOR.....	25
3.31 INSURANCE	25
3.32 INVALID PROVISIONS	25
3.33 LICENSES AND PERMITS	25
3.34 LIMITATIONS ON USE OF LEASED PREMISES	26
3.35 LIQUIDATED DAMAGES FROM LATE PAYMENTS	26
3.36 MERCHANDISE AND SERVICES PRICING POLICY	26

3.37	NEGATION OF PARTNERSHIP.....	27
3.38	NET LEASE	27
3.39	NONEXCLUSIVE RIGHTS.....	27
3.40	NON-WAIVER OF RIGHTS	27
3.41	NOTICE OF CLAIMS AND SUIT	28
3.42	NO WARRANTY RE AIRPORT	28
3.43	NUISANCE AND WASTE.....	28
3.44	PATENTS AND TRADEMARKS	28
3.45	PERFORMANCE STANDARDS	28
3.46	PRIOR DAMAGES AND VESTED RIGHTS.....	29
3.47	PROHIBITION OF LIENS	29
3.48	RECORDS AND REPORTS	29
A.	MONTHLY REPORT	29
B.	DELINQUENT MONTHLY REPORT	29
C.	ANNUAL REPORT.....	29
D.	DELINQUENT ANNUAL REPORT.....	30
3.49	REGULATIONS AND RESTRICTIONS	30
3.50	RELEASE OF LIABILITY	30
3.51	RETENTION OF RECORDS	30
3.52	RIGHT OF ACCESS.....	31
3.53	RIGHT TO NONEXCLUSIVE USE OF AIRPORT	31
3.54	RIGHTS UPON TERMINATION BY CONCESSIONAIRE	31
3.55	RISK REDUCTION	32
3.56	SIGNS.....	32
3.57	STATEMENT REGARDING A CERTIFIED ACCESS SPECIALIST	32
3.58	SUCCESSORS AND ASSIGNS	32
3.59	SURRENDER OF LEASED PREMISES.....	32
3.60	TAXES	32
A.	POSSESSORY INTEREST AND PROPERTY TAXATION	32
B.	RIGHT TO CONTEST TAXES.....	33
3.61	TERMINATION OF RETAIL CONCESSION AGREEMENT (IF APPLICABLE).....	33
3.62	TIME OF THE ESSENCE	33
3.63	TITLE TO THE LEASED PREMISES	33
3.64	TRANSPORTATION OF RETAIL MERCHANDISE AND OTHER ITEMS WITHIN THE TERMINALS	33
3.65	TRASH AND GARBAGE	34
3.66	VEHICLE AND EQUIPMENT PARKING.....	34
3.66	EXECUTION OF AGREEMENT	35

EXHIBITS:

- EXHIBIT A – Concessionaire’s Proposal
- EXHIBIT B – Leased Premises
- EXHIBIT C – Lower Level Common Use Areas
- EXHIBIT D – Product List
- EXHIBIT E – Utility Responsibilities
- EXHIBIT F – Maintenance Requirements
- EXHIBIT G – FAA Airport Assurances
- EXHIBIT H – Insurance Requirements
- EXHIBIT I – Performance Standards
- EXHIBIT J – Airport Tenant Design Manual
- EXHIBIT K – Merchandise and Services Pricing Policy

RETAIL CONCESSION AGREEMENT
SACRAMENTO INTERNATIONAL AIRPORT

THIS AGREEMENT is made and entered into this _____ of _____, 2016, by and between the COUNTY OF SACRAMENTO, a political subdivision of the State of California, hereafter "County," and Company Name (XXXXX) a limited liability company organized and existing under the laws of the State of XXXX, hereafter "Concessionaire."

WHEREAS, County is owner of the Sacramento International Airport (Airport), located in the County of Sacramento and such Airport is operated by the Sacramento County Department of Airports (Department); and

WHEREAS, on March 17, 2016, the County issued a Request for Proposals (RFP) for firms to operate retail concessions in Terminal A and Terminal B at the Airport; and

WHEREAS, on May 11, 2016, Concessionaire submitted a written proposal for the non-exclusive right to operate a retail concession at Terminal XXX at the Airport, hereinafter referred to and incorporated as EXHIBIT A; and

WHEREAS, on XXXX XX, 2016, by Resolution number XXXXXXXX the Sacramento County Board of Supervisors authorized the Director of Airports to execute this Agreement on behalf of the County: and

WHEREAS, for commercial business purposes incidental to the Airport, Concessionaire desires to lease real property from the County for operation of retail concessions at the Airport; and

WHEREAS, under Government Code Section 25536, for commercial business purposes incidental to the Airport or not inconsistent with the commercial development of the Airport, the County is authorized to lease real property at the Airport.

NOW, THEREFORE, in consideration of the promises, terms, conditions, and covenants set forth hereinbelow, County and Concessionaire hereby mutually agree as follows:

ARTICLE 1

Definitions

As used herein, the following words and phrases shall have the meanings set forth below:

1.01 ACDBE

“ACDBE” means Airport Concessions Disadvantaged Business Enterprise.

1.02 Agreement

“Agreement” means this written Retail Concession Agreement between the County and Concessionaire covering the leasing of premises and permitted operations at the Airport.

1.03 Agreement Year

“Agreement Year” means each period that includes twelve (12) full calendar months commencing XXXXX XX, 201X and expiring XXXXX XX, 201X.

1.04 Airport

“Airport” means that portion of Sacramento International Airport operated by the Sacramento County Department of Airports as a public airport.

1.05 Airside

“Airside” means the airfield and the areas beyond the security checkpoints and passport and customs control in the Airport terminals.

1.06 Concessionaire

“Concessionaire” means the Airport tenant or lessee, or its authorized representative(s), whose business is non-airline related, who sells goods and/or services for a profit, and who is performing under this Agreement.

1.07 County

“County” means County of Sacramento, a political subdivision of the State of California, as represented by the Sacramento County Board of Supervisors.

1.08 Director

“Director” means the Director of Airports of the Sacramento County Department of Airports, and his/her authorized representatives.

1.09 DOT

“DOT” means the Department of Transportation of the United States government and any federal agency succeeding to its jurisdiction.

1.10 FAA

“FAA” means the Federal Aviation Administration of the United States government and any federal agency succeeding to its jurisdiction.

1.11 Fiscal Year

“Fiscal Year” means July 1 – June 30.

1.12 Gross Revenues

“Gross Revenues” means all monies received by or due to Concessionaire, its Subtenants or any other person selling goods or services for a profit in, at or from the Leased Premises for cash, credit or otherwise, without reservation or deduction for uncollected amounts, discounts (employee or advertised), credit card fees or charges, or collection costs, including, but not limited to:

1. All sales and services occurring on the Leased Premises, including all orders that originate in, at, or from the Leased Premises, regardless of where delivery or performance is made;
2. Orders that are made to and/or filled from the Leased Premises pursuant to mail, telephone, fax, catalog, internet, or otherwise received, filled, or distributed from the Leased Premises;
3. Any income resulting from transactions originating in, at, or from the Leased Premises, and deposits not refunded to customers; and
4. Compensation of any kind received from a distributor or manufacturer for promoting or advertising any product on the Leased Premises or elsewhere at the Airport.

Gross Revenues shall exclude:

1. All credits or refunds made to customers under such generally acceptable terms and conditions as are first approved in writing by the County;
2. All sums or credits received in settlement of claims for loss or damage to merchandise;
3. All sales taxes, retailers’ excise taxes, Gross Revenues taxes, transaction taxes, or similar equivalent taxes paid to or collected by or payable by Concessionaire, its Subtenants or any other person selling goods or services for a profit in, at or from the Leased Premises, as are first approved in writing by the County as excludable items;
4. The amount of any gratuities paid or given by patrons or customers to or for employees of Concessionaire, its Subtenants or any other person selling goods or services for a profit in, at or from the Leased Premises;
5. The amount of any promotional discount and coupon offers issued to customers as a result of a County approved marketing plan;
6. The proceeds from the sale of capital assets or expendables;
7. Charges paid to the Concessionaire by its customers for the mailing of purchased items, but only to the extent of the actual mailing cost thereof;
8. The receipts from the sale or trade-in value of any equipment or materials not constituting an item inventoried by the Concessionaire for sale to the public used on the Leased Premises by the Concessionaire;
9. The value of any merchandise, supplies or equipment exchanged or transferred from or to other locations of business of the Concessionaire, where such exchange or transfer is not made for the purpose of avoiding inclusion of a transaction which would otherwise be made from or at the Leased Premises; and
10. Receipts in the form of refunds from, or the value of merchandise, supplies or equipment returned to, shippers, suppliers or manufacturers.

1.13 HVAC

“HVAC” means heating, ventilating and air-conditioning.

1.14 Landside

“Landside” means all areas of the Airport not located on the Airside, as defined herein.

1.15 Leased Premises

“Leased Premises” means those certain premises at the Airport, more particularly described in Section 2.01, and shown on EXHIBIT B.

1.16 LLC

“LLC” means limited liability company.

1.17 MAG or Minimum Annual Guarantee

“MAG” or “Minimum Annual Guarantee” means the minimum amount of annual Rent to be paid by a Concessionaire to the County, subject to each and every term and condition of this Agreement.

1.18 Percentage Rent

“Percentage Rent” means the amount payable to the County as Rent, which is based on a percentage(s) of Concessionaire’s Gross Revenues, as shown in Section 2.03 C.

1.19 Rent

“Rent” means, for each Agreement Year, the greater of the MAG or the Percentage Rent.

1.20 Rent Commencement Date

“Rent Commencement Date” means the date the Concessionaire is obligated to commence payment of Rent under this Agreement, which shall be the first day that the concession is open for business at the Airport or XXXXXX XX, 201X, whichever occurs first unless otherwise approved in writing by the Director.

1.21 Sense of Place

“Sense of Place” means the unique spirit, characteristics and flavor of the Sacramento Region, its culture and lifestyles as reflected in the region’s environment, history, industries and people.

1.22 Sign

“Sign” means any advertising sign, billboard, identification sign or symbol, poster, or other similar device, regardless of content.

1.23 State

“State” means the State of California.

1.24 Subtenant

“Subtenant” means any individual, company, corporation, partnership or other entity entering into an agreement with Concessionaire, with the advance written approval of the County, to sublease all or any portion of its Leased Premises.

1.25 Tenant Improvements

“Tenant Improvements” are all improvements or alterations constructed and installed on the Leased Premises by Concessionaire, its agents, employees, Subtenants, contractors, subcontractors, licensees and/or representatives that are affixed in any manner to the Leased Premises and that have been approved by the County.

1.26 Trade Fixtures

“Trade Fixtures” are all fixtures, furnishings and equipment, affixed in such a manner that they can be readily removed without damage to the remainder of the Leased Premises and without substantially changing the character of the improvements, and are the removable personal property that Concessionaire places upon the Leased Premises for use in operation of the retail concession. All non-affixed items, including point of sale equipment, moveable furnishings, safes, racks, telephone equipment, and non-affixed display fixtures, shall be deemed to be Trade Fixtures for the purposes of this Agreement.

1.27 TSA

“TSA” means the Transportation Security Administration of the United States government, and any federal agency succeeding to its jurisdiction.

ARTICLE 2

Special Conditions

2.01 Leased Premises

A. Concession Locations

County hereby leases to Concessionaire the following premises at the Airport more particularly described below and shown on EXHIBIT B, attached hereto and incorporated herein by this reference:

Type of Space/Concept	Approximate Square Feet

B. Expansion, Contraction and Relocation

The County may expand, contract or relocate any portion or all of the Leased Premises due to Airport development/construction, operational necessity, security, or safety considerations. In such event, Concessionaire shall be given no less than ninety (90) days prior written notice unless circumstances beyond the control of the County occur (e.g., because of a direct or indirect requirement by TSA or another governmental authority), in which case notice may be less. If, at the County's determination, Concessionaire is unable to reasonably continue its operations at a concession location as a result of a space contraction as authorized herein, County will attempt to provide reasonably comparable space for relocation within Terminal A, but makes no guarantee of such availability. Concessionaire shall fully cooperate so that any such expansion, contraction or relocation occurs within the time frame as determined by the County. Any expansion, contraction or relocation required hereunder will not affect Concessionaire's Rent and other payment obligations under this Agreement unless such change results in a change in total square footage leased to Concessionaire in excess of fifteen percent (15%), in which case the MAG will be proportionately increased or reduced effective as of the date of such expansion, contraction or relocation.

In the event of relocation, the County, at its option, will either directly pay for or reimburse Concessionaire for Concessionaire's "reasonable and proper moving costs", as determined by the County. For purposes hereof, "reasonable and proper moving costs" include moving of Trade Fixtures from the old space to the new space, moving and reinstallation of telephone lines and computer equipment and connections, and reasonable expenses associated with reinstalling electrical connections and other utilities. In addition, in the event of relocation, the County will reimburse Concessionaire for the remaining undepreciated portion of the costs of Concessionaire's Tenant Improvements that are not replaced or relocated by County, computed based on straight-line depreciation over a six (6) year life.

If a contraction occurs which causes the Leased Premises to no longer be commercially viable, as determined by the County in its sole judgment, and there is no relocation, then the County will pay Concessionaire the remaining undepreciated portion of the costs of Concessionaire's Tenant Improvements, computed based on straight-line depreciation over a six (6) year life.

For the purpose of determining the undepreciated portion of the costs of Concessionaire's Tenant Improvements, original cost of the Tenant Improvements shall be based on the cost of construction statement provided to the County by Concessionaire as required in Section 3.28 K. hereof, verified by actual bills and receipts pertaining to original construction and improvements, subject to the approval in writing by County.

If the County exercises its right to delete or reduce the Concessionaire's Leased Premises, then the portion of the Leased Premises that is deleted or reduced shall cease to be leased to Concessionaire and shall no longer be subject to the terms of this Agreement.

In addition, if the County requires deletion or contraction of the Leased Premises, the County shall not be liable to Concessionaire for any damages including, but not limited to, damages for any inconvenience or loss of business as a result of the deletion or contraction of the Leased Premises.

2.02 Term

The Term of this Agreement shall commence on the date the Agreement is fully executed and expire on the last day of the eighty-fourth month following the rental Commencement Date, unless sooner terminated pursuant to this Agreement.

2.03 Rent and Other Payment Obligations

Concessionaire shall pay Rent to the County in the amount and manner described below.

A. Time and Manner of Payment

Concessionaire shall pay County as Rent for the Term hereof the greater of:

1. A MAG, as set forth below; or
2. The sum of the Percentage Rent, as set forth below.

Throughout the Term hereof, Concessionaire shall pay all Rent required hereunder by first class mail, postage prepaid, payable to "County of Sacramento", at County's Airport Accounting Office, at the address shown for County in Section 2.07 hereof. The MAG payment will be delivered on or before the first (1st) day of each calendar month and the Percentage Rent will be delivered no later than the fifteenth (15th) day of the calendar month immediately following the month the Gross Revenue was generated.

B. Minimum Annual Guarantee

For the first Agreement Year of the Term of this Agreement, Concessionaire shall pay the Percentage Rent and such payment shall commence on the Rental Commencement Date.

Payment of the MAG shall commence upon the first (1st) day of Agreement Year two (2). Concessionaire shall pay the MAG in twelve (12) equal monthly payments during each year, in advance, on or before the first (1st) day of each full calendar month, without prior notice or demand.

In the event of the expiration or other termination of this Agreement on a date other than the completion of an Agreement Year, the MAG shall be prorated as appropriate based on three hundred sixty five (365) days in a year.

At the end of each Agreement Year, the MAG shall be subject to adjustment for each ensuing Agreement Year of the Term of the Agreement. Such adjustment will be calculated as follows: For the second Agreement Year, the MAG shall be set at eighty-five percent (85%) of the Rent for the first Agreement Year. Each ensuing Agreement Year's MAG shall be set at eighty-five percent (85%) of the preceding Agreement Year's

actual Rent due according to the terms of this Agreement. However, notwithstanding any of the above, in no event will the MAG for any Agreement Year of the Term of this Agreement be lower than the second Agreement Year's MAG.

C. Percentage Rent

Commencing on the Rental Commencement Date, Percentage Rent payable on Concessionaire's Gross Revenues as defined in Section 1.12 shall be equal to the following percentages as described in the table below:

Concept	Percentage Rent

Percentage Rent shall be computed for each month of the Term and, except as stated in the following paragraph, on or before the fifteenth (15th) day of the calendar month immediately following the month in which such Gross Revenues were generated at the Airport, Concessionaire shall submit a Monthly Report as required by Section 3.48 A. hereof, and pay to County the Percentage Rent in excess of the monthly payment of the prepaid MAG, if any is due.

In the event the Term commences on a day other than the first day of a calendar month, then Percentage Rent, but no MAG, shall apply for such month, and payment of the Percentage Rent for such month shall be due to County on or before the fifteenth (15th) day of the following calendar month, along with a Monthly Report as required by Section 3.48 A. hereof.

D. Annual Reconciliation and Adjustment of Concession Fee

The Rent as set forth in this Section shall be subject to reconciliation at the end of each Agreement Year pursuant to the terms of this Agreement. If said reconciliation shows a balance due to County or an excess paid by Concessionaire, the appropriate adjustment, either payment by Concessionaire of the balance due or credit or repayment by County to Concessionaire of the excess payment, shall be made within thirty (30) days after an approved Annual Report, as required in Section 3.48 C. hereof, is received by County. However, Concessionaire shall not be entitled to interest on the amount credited or repaid by County to Concessionaire.

2.04 Other Charges

A. Common Area Maintenance (CAM)

In addition to Rent, Concessionaire shall pay a CAM charge to the County in the amount of 0.3% of Gross Revenues for maintenance of common seating and back-of-house concession, break, and locker areas. The CAM charge is payable monthly with Concessionaire's Percentage Rent payment. In addition, Concessionaire agrees that from time to time, the County may need to increase Concessionaire's CAM charge based upon cost recovery calculations upon thirty (30) days prior written notice to Concessionaire. However, at no time shall the CAM charge be more than 1.0% of Gross Revenues.

B. Merchant Association Program (MAP)

In addition to Rent, Concessionaire shall pay an annual MAP fee in the amount of 0.3% of Gross Revenues to market and promote the concessions at the Airport to the community and the traveling public. The MAP fee is payable monthly with

Concessionaire's Percentage Rent payment. In addition, Concessionaire agrees that from time to time, the County may need to increase Concessionaire's MAP fee and will do so upon thirty (30) days written notice to Concessionaire based on cost recovery calculations. However, at no time shall the MAP fee be more than 0.6% of Gross Revenues.

C. Trash Collection Fee

Concessionaire shall dispose of all trash, refuse, debris, and recyclable material in containers approved by the County in assigned common areas. Concessionaire shall not place, leave, or permit to be placed or left, in any part of the common areas, trash, refuse, debris, or recyclable material unless otherwise authorized by the County to do so. The County may, at any time, institute a trash and recyclable removal program and may therefore require the Concessionaire to pay a trash removal fee to be determined by the County based on cost recovery calculations, separate from CAM charges.

D. Support Space Charges

In the event Concessionaire leases Support Space, i.e., space used for office and/or storage purposes, from the County that is not a contiguous part of the Leased Premises used for sales to the public, Concessionaire shall pay a Support Space Charge for the lease of such space on a monthly prorated basis. The Support Space Charge shall be at a rate of Thirty Six Dollars (\$37.80) per square foot per annum. The Support Space Charge is subject to annual adjustments each November 1 during the Agreement Term based upon annual percentage increases in the Consumer Price Index for All Urban Consumers (CPI-U: Selected Areas, All Items Index (1982 - 1984 = 100)) for the San Francisco - Oakland - San Jose, CA area published by the Bureau of Labor Statistics of the U.S. Department of Labor (hereinafter referred to as "CPI-U") for the most recent twelve (12) month period for which such figures are available. The CPI-U for the first full calendar month of the Term of this Agreement will be used as the base month in determining the CPI-U adjustments. In the event the CPI-U is not published during the base month or any month of adjustment, then the CPI-U for the next succeeding month in which the CPI-U is published will be used in determining CPI-U adjustments. If the Bureau of Labor Statistics should cease to publish the Consumer Price Index in its present form, calculated upon its present basis, the parties agree to accept a comparable Index measuring costs of living increases for the closest metropolitan area to Sacramento, CA, published by an agency of the United States Government or by a recognized financial institution or economic periodical, as determined by the County.

2.05 Security Deposit

Within thirty (30) days of the effective date, Concessionaire shall provide a security deposit to the County established at twenty-five percent (25%) of the projected Percentage Rent for the first Agreement Year, which said security deposit will be XXXXXX Dollars and 00/100ths (\$XXX). Within ninety (90) days after the commencement of the second Agreement Year and each Agreement Year thereafter throughout the Term of this Agreement, Concessionaire shall deliver a security deposit in an amount equal to twenty-five percent (25%) of the MAG for that Agreement Year. Security deposits shall be payable to the "County of Sacramento".

Said security deposit shall be in the form of a letter of credit or a performance bond obtained from a company that has an A.M. Best's rating of no less than A:VII or has been approved by the County. Said security deposit shall be provided at Concessionaire's sole cost and expense and will be adjusted annually pursuant to each Agreement Year's MAG. In lieu of such security deposit, Concessionaire may deposit with County, in a form acceptable to the County, an irrevocable letter of credit ("at sight" draft) from a bank acceptable to the County as security for faithful performance by Concessionaire as hereinabove provided.

Said security deposit shall be kept in full force throughout the Term of this Agreement to ensure the faithful performance by Concessionaire of all the covenants, terms and conditions of this Agreement, including the payment of all consideration provided herein.

Said security deposit shall continue to be retained by County as security for the timely performance by Concessionaire of each and every obligation of Concessionaire hereunder, and shall not be subject to the claim of any creditor of County or Concessionaire.

Within three (3) months following expiration or earlier termination of this Agreement, the amount of said security deposit, less any amounts due or owing to County by Concessionaire, shall be refunded/released by County to Concessionaire, provided, however, County shall have no obligation whatsoever to pay any interest on the amount of said security deposit to Concessionaire.

Within fifteen (15) calendar days following the application of said security deposit to correct any default by Concessionaire, or to pay any amount due or owing upon expiration or earlier termination of this Agreement, County shall provide Concessionaire with an accounting of such application.

2.06 Authorized Use

Subject to all applicable laws, regulations and limitations set forth in this Agreement, Concessionaire shall operate from the Leased Premises: XXXXXX. Concessionaire is also granted the following use/rights in connection with Concessionaire's operation at the Airport listed below:

- a. If Concessionaire operates the Leased Premises under license or franchise agreement, Concessionaire shall provide the Director an executed copy of the license or franchise agreements within sixty days (60) of execution of this Agreement. All license and franchise agreements are subject to the Director's approval.
- b. Concessionaire shall have for its common use with other concessionaires, common use employee break room, locker, and restroom facilities in the terminal lower level generally shown on EXHIBIT C. The County shall maintain those common use areas of said lower level space; however, it shall be the Concessionaire's duty to inform the County as soon as any hazard, unsafe condition or problem(s) arise or exist within said lower level space. Concessionaire shall assist in the containment and/ or security of said space. Further, Concessionaire agrees to be solely responsible for the safety of its own representatives, officers, agents, employees, invitees, licensees, Subtenants and any other persons doing business with Concessionaire who may be using the common areas.
- c. The right of ingress to and egress from the Leased Premises over and across roadways servicing the Airport for Concessionaire, its Subtenants, agents, patrons, guests and suppliers.
- d. The right to install appropriate Tenant Improvements on the Leased Premises, provided that all such design and installation shall have the prior written approval of the County.
- e. The nonexclusive right and privilege to offer the types of products listed in EXHIBIT D, which is attached hereto and incorporated herein, in accordance with the provisions of this Agreement. All products provided by Concessionaire must be approved in writing by the County prior to being offered for sale within the Leased Premises. In addition, the County, in its sole discretion, may change the approved product list upon written notice to Concessionaire. All products shall be in good taste and in accordance with all applicable health and service codes and presented in such manner as to be well received by the public. The County reserves the right to allow others to conduct the same or similar operations and/or to sell the same or similar products within the terminals and elsewhere at the Airport.
- f. The right to use no more than ten percent (10%) of each retail location serving the public for storage and office purposes.

2.07 Notice Address

Notices required herein shall be in writing and served personally, sent by certified mail, return receipt requested, postage prepaid or overnight courier. Any notice mailed pursuant to this Agreement, shall be deemed received by the addressee five (5) business days after deposit of same in the mail. Either party shall have the right, by giving fifteen (15) days written notice to the other, to change the addressee or address at which its notices are to be deemed received. Until any such change is made, notices shall be addressed and delivered as follows:

County:

Sacramento County Department of Airports
Properties and Business Development
6900 Airport Boulevard
Sacramento, CA 95837-1109

Concessionaire:

Unless otherwise notified by the County, payments and communications regarding billing and invoicing shall be directed to the following address:

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

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 this Section. All notices shall be effective upon receipt and shall be deemed received upon delivery, if personally delivered.

