

DRAFT IN FORM

LEASE AGREEMENT

BETWEEN

**CITY OF MERCED
AND**

CORPORATE FLIGHT MANAGEMENT, INC. D/B/A CONTOUR AIRLINES

LEASE AGREEMENT

THIS LEASE AGREEMENT (“Agreement”), is made and entered into as of July 1, 2026 (“Effective Date”), by and between the CITY OF MERCED, a California Charter Municipal Corporation, hereinafter referred to as “Lessor”, and CORPORATE FLIGHT MANAGEMENT, INC. D/B/A CONTOUR AIRLINES, a Tennessee corporation, hereinafter referred to as “Lessee”.

RECITALS

WHEREAS, Lessor operates and administers an airport known as the Merced Yosemite Regional Airport located in the City of Merced, County of Merced, State of California, located at 2000 Macready Drive, Merced, California 95341 hereinafter called the “Airport”.

WHEREAS, Lessee is engaged in the business of commercial air transportation with respect to persons, property and cargo; and,

WHEREAS, Lessee desires to lease certain premises, facilities, rights, licenses, services and privileges in connection with and on the Airport, and Lessor is willing to lease the same to Lessee upon the terms and conditions hereinafter stated.

NOW, THEREFORE, for and in consideration of the promises and of the mutual covenants and agreements herein contained, and other valuable considerations, Lessor does hereby demise and let unto Lessee, and Lessee does hereby hire and take from Lessor, certain premises and facilities, rights, licenses, services and privileges in connection with and on the Airport, as follows:

ARTICLE I Term of Agreement

1.1. Term. This Agreement shall continue in effect from 12:00 AM on the Effective Date to and through 11:59 PM on June 30, 2030 (“Expiration Date”), subject to earlier termination as provided in Article XIII hereof, and shall continue thereafter on a month-to-month basis, under the terms of this Agreement, until terminated by either party giving sixty (60) days prior written notice to the other party.

ARTICLE II Leased Premises

The leased premises (“Premises”) are located at the Merced Yosemite Regional Airport Terminal, 2000 Macready Drive, Merced, California, 95341 and consists of approximately 347 square feet of offices and counters for Lessee’s exclusive use (“Exclusive Use Space”), and approximately 4593 square feet of common area for Lessee’s non-exclusive use, including secured gate, waiting area, restrooms, and lobby. Lessee also receives non-exclusive rights to use of the Airport and its aviation improvements, including, without limitation, aprons, taxiways, and runways. The Premises is depicted in Exhibit A.

ARTICLE II
Grant Of Rights To Use Airport And Facilities

3.1. Grant of Rights to Use.

3.1.1. General. Lessor hereby grants to Lessee the right to conduct activities on the Airport directly connected with its business of air transportation, upon the terms and subject to the conditions set forth herein. For purposes of this Agreement, “Lessor Party” shall mean the City of Merced, California, and its respective Council Members, officials, directors, officers, employees, agents, representatives, contractors, successors and assigns. “Lessee Party” shall mean Corporate Flight Management, Inc. D/B/A Contour Airlines and its affiliates, if any, and their respective shareholders, partners, directors, officers, employees, agents, representatives and contractors.

3.1.2. Exclusive Use Space. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Exclusive Use Space, as defined in Article II.

3.1.3. Joint Use Space. Lessor hereby grants to Lessee a non-exclusive license to use, in common with others and subject to the direction of Lessor, the Joint Use Space, upon the terms and subject to the conditions set forth in this Agreement. Lessor shall have the right, at any time or from time to time during the term hereof and in Lessor’s sole and absolute discretion, to (i) terminate Lessee’s license to use some or all of the Joint Use Space, (ii) reduce, expand or otherwise modify the Joint Use Space, (iii) grant to others a license to use the Joint Use Space, and/or (iv) grant to Lessee a non-exclusive license to use, in common with others and subject to the direction of Lessor, other areas of the Joint Use Space.

3.1.4. Other Areas and Facilities. Lessee may operate pursuant to a non-exclusive license to use, consistent with federal law and Lessor policy and procedure, in common with others and subject to the exclusive control and management of Lessor, other areas, facilities, equipment, improvements and services at the Airport for use in connection with Lessee’s business of air transportation. In addition, Lessor shall have the right, at any time and from time to time during the term hereof, to terminate or modify any rights granted to Lessee pursuant to this subsection.

3.1.5. Rights of Ingress and Egress. Lessee shall have full and free right to ingress to and egress from Airport over roadways of Lessor, for itself, its employees, passengers and invitees.