2.08 Utilities

County and Concessionaire’s utility responsibilities are detailed in EXHIBIT E which is attached hereto and incorporated herein by this reference.

2.09 Maintenance

County and Concessionaire’s maintenance responsibilities are detailed in EXHIBIT F, which is attached hereto and incorporated herein by this reference.

ARTICLE 3

General Conditions

3.01 Acceptance of Leased Premises

Concessionaire hereby accepts the Leased Premises in its "as-is" condition existing on the Commencement Date and such area shall not be subject to recalculation. Taking possession of the Leased Premises by Concessionaire shall be conclusive evidence that the condition thereof is satisfactory to Concessionaire. County makes no expressed or implied representation or warranty of any kind whatsoever that the Leased Premises are suitable for the uses to which Concessionaire shall be restricted pursuant to this Agreement.

3.02 Accord and Satisfaction

No payment by Concessionaire or receipt by County of a lesser amount than the Rent, fees and/or charges due to be made by Concessionaire hereunder shall be deemed to be other than on account of the Rent, fees and/or charges due, and no endorsement or statement on any check or in any letter accompanying any check or payment as Rent, fees and/or charges shall be deemed an accord and satisfaction, and County may accept such check or payment without prejudice to County's right to recover the balance of such Rent, fees and/or charges or to pursue any other remedy provided in this Agreement.

3.03 Additional Fees, Charges and Rentals

Concessionaire shall pay County additional fees, charges and rentals in the event of any of the following:

- a. If County has paid any sum or sums, or has incurred any obligation or expense, for which Concessionaire has agreed to pay or reimburse County, or for which Concessionaire is otherwise responsible;
- b. If County is required or elects to pay any sum or sums, or incurs any obligation or expense, because of the failure, neglect or refusal of Concessionaire to perform or fulfill any of the promises, terms, conditions or covenants required of it hereunder;
- c. Pursuant to any separate agreement between the parties not contained herein;
- d. To reimburse County for services rendered, such as, but not limited to, utilities, trash removal, telephone, delivery access charges and similar charges.

Concessionaire's obligations pursuant to this Section shall include all interest, cost, damages, and penalties in conjunction with such sums so paid or expenses so incurred by County.

3.04 Airport Security

- a. Concessionaire shall comply with all security regulations at the Airport pursuant to all local, State and federal law, including, but not limited to, any and all directives issued by the County. If required, Concessionaire shall obtain an Airport Tenant Security Program ("ATSP") document approved by TSA within sixty (60) days of receipt of written notice from the County or as otherwise directed by TSA. If required, Concessionaire shall maintain any TSA-approved ATSP throughout the Term of this Agreement.

- b. Concessionaire's representatives, as determined by the County, must be able to pass a security background access investigation consisting of a fingerprint based criminal records check ("CHRC") and a Homeland Security "watch list" check (collectively, "Background Check"), as well as a security threat assessment ("STA"), which must be approved by TSA before an Airport ID badge will be issued. All of Concessionaire's employees, contractors, or other persons doing business with Concessionaire requiring unescorted access to the secured area of the Leased Premises will require a badge and are also subject to Background Check and STA. Badges are issued by the County subject to each individual's successful completion of the Background Check in compliance with 49 CFR Part 1542 and all other applicable regulatory directives.
- c. Concessionaire is responsible for completing and submitting all necessary documentation required for any Background Check necessary for their operations. If a badge is lost, stolen, or if the recipient fails to return the badge to the County when required by the County, Concessionaire shall be subject to a non-refundable reissuance fee, if applicable, and any other damages directly caused by the loss, theft or retention of the badge.
- d. If required, Concessionaire shall establish and implement written procedures (Security Procedures) acceptable to the County for the control of and prevention of unauthorized access to, all areas within the Leased Premises. Concessionaire's Security Procedures shall also incorporate activities designed to assist the County in safeguarding all other secured areas of Airport. The Security Procedures shall include, but are not limited to, the following procedures:
1. Gates, doors, fences or other parts of the Leased Premises shall be kept locked by Concessionaire at all times when not in use by or when not under the security surveillance of Concessionaire.
 2. Lock malfunctions or other deficiencies, which would permit unauthorized access, shall be reported by Concessionaire at once to the County, and the unsecured access point shall be maintained under constant security surveillance by Concessionaire until Concessionaire has repaired the same and security through such point has been restored, and/or the County assumes security and repair of the access point.
 3. Loss, misplacement, theft or failure to comply with the return of any badge shall be immediately reported to the County.
- e. Concessionaire shall be solely responsible for the control and movement of persons who are representatives of Concessionaire and that have a valid ID badge moving from the Leased Premises onto all secured areas of the Airport. These badged representatives will comply with Airport security standards required to obtain the badge. Concessionaire shall be solely responsible for the payment of any and all penalties and fines which may be levied by the TSA or other local, State or federal agencies for violation of any security regulations arising from or relating to Concessionaire's failure to perform its security responsibilities.
- f. If required, Concessionaire shall install, maintain and operate, at no cost to County, access prevention and surveillance devices on the Leased Premises at access points to secured areas and along the secured perimeter of the Leased Premises, as determined by the County to be necessary for the safety or security of Airport. The County shall have unrestricted access to all access control devices or systems developed by Concessionaire.

3.05 Amendment Required by FAA or TSA

This Agreement may be amended without further consideration for the purpose of satisfying FAA or TSA requirements.

3.06 Applicable Law

This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, and shall be deemed to have been made, and shall be performed, in the State of California.

3.07 Assignment and Subletting

Concessionaire shall have no right to assign, mortgage, pledge, or otherwise transfer this Agreement, either voluntarily or by operation of law, in whole or in part, without the prior written approval of the County. Likewise, Concessionaire shall not subcontract any rights authorized hereunder or sublease any or all of the Leased Premises without the prior written approval of the County.

3.08 Assurances Required by FAA

Concessionaire will, at all times during this Agreement, comply with the provisions of the FAA Airport Sponsor Assurances (Assurances) and any subsequent revisions, updates, or amendments thereto. A copy of the current Assurances is attached as EXHIBIT G and incorporated herein by this reference. The provisions of the Assurances may change during the term of this Agreement, and those changes will be incorporated into this Agreement without the necessity of a formal amendment. County is not responsible for notifying Concessionaire of any changes to the Assurances. Concessionaire is required to contact the FAA for any updates or revisions. The Assurances document is available on the FAA’s website. [Please see http://www.faa.gov/airports/aip/grant_assurances/media/airport-sponsor-assurances-aip.pdf]

3.09 Audit

A. Concessionaire’s Audit

Concessionaire shall employ an independent Certified Public Accountant (CPA) at Concessionaire’s cost, to perform an audit of the books and records of Concessionaire, as they pertain to this Agreement, for each Agreement Year, or applicable portion thereof. Such audit shall be in a format and in detail satisfactory to the County and shall include all of the following:

1. An audited statement of Gross Revenues shall be submitted to the Department Accounting Office by no later than sixty (60) days following the last day of every Agreement Year. Such audit shall be conducted by an independent CPA, and include all business transacted at the Airport under the terms of this Agreement by Concessionaire during the preceding Agreement Year, and excluding any other business transacted by Concessionaire.
2. A written statement, by such CPA, to the County stating that in the CPA’s opinion, the Rent and other required fees paid by Concessionaire to the County for the preceding Agreement Year were paid in accordance with the terms of this Agreement.
3. Copies of any reports prepared by such CPA or by Concessionaire’s internal audit staff for Concessionaire relating exclusively to this Agreement, and specifically describing any strengths or weaknesses of internal fiscal controls.
4. A management letter prepared by such CPA for Concessionaire relating exclusively to this Agreement, and specifically describing Concessionaire’s internal accounting controls as they relate to cash handling, processing of receipts and security of cash at the Airport, based on examination and testing of such controls by such CPA, including a control analysis of the strengths and weaknesses of such controls.

In the event that the results of any such audit show any discrepancy as compared to the amount of Concessionaire's Gross Revenues at Airport, as reported to County by Concessionaire, Concessionaire shall pay County the difference in Rent payments or County shall reimburse Concessionaire, as the case may be, within thirty (30) calendar days following discovery of such discrepancy.

If Concessionaire fails to perform its obligations under this section, after thirty (30) days notice by the County, the County may employ an independent CPA to perform the required audit and, in addition to any difference in Rent due the County from such audit, County shall recover the entire cost of such audit, plus a fifteen percent (15%) administrative charge of the cost of such audit from Concessionaire.

B. County Audit

Concessionaire shall, upon request, make all or any part of its records pertaining to this Agreement available to the County, or any other authorized representative of County during normal business hours throughout the Term of this Agreement, for the purposes of inspection, copying, or audit. Except as otherwise expressly provided herein, the cost of such inspection, copying or audit shall be borne by County.

In the event that the results of any such audit by County show any discrepancy as compared to the amount of Concessionaire's Gross Revenues at the Airport, as reported to County by Concessionaire, Concessionaire shall pay the County the difference in Rent payments or County shall reimburse Concessionaire, as the case may be, within thirty (30) calendar days following discovery of such discrepancy.

In the event that any such discrepancy exceeds the amount of such Gross Revenues reported by Concessionaire to County by more than two percent (2%), Concessionaire shall reimburse County for all of County's costs in connection with such audit, plus a fifteen percent (15%) administrative charge of the cost of such audit.

3.10 Authority of the Director

The Director shall administer this Agreement on behalf of County. Unless otherwise provided herein or required by applicable law, the Director shall be vested with all rights, powers, and duties of County hereunder. With respect to matters hereunder subject to the approval, satisfaction, or discretion of County or the Director, the decision of the Director in such matters shall be final.

3.11 Compliance with Child, Family, and Spousal Support Reporting Obligations

Concessionaire's failure to comply with State and federal child, family and spousal support reporting requirements regarding a Concessionaire's employees or failure to implement lawfully served wage and earnings assignment orders or notices of assignment relating to child, family and spousal support obligations shall constitute a default under this Agreement.

Concessionaire's failure to cure such default within ninety (90) days of notice by County shall be grounds for termination of this Agreement.

3.12 Concessionaire Indemnification of County

Concessionaire shall indemnify, defend, and hold harmless County, its elected representatives, officers, agents, and employees from any and all loss, cost, damage, fine or expense (including but not limited to attorney's fees, court costs and expert fees), or liability of any kind or character to any person or property arising from or relating to any act or omission of Concessionaire, its officers, agents, employees, invitees, licensees, customers, Subtenants contractors, subcontractors, or any other person doing business with Concessionaire, or on the Leased Premises or at the Airport with the consent of Concessionaire. Concessionaire shall also use counsel reasonably acceptable to County in carrying out its obligations hereunder. The provisions of this Section shall survive the expiration or early termination of this Agreement.

3.13 Conflicts Between Concessionaires

In the event of a conflict between Concessionaire and any other concessionaire as to the services provided and goods sold by respective concessionaires at the Airport, the County shall decide which goods may be provided/sold by each concessionaire and Concessionaire agrees to be bound by such decision, and shall not be entitled to any compensation or damages as a result of such decision.

3.14 Consent

Whenever the consent or approval of either party hereto is required or authorized hereunder, such consent or approval shall not be unreasonably withheld, unreasonably conditioned, or unreasonably delayed.

3.15 County's Remedies

Pursuant to Section 1951.2 of the California Civil Code:

A. In the event that Concessionaire breaches this Agreement and abandons the Leased Premises before the end of the Term hereof, or if Concessionaire'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 Concessionaire:

1. Any and all of the unpaid Rent which had been earned at the time of termination;
2. The amount by which unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rent loss that Concessionaire proves could have been reasonably avoided;
3. The amount by which the unpaid Rent for the balance of the Term hereof after the time of award exceeds the amount of such Rent loss that Concessionaire proves could reasonably be avoided; and
4. Any other amount necessary to compensate the County for all the detriment proximately caused by Concessionaire's failure to perform its obligations under this Agreement, or which in the ordinary course of things would be likely to result therefrom.

B. The amounts referred to in Subsections A. 1. and A. 2. are computed by allowing interest at the rate of eighteen percent (18%). The amount referred to in Subsection A. 3. 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%).

C. Damages which County may recover pursuant to Subsection A. 3. of this Section include the "worth at the time of award" of the amount by which the unpaid Rent for the balance of the Term hereof exceeds the amount of such Rent loss for the same period that Concessionaire proves could be reasonably avoided; or County may recover damages pursuant to Subsection A. 3. of this Section in the event that County re-lets the Leased Premises prior to the time of award and proves that in re-letting the property it acted reasonably and in a good-faith effort to mitigate the damages.

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

E. 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.

Notwithstanding the foregoing, in the event of Concessionaire's breach of this Agreement and abandonment of the Leased 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 Concessionaire, including the right to recover the Rent as it becomes due.

3.16 County's Right to Perform Concessionaire's Obligations

If Concessionaire fails to make any payment required of it hereunder, or defaults in the performance of any other promise, term, covenant, or condition required of it hereunder, County, at its sole option, without being under any obligation to do so and without thereby waiving such default, may make such payment and/or remedy such other default, for the account of and at the expense of Concessionaire. County may do so immediately and without notice to Concessionaire in the case of an emergency or in any other case if Concessionaire fails to make such payment or remedy such default with all reasonable dispatch after County has notified Concessionaire in writing of the same.

County shall bill Concessionaire for such payments made by County and for any and all expenses incurred by County in connection therewith, together with interest on the total sum billed, at the rate of eighteen percent (18%) per annum. Concessionaire shall pay County the total amount billed not later than the date specified in such billing.

County shall not be limited in the proof of any damages which County may claim against Concessionaire arising out of or relating to Concessionaire's failure to perform its obligations hereunder. County may restrain any breach or threatened breach by Concessionaire of any promise, term, condition or covenant required of Concessionaire hereunder, but the mention herein of any particular remedy shall not preclude County from any other remedy it might have, either in law or in equity.

3.17 Credit Cards and Debit Cards

At all times during the term of this Agreement, Concessionaire shall accept as payment for goods and services at least all of the following major credit cards: American Express, MasterCard, and VISA. Concessionaire shall also accept traveler's checks and debit cards for any purchase. No minimum credit card or debit card purchase amount shall be established by Concessionaire, without the prior written approval of the Director.

3.18 Cumulative Remedies

No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

3.19 Damage or Destruction of Leased Premises

A. Restoration of Tenant Improvements, Trade Fixtures or Personal Property

In the event of the damage or destruction of a portion of the Leased Premises, or of the structural portion of the terminal building containing such Leased Premises, County shall not be required to repair, rebuild, or restore Tenant Improvements and Trade Fixtures, such excluded items being the sole responsibility of Concessionaire.

If County elects to repair and rebuild structural portions of the terminal building containing the Leased Premises, Concessionaire shall be obligated to repair any damage to, or replace, any Tenant Improvements and Trade Fixtures, made or installed by Concessionaire, irrespective of the cause and whether or not such damage or destruction shall have been insured. Concessionaire shall proceed to restore, repair, replace such Tenant Improvements and Trade Fixtures with materials of a quality equivalent to that originally installed, at Concessionaire's own cost and expense.

Concessionaire shall be required to use any loss proceeds received, to repair or replace any Tenant Improvements and Trade Fixtures of Concessionaire unless otherwise approved by the County. Such restoration, repair and replacement shall be performed by Concessionaire in accordance with the provisions of Section 3.28 hereof.

B. Removal of Damaged Property

In the event of damage to, or partial or total destruction of, the Leased Premises, the Concessionaire shall within thirty (30) days of the occurrence commence to remove from the Leased Premises, or from the portion thereof destroyed, all damaged property (and all debris thereof) belonging to the Concessionaire or to any third person whatsoever. Concessionaire shall diligently continue such removal until complete. In the event Concessionaire does not perform its obligation hereunder, the County may remove such debris and dispose of the same and may remove such property to a public warehouse for deposit or may retain the same in its own possession and sell the same at public auction, the proceeds of which may be applied first to the expenses of removal, storage and sale, and second to any sums owed by the Concessionaire to the County, with any balance remaining to be paid to the Concessionaire; if the expenses of such removal, storage and sales shall exceed the proceeds of sale, the Concessionaire shall pay such excess to the County upon demand. Without limiting any term or provision of this Agreement, the Concessionaire shall indemnify and save harmless the County, its officers, representatives, employees, contractors and subcontractors, from and against any and all claims of third persons arising out of the exercise of the County of its right to remove property as hereinabove provided including all claims for conversion, all claims for damage or destruction of property, all claims for injuries to persons (including death), and all other claims for damages, consequential or otherwise.

C. Option to Terminate Concessionaire's Interest Upon Damage or Destruction

If: (1) the terminal containing the Leased Premises shall be damaged to the extent of more than twenty-five percent (25%) of the cost of repair or replacement thereof, or (2) the proceeds of County's insurance recovered or recoverable as a result of the damage shall be insufficient to pay fully for the cost of repair or replacement of the terminal in which the Leased Premises is located, or (3) the terminal containing the Leased Premises shall be damaged as a result of a risk which is not covered by the County's insurance, or (4) the terminal containing the Leased Premises shall be damaged in whole or in part during the last three (3) years of the Term of this Agreement; then in any such event, County may, at County's option, either (a) rebuild or repair such damage, exclusive of Concessionaire's Tenant Improvements and Trade Fixtures with due diligence or (b) give written notice to Concessionaire within sixty (60) days after the occurrence of such damage terminating Concessionaire's rights and interest in the Leased Premises contained in such damaged building as of the date of occurrence of such damage; provided that if any damage or destruction of the terminal or of the Leased Premises is caused by any act or omission of Concessionaire, its agents, employees, or others on or at the Leased Premises with the consent of the Concessionaire, then Concessionaire shall be responsible for reconstructing and repairing said terminal or Leased Premises with due diligence and shall pay the cost.

In the event County elects to terminate Concessionaire's right and interest in the Leased Premises pursuant hereto, Concessionaire shall have the right within ten (10) days after receipt of the required notice to notify County in writing of Concessionaire's intention to repair such damage or destruction at Concessionaire's expense, without reimbursement from County in which event this Agreement shall remain in effect and Concessionaire shall proceed to make such repairs or reconstruction with due diligence, according to the requirements of Section 3.28. If Concessionaire does not give such notice within the ten (10) day period, Concessionaire's right and interest in the Leased Premises will terminate as of the date of such damage or destruction.

If County elects to terminate Concessionaire's right and interest in the Leased Premises as provided in this Section C, then any insurance of said Leased Premises shall be paid to County and Concessionaire as their interests appear.

D. Adjustment of Rent

The Rent payable under this Agreement shall be equitably adjusted for the period from the occurrence of any damage to the structural portion of the terminal containing the Leased Premises to the completion of repairs to such building, or for the period from the occurrence of the damage to the effective date of termination, provided such damage materially adversely affects the efficient operation of the concession; except that Concessionaire shall not be entitled to any adjustment of the Rent if any damage shall have been caused or contributed by the fault of the Concessionaire, its officers, employees or others on or at the Leased Premises with the consent of the Concessionaire.

3.20 Delivery of Merchandise

Concessionaire shall arrange for the timely delivery of all retail merchandise and other items necessary for Concessionaire's operations authorized under this Agreement at such times, in such location(s) and in a manner satisfactory to the County. The County may, as needed, issue terminal delivery procedures that best allows for the safe movement of vehicles at the Airport. The County may, as needed, issue schedules of acceptable delivery times, and the delivery location/point of access, vehicle size restrictions as warranted by written notice to Concessionaire, which the County may adjust from time to time, and from which Concessionaire shall not deviate without the County's prior written consent.

Concessionaire shall use its best efforts to complete, or cause to be completed, all deliveries, loading, unloading, and services to the Leased Premises during such times as the County may reasonably require from time to time. Concessionaire shall not allow delivery trucks or other vehicles servicing the Leased Premises to park or stand in front of, or at the rear of the terminal, except in otherwise designated areas or such other areas at the Airport as the County may reasonably require.

Requirements for security screening of employees and goods are established by the Department of Homeland Security and may be changed from time to time. Concessionaires shall be responsible for complying with existing and any future requirements as well as any associated costs.

3.21 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. This Agreement may be amended only by written instrument duly executed by the parties hereto.

3.22 Early Termination by Concessionaire

At any time Concessionaire is not in default in its payments or other obligations to County hereunder, Concessionaire may terminate this Agreement prior to expiration of the Term hereof only upon the happening of one or more of the following events:

- a. Permanent abandonment of Airport by County;
- b. Assumption by the United States Government, or any authorized agency thereof, of the operation, control or use of Airport, or any substantial part thereof, in such manner as to substantially restrict Concessionaire in its operations hereunder for a period of ninety (90) consecutive calendar days;
- c. Issuance by a court of competent jurisdiction of a permanent injunction which in any way prevents or restrains use of Airport in a manner substantially restricting Concessionaire's operations at the Airport hereunder;

d. Default by County in the performance of any promise, term, condition or covenant required of it to be performed hereunder, provided County fails to cure such default within sixty (60) calendar days following receipt of written notice of such default from Concessionaire. However, if the nature of such default is such that it cannot reasonably be cured within such period, County shall be deemed to have cured such default if within such period County commences performance thereof and thereafter diligently prosecutes the same to completion.

Early termination by Concessionaire pursuant to this Section shall be upon not less than fifteen (15) days advance written notice to the County, which notice shall state the basis of such termination and the effective date thereof.

In the event of early termination by Concessionaire pursuant to this Section, Concessionaire shall pay Rent to County to and through the date of such termination.

In the event of early termination by Concessionaire in accordance with item d. of this Section, County shall pay Concessionaire the remaining undepreciated portion of Concessionaire's County-approved Tenant Improvements, computed based on straight-line depreciation over a seven (7) year life for in-line locations, five (5) years for kiosk locations commencing with the start of the first Agreement Year hereof. For the purpose of determining the undepreciated portion of the costs of Concessionaire's Tenant Improvements, original cost of the Tenant Improvements shall be based on the cost of construction statement provided to the County by Concessionaire as required in Section 3.28 K. hereof, verified by actual bills and receipts pertaining to original construction and improvements, subject to the approval in writing by County.

3.23 Early Termination by County

County may terminate this Agreement prior to expiration of the Term hereof upon the happening of one or more of the following events:

- a. Concessionaire remains in arrears in any payment of Rent or fees required by this Agreement for a period of at least fifteen (15) days following receipt of written notice of such arrearage from County;
- b. Concessionaire makes a general assignment for the benefit of its creditors;
- c. Concessionaire files a voluntary petition, or becomes the subject of an involuntary petition, in any proceeding in Bankruptcy Court;
- d. Concessionaire abandons all or any portion of the Leased Premises;
- e. Concessionaire fails to replace any improvements, that it is required to replace pursuant to this Agreement, which have been damaged or destroyed by fire, explosion or other catastrophe, within six (6) months from the date of such damage or destruction;
- f. Concessionaire fails to maintain any of the forms and amounts of insurance required by EXHIBIT H, attached hereto and incorporated herein by this reference. The County may, in its sole discretion, immediately terminate this Agreement if Concessionaire fails to maintain the required insurance.
- g. Except as otherwise provided in Subsections a., e. and f. of this Section, Section 3.11, Section 3.31 and Performance Standards (attached as EXHIBIT I), the default by Concessionaire in performance of any promise, term, condition, or covenant required of it hereunder, provided Concessionaire fails to cure such default within thirty (30) calendar days following receipt of written notice of such default from County. However, if the nature of such default is such that it cannot reasonably be cured within such period, Concessionaire shall be deemed to have cured such default if within such period Concessionaire commences performance thereof and thereafter diligently prosecutes the same to completion.

Early termination by County pursuant to this Section shall be upon not less than fifteen (15) days advance written notice to Concessionaire, which notice shall state the basis of such termination and the effective date thereof. Upon the effective date of such termination, County may take possession of the Leased Premises, without further notice or demand to Concessionaire. Failure to serve notice of termination upon the happening of any of the events described in this Section shall not operate to bar or destroy County's right to thereafter declare such termination upon the subsequent happening of any such event.

3.24 Force Majeure

Neither County nor Concessionaire shall be deemed to be in breach of this Agreement if either is prevented from performing any of its obligations hereunder by reason of strike, boycott, labor dispute, embargo, shortage of energy or materials, act of God, act of a public enemy, act of a superior governmental authority, weather conditions, rebellion, riot, sabotage, or any other circumstance for which it is not responsible, or which is not within its control.

3.25 Hazardous Materials

A. Concessionaire's Compliance with Environmental Laws

Concessionaire shall at all times in all respects comply with all environmental laws, and any amendments thereto affecting Concessionaire's operation on the Airport, including all federal, State and local laws, ordinances and regulations relating to Hazardous Material. As used herein, the term "Hazardous Material" includes, without limitation, any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States government.

B. Hazardous Material Storage Permit

Concessionaire shall be required to obtain a Hazardous Material Storage Permit from the County of Sacramento, Environmental Management Office, if at any time Concessionaire places or stores Hazardous Material liquid or Hazardous Material solids on the Airport.

3.26 Headings

The headings of the 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.

3.27 Holding Over

If Concessionaire remains in possession of the Leased Premises following the expiration or sooner termination of this Agreement, such holding over shall not be deemed to constitute an extension or renewal of this Agreement, but shall merely create a tenancy from month-to-month which either party hereto may terminate upon thirty (30) calendar days advance notice to the other. In the event of such holding over, Concessionaire shall perform all terms, promises, conditions and covenants required of it hereunder, but shall pay Rent to County in such amounts as may be designated by the County, which in no case shall be less than that in effect immediately prior to such expiration or sooner termination of this Agreement.

3.28 Improvements by Concessionaire

Concessionaire shall, at its sole cost and expense, complete the retail concession remodel and construction project as described herein and throughout this Agreement (hereafter "Project"), in accordance with the Airport Tenant Design Manual as shown in EXHIBIT J, which is attached hereto and incorporated by reference herein. The Project shall include all Tenant

Improvements and Trade Fixtures, Signs, and any additional items necessary to the operation of the retail concession.

The Project shall have a minimum total cost of XXXXX Dollars and 00/100ths (\$XXXX). Not less than 85% of the minimum total cost, as described herein, of the Project must be expended on construction "hard costs" of materials, direct labor, equipment, finishes, signage, lighting, HVAC, and other construction costs exclusive of "soft costs" of design, engineering, construction supervision, permitting, specialist consultants, overheads, corporate construction administration, and other fees. In order to ensure that the committed investment is made, the Concessionaire will be required to pay the County one hundred and twenty-five percent (125%) of any difference between the Proposed minimum total cost and the actual costs. Concessionaire shall cause the Project to be constructed in accordance with this Section. The County will not be responsible for costs that exceed the Proposed minimum total cost.

Except as otherwise provided herein, Concessionaire shall make and maintain, at Concessionaire's own expense, all Tenant Improvements necessary to operate Concessionaire's retail facilities, including, but not limited to, counters, display cabinets, interior partitions, lighting, fixtures, wall and ceiling finishes, flooring and floor coverings, and all other equipment necessary for the proper conduct of Concessionaire's business. Concessionaire shall supply all Trade Fixtures. All Trade Fixtures contained within the Leased Premises must be of first-class quality, safe, fire resistant, attractive, in compliance with the Airport Tenant Design Manual, and may be installed only with the County's prior written approval.

The Project and any future projects shall be constructed in accordance with this Agreement, the Airport Tenant Design Manual as shown on EXHIBIT J and all applicable laws, regulations, and permit requirements, including those of the County.

Any review or approval by the County of Concessionaire's plans or an inspection by County of the Project work or materials shall not be deemed to constitute a waiver or release by County of any obligation or responsibility of Concessionaire hereunder, or an assumption of any risk or liability by County with respect thereto, and Concessionaire shall make no claim against County on account of such review, approval, or inspection.

Concessionaire shall cause all improvements authorized herein to be constructed only by a contractor properly licensed by the State of California to construct such improvements.

Concessionaire shall be solely responsible for payment to such contractor for all elements of such construction, and shall keep the Leased Premises free and clear of all mechanics liens resulting from any construction thereto by or on behalf of Concessionaire. Concessionaire may contest the correctness or validity of any such lien, but shall indemnify, defend, and hold harmless County, its elected representatives, officers, agents, and employees, and the Leased Premises from any and all claims and liability for payment of any such lien. County may file notice of non-responsibility for its lien protection.

A. General

No improvements, alterations or repairs of any kind shall be erected, placed, assembled, constructed or permitted on the Leased Premises without first obtaining written authorization from the County. In the sole opinion of the County, if the proposed improvement, alteration or repair project is of a minor nature, the project may be reviewed and approved solely by the Director. The County, at its sole discretion, based on the nature of the proposed improvement, alteration or repair project may waive one or more of the procedures as set forth in this Section herein. Notice of such waiver shall be in writing. In the absence of such written waiver, Concessionaire must follow the procedures as set forth herein.

B. Preliminary Plans

Prior to the preparation of preliminary plans, Concessionaire shall contact the Airport Coordinator to schedule a pre-Project meeting to brief County staff on the proposed improvement. Preliminary plans shall show the full extent of the

improvements to be constructed including structural details and utility locations showing the relationship of the proposed improvements and utility connections. A minimum of four (4) full sets of preliminary plans plus one (1) Compact disc (CD) containing a pdf, dwf, or tiff set matching the prints, plus all the CAD related data used to create the plans in AutoCAD's "dwg" format, shall be submitted for approval to the Airport Coordinator.

Civil engineering plans shall include plan drawings submitted on a scale not smaller than one (1) inch equals fifty (50) feet. Architectural plans shall include plan drawings at a suitable scale but in no case shall the scale be smaller than 1/16 inch equals one (1) foot. Plans shall include complete specifications in sufficient detail for the County to determine compatibility with County objectives for the overall aesthetic character and quality of the improvements. Architectural Projects shall include an accurate architectural perspective color rendering including the proposed exterior color, scheme, style, materials, wording and placement of all Signs.

C. Review of and Comment on Preliminary Plans

Within thirty (30) days of the date of receipt of the preliminary plans, the County will return two (2) sets of plans with comments. County review and comment on the preliminary plans does not mean or infer that the proposed improvement has been approved by the County. Additional plans, specifications or design features beyond those submitted with the preliminary plans may be required and shall be prepared by Concessionaire at the request of the County.

D. Final Plans

A minimum of four (4) copies of final plans and specifications showing responses to comments received and setting forth in all necessary detail the requirements for construction of the Project shall be submitted to the Department for approval prior to submitting plans to other applicable agencies so that the Department may check them for design conformance with the preliminary plans. A CD containing a pdf, dwf, or tiff set matching the prints, plus all the CAD related data used to create the plans in AutoCAD's "dwg" format must be included in the submittal.

E. Approval of Final Plans

Within thirty (30) days of the date of receipt of the final plans, if final plans are approved, the Department will return final plans to Concessionaire with the Department approval stamp on the plans. The Department will retain one (1) full set of final plans. The Department approval of the final plans shall only mean that the proposed improvement is consistent with the Department's goals and objectives for Airport development projects and does not infer that the proposed improvement is approved by the County of Sacramento Municipal Services Agency. After approval of the final plans by the Department, Concessionaire has full responsibility for obtaining all required federal, State and local approvals and permits including compliance with California Environmental Quality Act (CEQA) requirements.

F. Modification of Final Plans

Any modifications to the approved final plans including environmental mitigation measures, modifications imposed by the County of Sacramento Municipal Services Agency, or construction change orders shall be submitted to the County for approval prior to construction.

G. Notice of Completion

Within ten (10) days of construction completion, Concessionaire shall submit a Notice of Completion to the Department. Within ten (10) days of receipt of Notice of Completion, the County may schedule an inspection of the improvements to be accompanied by Concessionaire for purposes of confirming compliance with the final plans and any subsequent modifications to the final plans. This inspection tour may be scheduled at the same time Concessionaire schedules a final inspection in accordance with any requirements imposed by the County of Sacramento Municipal Services Agency.

H. As-Constructed/Record Drawings

Within sixty (60) days after filing a Notice of Completion, which is due within ten (10) days after construction completion, Concessionaire shall furnish the Department with one (1) complete set of electronic AutoCAD format Record Drawings and one (1) complete set of either pdf, dwf, or tif files showing the “as-constructed” improvements. Record Drawings shall be dated and stamped by the engineer or architect of record. If by the eleventh (11th) day after construction has been completed Concessionaire fails to submit “as-constructed” drawings, Concessionaire will pay penalties in the amount of one hundred dollars (\$100.00) per day until such a time when drawings have been submitted.

I. Removal of Unapproved Improvements

Improvements made on Concessionaire’s Leased Premises without the approval of final plans for said improvements as outlined herein are hereby determined to be unapproved improvements constructed or installed in violation of the conditions, restrictions and requirements of this Agreement. Unapproved improvements shall be immediately removed at Concessionaire’s sole expense, unless otherwise approved in writing by the County. Portions of improvements that are not constructed as indicated and specified on approved plans are also hereby determined to be unapproved improvements and shall be immediately removed or corrected at Concessionaire’s sole expense.

J. Liquidated Damages for Failure to Timely Complete the Project

It is imperative that Concessionaire is open for business as expeditiously as possible and that the Project is completed by XXXX XX, 201X in order serve the traveling public. Therefore, it is agreed that as liquidated damages for failure to complete the Project, Concessionaire agrees to pay to the County the amount of Five Hundred Dollars and 00/100ths (\$500.00) per day per concession location until the Project is complete. This amount shall be in addition to all Rent and other charges and fees due.

K. Certification of Facility Build-Out Investment

Concessionaire shall provide the County with verifiable receipts and certified lien releases for its minimum total cost of the Project within ninety (90) days of the completion of the construction/refurbishment/removal to confirm the amount of the investments.

L. Title to Tenant Improvements

Concessionaire shall retain title to its Tenant Improvements in, at or serving the Leased Premises for so long as such Leased Premises are leased to Concessionaire under this Agreement. Thereafter, the County, at its option, reserves the right to take immediate title to some or all of such Tenant Improvements at no cost or expense. Those Tenant Improvements to which the County does not take title must be removed expeditiously by Concessionaire and, any damage caused by the removal of such Tenant Improvements must be repaired by the Concessionaire at no cost to the County, unless otherwise agreed to in writing by the County.

3.29 Improvements by County

The County and Concessionaire agree and acknowledge that, from time to time, the County may undertake improvements to the terminals during the Term of this Agreement. The County will attempt to make those improvements in a manner that does not interfere unreasonably with the operations of Concessionaire authorized under this Agreement. Concessionaire expressly waives any and all claims for damages of any kind, including but not limited to, loss of profits as a result of the interruption of business of Concessionaire that may arise as a result of such improvements undertaken by the County.

3.30 Independent Contractor

Concessionaire is not an employee or agent of County by reason of this Agreement, or otherwise. Concessionaire is an independent contractor, and as between County and Concessionaire, Concessionaire shall be solely responsible for its acts and omissions arising from or relating to its operations at the Airport and lease of property hereunder.

3.31 Insurance

Throughout the term of this Agreement, Concessionaire for itself and its officers, representatives, agents, employees, Subtenants, guests, patrons, contractors, subcontractors, licensees, invitees, and suppliers shall maintain in full force and effect the forms and amounts of insurance specified in EXHIBIT H.

In the event Concessionaire does not have the required certificate(s) of insurance and/or binder(s) evidencing the proper insurance coverage, or the required insurance coverage lapses, this Agreement shall be terminated at County's option by the County giving written notice to Concessionaire.

3.32 Invalid Provisions

In the event any covenant, condition or provision of this Agreement, or the application thereof to any person, entity, or circumstances, shall to any extent be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions or provisions of this Agreement, or the application thereof to any person, entity, or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated, provided that such invalidity, voiding or unenforceability of such covenant, condition or provision does not materially prejudice either party in its respective rights and obligations contained in the then remaining valid covenants, conditions or provisions of this Agreement.

3.33 Licenses and Permits

Concessionaire shall obtain at its sole expense all necessary licenses and permits required for construction of improvements or installation of equipment on the Leased Premises, and any other licenses or permits necessary for the conduct of Concessionaire's operations at the Airport.

3.34 Limitations on Use of Leased Premises

In connection with the exercise of Concessionaire's rights and duties under this Agreement, Concessionaire and any of its officers, representatives, agents, employees, Subtenants, guests, patrons, contractors, subcontractors, licensees, invitees, or suppliers shall not:

- a. Interfere with, or disturb 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 within the Airport;
- b. Do anything that may invalidate, conflict with, or increase the rate of any insurance policy(s) covering the County or any part thereof. The County, in its sole discretion, may limit, modify, or require removal of any materials, parts or equipment which the County reasonably determines are not incidental to Concessionaire's operations by written notification to Concessionaire. Concessionaire shall have forty-eight (48) hours from the mailing date of such notice to remove and properly dispose of any items identified;
- c. Interfere with the County staff, businesses, or patrons;
- d. Use or allow the use of the facilities within the Airport for any improper, immoral, or unlawful purpose;
- e. Obstruct the roadways or passageways adjacent to or within the Airport;
- f. Conduct any business within the Airport other than that authorized by this Agreement;
- g. Advertise, solicit, or distribute materials within the Airport in any manner without the advance written permission of the County.

3.35 Liquidated Damages from Late Payments

If Concessionaire is in arrears for seven (7) days or more following the due date of any amount payable to the County herein, the parties acknowledge that additional clerical, accounting and other work will be performed which would not otherwise be needed absent the late payment. In addition, because the actual charges as a result of the late payment are difficult to identify, the parties hereby agree that Concessionaire shall pay as a reasonable charge, liquidated damages for the late payment in the amount of eighteen percent (18%) annual percentage rate, applicable from the date such payment was due to the date of actual payment. 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. These liquidated damages will be calculated and posted on a monthly basis, and shall be prorated by the number of days payments are in arrears in the month.

3.36 Merchandise and Services Pricing Policy

Concessionaire shall comply with Merchandise and Services Pricing Policy as shown on EXHIBIT K, attached hereto and incorporated herein by this reference. The County may, throughout the Term of this Agreement, amend the Merchandise and Services Pricing Policy with prior written notice. The County shall provide Concessionaire with the amended Merchandise and Services Pricing Policy and written notice of the effective date of any such amended Merchandise and Services Pricing Policy at least thirty (30) days prior to the effective date.

3.37 Negation of Partnership

Nothing in this Agreement shall be construed to render County in any way or for any purpose, a partner, joint venturer, or associate in any relationship with Concessionaire other than that of landlord and tenant, nor shall this Agreement be construed to authorize either County or Concessionaire to act as agent for the other.

3.38 Net Lease

Except as otherwise provided by EXHIBIT F herein, it is the intent and purpose of County and Concessionaire that all Rent payable by Concessionaire hereunder shall be absolutely net to the County so that this Agreement shall yield to the County the entire Rent herein specified free of any charges, assessments, impositions or deductions of any kind or character which may be charged, assessed, or imposed on or against Concessionaire or the Leased Premises, without abatement, deduction or set-off by Concessionaire.

County shall not be expected or required to pay any such charge, assessment or imposition, or be under any obligation or liability hereunder with respect thereto. All loss, costs, expenses and obligations of any kind relating to the maintenance, development and improvement of the Leased Premises, including the renovation of the building and other improvements thereupon, and all alterations, repairs, reconstruction and replacements as hereinafter provided which may arise or become due during the Term hereof, shall be paid by Concessionaire and Concessionaire shall indemnify, defend, and hold harmless County, its officers, agents, and employees, from any and all such loss, costs, expenses and obligations.

3.39 Nonexclusive Rights

Nothing herein shall be construed to grant or authorize the granting of 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. Provided, however, subject to the terms and provisions of this Agreement, Concessionaire shall have the right to exclusive possession of the Leased Premises described by Section 2.01 hereinabove.

3.40 Non-waiver of Rights

No failure by County to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial Rent or fees during the continuance of such breach, shall constitute a waiver of any such breach or of any such covenant, agreement, term or condition. No covenant, agreement, term or condition of the Agreement to be performed or complied with by Concessionaire, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by County. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

No receipt of monies by County from Concessionaire after the termination of this Agreement, or after the giving of any notice of the termination of this Agreement (unless such receipt cures the event of default which was the basis for the notice), shall reinstate, continue or extend the Term or affect any notice theretofore given to Concessionaire, or operate as a waiver of the right of County to enforce the payment of Rent or fees payable by Concessionaire hereunder or thereafter falling due, or operate as a waiver of the right of County to recover possession of the Leased Premises by proper remedy. It is expressly agreed that after the service of notice to terminate this Agreement or the commencement of any suit or summary proceedings, or after a final order or judgment for the possession of the Leased Premises,

County may demand, receive and collect any monies due or thereafter falling due without in any manner affecting such notice, proceeding, order, suit or judgment, all such monies collected being deemed payments on account of the use and occupation of the Leased Premises or, at the election of County, on account of Concessionaire's liability hereunder.

3.41 Notice of Claims and Suit

County and Concessionaire shall each give the other prompt and timely written notice of any personal injury or other accident claim for or in excess of One Thousand Dollars and 00/100ths (\$1,000.00), and of any lawsuit coming to its knowledge when either such claim or lawsuit arises out of or is in any way connected with the Leased Premises, the operations of Concessionaire hereunder, or the construction or operation of the Airport by County which in any way, directly, indirectly, contingently or otherwise, might reasonably affect the parties' relationship under this Agreement.

Such notice shall be deemed prompt and timely if given within thirty (30) calendar days following the date of receipt of such claim by an officer, agent, or employee of either party, and if given within ten (10) calendar days following the date of service of process upon either party with respect to any such lawsuit.

3.42 No Warranty re Airport

County does not warrant that Airport will continue to be used as an airport during the Term of this Agreement. In the event that such Airport use is terminated, whether temporarily or permanently, Concessionaire shall neither claim nor have entitlement to any damages whatsoever from County.

3.43 Nuisance and Waste

Concessionaire shall not conduct any operation or activity on the Leased Premises, or elsewhere in the Airport, in which the sound emitting therefrom is of such volume, frequency or intensity at such time as to constitute a nuisance. Concessionaire shall not erect, nor permit to be erected, any nuisance on the Leased Premises, or permit any waste thereof. Concessionaire shall not permit any trash or garbage to accumulate on or about the Airport and other common areas in or around the terminals. The County shall have the sole and exclusive authority to determine what constitutes a nuisance and waste.

3.44 Patents and Trademarks

Concessionaire represents that it is the owner of or is fully authorized to use any and all services, processes, machines, articles, marks, names and slogans used in its operations under this Agreement. Concessionaire agrees to save and hold harmless the County, its officers, employees, agents and representatives from any loss, liability, expense, suit or claim for damages in connection with any actual or alleged infringement of any patent, trademark or copyright arising from any alleged or actual unfair competition or other similar claim arising out of the operations of Concessionaire under this Agreement.

3.45 Performance Standards

Concessionaire shall comply with the Performance Standards as shown on EXHIBIT I. The County may, throughout the Term of this Agreement, amend the Performance Standards with prior written notice. The County shall provide Concessionaire with the amended Performance Standards and written notice of the effective date of any such amended Performance Standards prior to the effective date.

3.46 Prior Damages and Vested Rights

None of the provisions of this Article shall operate to preclude either party from obtaining judgment for any monies due and unpaid prior to termination or for any amounts required to be paid by one of the parties on account of the other party or paid to protect the property interests of one of the parties because of the acts of the other.

3.47 Prohibition of Liens

Concessionaire shall pay promptly, as due, all persons supplying labor and materials for any alteration of or improvement to the Leased Premises, and shall permit no lien or claim to be filed or prosecuted against County on account of such labor and materials furnished.

3.48 Records and Reports

Concessionaire shall prepare and maintain an adequate set of records, in a format and detail acceptable to the County, documenting all of Concessionaire’s Gross Revenues at the Airport pursuant to this Agreement. All such reports required of Concessionaire shall be prepared in accordance with generally accepted accounting principles and reported on a cash basis.

A. Monthly Report

Concessionaire shall submit a monthly report concurrent with each monthly submittal of Percentage Rent payments to the County Accounting Division at the address specified in Section 2.07. Concessionaire shall submit a written report and an electronic Monthly Report, in a format and detail as required by the County, of all Concessionaire’s Gross Revenues at the Airport under this Agreement during the preceding calendar month. Such report shall show Gross Revenues for each concession location leased by Concessionaire under this Agreement and shall include a summary of all activities of the previous month. Both the written and electronic Monthly Reports shall be submitted no later than the fifteenth (15th) day of the following month in which such Gross Revenues were generated at Airport. Said Monthly Report shall be submitted whether or not monthly Percentage Rent payments are due.

B. Delinquent Monthly Report

If Concessionaire is delinquent in furnishing to the County any monthly report required under this Agreement, Concessionaire shall pay the County a Ten Dollars and 00/100ths (\$10.00) late fee for each day, that the monthly report is delinquent, as liquidated damages for the additional administrative costs incurred by the County in processing, reviewing, and demanding the delinquent monthly report. The parties have agreed that this is a fair and reasonable estimate of the County’s costs incurred in processing a delinquent monthly report. Imposition of such a late fee shall not constitute a waiver of any other remedies available to the County due to Concessionaire’s failure to timely provide the monthly reports or pay the report late fee.

C. Annual Report

Concessionaire shall submit to the County at the address specified for Airport Accounting in Section 2.07, for the approval of the County, an Annual Report for each Agreement Year throughout the Term of this Agreement not later than sixty (60) calendar days following the last day of each Agreement Year.

Said Annual Report shall be prepared by an independent CPA or by Concessionaire's Chief Financial Officer and shall be in a format and in detail satisfactory to the County. This Annual Report shall serve as a certified annual financial statement setting forth all business transacted at the Airport by Concessionaire under the terms of this Agreement during the preceding Agreement Year, and excluding any other business transacted by Concessionaire. Such Annual Report shall include, but not necessarily be limited to, Concessionaire's Gross Revenues, Rent and other payments due to the County, the CPA's audit or by Concessionaire's Chief Financial Officer and examination of source documents from which Monthly Reports are based, and a certified opinion as to the accuracy of Concessionaire's submitted Monthly Reports. Concessionaire shall bear the entire cost of such reports.

D. Delinquent Annual Report

If Concessionaire is delinquent for ten (10) days or more in furnishing to the County any annual report required under this Agreement, Concessionaire shall pay the County a One Hundred Dollars and 00/100ths (\$100.00) late fee for each month, or partial month, that the annual report is delinquent, as liquidated damages for the additional administrative costs incurred by the County in processing, reviewing, and demanding the delinquent annual report. The parties have agreed that this is a fair and reasonable estimate of the County's costs incurred in processing a delinquent annual report. Imposition of such a late fee shall not constitute a waiver of any other remedies available to the County due to Concessionaire's failure to timely provide the monthly or annual reports or pay the report late fee.

3.49 Regulations and Restrictions

This Agreement, and the rights herein granted, shall be subject to any and all applicable federal, State and County rules, regulations, orders and restrictions which are now in force or which may hereafter be adopted by any duly authorized governmental agency with respect to Concessionaire's operation at the Airport. In the use of the Leased Premises, Concessionaire agrees to observe, obey and abide by all ordinances, field rules and other regulations of County applicable thereto. In addition to the foregoing, Concessionaire shall comply immediately with any and all directives issued by the County.

3.50 Release of Liability

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

3.51 Retention of Records

Concessionaire shall keep available, for a period of three (3) years after each Agreement Year of operation, the books and records of account of Concessionaire for such year, showing the Concessionaire's Gross Revenues from business conducted under this Agreement, the deductions therefrom, and other pertinent information required by the provisions pursuant to this Agreement. Such books and records of account shall be made available to County or its duly authorized agents or auditors during the regular business hours of County at the Airport for the purpose of verifying the information set forth in any Annual Report or Monthly Report statement of Gross Receipts or for the purpose of verifying compliance by Concessionaire with the terms of this Agreement.

3.52 Right of Access

County, its officers, agents, and employees shall have the right, without limitation, throughout the Term of this Agreement, to enter upon the Leased Premises for any lawful purpose, including the repair, replacement, or improvement of facility-related items, and including the purpose of determining whether Concessionaire is complying with its obligations hereunder. The County will make reasonable effort not to interfere with Concessionaire’s operation within the Leased Premises.

Such entry by County shall not be deemed to excuse Concessionaire’s performance of any promise, term, condition, or covenant required of it by this Agreement, and shall not be deemed to constitute waiver thereof by County.

Prior to entering on the Leased Premises, County shall give reasonable notice of its intent to enter. However, such notice requirement shall not apply in cases of emergency, when the Concessionaire has abandoned or surrendered the Leased Premises, or where Concessionaire, or Concessionaire’s agent, consents to such entry. Notice under this Section may be given by any means, including oral notice to an owner, officer, or employee of Concessionaire or by posting a written notice upon the Leased Premises. Twenty-four (24) hours notice shall be deemed reasonable in absence of evidence that a shorter notice period is reasonable.

An entry obtained by County by any of the foregoing means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of the Leased Premises, or an eviction of Concessionaire from the Leased Premises or any portion thereof. Additionally, exercise of any right of entry by County under this Section shall not impose any obligation on County in addition to those assumed in this Agreement.

County may, during the progress of any work on the Leased Premises, take all necessary materials and equipment onto the Leased Premises without the same constituting an eviction, nor shall Concessionaire be entitled to any abatement of Rent while such work is in progress nor to any damages by reason of loss or interruption of business or otherwise.

3.53 Right to Nonexclusive Use of Airport

Concessionaire, throughout the Term hereof, shall have the right to the nonexclusive use, in common with others, of the Airport parking area, appurtenances and improvements thereon; the right of ingress to and egress from the Leased Premises, which right shall extend to Concessionaire’s employees, guests, invitees and patrons; and the right, in common with others so authorized, to use common areas of the Airport, including roadways and other conveniences, provided, however, Concessionaire shall not impair ingress or egress to other leased or public areas of the Airport.