3.1.6. Acceptance of Space. Lessee hereby accepts the Exclusive Use Space in the condition existing as of the Effective Date. Lessee hereby agrees that the Premises are in a good and usable condition and acknowledges that Lessee has inspected the Premises and other areas of the Airport to its satisfaction and acknowledges that Lessor is not obligated to make any repairs or alterations to the Premises or any other areas of the Airport.

3.1.7. Civil Code Section 1938 Disclosures. In accordance with Civil Code Section 1938(a), the parties acknowledge that, as of the execution of this Agreement, the Premises have not been inspected by a certified access specialist. Additionally, the parties acknowledge the disclosure specified in Civil Code Section 1938(e), which states:

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

3.1.8. Reservations to Lessor. Lessee further accepts the Premises subject to any and all existing easements and encumbrances. Lessor reserves the right, without obligation, to install, lay, construct, maintain and repair utilities and appurtenances necessary or convenient in connection therewith in, over, upon, through, across, under and along the Premises or any part thereof, and to enter the Premises for any and all such purposes. Lessor also reserves the right to grant franchises, licenses, easements, rights of way and permits in, over, upon, through, across, under and along any and all portions of the Premises. No right reserved by Lessor in this subsection shall be so exercised as to interfere unreasonably with Lessee’s operations hereunder.

3.1.9. Lessor’s Right of Access. Lessor shall have access to the Premises at all times in cases of emergency. Lessor shall also have access to the Premises at any time for the purpose of examining the same to ascertain if they are in good repair, inspecting any work in progress, making repairs which Lessor may be required or permitted to make hereunder, or exhibiting the same to prospective purchasers or airlines or other prospective or actual tenants, licensees or other users of the Airport. Such entry shall be made in a manner which will not unreasonably interfere with Lessee’s use of the Premises, except in case of emergency. In the event that Lessee is not personally present to open and permit entry to Exclusive Use Space, Lessor may enter by means of a master key or may enter forcibly and shall incur no liability to Lessee as a result of such entry, and this Agreement shall not be affected thereby.

ARTICLE III PERMISSIBLE USES

4.1. Use of Airport and Facilities.

4.1.1. Principal Use of Airport. Lessee hereby acknowledges that the principal use of the Airport consists of the operation of a public airport and that all other businesses and operations which now or hereafter are permitted by Lessor to be conducted on or at the Airport, including Lessee’s business and operations pursuant to this Agreement, must be at all times compatible with and subordinate to such principal use, as Lessor, in its sole and absolute discretion, shall determine.

4.1.2. Permissible Uses.

4.1.2.1. Exclusive Use Space. Lessee shall use the Exclusive Use Space solely for the purpose of operating Lessee's business of air transportation.

4.1.2.2. Joint Use Space. Lessee shall use the Joint Use Space solely for the sale of air transportation, handling, ticketing, billing and manifesting of passengers and for purposes of taxiing, servicing, loading, unloading and parking of Lessee's aircraft and storage of a reasonable amount of equipment required with respect thereto in connection with Lessee's business of air transportation.

4.1.2.3. Airport Areas. Lessee shall use all areas and/or facilities, equipment, improvements and services at the Airport made available to Lessee pursuant to this Agreement, solely for the purposes relating to Lessee's air transportation. Such use shall be limited to one or more of the following:

4.1.2.3.1. The repairing, maintaining, conditioning, servicing, testing, parking or storage of aircraft or other equipment operated by Lessee or any agency or branch of the United States Government; provided, however, such right shall not be construed as authorizing the conduct of a separate business by Lessee but shall permit Lessee to perform such functions only as an incident to its conduct of air transportation.

4.1.2.3.2. The ground training on the Airport of personnel in the service of or employ of, or to be employed by, Lessee or any agency or branch of the United States Government; provided, however, such right shall not be construed as authorizing the conduct of a separate business by Lessee but shall permit Lessee to perform such functions only as an incident to its conduct of air transportation.

4.1.2.3.3. The sale, lease, transfer, disposal or exchange of Lessee's aircraft, engines, accessories and other equipment or supplies; provided, however, such right shall not be construed as authorizing the conduct of a separate business by Lessee but shall permit Lessee to perform such functions only as an incident to its conduct of air transportation. Lessee shall not sell aviation fuel, propellants or lubricants except when such aviation fuel, propellants or lubricants are not available for sale by an authorized supplier located on the Airport.

4.1.2.3.4. The servicing by Lessee, or by Lessor or Lessor's designee, of aircraft and other equipment operated by Lessee on the Apron Area, by truck or otherwise, with aviation fuel, propellants, lubricants or any other materials or supplies required by Lessee.

4.1.2.3.5. The right to land, take-off, fly, taxi, tow, load and unload aircraft or other equipment used by Lessee in its conduct of air transportation.