3.54 Rights Upon Termination by Concessionaire

In the event this Agreement is canceled for any of the reasons outlined in Section 3.22, County shall pay to Concessionaire liquidated damages, as follows:

- a. The depreciated value of Tenant Improvements, plus a premium of two percent (2%) per year of said depreciated value for the unexpired Term of the Agreement.
- b. The depreciated value shall be computed at the rate used by Concessionaire for federal income tax purposes, based on actual original cost of the Tenant Improvements placed on the Leased Premises.
- c. Original cost of the Tenant Improvements shall be based on the cost of construction statement provided to the County by Concessionaire as required in Section 3.28 K., verified by actual bills and receipts pertaining to original construction and improvements, subject to the approval in writing by County.

Upon payment by County to Concessionaire of said liquidated damages, all such Tenant Improvements shall become the sole property of the County. Concessionaire may, at its option, remove its Tenant Improvements in lieu of accepting the depreciated value. In this event, only the premium of two percent (2%) per year, as aforesaid, shall be payable to Concessionaire by the County. Concessionaire shall be entitled to no further damages upon termination.

3.55 Risk Reduction

Concessionaire shall neither use nor permit the use of the Leased Premises in such a manner as to increase the rate of insurance thereon in excess of that in existence at the commencement of the Term hereof.

3.56 Signs

Concessionaire shall not erect, maintain, or display any Sign on the Leased Premises, or elsewhere at the Airport, without the prior written consent of the County. Concessionaire shall comply with the provisions of the Airport Tenant Design Manual specified in EXHIBIT J, which may be modified by the County from time to time, for all of its Signs at the Airport. Concessionaire shall request the County's approval by submitting a written request, accompanied by a detailed rendering or drawing of each proposed Sign.

3.57 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 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.

3.58 Successors and Assigns

The provisions of this Agreement shall be binding upon and inure to the benefit of the respective successors, assigns and personal representatives of the parties hereto.

3.59 Surrender of Leased Premises

County is not required to give Concessionaire any notice to quit possession of the Leased Premises upon expiration or sooner termination of this Agreement. Concessionaire covenants and agrees it shall peaceably surrender possession of the Leased Premises upon expiration or sooner termination of this Agreement in good condition, reasonable wear and tear, acts of God, fire and other casualties excepted, and County shall have the right to take possession of the Leased Premises.

3.60 Taxes

Concessionaire shall, at its sole cost and expense, pay any and all taxes for which it is responsible, or which may be assessed against it.

A. Possessory Interest and Property Taxation

Under this Agreement, a possessory interest subject to property taxation may be created. Pursuant to California Revenue and Taxation Code Section 107.6 and Government Code Section 53340.1, notice is hereby given that such property interest may be subject to property taxation and special taxation pursuant to Chapter 25,

Division 2 of the Government Code (Mello Roos Community Facilities Act of 1982), and that the party in whom the possessory interest is vested may be subject to the payment of property taxes and special taxes levied on such interest.

Concessionaire shall pay any and all taxes, assessments, and other charges of whatsoever character that may be levied or charged upon Concessionaire's interest as herein may be created, improvements, operations, or right to use the Leased Premises.

B. Right to Contest Taxes

Concessionaire shall have the right to contest in its own name, or, to the extent reasonably necessary, in County's name, in good faith and by all appropriate proceedings, the amount, applicability, or validity of any tax assessment pertaining to the surface of Airport property and Concessionaire's operations thereon.

In the event Concessionaire initiates such contest, County shall reasonably cooperate with Concessionaire, provided that such contest will not subject any part of the surface of Airport property to forfeiture or loss; and provided, further, that if Concessionaire contests any assessment made by the Assessor of County, such contest shall not be initiated in the name of County, and County shall not be obligated to cooperate therewith.

If, at any time, payment of any tax or assessment becomes necessary to prevent any forfeiture or loss, Concessionaire shall timely pay such tax or assessment to prevent such forfeiture or loss.

3.61 Termination of Retail Concession Agreement (if Applicable)

Concessionaire's XXXXX XX, 201X, Retail Concession Agreement shall terminate upon the Commencement Date of this Agreement regardless of any particular language in the XXXXX XX, 201X, agreement or subsequent amendments, no further notice of termination shall be required.

3.62 Time of the Essence

Time is of the essence in performance of this Agreement.

3.63 Title to the Leased Premises

Fee title to the Leased Premises is and shall remain vested in the County. Nothing in this Agreement contained or any action or inaction by County shall be deemed or construed to mean that County has granted to Concessionaire any right, power or permission to do any act or to make any agreement which may create, give rise to, or be the foundation for, any right, title, interest, lien, charge or other encumbrance upon the estate of County in the Leased Premises.

3.64 Transportation of Retail Merchandise and Other Items within the Terminals

Concessionaire shall ensure that all retail merchandise and other items necessary for Concessionaire's operations authorized under this Agreement that are being transported to and from storage and the Leased Premises within the terminals are handled with care and do not interfere with the traveling public and normal airline terminal operations. All such retail merchandise and other items should be packaged within containers that prevent damage or leakage during transportation and that enable X-ray inspection if required.

In transporting such retail merchandise and other items associated with operating Concessionaire's business, Concessionaire shall use only those delivery and receiving routes established by the County. Pallet jacks, if used, may only be utilized on the lower level of the terminal in the shipping and receiving areas and storage areas. If delivery and receiving routes are carpeted, any carts used must be equipped with wheels suitable for operating on carpets without causing damage to them. Concessionaire may only transport retail merchandise and other items in those service elevators designated for delivery. Under no circumstances may deliveries be taken onto the escalators. Concessionaire must always refrain from transporting operating

materials, such as office supplies, inventory, merchandise, recyclables, and trash through the public common areas of the Airport whenever service corridors and delivery tunnels are available.

The County reserves the express right to further regulate the delivery and servicing activities of the Concessionaire and its suppliers to the Airport and the Leased Premises and Concessionaire agrees to abide by such further regulations of the County.

3.65 *Trash and Garbage*

Concessionaire shall, at its sole cost and expense, provide a complete and proper arrangement for the adequate sanitary handling and disposal away from the Airport of all trash, dry and wet garbage, and other refuse resulting from, or in any way associated with, Concessionaire's use of the Leased Premises. Concessionaire shall take appropriate action in the handling of waste materials to prevent the presence of rodents and other vermin. Such arrangements shall include, but not be limited to, the use of suitable covered metal receptacles at the Leased Premises for the temporary storage of all such garbage, trash, and other refuse. Concessionaire shall keep all garbage materials in durable, fly-proof and rodent-proof, fireproof containers that are easily cleaned. The containers shall have tight-fitting lids, doors, or covers, and shall be kept tightly covered when material is not being deposited in them. Concessionaire shall clean the containers, as necessary, to prevent odors. Concessionaire shall not allow boxes, cartons, barrels, or other similar items to remain within view of public. Concessionaire shall not deposit any of its trash or other refuse in any containers except those designated for Concessionaire's trash.

The County may provide this service for a fee and reserves the right to direct Concessionaire's route for garbage and other refuse removal. Concessionaire shall also be required to participate in any County re-cycling programs at the Airport.

3.66 *Vehicle and Equipment Parking*

Vehicular and equipment parking by Concessionaire, its employees, agents, Subtenants, licensees, suppliers, and subcontractors shall be restricted to such areas at the Airport as are designated by the County. Such parking shall be subject to the payment of such parking fees and charges as may from time to time be in effect for such designated areas.

3.66 Execution of Agreement

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

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

“COUNTY”

Date: _____

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

COMPANY NAME

“CONCESSIONAIRE”

Date: _____

By: _____
(Name) _____
(Title) _____

(SEAL)

REVIEWED AND APPROVED:

By: _____
County Counsel

EXHIBIT A

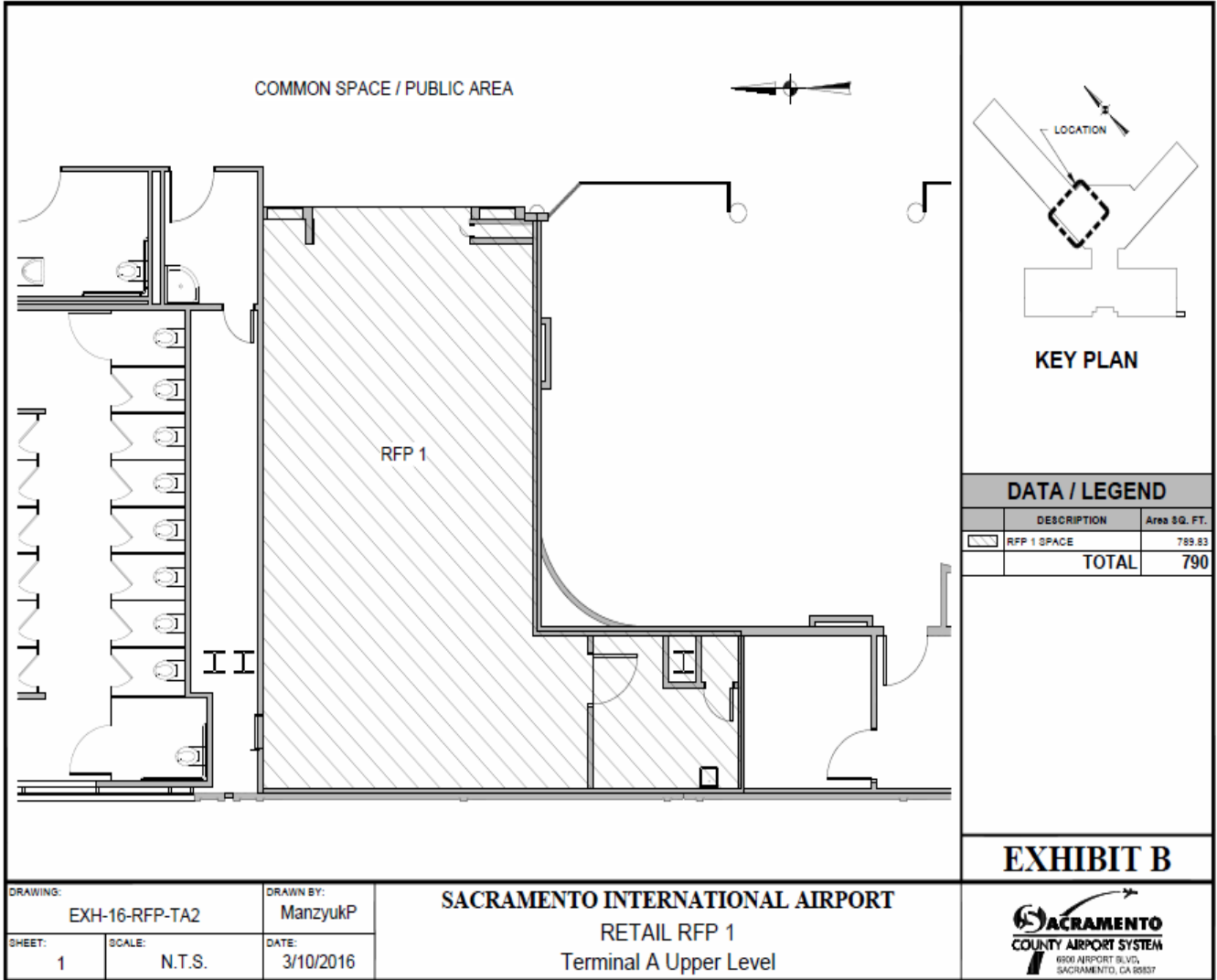
Concessionaire's Proposal

Concessionaire's XXXXX XX, 2016 Proposal is maintained in the
Sacramento County Department of Airports Properties and
Business Development office located at
6900 Airport Boulevard, Sacramento, CA 95837

EXHIBIT B

Leased Premises

File: W:\AUTOCAD\Masterism\Lease\Property\EXH-16-RFP-TA2 (Exhibit RFP 1) Updated: 3/10/16 Printed: 3/10/16-6:50am By: ManzyukP

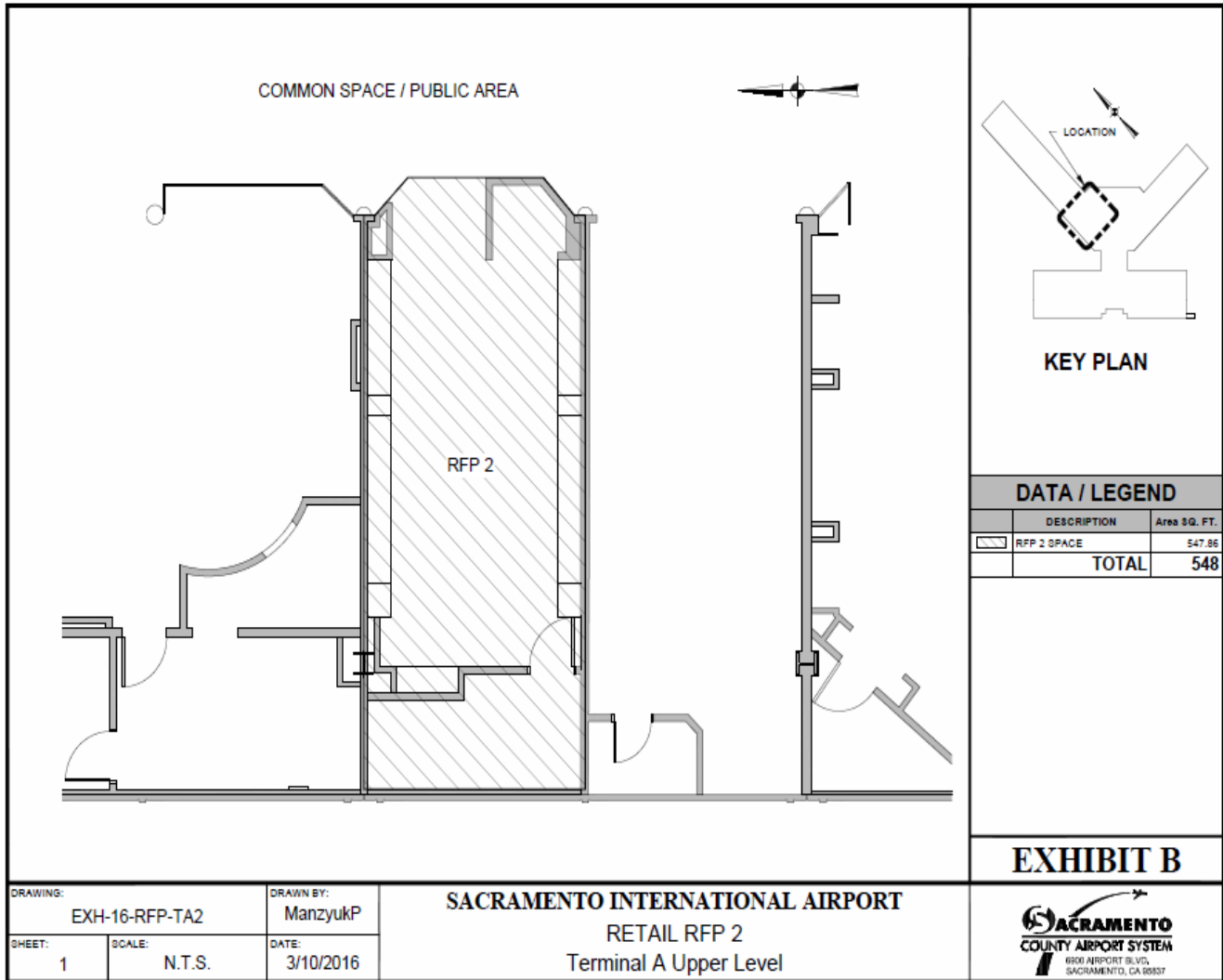


DRAWING: EXH-16-RFP-TA2		DRAWN BY: ManzyukP
SHEET: 1	SCALE: N.T.S.	DATE: 3/10/2016

SACRAMENTO INTERNATIONAL AIRPORT
RETAIL RFP 1
Terminal A Upper Level

EXHIBIT B



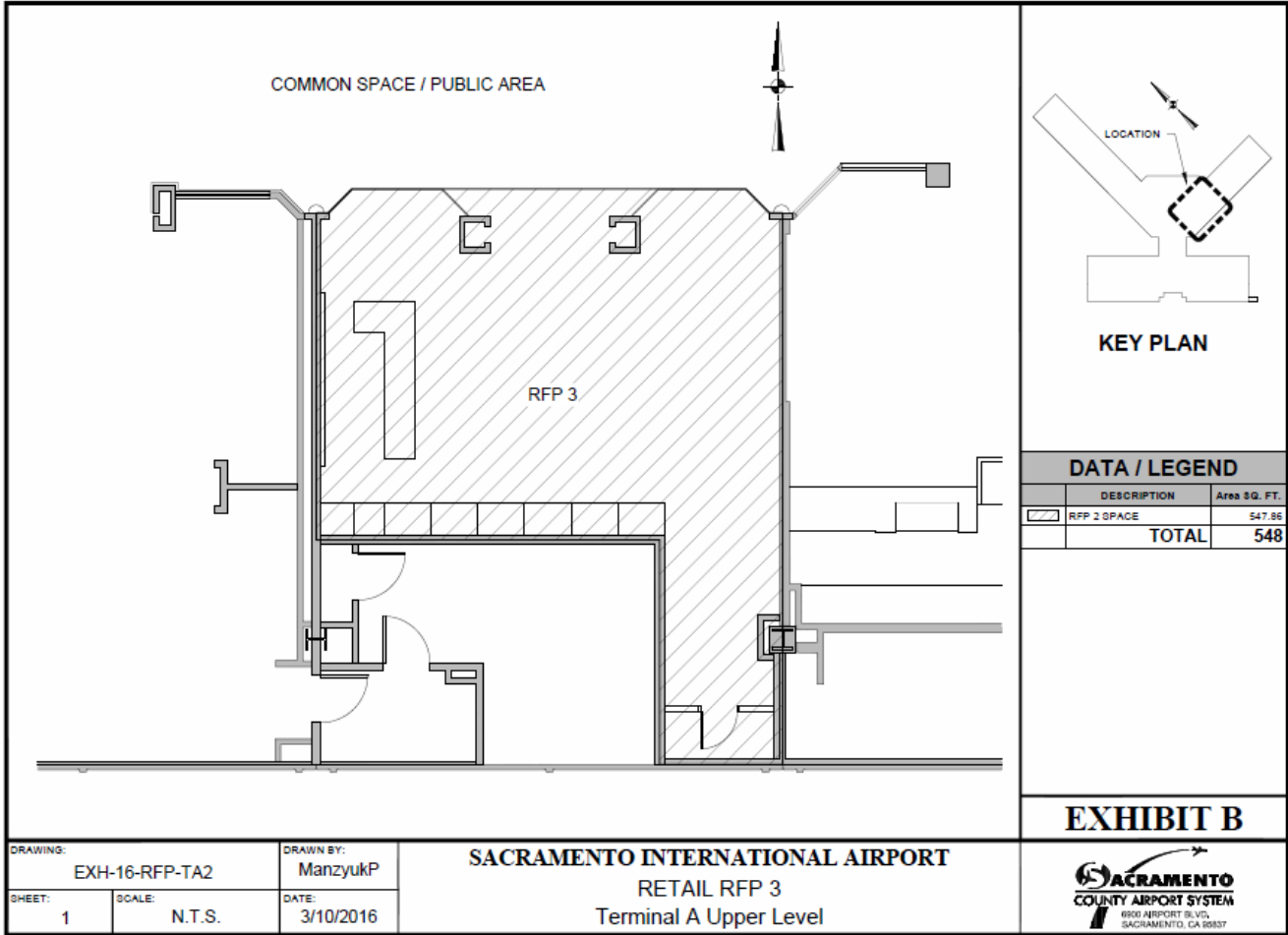


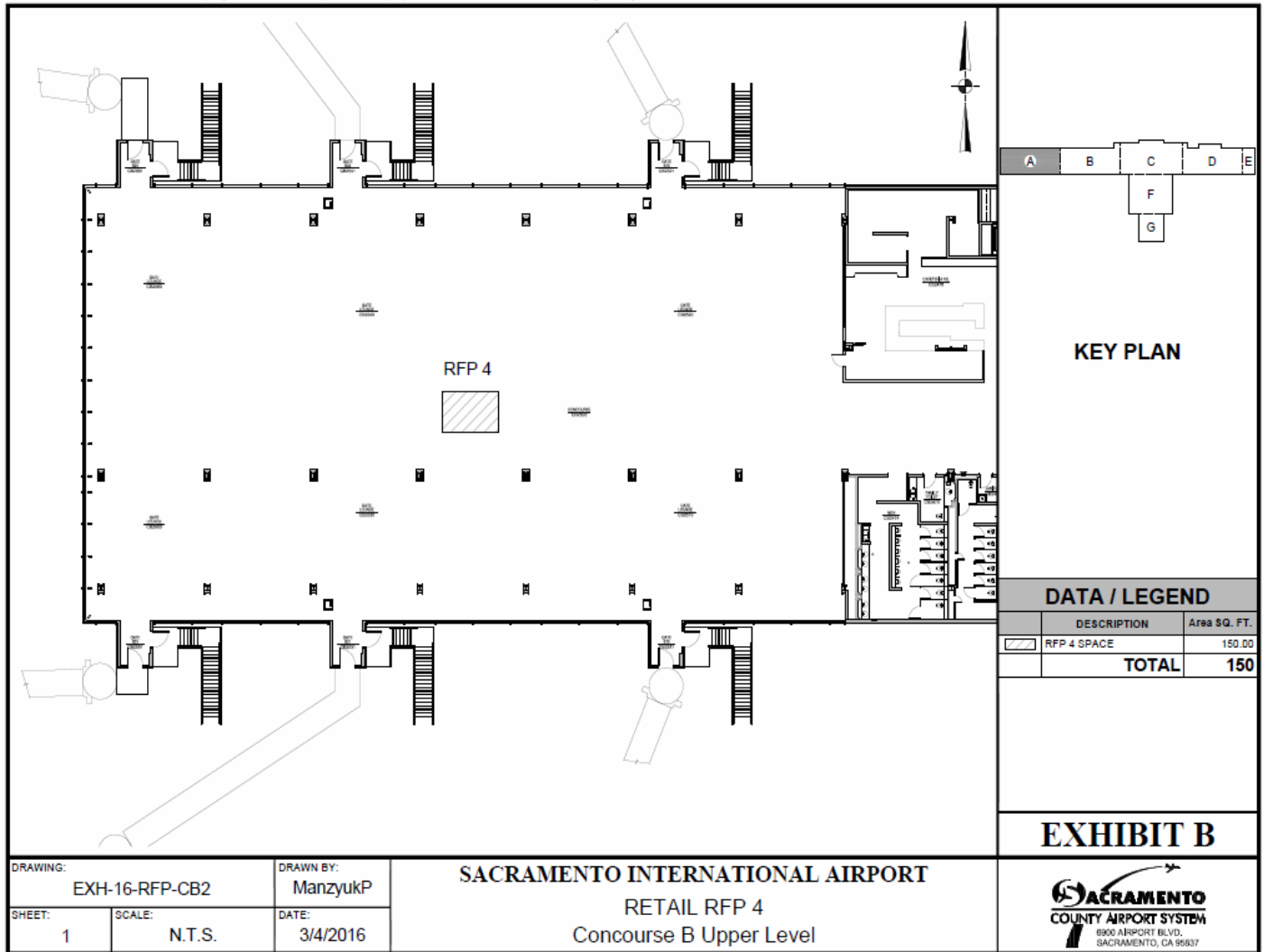
DRAWING: EXH-16-RFP-TA2		DRAWN BY: ManzyukP
SHEET: 1	SCALE: N.T.S.	DATE: 3/10/2016

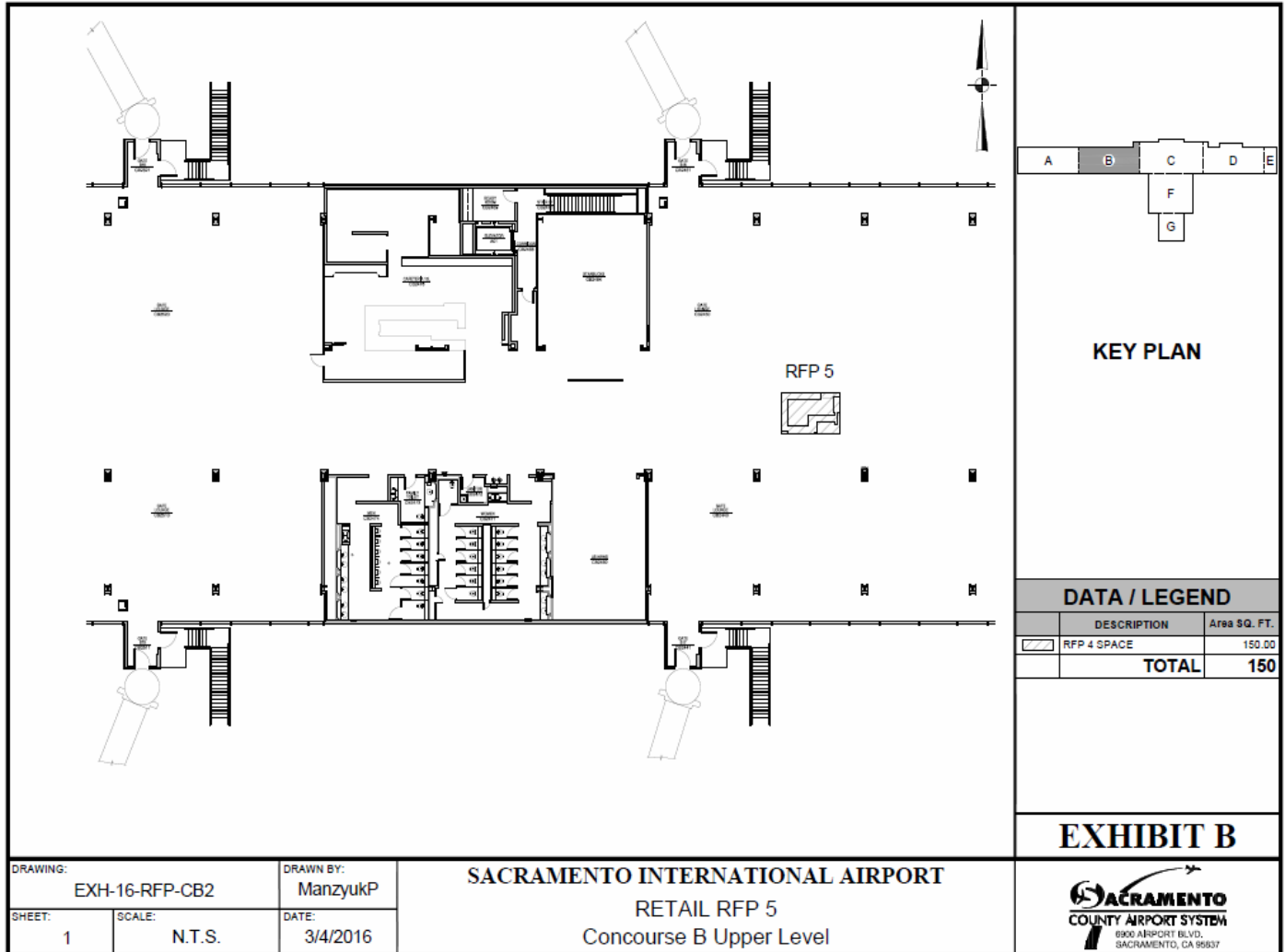
SACRAMENTO INTERNATIONAL AIRPORT
 RETAIL RFP 2
 Terminal A Upper Level

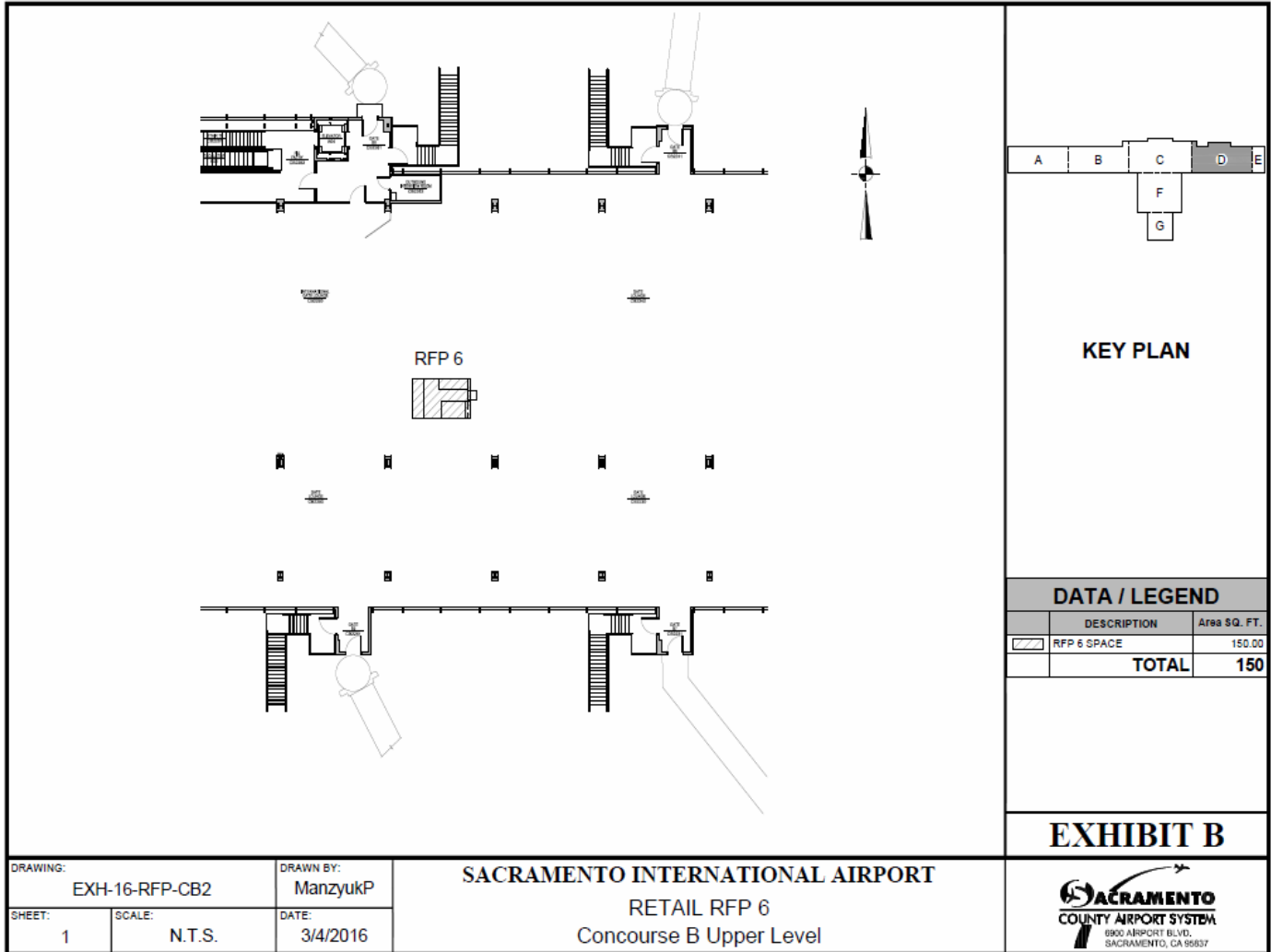
EXHIBIT B







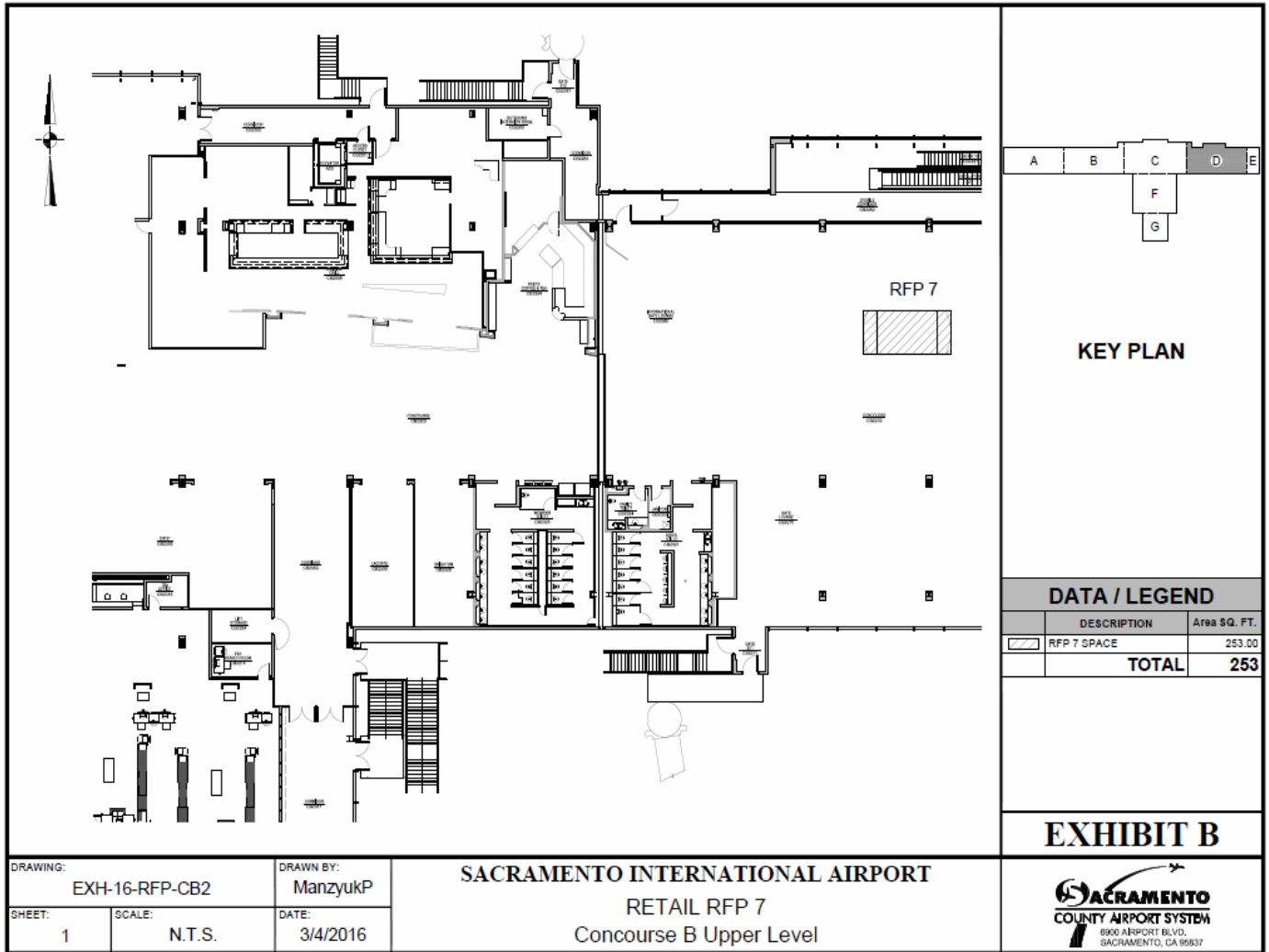


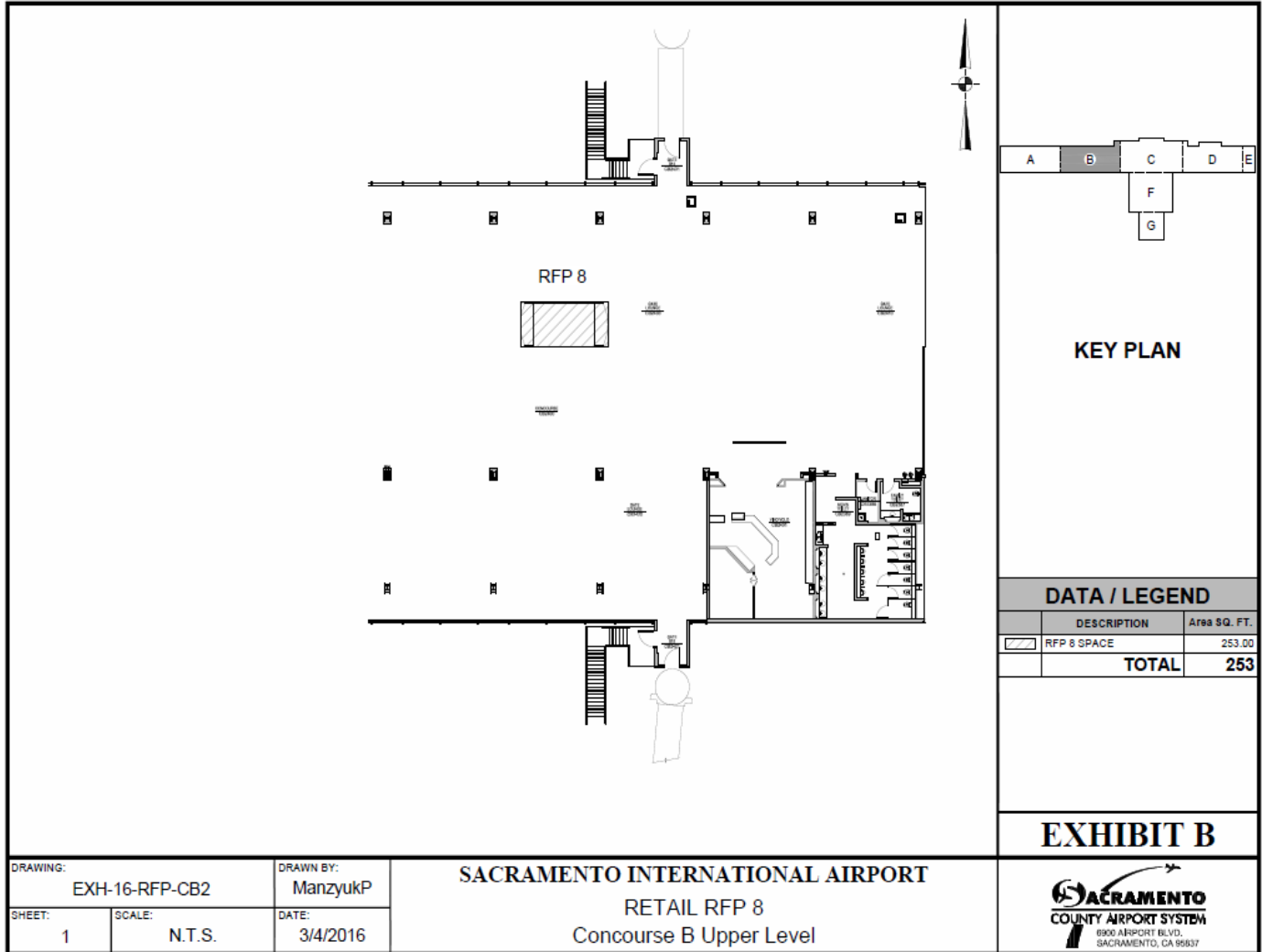


DRAWING: EXH-16-RFP-CB2		DRAWN BY: ManzyukP
SHEET: 1	SCALE: N.T.S.	DATE: 3/4/2016

SACRAMENTO INTERNATIONAL AIRPORT
 RETAIL RFP 6
 Concourse B Upper Level







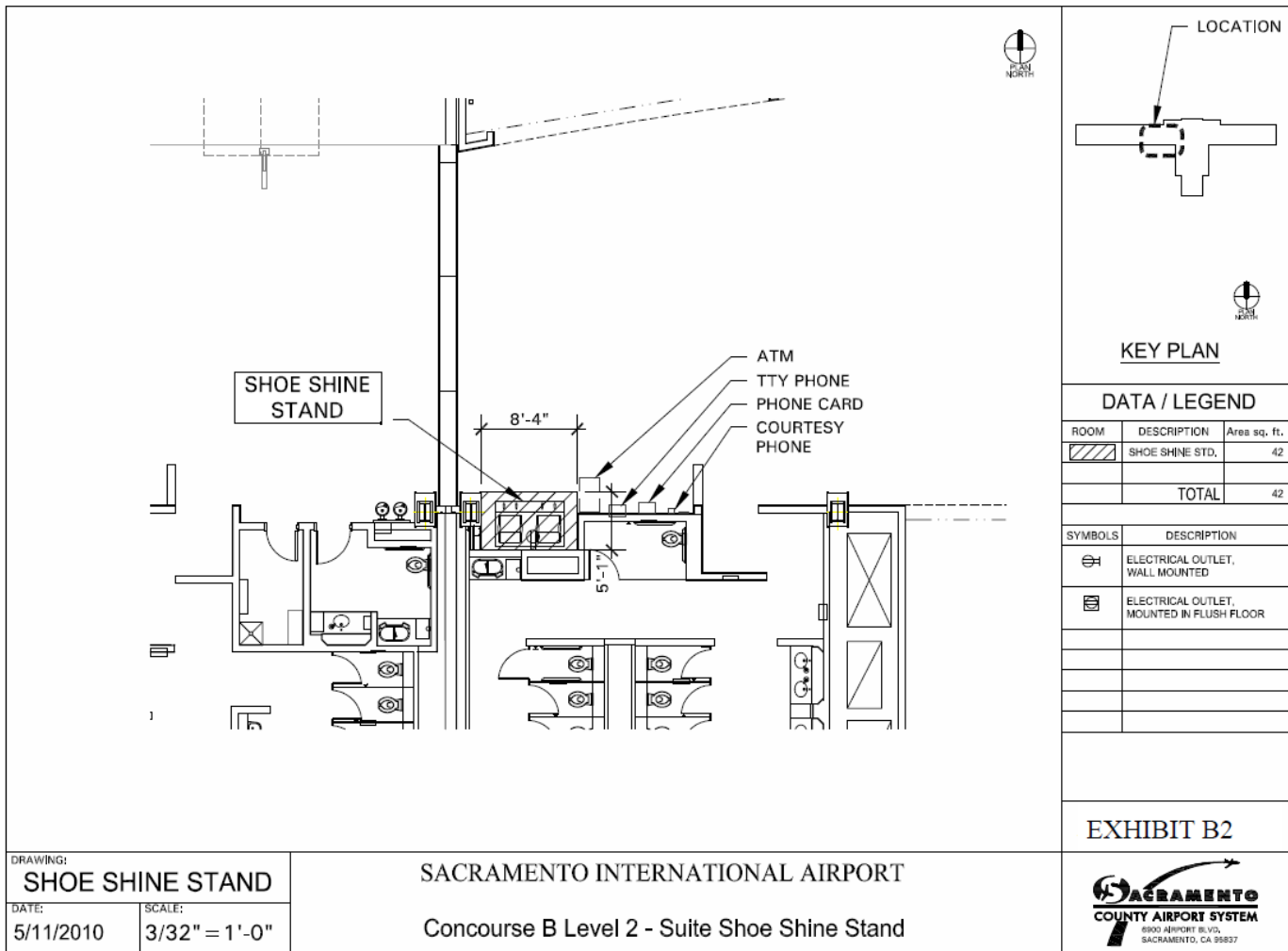
DRAWING: EXH-16-RFP-CB2		DRAWN BY: ManzyukP
SHEET: 1	SCALE: N.T.S.	DATE: 3/4/2016

SACRAMENTO INTERNATIONAL AIRPORT
 RETAIL RFP 8
 Concourse B Upper Level

EXHIBIT B



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



DRAWING:
SHOE SHINE STAND
 DATE: 5/11/2010 SCALE: 3/32" = 1'-0"

SACRAMENTO INTERNATIONAL AIRPORT
 Concourse B Level 2 - Suite Shoe Shine Stand



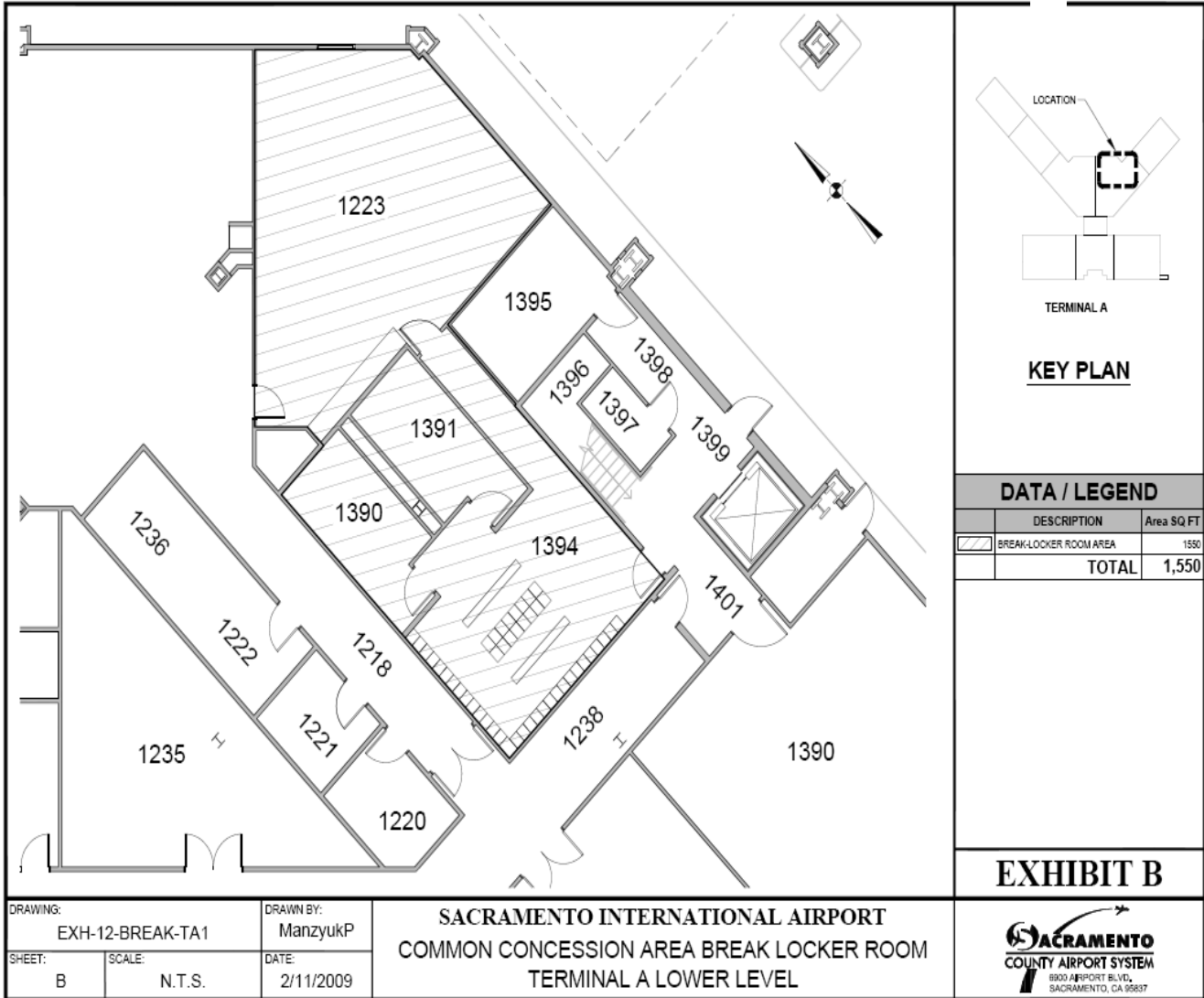
EXHIBIT B2

EXHIBIT C

Lower Level Common Use Areas

Terminal A

Updated: 10/2/12 - Printed: 10/2/12 4:54am By: ManzyukP
 File: W:\AUTOCAD\master\smf\Lease\BREAK\ROOMS\EXH-12-BREAK-TA1.dwg (Tab: Exhibit B)



Terminal B

Updated: 3/8/2016 - Printed: 3/8/2016 7:30:17 AM By: Marzyuk, Paul
 File: W:\AUTOCAD\Masterform\Lease\BREAKROOM\EXH-16-BREAK-CB1.dwg (Tab: Layout1)

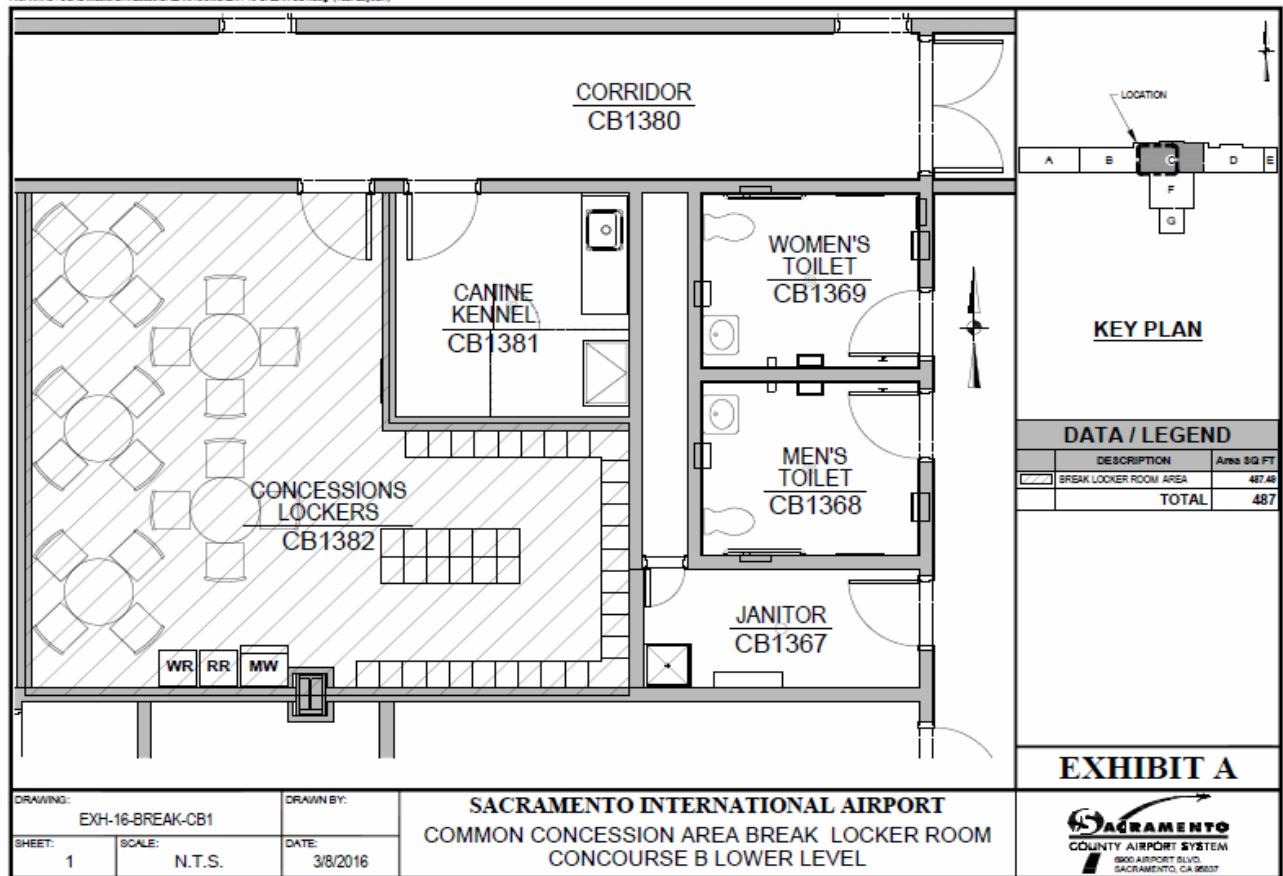


EXHIBIT D

Product List

Concessionaire will carry the products listed below:

EXHIBIT E

Utility Responsibilities

Concessionaire, at Concessionaire's sole cost and expense, in accordance with the Airport Tenant Design Manual, pay for all charges assessed for any and all of its utilities, including but not limited to:

1.	Electrical Power
2.	Water
3.	Sanitary Sewer
4.	Trash/Garbage Collection and Disposal
5.	Telephone and Communication Services
6.	Internet Services
7.	Any other utility service used at the Leased Premises

Concessionaire shall be responsible for any utility service or other service supplied to or used on the Leased Premises, including any and all connection and metering charges, as billed directly to Concessionaire by utility companies furnishing such services or as billed by County. If billed by County, Concessionaire shall pay County such costs and charges based upon such standard Airport rates and charges as may be established from time to time by County, and meter readings, if any, for amounts used by Concessionaire, within fifteen (15) days following the date of such billing. Concessionaire agrees that any and all such charges for any and all such services shall be paid before their delinquency and that County shall be protected and held harmless by Concessionaire therefrom.