4.1.2.3.6. The right to install and operate advertising signs representing Lessee's business, which signs shall be substantially uniform in size, type and location with those of other airlines using the Terminal Building. The "Terminal Building" shall mean the terminal building, as shown on the depiction attached hereto as Exhibit A and incorporated herein by reference, as the same may be modified or improved from time to time. The number, type, size, design and location of all of such signs shall be consistent with Lessor's

graphic standards and shall be subject to the prior written approval of Lessor and shall comply with all applicable Agency requirements.

4.1.2.3.7. The right to install, maintain and operate, by Lessee, both air-to-ground communications and communications systems between suitable locations on the Airport, subject to the prior written approval of Lessor.

4.1.2.3.8. Customary fueling and servicing of Lessee's aircraft at its aircraft parking positions preparatory to loading and take-off or immediately following landing and unloading, and/or any maintenance of aircraft, vehicles or equipment at places and in accordance with Lessor's Rules and Regulations so long as such activities are not unreasonably unsightly, offensive or annoying to the public and provided that the same shall not interfere with other operations of the Airport.

4.2. Conduct of Lessee's Business.

4.2.1. Standards. In addition to any and all other terms, conditions and requirements under this Agreement, Lessee shall comply strictly with the terms, conditions and requirements set forth in this Section 4.2. In its use of the Airport pursuant to this Agreement, Lessee shall maintain the highest degree and standards of service to meet the needs of the traveling public.

4.2.2. Conduct of Employees. Lessee shall monitor the conduct, demeanor and appearance of its employees and all other individuals constituting Lessee Parties and shall require its employees to wear clean and neat appearing clothing and shall take all actions necessary to ensure their courteous, polite and inoffensive conduct and demeanor. Upon objection from Lessor concerning the conduct, demeanor or appearance of any such individual, Lessee immediately shall take all steps necessary to correct or remove the cause of the objection.

4.2.3. Interference with Utilities, Police, Fire Fighting. Lessee shall not do or permit to be done anything which may interfere with the effectiveness or accessibility of the mechanical, gas, electrical, heating, ventilating, air conditioning, plumbing or sewer systems, facilities or devices or portions thereof on or servicing the Premises or elsewhere on the Airport, nor shall Lessee do or permit to be done anything which may interfere with free access or passage to the Premises, the streets, roads, parking lots, curb areas, entryways, exits, sidewalks or the public areas adjacent thereto, or any other areas of the Airport. In addition, Lessee shall not hinder police, fire fighting or other emergency personnel in the discharge of their duties.

4.2.4. Interference with Fire Exits. Lessee shall not do or permit to be done anything which may interfere with the effectiveness or accessibility of fire exits, elevators or escalators in or adjacent to the Premises or elsewhere at the Airport, including lines, pipes, wires, conduits and equipment connected with or appurtenant thereto.

4.2.5. Nuisance. Lessee shall not use or permit the use of the Premises or any other areas of the Airport in any manner that will (i) tend to create or permit any waste or nuisance, (ii) tend to disturb other tenants, concessionaires, licensees or users of the Airport, (iii) invalidate or cause the cancellation of or be in conflict with any fire or other hazard insurance policies covering the Airport or (iv) increase the premiums for any fire insurance policies

covering the Airport or any property located therein. Lessee, at its expense, shall comply with all rules, orders, regulations, or requirements of the American Insurance Association, or any other similar body.

4.2.6. Boarding, Enplaning and Unloading Passengers. In connection with the use of the Premises and the other areas of the Airport, no Lessee Party shall knowingly board, enplane or unload, or permit the boarding, enplaning or unloading of, revenue passengers, either on a scheduled or nonscheduled basis, except as authorized by Lessor's policies and procedures and applicable federal law.

4.2.7. Lessor Noise Abatement Rules. Lessee hereby acknowledges that Lessee has read and understands the Noise Abatement Rules and hereby covenants to conduct its business and flight operations in compliance with the Noise Abatement Rules.

4.3. Licenses and Permits; Compliance with Laws. Lessee, at Lessee's own cost and expense, shall obtain and maintain in effect at all times during the term hereof all licenses, permits, certificates, approvals and other authorizations required by any applicable Law in connection with Lessee's performance of this Agreement or the conduct of Lessee's business and operations at the Airport. Lessee shall comply with all applicable Laws in the conduct of Lessee's business and operations at the Airport. Nothing in this Agreement, including provisions relating to specific Laws, shall be construed as limiting the generality of this Section.