County shall not be liable to Concessionaire for any interruption in or curtailment of any utility service, nor shall any such interruption or curtailment constitute a constructive eviction or grounds for Rent abatement in whole or in part herein. Concessionaire acknowledges that County has no authority over the utility service providers. County shall take all reasonable steps to assist Concessionaire in Concessionaire's efforts to gain access to the utilities discussed herein.

EXHIBIT F

Maintenance Responsibilities

A. Responsibility of County

County shall, without additional expense to Concessionaire, provide or cause to be provided maintenance of the items designated as the County's responsibility within the attached Preventative/Corrective Maintenance Responsibility Matrix (Matrix).

Except as otherwise expressly provided herein, the Leased Premises are leased to Concessionaire in an "As Is" condition from the Turnover Date throughout the Term of this Agreement.

County or its authorized agents may, at any time, without notice, enter upon the Leased Premises to determine if housekeeping and maintenance satisfactory to County is being performed. If it is determined that said housekeeping or maintenance is not satisfactory, County shall so notify Concessionaire in writing. If said housekeeping or maintenance is not performed by Concessionaire within fifteen (15) days after receipt of written notice, County, or its agents, shall have the right to enter upon the Leased Premises and perform the maintenance. The cost, plus 15% of the cost for administrative charges, for the performance of any such maintenance by County shall be borne by Concessionaire. Any maintenance required to avoid harm to the building, its contents, other tenants or persons shall be performed immediately without need of written notice or County may, upon verbal notice to Concessionaire's manager, itself perform such maintenance at Concessionaire's expense.

B. Responsibility of Concessionaire

Throughout the Term of this Agreement, Concessionaire shall, at its sole cost and expense, provide the preventative and corrective maintenance designated as the Concessionaire's responsibility on the attached Matrix.

Except as otherwise expressly provided herein, Concessionaire, at all times, shall at its sole cost and expense, maintain the Leased Premises in first class condition, order and repair and in strict compliance with all applicable governmental regulations, laws and codes, County's rules and regulations, and insurance company standards, rules and regulations. Concessionaire shall be obligated, without cost to County, to maintain the Leased Premises in accordance with the Performance Standards as described in EXHIBIT I.

Concessionaire shall notify County prior to performing corrective work (beyond lamp changes) on equipment or fixtures integral to the Airport structure/infrastructure, such as light fixtures, HVAC, fire alarm, plumbing, etc.

Concessionaire shall do nothing, and shall permit nothing to be done, that could interfere with the drainage or sewage systems, fire hydrants, HVAC systems, electrical systems, domestic hot water or cold water, gas, fire suppression systems, fire alarm system, or plumbing on the Leased Premises or elsewhere at the Airport, without the advance written permission of the County.

Concessionaire shall be responsible for immediately notifying County of any malfunction, problem, fault, or not-in-operation for any item for which County is responsible under this EXHIBIT F. If Concessionaire fails to promptly notify County, Concessionaire waives County's obligation to perform such maintenance, repair or testing.

Concessionaire agrees to take good care of the Leased Premises and to return the same at the termination of this Agreement in as good order as when received, excepting ordinary wear and tear and natural decay.

Concessionaire shall keep the Leased Premises free of debris, trash, and hazardous conditions, shall keep public areas around the Leased Premises free of hazardous conditions originating from Concessionaire's operations and shall orally notify the County promptly of other hazardous conditions in the public areas outside the Leased Premises upon actual knowledge of any such hazardous condition.

C. Failure to Maintain or Repair

If Concessionaire refuses or neglects to undertake the prompt maintenance or repair, which is Concessionaire's responsibilities under this Agreement, the County shall have the right to make such repairs on behalf of and for Concessionaire. Such work shall be paid for by Concessionaire within ten (10) calendar days following written demand by the County for said payment at the County's standard rates, plus the County's overhead, and the delinquency charge on the amount paid by the County from the date the funds were expended. If the work is performed by a contractor hired by the County, the County shall be reimbursed the County's actual cost, including but not limited to, County administrative costs and the delinquency charge on the amount paid by the County from the date the funds were expended.

Concessionaire shall be solely responsible for the cost of any repair or maintenance to the Leased Premises resulting from the negligent acts or omissions of Concessionaire, its officers, agents, employees, Subtenants, invitees, suppliers, or contractors. In the event of such damage, County may elect to perform such repair or maintenance itself, at Concessionaire's sole cost and expense plus County administrative costs, or require Concessionaire to perform the same at Concessionaire's sole cost and expense.

Provided, however, if such repair or maintenance is not of an emergency nature, as determined by the County, in its sole discretion, County shall give Concessionaire fifteen (15) days advance written notice of its election in such matter.

Preventive/Corrective Maintenance Responsibility Matrix

Sacramento International Airport

#	Equipment	County Responsibility	Concessionaire Responsibility	Not Applicable
1	Electrical			
2	Infrastructure (within leased premises or exclusively serving leased premises)		X	
3	Transformer - Concessionaire Electrical Service	X		
4	Transformer(s) - other than main service		X	
5	Panels		X	
6	Time Clocks		X	
7	Receptacles		X	
8	Switches		X	
9	UPS Systems (within leased premises or exclusively serving leased premises)		X	
10	Testing		X	
11	Repair		X	
12	Maintenance		X	
13	Lighting - Interior within the leased premises		X	
14	Lamps		X	
15	Ballasts		X	
16	Light Fixtures		X	
17	Common area lighting - Lighting located in common areas illuminating common use areas	X		
18	Lamps	X		
19	Ballasts	X		
20	Fixtures	X		
21	Tenant area lighting - Lighting located in common areas illuminating leased premises		X	
22	Lamps		X	
23	Ballasts		X	
24	Fixtures		X	
25	Signage - lighted		X	
29	Aircraft ramp lighting			X
30	Hangar lighting			X
31	Power Monitoring and Control System - (Tenant utility metering equipment)	X		
32				
33	Plumbing			
34	Infrastructure	X		
35	P-Traps	X		
36	Trap primers	X		
37	Sewer Lines	X		
38	Water Pipe	X		
39	Vents	X		
40	Floor sinks		X	
41	Toilets			X
42	Grease Traps		X	
43	Mop sinks		X	
44	Tenant laterals to building sanitary sewer lines		X	
45	Backflow preventers	X		
46				
47	Fire Suppression System			
48	Fire Alarm Detection (including 24-hour monitoring)	X		
49	Fire Suppression System (Building Wide System)	X		
50	Fire Suppression Equipment Exclusive to the Leased Premises (i.e. Fire Extinguishers, etc.)		X	
51				
52	Tenant Building Interior			
53	Signage - non-lighted		X	
54	Wall finishes (including store front)		X	
55	Cabinetry - repair		X	
56	Cabinetry - new		X	
57	Doors (Including locks, hinges and closers)		X	
58	Interior leased space doors		X	
59	County space/leased space doors		X	
60	Fire doors		X	
61	Roll up Doors		X	
62	Bag belt Systems			X
63	Restrooms fixtures (towel/soap dispensers, mirrors, partitions, etc.)			X
64	Floor Tile		X	
65	Ceiling (tiles and grid)		X	
66	Display cases (within Leased Premises)		X	
67	Art work (within leased premises)		X	
68				
69	Building Exterior			
70	Pavement			X
71	Repair and Patch Roof	X		
72	Clean and Clear Gutters			X
73	Structural Maintenance and/or repairs	X		
74	Exterior Walls, Roof and Foundation	X		
75	Landscaping			X
76				
77	HVAC			
78	UPS System HVAC (common to building HVAC)	X		
79	UPS System HVAC (leased space HVAC)		X	
80	Kitchen ventilation systems			X
81	Exhaust Fans			X
82	Common to building HVAC	X		
83	Ceiling Vents		X	
84	Thermostats		X	
85	Leased space HVAC		X	
86				
87	Miscellaneous			
88	Pest Control (as necessary to maintain a pest and vermin free condition)		X	
89	Equipment and Improvements installed by Tenant (weather authorization was given or not)		X	
90	Janitorial		X	
91	Trash Removal		X	
92	Trash Removal		X	

EXHIBIT G

ASSURANCES REQUIRED BY THE FEDERAL AVIATION ADMINISTRATION



ASSURANCES

Airport Sponsors

A. General.

1. These assurances shall be complied with in the performance of grant agreements for airport development, airport planning, and noise compatibility program grants for airport sponsors.
2. These assurances are required to be submitted as part of the project application by sponsors requesting funds under the provisions of Title 49, U.S.C., subtitle VII, as amended. As used herein, the term "public agency sponsor" means a public agency with control of a public-use airport; the term "private sponsor" means a private owner of a public-use airport; and the term "sponsor" includes both public agency sponsors and private sponsors.
3. Upon acceptance of this grant offer by the sponsor, these assurances are incorporated in and become part of this grant agreement.

B. Duration and Applicability.

1. **Airport development or Noise Compatibility Program Projects Undertaken by a Public Agency Sponsor.**

The terms, conditions and assurances of this grant agreement shall remain in full force and effect throughout the useful life of the facilities developed or equipment acquired for an airport development or noise compatibility program project, or throughout the useful life of the project items installed within a facility under a noise compatibility program project, but in any event not to exceed twenty (20) years from the date of acceptance of a grant offer of Federal funds for the project. However, there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport. There shall be no limit on the duration of the terms, conditions, and assurances with respect to real property acquired with federal funds. Furthermore, the duration of the Civil Rights assurance shall be specified in the assurances.

2. **Airport Development or Noise Compatibility Projects Undertaken by a Private Sponsor.**

The preceding paragraph 1 also applies to a private sponsor except that the useful life of project items installed within a facility or the useful life of the facilities developed or equipment acquired under an airport development or noise compatibility program project shall be no less than ten (10) years from the date of acceptance of Federal aid for the project.

3. Airport Planning Undertaken by a Sponsor.

Unless otherwise specified in this grant agreement, only Assurances 1, 2, 3, 5, 6, 13, 18, 25, 30, 32, 33, and 34 in Section C apply to planning projects. The terms, conditions, and assurances of this grant agreement shall remain in full force and effect during the life of the project; there shall be no limit on the duration of the assurances regarding Airport Revenue so long as the airport is used as an airport.

C. Sponsor Certification.

The sponsor hereby assures and certifies, with respect to this grant that:

1. General Federal Requirements.

It will comply with all applicable Federal laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application, acceptance and use of Federal funds for this project including but not limited to the following:

Federal Legislation

- a. Title 49, U.S.C., subtitle VII, as amended.
- b. Davis-Bacon Act - 40 U.S.C. 276(a), et seq.¹
- c. Federal Fair Labor Standards Act - 29 U.S.C. 201, et seq.
- d. Hatch Act – 5 U.S.C. 1501, et seq.²
- e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et seq.^{1 2}
- f. National Historic Preservation Act of 1966 - Section 106 - 16 U.S.C. 470(f).¹
- g. Archeological and Historic Preservation Act of 1974 - 16 U.S.C. 469 through 469c.¹
- h. Native Americans Grave Repatriation Act - 25 U.S.C. Section 3001, et seq.
- i. Clean Air Act, P.L. 90-148, as amended.
- j. Coastal Zone Management Act, P.L. 93-205, as amended.
- k. Flood Disaster Protection Act of 1973 - Section 102(a) - 42 U.S.C. 4012a.¹
- l. Title 49, U.S.C., Section 303, (formerly known as Section 4(f))
- m. Rehabilitation Act of 1973 - 29 U.S.C. 794.
- n. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
- o. Americans with Disabilities Act of 1990, as amended, (42 U.S.C. § 12101 et seq.), prohibits discrimination on the basis of disability).
- p. Age Discrimination Act of 1975 - 42 U.S.C. 6101, et seq.
- q. American Indian Religious Freedom Act, P.L. 95-341, as amended.
- r. Architectural Barriers Act of 1968 -42 U.S.C. 4151, et seq.¹
- s. Power plant and Industrial Fuel Use Act of 1978 - Section 403- 2 U.S.C. 8373.¹
- t. Contract Work Hours and Safety Standards Act - 40 U.S.C. 327, et seq.¹
- u. Copeland Anti-kickback Act - 18 U.S.C. 874.1
- v. National Environmental Policy Act of 1969 - 42 U.S.C. 4321, et seq.¹
- w. Wild and Scenic Rivers Act, P.L. 90-542, as amended.
- x. Single Audit Act of 1984 - 31 U.S.C. 7501, et seq.²
- y. Drug-Free Workplace Act of 1988 - 41 U.S.C. 702 through 706.

- z. The Federal Funding Accountability and Transparency Act of 2006, as amended (Pub. L. 109-282, as amended by section 6202 of Pub. L. 110-252).

Executive Orders

- a. Executive Order 11246 - Equal Employment Opportunity¹
- b. Executive Order 11990 - Protection of Wetlands
- c. Executive Order 11998 – Flood Plain Management
- d. Executive Order 12372 - Intergovernmental Review of Federal Programs
- e. Executive Order 12699 - Seismic Safety of Federal and Federally Assisted New Building Construction¹
- f. Executive Order 12898 - Environmental Justice

Federal Regulations

- a. 2 CFR Part 180 - OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement).
- b. 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. [OMB Circular A-87 Cost Principles Applicable to Grants and Contracts with State and Local Governments, and OMB Circular A-133 - Audits of States, Local Governments, and Non-Profit Organizations].^{4, 5, 6}
- c. 2 CFR Part 1200 – Nonprocurement Suspension and Debarment
- d. 14 CFR Part 13 - Investigative and Enforcement Procedures 14 CFR Part 16 - Rules of Practice For Federally Assisted Airport Enforcement Proceedings.
- e. 14 CFR Part 150 - Airport noise compatibility planning.
- f. 28 CFR Part 35- Discrimination on the Basis of Disability in State and Local Government Services.
- g. 28 CFR § 50.3 - U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964.
- h. 29 CFR Part 1 - Procedures for predetermination of wage rates.¹
- i. 29 CFR Part 3 - Contractors and subcontractors on public building or public work financed in whole or part by loans or grants from the United States.¹
- j. 29 CFR Part 5 - Labor standards provisions applicable to contracts covering federally financed and assisted construction (also labor standards provisions applicable to non-construction contracts subject to the Contract Work Hours and Safety Standards Act).¹
- k. 41 CFR Part 60 - Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and federally assisted contracting requirements).¹
- l. 49 CFR Part 18 - Uniform administrative requirements for grants and cooperative agreements to state and local governments.³
- m. 49 CFR Part 20 - New restrictions on lobbying.
- n. 49 CFR Part 21 – Nondiscrimination in federally-assisted programs of the Department of Transportation - effectuation of Title VI of the Civil Rights Act of 1964.
- o. 49 CFR Part 23 - Participation by Disadvantage Business Enterprise in Airport Concessions.

- p. 49 CFR Part 24 – Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs.^{1 2}
- q. 49 CFR Part 26 – Participation by Disadvantaged Business Enterprises in Department of Transportation Programs.
- r. 49 CFR Part 27 – Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance.¹
- s. 49 CFR Part 28 – Enforcement of Nondiscrimination on the Basis of Handicap in Programs or Activities conducted by the Department of Transportation.
- t. 49 CFR Part 30 - Denial of public works contracts to suppliers of goods and services of countries that deny procurement market access to U.S. contractors.
- u. 49 CFR Part 32 – Governmentwide Requirements for Drug-Free Workplace (Financial Assistance)
- v. 49 CFR Part 37 – Transportation Services for Individuals with Disabilities (ADA).
- w. 49 CFR Part 41 - Seismic safety of Federal and federally assisted or regulated new building construction.

Specific Assurances

Specific assurances required to be included in grant agreements by any of the above laws, regulations or circulars are incorporated by reference in this grant agreement.

Footnotes to Assurance C.1.

¹ These laws do not apply to airport planning sponsors.

² These laws do not apply to private sponsors.

³ 49 CFR Part 18 and 2 CFR Part 200 contain requirements for State and Local Governments receiving Federal assistance. Any requirement levied upon State and Local Governments by this regulation and circular shall also be applicable to private sponsors receiving Federal assistance under Title 49, United States Code.

⁴ On December 26, 2013 at 78 FR 78590, the Office of Management and Budget (OMB) issued the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200. 2 CFR Part 200 replaces and combines the former Uniform Administrative Requirements for Grants (OMB Circular A-102 and Circular A-110 or 2 CFR Part 215 or Circular) as well as the Cost Principles (Circulars A-21 or 2 CFR part 220; Circular A-87 or 2 CFR part 225; and A-122, 2 CFR part 230). Additionally it replaces Circular A-133 guidance on the Single Annual Audit. In accordance with 2 CFR section 200.110, the standards set forth in Part 200 which affect administration of Federal awards issued by Federal agencies become effective once implemented by Federal agencies or when any future amendment to this Part becomes final. Federal agencies, including the Department of Transportation, must implement the policies and procedures applicable to Federal awards by promulgating a regulation to be effective by December 26, 2014 unless different provisions are required by statute or approved by OMB.

⁵ Cost principles established in 2 CFR part 200 subpart E must be used as guidelines for determining the eligibility of specific types of expenses.

⁶ Audit requirements established in 2 CFR part 200 subpart F are the guidelines for audits.

2. Responsibility and Authority of the Sponsor.

a. Public Agency Sponsor:

It has legal authority to apply for this grant, and to finance and carry out the proposed project; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.

b. Private Sponsor:

It has legal authority to apply for this grant and to finance and carry out the proposed project and comply with all terms, conditions, and assurances of this grant agreement. It shall designate an official representative and shall in writing direct and authorize that person to file this application, including all understandings and assurances contained therein; to act in connection with this application; and to provide such additional information as may be required.

3. Sponsor Fund Availability.

It has sufficient funds available for that portion of the project costs which are not to be paid by the United States. It has sufficient funds available to assure operation and maintenance of items funded under this grant agreement which it will own or control.

4. Good Title.

- a. It, a public agency or the Federal government, holds good title, satisfactory to the Secretary, to the landing area of the airport or site thereof, or will give assurance satisfactory to the Secretary that good title will be acquired.
- b. For noise compatibility program projects to be carried out on the property of the sponsor, it holds good title satisfactory to the Secretary to that portion of the property upon which Federal funds will be expended or will give assurance to the Secretary that good title will be obtained.

5. Preserving Rights and Powers.

- a. It will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in this grant agreement without the written approval of the Secretary, and will act promptly to acquire, extinguish or modify any outstanding rights or claims of right of others which would interfere with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.

- b. It will not sell, lease, encumber, or otherwise transfer or dispose of any part of its title or other interests in the property shown on Exhibit A to this application or, for a noise compatibility program project, that portion of the property upon which Federal funds have been expended, for the duration of the terms, conditions, and assurances in this grant agreement without approval by the Secretary. If the transferee is found by the Secretary to be eligible under Title 49, United States Code, to assume the obligations of this grant agreement and to have the power, authority, and financial resources to carry out all such obligations, the sponsor shall insert in the contract or document transferring or disposing of the sponsor's interest, and make binding upon the transferee all of the terms, conditions, and assurances contained in this grant agreement.
- c. For all noise compatibility program projects which are to be carried out by another unit of local government or are on property owned by a unit of local government other than the sponsor, it will enter into an agreement with that government. Except as otherwise specified by the Secretary, that agreement shall obligate that government to the same terms, conditions, and assurances that would be applicable to it if it applied directly to the FAA for a grant to undertake the noise compatibility program project. That agreement and changes thereto must be satisfactory to the Secretary. It will take steps to enforce this agreement against the local government if there is substantial non-compliance with the terms of the agreement.
- d. For noise compatibility program projects to be carried out on privately owned property, it will enter into an agreement with the owner of that property which includes provisions specified by the Secretary. It will take steps to enforce this agreement against the property owner whenever there is substantial non-compliance with the terms of the agreement.
- e. If the sponsor is a private sponsor, it will take steps satisfactory to the Secretary to ensure that the airport will continue to function as a public-use airport in accordance with these assurances for the duration of these assurances.
- f. If an arrangement is made for management and operation of the airport by any agency or person other than the sponsor or an employee of the sponsor, the sponsor will reserve sufficient rights and authority to insure that the airport will be operated and maintained in accordance Title 49, United States Code, the regulations and the terms, conditions and assurances in this grant agreement and shall insure that such arrangement also requires compliance therewith.
- g. Sponsors of commercial service airports will not permit or enter into any arrangement that results in permission for the owner or tenant of a property used as a residence, or zoned for residential use, to taxi an aircraft between that property and any location on airport. Sponsors of general aviation airports entering into any arrangement that results in permission for the owner of residential real property adjacent to or near the airport must comply with the requirements of Sec. 136 of Public Law 112-95 and the sponsor assurances.

6. Consistency with Local Plans.

The project is reasonably consistent with plans (existing at the time of submission of this application) of public agencies that are authorized by the State in which the project is located to plan for the development of the area surrounding the airport.

7. Consideration of Local Interest.

It has given fair consideration to the interest of communities in or near where the project may be located.

8. Consultation with Users.

In making a decision to undertake any airport development project under Title 49, United States Code, it has undertaken reasonable consultations with affected parties using the airport at which project is proposed.

9. Public Hearings.

In projects involving the location of an airport, an airport runway, or a major runway extension, it has afforded the opportunity for public hearings for the purpose of considering the economic, social, and environmental effects of the airport or runway location and its consistency with goals and objectives of such planning as has been carried out by the community and it shall, when requested by the Secretary, submit a copy of the transcript of such hearings to the Secretary. Further, for such projects, it has on its management board either voting representation from the communities where the project is located or has advised the communities that they have the right to petition the Secretary concerning a proposed project.

10. Metropolitan Planning Organization.

In projects involving the location of an airport, an airport runway, or a major runway extension at a medium or large hub airport, the sponsor has made available to and has provided upon request to the metropolitan planning organization in the area in which the airport is located, if any, a copy of the proposed amendment to the airport layout plan to depict the project and a copy of any airport master plan in which the project is described or depicted.