4.4. Compliance With FAA Grant Assurances and Airport Use. Lessee acknowledges and understands that Lessor is obligated to comply with the provisions of Exhibit B and Exhibit C attached hereto and by this reference incorporated herein constituting required FAA contract provisions and FAA grant assurances. Lessee agrees that it shall not do anything that will cause or contribute to the violation by Lessor of any of the provisions of Exhibit B and Exhibit C. In connection with the ownership and use of the Airport by Lessor, Lessee hereby agrees as follows:

4.4.1. Maintenance, Development or Improvement of Landing Area. Lessor reserves the right to maintain and further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or views of Lessee, and without interference or hindrance.

4.4.2. Agreements with and Rights of United States. This Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States, or any lawful requirement of the United States, relative to the development, operation or maintenance of the Airport. This Agreement and all the provisions hereof shall be subject to whatever right the United States Government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport, or the exclusive or nonexclusive use of the Airport, by the United States during the time of war or national emergency or otherwise.

4.4.3. Reservation of Rights. There is hereby reserved to Lessor, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises and all other areas of the Airport. This public right of flight shall include the right to cause within such airspace any noise inherent in the operation of any aircraft used for

navigation or flight through such airspace or landing at, taking off from or operating on the Airport.

4.4.4. Height Restrictions. Lessee shall not erect or permit the erection of any structure or object, nor permit the growth of any tree, on the Premises or elsewhere at the Airport in violation of federal height restrictions and obstruction criteria or any more restrictive height restrictions and obstruction criteria established from time to time by Lessor. In the event the aforesaid covenants are breached, Lessor shall have the right to enter upon the Premises or other areas at the Airport to remove the offending structure or object and to cut the offending tree, all of which shall be at the expense of Lessee.

4.4.5. Interference with Aircraft. Lessee shall not make use of the Premises or any other areas at the Airport in any manner which might interfere with the landing or taking off of aircraft from the Airport, or which might otherwise constitute a hazard. In the event the aforesaid covenant is breached, in addition to all other rights and remedies of Lessor, Lessor shall have the right to enter upon the Premises or other areas at the Airport and cause the abatement of such interference, at the expense of Lessee.

4.4.6. Construction of Alterations. In the event any future structure or building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises, Lessee shall comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations.

4.4.7. Non-Exclusive Rights. Nothing herein contained shall be deemed to grant Lessee any exclusive right or privilege within the meaning of 49 U.S.C. Section 40103(e) with respect to any activity on the Airport, except that, subject to the terms and provisions hereof, Lessee shall have the right to exclusive possession of any Exclusive Use Space made available to Lessee under the provisions of this Agreement.

4.5. Ground Transportation. Lessee shall have the right to operate, or contract for the operation of, any ground transportation service of its choice for the carriage of its passengers and cargo to and from the Airport. Loading and unloading space for vehicles so engaged shall be at locations convenient to Lessee's operations, whether on or off the leased Premises as defined in Article II. Parking space for such vehicles and for automobiles of Lessee's employees, passengers and invitees may be provided by Lessee, with or without charge, in the Public Parking Space described in Section 4.7 hereof, without hindrance of Lessor.

4.6. Public Parking Space. Lessor hereby undertakes to provide at the Airport adequate and convenient outdoor public parking space for motor vehicles of the general public. Charge may be made by Lessor for such parking, at reasonable rates, but Lessor will not charge Lessee's accredited employees or ground transportation operators for their parking use of such space, and Lessor hereby accords them such use, at no charge to Lessee.

ARTICLE V

Alterations and Improvements to Leased Premises

5.1. Improvements to Premises. Lessee shall not, without in each instance obtaining

the prior written consent of Lessor, which consent may be granted or withheld in Lessor's sole and absolute discretion, construct, install or make any modifications, alterations, improvement, or additions ("Alterations") in, on or to the Premises. Lessee shall have no right to construct, install or make any Alterations in any areas of the Airport, other than Lessee's rights granted in the preceding sentence. Lessor may impose, as a condition of Lessor's written consent to any Alterations to the Premises approved by Lessor hereunder ("Approved Alterations"), such requirements as to the contractor, time, manner, method, design and construction in which the Approved Alterations shall be done as Lessor determines, in its sole and absolute discretion. No such Approved Alterations shall be undertaken until Lessee shall have procured and paid for all permits, licenses, approvals and authorizations of all required Agencies having jurisdiction thereof and Lessor's written consent to commence work. Lessee may make improvements to provide access to, and on the Premises, with consent of Lessor as to design and construction. Lessee shall fund all costs of development, including demolition, architecture and engineering, site preparation, building construction, public improvements, fees and permits, and financing costs, except as otherwise expressly provided herein.

5.2. Design. Lessee shall coordinate design of any and all improvements on the Premises with the Lessor prior to any work being performed. All plans shall be subject to Lessor's approval and, when required by Lessor, shall be prepared, stamped and signed by a State-licensed architect or engineer. Engineers shall be licensed for the particular discipline required. All work done in connection with any Approved Alterations shall be done at Lessee's sole expense and with reasonable diligence, in a good and workmanlike manner, and in compliance with all Laws of any Agency having jurisdiction thereof. In order to expedite plan review and approval and to insure that the proposed Approved Alterations will be compatible with the Airport uses, Lessee first shall submit to Lessor for approval a schematic or conceptual plan. Lessor shall have the right to inspect and reject any work not done in accordance with the plans and specifications approved by Lessor, and Lessee shall immediately repair or remove such work. Within 30 days following the completion of any Approved Alterations, Lessee shall furnish to Lessor a set of "as built" plans and specifications.

5.3. Payment of Claims. Lessee shall pay, when due, all claims for labor, materials, equipment and services furnished or alleged to have been furnished to or for Lessee at or for use in the Premises or any other areas of the Airport, which claims are or may be secured by any lien against the Premises or any other areas of the Airport or any interest therein. In the event any such lien is filed against the Premises or any other areas of the Airport in connection with Approved Alterations, it shall be discharged by Lessee, at Lessee's expense, within ten days after written notice thereof is delivered to Lessee. Lessor shall have the right to post such notices of nonresponsibility as are provided for in the mechanics' lien laws of the State.

5.4. Lessor Property. Except for personal property and trade fixtures not permanently affixed to the Premises, all Approved Alterations made by or on behalf of Lessee, upon the Expiration Date, shall become the Lessor's property and shall be surrendered with the Premises, unless the Lessor shall elect otherwise not less than 15 days prior to the Expiration Date. In the event of such election, such Approved Alterations made by or on behalf of Lessee in the Premises, as Lessor may select, shall be removed by Lessee, at its sole cost and expense prior to the Expiration Date, and the Premises shall be restored and repaired to the condition existing as

of the Effective Date, subject to reasonable wear and tear, casualty and damage by the elements.

ARTICLE VI
Rental and Fees

6.1. Rental.

6.1.1. Lessee shall pay rent to Lessor (“Rental”) during the term hereof, without notice or demand. The rents to be paid by Lessee during the term shall be as follows:

6.1.1.1. Exclusive Use Space. Lease rate for the Ticketing Area (identified as office #140 on Exhibit A hereto) and the ATO (identified as office #141 in Exhibit A hereto) within the Premises:

Year 1 (July 1, 2026 to June 30, 2027)	\$9,115.69 per month
Year 2 (July 1, 2027 to June 30, 2028)	\$9,389.16 per month
Year 3 (July 1, 2028 to June 30, 2029)	\$9,670.84 per month
Year 4 (July 1, 2029 to June 30, 2030)	\$9,960.96 per month

Beginning July 1, 2027, rent shall increase at a rate of 3% annually on July 1st of each following year during the term.

6.1.2. Rental of TLD Belt Loader and KCI Passenger Ramp. The rental rate shall be \$2,150.00 per month for both units. Rental rate does not include the cost of preventative maintenance or breakage due to wear and tear with regard to either unit. Preventative maintenance on each unit will be completed by the Lessor’s Fleet Maintenance Department on a calendar year basis. Notwithstanding anything herein to the contrary, Lessee may terminate the rental of either the TLD Belt Loader and/or the KCI Passenger Ramp at any time upon thirty (30) days written notice to Lessor.

6.1.3. Landing Fees. Lessee agrees to pay to Lessor for the use of all the Premises and the Airport, and the facilities, rights, licenses, services and privileges granted hereunder, in addition to the Rental as specified in Section (a) of this Article VI, the following landing fees. Lessee shall pay Lessor a landing fee of Ninety Three Dollars (\$93.00) per landing. Landing fees shall be applicable to all Lessee aircraft operated at the Airport for revenue-producing purposes, including the pick-up or discharge of passengers and/or cargo.

6.2. Records. Lessee shall provide to Lessor at the end of each calendar month, statistical information respecting Lessee's operations at Airport, including:

6.2.1. The total number of aircraft operations conducted by Lessee.

6.2.2. The total combined certificated gross landing weight of all such aircraft operations.

6.2.3. The total number of enplaned, deplaned, and through passengers.

6.3. Delinquent Rent or Landing Fees. In addition to other remedies contained in this Agreement, in the event any Rental payment or landing fee payment is not made within 10 days of the date it is due, Lessee shall pay to Lessor a late charge on said unpaid balance calculated at the rate of twelve percent (12%) per year from the date such payment became delinquent until the date such payment is made.