11. Pavement Preventive Maintenance.

With respect to a project approved after January 1, 1995, for the replacement or reconstruction of pavement at the airport, it assures or certifies that it has implemented an effective airport pavement maintenance-management program and it assures that it will use such program for the useful life of any pavement constructed, reconstructed or repaired with Federal financial assistance at the airport. It will provide such reports on pavement condition and pavement management programs as the Secretary determines may be useful.

12. Terminal Development Prerequisites.

For projects which include terminal development at a public use airport, as defined in Title 49, it has, on the date of submittal of the project grant application, all the safety equipment required for certification of such airport under section 44706 of Title 49, United States Code, and all the security equipment required by rule or regulation, and

has provided for access to the passenger enplaning and deplaning area of such airport to passengers enplaning and deplaning from aircraft other than air carrier aircraft.

13. Accounting System, Audit, and Record Keeping Requirements.

- a. It shall keep all project accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of this grant, the total cost of the project in connection with which this grant is given or used, and the amount or nature of that portion of the cost of the project supplied by other sources, and such other financial records pertinent to the project. The accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984.
- b. It shall make available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of the recipient that are pertinent to this grant. The Secretary may require that an appropriate audit be conducted by a recipient. In any case in which an independent audit is made of the accounts of a sponsor relating to the disposition of the proceeds of a grant or relating to the project in connection with which this grant was given or used, it shall file a certified copy of such audit with the Comptroller General of the United States not later than six (6) months following the close of the fiscal year for which the audit was made.

14. Minimum Wage Rates.

It shall include, in all contracts in excess of \$2,000 for work on any projects funded under this grant agreement which involve labor, provisions establishing minimum rates of wages, to be predetermined by the Secretary of Labor, in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work.

15. Veteran's Preference.

It shall include in all contracts for work on any project funded under this grant agreement which involve labor, such provisions as are necessary to insure that, in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given to Vietnam era veterans, Persian Gulf veterans, Afghanistan-Iraq war veterans, disabled veterans, and small business concerns owned and controlled by disabled veterans as defined in Section 47112 of Title 49, United States Code. However, this preference shall apply only where the individuals are available and qualified to perform the work to which the employment relates.

16. Conformity to Plans and Specifications.

It will execute the project subject to plans, specifications, and schedules approved by the Secretary. Such plans, specifications, and schedules shall be submitted to the Secretary prior to commencement of site preparation, construction, or other performance under this grant agreement, and, upon approval of the Secretary, shall be incorporated into this grant agreement. Any modification to the approved plans,

specifications, and schedules shall also be subject to approval of the Secretary, and incorporated into this grant agreement.

17. Construction Inspection and Approval.

It will provide and maintain competent technical supervision at the construction site throughout the project to assure that the work conforms to the plans, specifications, and schedules approved by the Secretary for the project. It shall subject the construction work on any project contained in an approved project application to inspection and approval by the Secretary and such work shall be in accordance with regulations and procedures prescribed by the Secretary. Such regulations and procedures shall require such cost and progress reporting by the sponsor or sponsors of such project as the Secretary shall deem necessary.

18. Planning Projects.

In carrying out planning projects:

- a. It will execute the project in accordance with the approved program narrative contained in the project application or with the modifications similarly approved.
- b. It will furnish the Secretary with such periodic reports as required pertaining to the planning project and planning work activities.
- c. It will include in all published material prepared in connection with the planning project a notice that the material was prepared under a grant provided by the United States.
- d. It will make such material available for examination by the public, and agrees that no material prepared with funds under this project shall be subject to copyright in the United States or any other country.
- e. It will give the Secretary unrestricted authority to publish, disclose, distribute, and otherwise use any of the material prepared in connection with this grant.
- f. It will grant the Secretary the right to disapprove the sponsor's employment of specific consultants and their subcontractors to do all or any part of this project as well as the right to disapprove the proposed scope and cost of professional services.
- g. It will grant the Secretary the right to disapprove the use of the sponsor's employees to do all or any part of the project.
- h. It understands and agrees that the Secretary's approval of this project grant or the Secretary's approval of any planning material developed as part of this grant does not constitute or imply any assurance or commitment on the part of the Secretary to approve any pending or future application for a Federal airport grant.

19. Operation and Maintenance.

- a. The airport and all facilities which are necessary to serve the aeronautical users of the airport, other than facilities owned or controlled by the United States, shall be operated at all times in a safe and serviceable condition and in accordance with the minimum standards as may be required or prescribed by applicable Federal,

state and local agencies for maintenance and operation. It will not cause or permit any activity or action thereon which would interfere with its use for airport purposes. It will suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions. Any proposal to temporarily close the airport for non-aeronautical purposes must first be approved by the Secretary. In furtherance of this assurance, the sponsor will have in effect arrangements for-

- 1) Operating the airport's aeronautical facilities whenever required;
 - 2) Promptly marking and lighting hazards resulting from airport conditions, including temporary conditions; and
 - 3) Promptly notifying airmen of any condition affecting aeronautical use of the airport. Nothing contained herein shall be construed to require that the airport be operated for aeronautical use during temporary periods when snow, flood or other climatic conditions interfere with such operation and maintenance. Further, nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the sponsor.
- b. It will suitably operate and maintain noise compatibility program items that it owns or controls upon which Federal funds have been expended.

20. Hazard Removal and Mitigation.

It will take appropriate action to assure that such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards.

21. Compatible Land Use.

It will take appropriate action, to the extent reasonable, including the adoption of zoning laws, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft. In addition, if the project is for noise compatibility program implementation, it will not cause or permit any change in land use, within its jurisdiction, that will reduce its compatibility, with respect to the airport, of the noise compatibility program measures upon which Federal funds have been expended.

22. Economic Nondiscrimination.

- a. It will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.
- b. In any agreement, contract, lease, or other arrangement under which a right or privilege at the airport is granted to any person, firm, or corporation to conduct or

to engage in any aeronautical activity for furnishing services to the public at the airport, the sponsor will insert and enforce provisions requiring the contractor to-

- 1) furnish said services on a reasonable, and not unjustly discriminatory, basis to all users thereof, and
 - 2) charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
- c. Each fixed-based operator at the airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport and utilizing the same or similar facilities.
 - d. Each air carrier using such airport shall have the right to service itself or to use any fixed-based operator that is authorized or permitted by the airport to serve any air carrier at such airport.
 - e. Each air carrier using such airport (whether as a tenant, non-tenant, or subtenant of another air carrier tenant) shall be subject to such nondiscriminatory and substantially comparable rules, regulations, conditions, rates, fees, rentals, and other charges with respect to facilities directly and substantially related to providing air transportation as are applicable to all such air carriers which make similar use of such airport and utilize similar facilities, subject to reasonable classifications such as tenants or non-tenants and signatory carriers and non-signatory carriers. Classification or status as tenant or signatory shall not be unreasonably withheld by any airport provided an air carrier assumes obligations substantially similar to those already imposed on air carriers in such classification or status.
 - f. It will not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation operating aircraft on the airport from performing any services on its own aircraft with its own employees [including, but not limited to maintenance, repair, and fueling] that it may choose to perform.
 - g. In the event the sponsor itself exercises any of the rights and privileges referred to in this assurance, the services involved will be provided on the same conditions as would apply to the furnishing of such services by commercial aeronautical service providers authorized by the sponsor under these provisions.
 - h. The sponsor may establish such reasonable, and not unjustly discriminatory, conditions to be met by all users of the airport as may be necessary for the safe and efficient operation of the airport.
 - i. The sponsor may prohibit or limit any given type, kind or class of aeronautical use of the airport if such action is necessary for the safe operation of the airport or necessary to serve the civil aviation needs of the public.

23. Exclusive Rights.

It will permit no exclusive right for the use of the airport by any person providing, or intending to provide, aeronautical services to the public. For purposes of this paragraph, the providing of the services at an airport by a single fixed-based operator shall not be construed as an exclusive right if both of the following apply:

- a. It would be unreasonably costly, burdensome, or impractical for more than one fixed-based operator to provide such services, and
- b. If allowing more than one fixed-based operator to provide such services would require the reduction of space leased pursuant to an existing agreement between such single fixed-based operator and such airport. It further agrees that it will not, either directly or indirectly, grant or permit any person, firm, or corporation, the exclusive right at the airport to conduct any aeronautical activities, including, but not limited to charter flights, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, air carrier operations, aircraft sales and services, sale of aviation petroleum products whether or not conducted in conjunction with other aeronautical activity, repair and maintenance of aircraft, sale of aircraft parts, and any other activities which because of their direct relationship to the operation of aircraft can be regarded as an aeronautical activity, and that it will terminate any exclusive right to conduct an aeronautical activity now existing at such an airport before the grant of any assistance under Title 49, United States Code.

24. Fee and Rental Structure.

It will maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances existing at the particular airport, taking into account such factors as the volume of traffic and economy of collection. No part of the Federal share of an airport development, airport planning or noise compatibility project for which a grant is made under Title 49, United States Code, the Airport and Airway Improvement Act of 1982, the Federal Airport Act or the Airport and Airway Development Act of 1970 shall be included in the rate basis in establishing fees, rates, and charges for users of that airport.

25. Airport Revenues.

- a. All revenues generated by the airport and any local taxes on aviation fuel established after December 30, 1987, will be expended by it for the capital or operating costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the airport and which are directly and substantially related to the actual air transportation of passengers or property; or for noise mitigation purposes on or off the airport. The following exceptions apply to this paragraph:
 - 1) If covenants or assurances in debt obligations issued before September 3, 1982, by the owner or operator of the airport, or provisions enacted before September 3, 1982, in governing statutes controlling the owner or operator's financing, provide for the use of the revenues from any of the airport owner or

operator's facilities, including the airport, to support not only the airport but also the airport owner or operator's general debt obligations or other facilities, then this limitation on the use of all revenues generated by the airport (and, in the case of a public airport, local taxes on aviation fuel) shall not apply.

- 2) If the Secretary approves the sale of a privately owned airport to a public sponsor and provides funding for any portion of the public sponsor's acquisition of land, this limitation on the use of all revenues generated by the sale shall not apply to certain proceeds from the sale. This is conditioned on repayment to the Secretary by the private owner of an amount equal to the remaining unamortized portion (amortized over a 20-year period) of any airport improvement grant made to the private owner for any purpose other than land acquisition on or after October 1, 1996, plus an amount equal to the federal share of the current fair market value of any land acquired with an airport improvement grant made to that airport on or after October 1, 1996.
 - 3) Certain revenue derived from or generated by mineral extraction, production, lease, or other means at a general aviation airport (as defined at Section 47102 of title 49 United States Code), if the FAA determines the airport sponsor meets the requirements set forth in Sec. 813 of Public Law 112-95.
- b. As part of the annual audit required under the Single Audit Act of 1984, the sponsor will direct that the audit will review, and the resulting audit report will provide an opinion concerning, the use of airport revenue and taxes in paragraph (a), and indicating whether funds paid or transferred to the owner or operator are paid or transferred in a manner consistent with Title 49, United States Code and any other applicable provision of law, including any regulation promulgated by the Secretary or Administrator.
 - c. Any civil penalties or other sanctions will be imposed for violation of this assurance in accordance with the provisions of Section 47107 of Title 49, United States Code.

26. Reports and Inspections.

It will:

- a. submit to the Secretary such annual or special financial and operations reports as the Secretary may reasonably request and make such reports available to the public; make available to the public at reasonable times and places a report of the airport budget in a format prescribed by the Secretary;
- b. for airport development projects, make the airport and all airport records and documents affecting the airport, including deeds, leases, operation and use agreements, regulations and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request;
- c. for noise compatibility program projects, make records and documents relating to the project and continued compliance with the terms, conditions, and assurances of this grant agreement including deeds, leases, agreements, regulations, and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request; and

- d. in a format and time prescribed by the Secretary, provide to the Secretary and make available to the public following each of its fiscal years, an annual report listing in detail:
 - 1) all amounts paid by the airport to any other unit of government and the purposes for which each such payment was made; and
 - 2) all services and property provided by the airport to other units of government and the amount of compensation received for provision of each such service and property.

27. Use by Government Aircraft.

It will make available all of the facilities of the airport developed with Federal financial assistance and all those usable for landing and takeoff of aircraft to the United States for use by Government aircraft in common with other aircraft at all times without charge, except, if the use by Government aircraft is substantial, charge may be made for a reasonable share, proportional to such use, for the cost of operating and maintaining the facilities used. Unless otherwise determined by the Secretary, or otherwise agreed to by the sponsor and the using agency, substantial use of an airport by Government aircraft will be considered to exist when operations of such aircraft are in excess of those which, in the opinion of the Secretary, would unduly interfere with use of the landing areas by other authorized aircraft, or during any calendar month that –

- a. Five (5) or more Government aircraft are regularly based at the airport or on land adjacent thereto; or
- b. The total number of movements (counting each landing as a movement) of Government aircraft is 300 or more, or the gross accumulative weight of Government aircraft using the airport (the total movement of Government aircraft multiplied by gross weights of such aircraft) is in excess of five million pounds.

28. Land for Federal Facilities.

It will furnish without cost to the Federal Government for use in connection with any air traffic control or air navigation activities, or weather-reporting and communication activities related to air traffic control, any areas of land or water, or estate therein, or rights in buildings of the sponsor as the Secretary considers necessary or desirable for construction, operation, and maintenance at Federal expense of space or facilities for such purposes. Such areas or any portion thereof will be made available as provided herein within four months after receipt of a written request from the Secretary.

29. Airport Layout Plan.

- a. It will keep up to date at all times an airport layout plan of the airport showing
 - 1) boundaries of the airport and all proposed additions thereto, together with the boundaries of all offsite areas owned or controlled by the sponsor for airport purposes and proposed additions thereto;
 - 2) the location and nature of all existing and proposed airport facilities and structures (such as runways, taxiways, aprons, terminal buildings, hangars and

roads), including all proposed extensions and reductions of existing airport facilities;

- 3) the location of all existing and proposed nonaviation areas and of all existing improvements thereon; and
 - 4) all proposed and existing access points used to taxi aircraft across the airport's property boundary. Such airport layout plans and each amendment, revision, or modification thereof, shall be subject to the approval of the Secretary which approval shall be evidenced by the signature of a duly authorized representative of the Secretary on the face of the airport layout plan. The sponsor will not make or permit any changes or alterations in the airport or any of its facilities which are not in conformity with the airport layout plan as approved by the Secretary and which might, in the opinion of the Secretary, adversely affect the safety, utility or efficiency of the airport.
- b. If a change or alteration in the airport or the facilities is made which the Secretary determines adversely affects the safety, utility, or efficiency of any federally owned, leased, or funded property on or off the airport and which is not in conformity with the airport layout plan as approved by the Secretary, the owner or operator will, if requested, by the Secretary (1) eliminate such adverse effect in a manner approved by the Secretary; or (2) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the airport or its facilities except in the case of a relocation or replacement of an existing airport facility due to a change in the Secretary's design standards beyond the control of the airport sponsor.

30. Civil Rights.

It will promptly take any measures necessary to ensure that no person in the United States shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in any activity conducted with, or benefiting from, funds received from this grant.

- a. Using the definitions of activity, facility and program as found and defined in §§ 21.23 (b) and 21.23 (e) of 49 CFR § 21, the sponsor will facilitate all programs, operate all facilities, or conduct all programs in compliance with all non-discrimination requirements imposed by, or pursuant to these assurances.
- b. Applicability
 - 1) Programs and Activities. If the sponsor has received a grant (or other federal assistance) for any of the sponsor's program or activities, these requirements extend to all of the sponsor's programs and activities.
 - 2) Facilities. Where it receives a grant or other federal financial assistance to construct, expand, renovate, remodel, alter or acquire a facility, or part of a facility, the assurance extends to the entire facility and facilities operated in connection therewith.

- 3) Real Property. Where the sponsor receives a grant or other Federal financial assistance in the form of, or for the acquisition of real property or an interest in real property, the assurance will extend to rights to space on, over, or under such property.

c. Duration.

The sponsor agrees that it is obligated to this assurance for the period during which Federal financial assistance is extended to the program, except where the Federal financial assistance is to provide, or is in the form of, personal property, or real property, or interest therein, or structures or improvements thereon, in which case the assurance obligates the sponsor, or any transferee for the longer of the following periods:

- 1) So long as the airport is used as an airport, or for another purpose involving the provision of similar services or benefits; or
- 2) So long as the sponsor retains ownership or possession of the property.

d. Required Solicitation Language. It will include the following notification in all solicitations for bids, Requests For Proposals for work, or material under this grant agreement and in all proposals for agreements, including airport concessions, regardless of funding source:

“The **(Name of Sponsor)**, in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. §§ 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that any contract entered into pursuant to this advertisement, disadvantaged business enterprises and airport concession disadvantaged business enterprises will be afforded full and fair opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award.”

e. Required Contract Provisions.

- 1) It will insert the non-discrimination contract clauses requiring compliance with the acts and regulations relative to non-discrimination in Federally-assisted programs of the DOT, and incorporating the acts and regulations into the contracts by reference in every contract or agreement subject to the non-discrimination in Federally-assisted programs of the DOT acts and regulations.
- 2) It will include a list of the pertinent non-discrimination authorities in every contract that is subject to the non-discrimination acts and regulations.
- 3) It will insert non-discrimination contract clauses as a covenant running with the land, in any deed from the United States effecting or recording a transfer of real property, structures, use, or improvements thereon or interest therein to a sponsor.
- 4) It will insert non-discrimination contract clauses prohibiting discrimination on the basis of race, color, national origin, creed, sex, age, or handicap as a

covenant running with the land, in any future deeds, leases, license, permits, or similar instruments entered into by the sponsor with other parties:

- a) For the subsequent transfer of real property acquired or improved under the applicable activity, project, or program; and
 - b) For the construction or use of, or access to, space on, over, or under real property acquired or improved under the applicable activity, project, or program.
- f. It will provide for such methods of administration for the program as are found by the Secretary to give reasonable guarantee that it, other recipients, sub-recipients, sub-grantees, contractors, subcontractors, consultants, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the acts, the regulations, and this assurance.
- g. It agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the acts, the regulations, and this assurance.

31. Disposal of Land.

- a. For land purchased under a grant for airport noise compatibility purposes, including land serving as a noise buffer, it will dispose of the land, when the land is no longer needed for such purposes, at fair market value, at the earliest practicable time. That portion of the proceeds of such disposition which is proportionate to the United States' share of acquisition of such land will be, at the discretion of the Secretary, (1) reinvested in another project at the airport, or (2) transferred to another eligible airport as prescribed by the Secretary. The Secretary shall give preference to the following, in descending order, (1) reinvestment in an approved noise compatibility project, (2) reinvestment in an approved project that is eligible for grant funding under Section 47117(e) of title 49 United States Code, (3) reinvestment in an approved airport development project that is eligible for grant funding under Sections 47114, 47115, or 47117 of title 49 United States Code, (4) transferred to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport, and (5) paid to the Secretary for deposit in the Airport and Airway Trust Fund. If land acquired under a grant for noise compatibility purposes is leased at fair market value and consistent with noise buffering purposes, the lease will not be considered a disposal of the land. Revenues derived from such a lease may be used for an approved airport development project that would otherwise be eligible for grant funding or any permitted use of airport revenue.
- b. For land purchased under a grant for airport development purposes (other than noise compatibility), it will, when the land is no longer needed for airport purposes, dispose of such land at fair market value or make available to the Secretary an amount equal to the United States' proportionate share of the fair market value of the land. That portion of the proceeds of such disposition which is proportionate to the United States' share of the cost of acquisition of such land will, (1) upon application to the Secretary, be reinvested or transferred to another

eligible airport as prescribed by the Secretary. The Secretary shall give preference to the following, in descending order: (1) reinvestment in an approved noise compatibility project, (2) reinvestment in an approved project that is eligible for grant funding under Section 47117(e) of title 49 United States Code, (3) reinvestment in an approved airport development project that is eligible for grant funding under Sections 47114, 47115, or 47117 of title 49 United States Code, (4) transferred to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport, and (5) paid to the Secretary for deposit in the Airport and Airway Trust Fund.

- c. Land shall be considered to be needed for airport purposes under this assurance if (1) it may be needed for aeronautical purposes (including runway protection zones) or serve as noise buffer land, and (2) the revenue from interim uses of such land contributes to the financial self-sufficiency of the airport. Further, land purchased with a grant received by an airport operator or owner before December 31, 1987, will be considered to be needed for airport purposes if the Secretary or Federal agency making such grant before December 31, 1987, was notified by the operator or owner of the uses of such land, did not object to such use, and the land continues to be used for that purpose, such use having commenced no later than December 15, 1989.
- d. Disposition of such land under (a) (b) or (c) will be subject to the retention or reservation of any interest or right therein necessary to ensure that such land will only be used for purposes which are compatible with noise levels associated with operation of the airport.

32. Engineering and Design Services.

It will award each contract, or sub-contract for program management, construction management, planning studies, feasibility studies, architectural services, preliminary engineering, design, engineering, surveying, mapping or related services with respect to the project in the same manner as a contract for architectural and engineering services is negotiated under Title IX of the Federal Property and Administrative Services Act of 1949 or an equivalent qualifications-based requirement prescribed for or by the sponsor of the airport.

33. Foreign Market Restrictions.

It will not allow funds provided under this grant to be used to fund any project which uses any product or service of a foreign country during the period in which such foreign country is listed by the United States Trade Representative as denying fair and equitable market opportunities for products and suppliers of the United States in procurement and construction.

34. Policies, Standards, and Specifications.

It will carry out the project in accordance with policies, standards, and specifications approved by the Secretary including but not limited to the advisory circulars listed in the Current FAA Advisory Circulars for AIP projects, dated _____ (the latest approved version as of this grant offer) and included in this grant, and in accordance

with applicable state policies, standards, and specifications approved by the Secretary.

35. Relocation and Real Property Acquisition.

- a. It will be guided in acquiring real property, to the greatest extent practicable under State law, by the land acquisition policies in Subpart B of 49 CFR Part 24 and will pay or reimburse property owners for necessary expenses as specified in Subpart B.
- b. It will provide a relocation assistance program offering the services described in Subpart C and fair and reasonable relocation payments and assistance to displaced persons as required in Subpart D and E of 49 CFR Part 24.
- c. It will make available within a reasonable period of time prior to displacement, comparable replacement dwellings to displaced persons in accordance with Subpart E of 49 CFR Part 24.

36. Access By Intercity Buses.

The airport owner or operator will permit, to the maximum extent practicable, intercity buses or other modes of transportation to have access to the airport; however, it has no obligation to fund special facilities for intercity buses or for other modes of transportation.

37. Disadvantaged Business Enterprises.

The sponsor shall not discriminate on the basis of race, color, national origin or sex in the award and performance of any DOT-assisted contract covered by 49 CFR Part 26, or in the award and performance of any concession activity contract covered by 49 CFR Part 23. In addition, the sponsor shall not discriminate on the basis of race, color, national origin or sex in the administration of its DBE and ACDBE programs or the requirements of 49 CFR Parts 23 and 26. The sponsor shall take all necessary and reasonable steps under 49 CFR Parts 23 and 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts, and/or concession contracts. The sponsor's DBE and ACDBE programs, as required by 49 CFR Parts 26 and 23, and as approved by DOT, are incorporated by reference in this agreement. Implementation of these programs is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the sponsor of its failure to carry out its approved program, the Department may impose sanctions as provided for under Parts 26 and 23 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1936 (31 U.S.C. 3801).

38. Hangar Construction.

If the airport owner or operator and a person who owns an aircraft agree that a hangar is to be constructed at the airport for the aircraft at the aircraft owner's expense, the airport owner or operator will grant to the aircraft owner for the hangar a long term lease that is subject to such terms and conditions on the hangar as the airport owner or operator may impose.

39. Competitive Access.

- a. If the airport owner or operator of a medium or large hub airport (as defined in section 47102 of title 49, U.S.C.) has been unable to accommodate one or more requests by an air carrier for access to gates or other facilities at that airport in order to allow the air carrier to provide service to the airport or to expand service at the airport, the airport owner or operator shall transmit a report to the Secretary that-
 - 1) Describes the requests;
 - 2) Provides an explanation as to why the requests could not be accommodated; and
 - 3) Provides a time frame within which, if any, the airport will be able to accommodate the requests.
- b. Such report shall be due on either February 1 or August 1 of each year if the airport has been unable to accommodate the request(s) in the six month period prior to the applicable due date.

EXHIBIT H

Insurance Requirements for the Retail Concession Agreement between the COUNTY OF SACRAMENTO, hereinafter referred to as "County," and Company Name hereinafter referred to as "Concessionaire"

INSURANCE REQUIREMENTS

Without limiting Concessionaire's indemnification, Concessionaire shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Concessionaire, its officers, agents, representatives, employees, Subtenants, guests, patrons, contractors, subcontractors, licensees, invitees, and suppliers. County shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If in the opinion of the County Risk Manager, insurance provisions in these requirements do not provide adequate protection for County and for members of the public, County may require Concessionaire to obtain insurance sufficient in coverage, form and amount to provide adequate protection. County's requirements shall be reasonable but shall be imposed to assure protection from and against the kind and extent of risks that exist at the time a change in insurance is required.