6.4. Deposit. Prior to the commencement of Lessee's operations under this Agreement, Lessee shall maintain performance security in the amount of Five Thousand Dollars (\$5,000.00) to Lessor in a form acceptable to Lessor's City Attorney to guarantee Rental and Landing Fee payments. Lessor may use the Security Deposit to pay delinquent Rentals, fees and other charges payable by Lessee under this Agreement (including but not limited to PFCs) in order to ensure prompt payment thereof. The balance of said performance security will be returned to Lessee within sixty (60) days of the termination of this Agreement, less any deductions for non-payment of rent or landing fees.

6.5. Utilities. Unless otherwise stated in this Agreement, Lessee shall be responsible for payment of its own utilities and phone bills. Lessee acknowledges that Lessor has no obligation to provide utilities or services to Lessee's Exclusive Use Space. Lessee shall comply with all rules, regulations and other requirements which any provider or supplier of utilities or services may establish for the use, proper functioning and protection of any said utility or service.

6.6. Joint Use Space - Common Area Maintenance and Utilities.

Lessee acknowledges that Lessor provides common area maintenance and janitorial service to non-exclusive use areas of the Premises (as shown in Exhibit A hereto), and utilities (electricity and natural gas) to both exclusive and non-exclusive use areas of the Premises. As compensation, Lessee shall pay Common Area Maintenance (CAM) fees as follows:

Year 1 (July 1, 2026 to June 30, 2027)	\$2,526.15 per month
Year 2 (July 1, 2027 to June 30, 2028)	\$2,601.93 per month
Year 3 (July 1, 2028 to June 30, 2029)	\$2,679.98 per month
Year 4 (July 1, 2029 to June 30, 2030)	\$2,760.32 per month

Beginning June 1, 2027, CAM fees shall increase three percent (3%) annually on July 1st of each year.

6.7. Rents and Fees Due.

Rents and fees will be due and payable in advance on the first of each month commencing July 1, 2026, subject to the incentive proposal described in Article VIII of this Agreement.

ARTICLE VII
Rules and Regulations

7.1. Lessor Rules. Lessor has in force certain Rules and Regulations covering operations at the Airport, which shall be provided in writing to Lessee. Lessee agrees to abide by these Rules and Regulations, which may be changed from time to time by Lessor without notification or approval by Lessee, but which shall always: (i) be consistent with safety and with the rules, regulations, and orders of the FAA and (ii) be provided in writing to Lessee within a commercially reasonable period prior to the effectiveness of any change. Upon receipt of any written notice from Lessor of a violation of the Rules and Regulations by Lessee, Lessee shall cure the violation specified in such notice. Lessee shall not be responsible to Lessee for the nonperformance of any other airline, tenant, occupant, licensee, concessionaire or user of the Airport of any of the Rules and Regulations.

7.2. Training of Lessee's Employees in Part 139 Requirements. Lessee acknowledges that Lessor incurs expenses for FAA 14 CFR Part 139 certification required staffing levels, and that such staffing is necessary for Lessor due primarily to Lessee's activities. During the period of this Agreement, Lessee shall provide Part 139 training for its "Full-Time" Airport employees at Lessee's expense, with the intention that such employees may assist in meeting 14 CFR Part 139 requirements.

ARTICLE VIII
Control of Rates, Fares and Charges, Schedule, and Aircraft

8.1. Lessor shall have no control whatsoever over the rates, fares, and charges that Lessee may prescribe for its transportation or services, and shall impose no fees or tolls upon Lessee's passengers, patrons, or other persons whom it serves at the Airport for the privilege of being so served; except that nothing in this Article shall be construed to prevent the imposition of Passenger Facilities Charges (PFCs). Lessee agrees not to oppose imposition of any Lessor PFC authorized by the FAA.

8.2. Lessee shall establish flight schedules after reasonable consultation with Lessor.

8.3. At such point as Lessee exceeds 10,000 revenue passenger enplanements for the Airport in any term year, the Lessor will reduce the Rents stated in Article VI hereof by One Thousand Dollars (\$1,000.00) per month for the duration of the following term year as a performance incentive.

ARTICLE IX
Marketing

9.1. Lessee shall use reasonable efforts to market its services with the intention that Lessee will significantly increase the level of revenue enplanements for the Airport. Lessee shall provide a written report to Lessor summarizing its marketing efforts quarterly, in October, January, April and July of each year of the term of this Agreement.