Verification of Coverage

Concessionaire shall furnish the County with certificates evidencing coverage required below. **Copies of required endorsements must be attached to provided certificates.** The County Risk Manager may approve self-insurance programs in lieu of required policies of insurance if, in the opinion of the Risk Manager, the interests of the County and the general public are adequately protected. All certificates, evidences of self-insurance, and additional insured endorsements are to be received and approved by the County before performance commences. The County reserves the right to require that Concessionaire provide complete, certified copies of any policy of insurance including endorsements offered in compliance with these specifications.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. GENERAL LIABILITY: Insurance Services Office's Commercial General Liability occurrence coverage form CG 0001. Including, but not limited to Premises/Operations, Products/Completed Operations, Contractual, and Personal & Advertising Injury, without additional exclusions or limitations, unless approved by the County Risk Manager.
2. AUTOMOBILE LIABILITY: Insurance Services Office's Commercial Automobile Liability coverage form CA 0001.
 - a. Commercial Automobile Liability: auto coverage symbol "1" (any auto) for corporate/business owned vehicles. If there are no owned or leased vehicles, symbols 8 and 9 for non-owned and hired autos shall apply.
 - b. Personal Lines automobile insurance shall apply if vehicles are individually owned.

3. WORKERS' COMPENSATION: Statutory requirements of the State of California and Employer's Liability Insurance.
4. PROFESSIONAL LIABILITY or Errors and Omissions Liability insurance appropriate to the Concessionaire's profession.
5. UMBRELLA or Excess Liability policies are acceptable where the need for higher liability limits is noted in the Minimum Limits of Insurance and shall provide liability coverages that at least follow form over the underlying insurance requirements where necessary for Commercial General Liability, Commercial Automobile Liability, Employers' Liability, and any other liability coverage (other than Professional Liability) designated under the Minimum Scope of Insurance.

Minimum Limits of Insurance

Concessionaire shall maintain limits no less than:

1. General Liability shall be on an Occurrence basis (as opposed to Claims Made basis). Minimum limits and structure shall be:

General Aggregate:	\$2,000,000
Products Comp/Op Aggregate:	\$2,000,000
Personal & Adv. Injury:	\$1,000,000
Each Occurrence:	\$1,000,000
Fire Damage:	\$ 100,000 (or replacement value of portion of building you lease, whichever is greater.)

Building Trades Contractors and Contractors engaged in other projects of construction shall have their general liability Aggregate Limit of Insurance endorsed to apply separately to each job site or project, as provided for by Insurance Services Office form CG-2503 Amendment-Aggregate Limits of Insurance (Per Project).

2. Automobile Liability:
 - a. Commercial Automobile Liability for Corporate/business owned vehicles including non-owned and hired, \$1,000,000 Combined Single Limit.
 - b. Personal Lines Automobile Liability for Individually owned vehicles, \$250,000 per person, \$500,000 each accident, \$100,000 property damage.
3. Workers' Compensation: Statutory.
4. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.
5. Professional Liability or Errors and Omissions Liability: Not Applicable.

Deductibles and Self-Insured Retention

Any deductibles or self-insured retention that applies to any insurance required by this Agreement must be declared and approved by the County.

Claims Made Professional Liability Insurance

If professional liability coverage is written on a Claims Made form:

1. The "Retro Date" must be shown, and must be on or before the date of the Agreement or the beginning of Agreement performance by Concessionaire.
2. Insurance must be maintained and evidence of insurance must be provided for at least one (1) year after completion of the Agreement.
3. If coverage is cancelled or non-renewed, and not replaced with another claims made policy form with a "Retro Date" prior to the contract effective date, the Concessionaire must purchase "extended reporting" coverage for a minimum of one (1) year after completion of the Agreement.

Other Insurance Provisions

The insurance policies required in this Agreement are to contain, or be endorsed to contain, as applicable, the following provisions:

All Policies

1. **ACCEPTABILITY OF INSURERS:** Insurance is to be placed with insurers with a current A.M. Best's rating of no less than **A-:VII**. The County Risk Manager may waive or alter this requirement, or accept self-insurance in lieu of any required policy of insurance if, in the opinion of the Risk Manager, the interests of the County and the general public are adequately protected.
2. **MAINTENANCE OF INSURANCE COVERAGE:** The Concessionaire shall maintain all insurance coverages in place at all times and provide the County with evidence of each policy's renewal ten (10) days in advance of its anniversary date. Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be canceled except after thirty (30) days' written notice for cancellation or non-renewal has been given to the County. For non-payment of premium ten (10) days prior written notice of cancellation is required.

Commercial General Liability and/or Commercial Automobile Liability

1. **ADDITIONAL INSURED STATUS:** The County, its officers, directors, officials, employees, and volunteers are to be endorsed as additional insureds as respects: liability arising out of activities performed by or on behalf of the Concessionaire; products and completed operations of the Concessionaire; premises owned, occupied or used by the Concessionaire; or (commercial) automobiles owned, leased, hired or borrowed by the Concessionaire. The coverage shall contain no endorsed limitations on the scope of protection afforded to the County, its officers, directors, officials, employees, or volunteers.
2. **CIVIL CODE PROVISION:** Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an Agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.

3. PRIMARY INSURANCE: For any claims related to this Agreement, the Concessionaire's insurance coverage shall be endorsed to be primary insurance as respects the County, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the County, its officers, directors, officials, employees, or volunteers shall be excess of the Concessionaire's insurance and shall not contribute with it.

4. SEVERABILITY OF INTEREST: The Concessionaire's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

5. SUBCONTRACTORS: Concessionaire shall be responsible for the acts and omissions of all its subcontractors and shall require all its subcontractors to maintain adequate insurance.

Professional Liability

PROFESSIONAL LIABILITY PROVISION: Any professional liability or errors and omissions policy required hereunder shall apply to any claims, losses, liabilities, or damages, demands and actions arising out of or resulting from professional services provided under this Agreement.

Workers' Compensation

WORKERS' COMPENSATION WAIVER OF SUBROGATION: The workers' compensation policy required hereunder shall be endorsed to state that the workers' compensation carrier waives its right of subrogation against the County, its officers, directors, officials, employees, agents or volunteers, which might arise by reason of payment under such policy in connection with performance under this Agreement by the Concessionaire.

Property

COURSE OF CONSTRUCTION (COC) WAIVER OF SUBROGATION: Any Course of Construction (COC) policies maintained by the Concessionaire in performance of the Agreement shall contain the following provisions:

1. The County shall be named as loss payee.
2. The insurer shall waive all rights of subrogation against the County.

INLAND MARINE WAIVER OF SUBROGATION: Any Inland Marine insurance policies maintained by the Concessionaire in performance of the Agreement shall be endorsed to state that the insurer shall waive all rights of subrogation against the County.

Notification of Claim

If any claim for damages is filed with Concessionaire or if any lawsuit is instituted against Concessionaire, that arise out of or are in any way connected with Concessionaire's performance under this Agreement and that in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect County, Concessionaire shall give prompt and timely notice thereof to County. Notice shall be deemed prompt and timely if given within thirty (30) days following the date of receipt of a claim or ten (10) days following the date of service of process of a lawsuit.

EXHIBIT I

Performance Standards

Concessionaire is required to provide the highest product quality, customer services, and facilities to the Airport patrons at all times. The County and Concessionaire agree that Concessionaire shall observe the following Performance Standards in addition to those contained elsewhere in the Agreement.

A. Hours of Operation

The Leased Premises shall be open for business seven (7) days a week, including holidays, except as may be otherwise be approved in writing by the Director. The Director shall approve all hours of operation and shall have the option to make changes to the Concessionaire's hours of operations with twenty-four (24) hour prior written notice. The hours of operation must be conspicuously posted at the Leased Premises in a manner approved by the Director.

B. Operation of Concession and Leased Premises

1. Concessionaire shall furnish all services provided hereunder on a fair and reasonable basis to all users of the Airport and the general public. The Concessionaire's operations must be conducted in a safe, clean, orderly, and inviting condition at all times and service shall be prompt, courteous and efficient satisfactory to the County.
2. No loud or inappropriate music will be played at the Leased Premises. Concessionaire's employees must conduct themselves in a professional manner and shall provide the highest level of service possible to all Airport patrons.
3. In the event the Leased Premises are operated as a name brand facility by Concessionaire pursuant to a license or franchise, Concessionaire shall fully comply with all the standards of the licensor or franchisor, perform all of the terms and conditions of such license or franchise and keep such license or franchise in full force and effect.
4. Concessionaire shall strictly comply with all applicable building codes, zoning regulations, municipal, county, State or federal laws, ordinances and regulations, including all health department regulations and ordinances, and all Airport rules, regulations and orders. Concessionaire shall maintain continuously the necessary licenses required to operate the Leased Premises.
5. Concessionaire shall conduct its operations in an orderly and proper manner so as not to commit any nuisance or waste in the Leased Premises.
6. Customer Complaints - Concessionaire shall respond in writing to all written complaints within 48 hours of receipt and shall provide copies of all associated written correspondence to the Airport Director.
7. At no time shall the Leased Premises be left unattended or temporarily closed while employees go on break, receive deliveries, or for other such reasons unless otherwise previously approved by the Director in writing.

8. Concessionaire's service shall be timely, attentive, and friendly. Processing of payments from customers shall be prompt. Receipts shall be properly itemized, shall reflect precisely the actual sale of goods and date of sale, and shall present individual prices, total, and taxes. All customers shall be thanked for patronage.

9. Concessionaire shall operate its business at Airport under the trade name set forth in the Agreement so long as: (1) the same shall not be held to be in violation of any applicable law; and (2) shall not change the advertised name or character of the business operated in the Leased Premises without the prior written approval of the County, which approval may be withheld at the County's absolute discretion.

10. Concessionaire shall not give samples, approach customers or otherwise solicit business in the common areas or any other part of the Airport other than the Leased Premises. Concessionaire shall not distribute any handbills or other advertising matter in the common areas or any other part of the Airport other than in the Leased Premises. In the event that the Concessionaire violates the foregoing, Concessionaire shall, at Concessionaire's sole cost and expense, be responsible for immediately clearing the area of any such materials.

11. At the Director's request, Concessionaire shall meet with the Director to review any complaints or concerns and shall promptly correct any deficiencies. The Director's determination as to quality of operation or services shall be conclusive and curative measures shall be implemented by Concessionaire as expeditiously as possible.

12. Concessionaire shall at all times observe prudent cash-handling procedures, and it shall immediately implement any new procedures, or revise any existing procedures in such a manner, as the Director may reasonably require from time to time, provided that the Director gives written notice thereof to Concessionaire.

13. The Director may monitor, test, or inspect Concessionaire's service at any time through the use of a responsible shopping service or by other commercially reasonable means that do not unduly interfere with Concessionaire's business.

14. The Director, in his sole discretion, reserves the right to require Concessionaire to add additional staff, if the customer service requirements set forth in this Agreement are not being met. Concessionaire should anticipate peak travel seasons such as Spring Break, Thanksgiving, Christmas, and other holidays, and add additional staff accordingly.

15. The Concessionaire will display only signage that has been previously approved by the Director in writing. The Director, in his sole discretion, shall have the right to require Concessionaire to immediately remove any displays that are determined to be inappropriate for the Airport. Handwritten signage is expressly prohibited from being displayed at any time.

16. Concessionaire shall comply with all local Department of Health sanitation rules and regulations and must maintain the Leased Premises in a clean manner. Copies of all Department of Health facilities inspections shall be submitted to the Director within five (5) business days upon completion of inspection. Concessionaire shall notify the Director immediately upon receiving any failing inspection.

17. Tip cups or jars are allowed in full service bar areas only and are to be placed on the back service bar counter. Concessionaire shall not place tip jars or cups on the front counters and employees shall not solicit patrons for tips. Any public fund raising conducted by Concessionaire is not allowed without prior express written consent of the Director.

18. The operation and management of the Leased Premises shall be under the constant and direct supervision of a well-trained, qualified, and experienced manager employed by Concessionaire.

C. Personnel

1. **Manager** - Concessionaire's manager on-site at the Leased Premises shall be a full-time active, qualified, experienced, and competent Manager with the complete responsibility and authority to respond quickly and decisively to the Director in all matters affecting the operation of the Leased Premises. Concessionaire shall at all times ensure, in the absence of the Manager, that a qualified supervisor is available and empowered to act quickly and decisively in response to any need arising from the operation of the Leased Premises during normal business hours as well as in the evenings and/or in the event of an emergency.

2. **Staffing** - Concessionaire shall provide an adequate number of employees on each shift to ensure the highest standards of public service and satisfactory operation and maintenance of the Leased Premises at all times. Concessionaire shall provide appropriate staffing levels to accommodate changes in peak periods of passenger activity and shall add an appropriate number of employees to respond to increased levels in potential customers resulting from changes in the airline schedules or relocation of airline gates. Concessionaire shall recruit, train, supervise, direct and deploy the number of employees necessary to provide prompt service to all customers.

3. **Department** - Concessionaire shall require its employees in all circumstances to observe a strict impartiality as to quantities and services, to provide fast service, to exercise courtesy and consideration in dealing with the public and to give directions and make change cheerfully. Employees will acknowledge, greet and/or welcome customers and provide assistance to customers as needed or requested. Concessionaire's employees shall be proficient in customer service and sales techniques. Employees shall not eat or drink within view of customers or in the store selling space during business hours and shall not chew gum while in the Leased Premises. Personal belongings shall not be within view of customers at the Leased Premises.

4. **Training** - Concessionaire's employees shall conduct themselves in accordance with the rules and precepts taught in Concessionaire's training program or programs. Each employee shall be trained in retail service selling skills and shall be knowledgeable about the products and services offered at the Leased Premises. Concessionaire shall certify to the Director, if requested, that such training has been completed.

5. Uniforms & Badges - All employees of Concessionaire who come in contact with the public shall be clean and well groomed, neat, professional, courteous, and shall wear professional uniforms that must be kept neat and clean. If Concessionaire does not have a standard uniform all Concessionaire employees shall be appropriately attired. All Concessionaire employees must wear the official Airport identification badge and Concessionaire's identification name tag at all times, subject to the Director's approval, which clearly state Concessionaire's company name and the individual employee's name. If the Leased Premises are operated pursuant to a license or franchise, the franchisor/licensor's uniform shall be acceptable.

D. Store Merchandising

1. Concessionaire shall develop and implement creative and effective merchandising displays within the Leased Premises to adequately promote and advertise its goods or services that encourage customers to purchase merchandise and services.

2. Merchandising shall include promotional displays and attractive packaging. Concessionaire shall establish reasonably adequate inventory levels as required to facilitate sales. All merchandise shall be properly stocked, stored and secure to maintain control of inventory.

3. Merchandising displays and promotional displays must conform to the Airport Tenant Design Manual, as may be amended from time to time. The County shall have the right to require Concessionaire to immediately remove any displays that do not conform to the Airport Tenant Design Manual or that the Director, in his sole discretion, determines are inappropriate for the Airport.

E. Sales and Dignified Use

No public or private auction, fire, going out of business, bankruptcy or similar types of sales shall be conducted in or from the Leased Premises. The Leased Premises shall be used only in a dignified and ethical manner, consistent with the general high operation standards at the Airport.

F. High Traffic Areas Refurbishment

Concessionaire shall maintain the Leased Premises in a first-class, well-maintained condition at all times during the term of this Agreement. Concessionaire shall repaint or refinish, at Concessionaire's own cost, high traffic areas within the Leased Premises subject to greater than normal wear on a schedule to be specified by Concessionaire, or as may be required by the Director, if Concessionaire fails to specify a reasonable refurbishment schedule and complete such refurbishment. All Tenant Improvements, and other furnishings that become worn, chipped, dented, gouged or otherwise damaged, shall be repaired or replaced by Concessionaire, at Concessionaire's sole expense as soon as reasonably possible.

G. Maintenance and Leased Premises Upkeep

1. Concessionaire must keep and maintain the Leased Premises and any fixtures, furniture, and equipment contained within the Leased Premises in good condition and repair.

2. Concessionaire shall perform all maintenance, repairs, or replacements using quality materials equal to the original, and, if materially changed from the original, shall be subject to the prior written approval of the Director.
3. Concessionaire shall provide complete and adequate arrangements for the sanitary handling of all trash, garbage, and other refuse generated in connection with the use of the Leased Premises.
4. Concessionaire shall not allow the accumulation of boxes, pallets, cartons, barrels, carts, equipment, or other similar items in public or common areas.
5. Concessionaires may be required, at its own expense, to keep a floor mat to all rear (back of house) entrances and exits to their Leased Premises as a means to prevent debris and water from permeating common areas.
5. Concessionaire shall be responsible for the complete control of all rodents and insects or other pests within the Leased Premises.
6. Concessionaire's fixtures and/or equipment installed in, affixed to, or served by, roof vents or other similar air openings serving the Leased Premises, shall be kept free of grease accumulation, dirt, and other foreign matter by Concessionaire at all times throughout the term of the Agreement. Concessionaire shall furnish and service any and all filters or similar equipment considered necessary by the County, monthly or as often as necessary.
7. Concessionaire shall implement approved daily, weekly, monthly, and annual equipment maintenance and facility cleaning logs and shall submit such logs as requested by the Director. Concessionaire shall strictly adhere to such cleaning and maintenance schedules and provide equipment inspection certifications as required by Director.

H. Sanctions for Violation of Concessionaire Operating Standards

1. Upon Concessionaire's violation of the operating standards listed in the table below, Concessionaire may be sanctioned for such violations in the amounts identified. Sanctions may accrue immediately and without notice upon violation.
2. Violations must be cured at the earliest possible date. If condition of violation continues for more than two (2) calendar days after the County has given Concessionaire notice of the violation, additional sanctions may be applied.
3. Each violation occurrence shall be cumulative and expire 365 days from notification. Effects of violation shall be applied for 365 days from date of notification.
4. After five (5) violations in Section A or three (3) violations in Section B within one calendar year (365 days) of the chart herein below, the Director reserves the right, at its sole option, not to impose the sanction and instead to seek any other remedies available under Section 3.23 of the Agreement, including termination of this Agreement.
5. If Concessionaire believes that there were unforeseen circumstances beyond Concessionaire's reasonable control that caused Concessionaire to violate the operating

standards described in this EXHIBIT I, Concessionaire may request that the County take such mitigating circumstances into consideration by submitting to the Director a written request which outlines and explains the mitigating circumstance in detail. The Director will review such request before imposing a sanction or taking any other action that it is entitled to take under this Agreement.

Schedule of Sanctions

Section A Violations:	Occurrence	Amount of Sanction
Hours of Operation	1	<i>Written Notification</i>
Operations, Service Standards and Employee Standards	2	<i>\$200 Sanction</i>
Pricing	3	<i>\$400 Sanction</i>
Quality	4	<i>\$750 Sanction</i>
Signage	4	<i>\$750 Sanction</i>
Interference with Utilities	5	<i>\$1,000 per occurrence thereafter or default under Section 3.23 of the Agreement</i>
Deliveries and Vendor Access	5	<i>\$1,000 per occurrence thereafter or default under Section 3.23 of the Agreement</i>
Section B Violations:	Occurrence	Amount of Sanction
Maintenance and Repairs	1	<i>\$250 Sanction</i>
Sanitation	2	<i>\$500 Sanction</i>
Hygiene and Cleanliness	2	<i>\$500 Sanction</i>
Waste Disposal & Recycling	3	<i>\$1,000 per occurrence thereafter or default under Section 3.23 of the Agreement</i>
Health Code Violations	3	<i>\$1,000 per occurrence thereafter or default under Section 3.23 of the Agreement</i>

EXHIBIT J

Airport Tenant Design Manual

See Attached

EXHIBIT K

Merchandise and Services Pricing Policy

The intent of the County's Merchandise and Service Pricing Policy (Pricing Policy) is to maintain consistency in the quality of merchandise and services for concessions offered at the Airport. Merchandise and services offered at the Concessionaire's location at the Terminal in the Airport shall be comparable to the quality and prices as those offered at other stores in the Sacramento Metropolitan Area (Sacramento, Yolo, Placer, El Dorado, Sutter, Nevada, Amador and San Joaquin Counties). The County requires strict adherence to the Pricing Policy and any violations to the Pricing Policy are subject to Sanctions as described in EXHIBIT K, Performance Standards.

A. Establishing Comparable Locations and Pricing

Concessionaire is responsible for establishing comparable locations for the purpose of instituting a pricing structure for their locations under the following guidelines:

1. Franchised Stores

If a Concessionaire has one or more stores or franchises bearing the same name within the Sacramento Metropolitan Area, that facility or those facilities will be designated as the comparable facilities.

2. Non-Franchised Stores

a. If Concessionaire does not have the same store or franchise elsewhere in the Sacramento Metropolitan Area, or if there are items sold at Concessionaire's Airport concession that are not sold at any off-Airport comparable facilities, Concessionaire and the County will identify no more than three (3) stores in the Sacramento Metropolitan Area similar in concept, size, and quality, which shall hereinafter be considered comparable for the purposes of implementing the Pricing Policy terms of this EXHIBIT K.

b. If Concessionaire is unable to find a reasonable comparable location within the Sacramento Metropolitan Area, then Concessionaire shall have the right to request in writing an exemption from the local comparable requirement for approval by the Director. Such request must include reason for requested exemption and provide a detailed explanation of how Concessionaire intends to establish pricing for its merchandise or services.

3. Pricing

a. Franchised store prices shall not be more than ten percent (10%) higher for the same product offered at the approved franchised comparable location. Concessionaire shall submit pricing from only one store from the Sacramento Metropolitan Area for pricing its comparables.

b. Non-Franchised store prices offered at the Airport must be no more than ten percent (10%) higher, unless otherwise specified in Section B of this EXHIBIT K, for the same quality product found at the approved off-Airport comparable locations. Concessionaire will need to provide a price justification for any product that is different in size or quality for purposes of establishing a reasonable comparable price.

4. Protection from Competition

In selecting comparable stores for the purposes of this EXHIBIT K, stores that are partially or fully protected from competition, such as hotels or sports arenas, and locations that operate using an off-price or discount pricing structures, shall not be included as comparable locations.

5. Rights of Director

In any event, if the County and Concessionaire are unable to agree on the comparable stores or prices, the Director shall have the right to select the comparable stores for the purpose of establishing prices for the Concessionaire's location(s).

6. Product and Price Submittal

Concessionaire shall be required to submit a complete product and price list to the Director for approval at least sixty (60) days prior to the initial store opening. Such product and price list shall detail all products and services available for sale and the requested price. Differences in size or quality of a product or service shall, all other things being equal, be considered by County during its review.

B. Pricing Policy by Category

1. Pre-Marked or Pre-Printed Price

Subject to reviews and modification by the Director, where prices are pre-printed on the item by the distributor or manufacturer, the price charged for the item shall not exceed the pre-printed price. This includes, but is not limited to newspapers, magazines, greeting cards, and hard and soft cover books, candies, souvenirs, sundries, etc, or any holiday merchandise.

2. Unmarked Good or Services

Subject to reviews and modification by the Director, Concessionaires shall not charge greater than ten percent (10%) of the approved off-Airport comparable price for any merchandise or services offered at any location(s) at the Airport. Concessionaire must use like products of like quality for establishing reasonable pricing.

3. Display of Pricing

Concessionaire is required to prominently display pricing for all merchandise and services offered at any location(s) at the Airport.

C. Price Adjustments and New Products

1. Written Approvals

Throughout the Agreement term, Concessionaire must obtain the County's written approval prior to adjusting prices and offering new products and services. Any request for price adjustments or new products and services must be submitted to the Director at least fourteen (14) days prior to the price increase effective date. Price adjustments shall be based on rising prices for the same items at the comparable facilities in the Sacramento Metropolitan Area.

2. Price Adjustments

Concessionaire will be allowed to submit pricing adjustments two (2) times per year unless otherwise requested by Concessionaire due to market conditions. If, in the opinion of the Director, prices do not meet the requirements of this Section, it will be required that the prices be adjusted accordingly.

D. Exorbitant Prices, Inadequate Quality, Etc.

a. At any time during the Agreement term, the Director may, at its option, survey prices, rates and charges and the quality of services and commodities then in effect at comparable stores in the Sacramento Metropolitan Area. If said survey concludes that any prices being charged by Concessionaire on the Leased Premises are not in compliance with the Pricing Policy, or that any service or commodities being offered by Concessionaire are of too low quality, the Director shall then have the right to require compliance with the Pricing Policy or improvement in quality of Concessionaire's service. Upon receipt of written notice from the Director, Concessionaire shall thereafter charge the appropriate prices or improve quality as directed by the Director.

b. Failure on the part of Concessionaire to promptly correct, rectify or modify its price, or quality schedule upon such written notice from the Director shall be cause for cancellation of this Agreement by County under the provisions of Section 3.23, Early Termination by County.