ARTICLE X
Damage or Destruction of Premises

10.1. If the Terminal Building is partially damaged by fire, the elements, the public enemy or other casualty, but the Premises is not rendered untenable, the Terminal Building shall be repaired with due diligence by Lessor at Lessor's own cost and expense. If the damage shall be so extensive as to render the Premises untenable but capable of being repaired in thirty (30) days, the same shall be repaired with due diligence by Lessor at Lessor's own cost and expense, and the Rent payable hereunder shall be proportionately paid up to the time of such damage and shall then cease until such time as such space shall be fully restored. In case such building is completely destroyed by fire, the elements, the public enemy or other causality, or so damaged that Lessee's space will or does remain untenable for more than thirty (30) days, at the option of Lessee, either (1) such building shall be repaired or reconstructed with due diligence by Lessor at Lessor's own cost and expense, and the Rent payable hereunder paid up to the time of such damage or destruction and shall then cease until such time as Lessee's space shall be fully restored, or (2) if within twelve (12) months after the time of such damage or destruction Lessee's space shall not have been repaired or reconstructed for Lessee's use, Lessee may give Lessor written notice of its intention to then terminate this Agreement in its entirety or to terminate, as of the date of such damage or destruction, such part of this Agreement that related only to the damaged or destroyed space.

10.2. In the event that the Airport is rendered unusable, there shall be a reasonable and proportionate abatement of the Rent, fees, and charges provided for herein during the period that the Airport is unusable.

10.3. In the event that the Terminal Building must be moved to a new location, by reason of any federal safety requirements or in order to comply with runway clearance requirements of the FAA, or for any other reason beyond the control of the Lessor, Lessor may, at its option, move or rebuild such building, subject to abatement of rental charges proportionate to the extent and the time that the building is thereby rendered untenable, or cancel this Agreement on thirty (30) days written notice to Lessee.

10.4. Lessee shall be responsible to repair or replace any utilities or related facilities exclusively serving the Exclusive Use Space.

10.5. Lessee hereby waives the provisions of Sections 1932, 1933, and 1941 through 1942, inclusive, of the Civil Code and of any other Law now or hereafter in effect which is contrary to the obligations of Lessee under this Agreement or which relieves Lessee therefrom, or which places upon the Lessor obligations in addition to those provided for in this Article.

ARTICLE XI
Maintenance Of Airport Facilities And Public Areas

11.1. Lessee's Responsibilities. Lessee shall, at its sole cost and expense and in a manner acceptable to Lessor, perform all of the following:

11.1.1. Maintain the Premises in a neat, clean and orderly condition, free from litter, debris, refuse, petroleum products or grease that may result from activities of Lessee or Lessee Parties.

11.1.2. Remove all oil and grease spillage or other damage which is attributable to Lessee's aircraft and other equipment.

11.1.3. Perform ordinary preventative maintenance and ordinary upkeep of all facilities, personal property and equipment, including, but not limited to, fixtures, doors, baggage conveyors and belts, floor coverings, ticket counters, and baggage examination and inspection facilities and other facilities within the Premises; provided, however, Lessor, at its own cost and expense, shall maintain the exterior portions of the walls and roof of the Premises and all central mechanical distribution systems in good repair and condition.

11.1.4. Immediately repair any damage occasioned by the fault or negligence of Lessee or Lessee Parties.

11.1.5. Promptly remove Lessee's damaged or disabled aircraft from any area of the Airport (including, without limitation, any runways, taxiways, the aprons and gate positions) to such storage areas as may be designated by Lessor, following approval by the National Transportation Safety Board, the FAA or other government agency having jurisdiction with respect to such removal. Lessee may store such damaged or disabled aircraft only for such length of time and upon such terms and conditions as may be established by Lessor. Should Lessee fail to remove its damaged or disabled aircraft in accordance with this Section, Lessor may, but shall not be obligated to, cause the removal and/or storage of such damaged or disabled aircraft, and Lessee agrees to reimburse Lessor for all costs of such removal and/or storage.

11.2. Lessor's Responsibilities.

11.2.1. General. Lessor shall use reasonable efforts to keep, or make appropriate arrangements to keep, the Public Areas of the Terminal Building adequately and attractively supplied, equipped, furnished and decorated, clean and presentable. Except as otherwise herein provided, Lessor shall provide and supply in the Public Areas of the Terminal Building and other areas of the Airport not otherwise subject to the exclusive use of Lessee or other airlines, adequate signage, heat, electricity, light, power, air-conditioning, sewage, water and janitorial services (including waste removal). Lessor also shall provide field lighting, adequate to meet FAA standards, for all landing, taxiing and ramp areas and also for all vehicular parking areas.

11.2.2. Lessee Obligations. The undertakings by Lessor under this Section 9.02 are not intended to relieve any Lessee Party or users of the Airport, including Lessee, of any of their respective duties, obligations or responsibilities to maintain any property or facilities at the Airport or any such Lessee Parties' or users' respective duties, obligations or responsibilities to use due care in using the Public Area, Joint Use Space or other areas of the Airport.

11.3. Waiver. Lessee expressly agrees that Lessor shall not be liable to any Lessee

Party for loss or damage occasioned by flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, vandalism, malicious mischief, civil authority or any other cause beyond the reasonable control of Lessor.

ARTICLE XII

Termination

12.1. This Agreement may be terminated prior to its expiration date as follows:

12.1.1. Termination by Lessor. Lessor may terminate this Agreement upon default by Lessee of any of the terms and conditions hereof and the failure of Lessee to remedy such default for a period of sixty (60) days after receipt of written request from the Lessor to remedy the same. Notwithstanding the above, the failure of Lessee to pay rent or landing fees when due and the failure to remedy such default for a period of thirty (30) days shall result in the automatic cancellation and termination of this Agreement with ten (10) days written notice. Additionally, the failure to maintain at all times the insurance required by Article XV hereof shall result in the automatic cancellation and termination of this Agreement without notice. Lessor may terminate this Agreement for convenience at any time on 60 days written notice to Lessee; provided such termination shall occur on the last date of a month.

12.1.2. Termination by Lessee. Lessee may terminate this Agreement upon default by the Lessor of any of the terms and conditions hereof and the failure of the Lessor to remedy such default for a period of sixty (60) days after written request from Lessee to remedy the same.

12.1.3. Bankruptcy of Lessee. Lessor may terminate this Agreement upon the filing by Lessee of a voluntary petition in bankruptcy, the institution of proceedings in bankruptcy against Lessee (in either case if not rescinded or dismissed within sixty (60) days) and the adjudication of Lessee as a bankrupt pursuant to such proceedings, the taking by a court of competent jurisdiction of Lessee and its assets pursuant to proceedings brought under the provisions of any Federal reorganization act, or the appointment of a receiver of Lessee's assets.

12.1.4. Governmental Action. Lessee may terminate this Agreement upon the failure or refusal of the Department of Transportation at any time during the term of this Agreement or any renewal thereof to permit Lessee to operate into or from the Airport with any type of aircraft which Lessee may reasonably desire to operate into and from the Airport, including without limitation of the generality of the foregoing, the failure or refusal of the Department of Transportation at any such time to permit Lessee to operate into or from other airports of like size and character, upon the termination or restriction of Lessee's present right to operate into and from the Airport as an air carrier authorized to transport persons or property by the Department of Transportation, or the Federal authorities charges with the national defense, or by any other duly constituted authority.

12.1.5. The Federal Essential Air Service Program. Lessee may terminate this Agreement upon thirty (30) days prior written notice to Lessor, in the event of termination or material adverse change in the Federal Essential Air Service Program ("EAS") relating to

Lessee's operation under this Agreement and/or Lessee's contract under the EAS program for Merced, California. Such prior written notice shall include all documentation evidencing the termination or material adverse change in the EAS program. However, should Lessee terminate service before the date expected by Department of Transportation, the notice required with be thirty (30) days, plus the number of additional days before the new carrier begins service, up to a maximum of an additional thirty (30) days.

12.2. Surrender of the Premises. No notice to quit possession on the Expiration Date shall be given by the Lessor, and Lessee covenants and agrees that upon such Expiration Date it will peaceably surrender possession of the Premises in good condition, reasonable wear and tear, acts of God, fire and other casualties excepted, and Lessor shall have the right to take possession thereof. Lessee shall have the right, upon termination and within 60 days thereafter, to remove all trade fixtures and equipment and other personal property installed or placed by it at its expense, in, on or about the Airport, subject, however, to any valid lien which Lessor may have thereon for unpaid rents or fees; provided, however, Lessee shall not abandon any of its property on the Premises. Any and all property not removed by Lessee within such 60-day period shall, at the option of Lessor, thereupon become a part of the land on which it is located, and title thereto shall thereupon vest in Lessor. All Lessor property damaged by or as the result of the removal of Lessee's property shall be restored by Lessee, at its own expense, to the condition existing prior to such damage.

ARTICLE XIII Default

13.1. Event of Default. Each of the following shall constitute an Event of Default under this Agreement:

13.1.1. The voluntary or involuntary appointment of a receiver, trustee or liquidator to take possession of all or substantially all of the assets of Lessee when such appointment is not dismissed, terminated or vacated in 60 days; or (ii) a general assignment by Lessee for the benefit or protection of creditors; or (iii) Lessee's admission of its inability to pay its debts as they become due; or (iv) any action taken against or suffered by Lessee under any federal, state or other statute relating to insolvency, bankruptcy, reorganization, arrangement, composition, liquidation, dissolution or other relief for debtors; unless, in the case of an involuntary petition filed against Lessee to have Lessee adjudged a bankrupt or for reorganization or arrangement, the petition is dismissed within 60 days.

13.1.2. Any attachment, execution, distraint, judicial seizure or other process of law pursuant to which Lessee's rights or interest in the Premises or this Agreement may be taken, occupied or used by anyone other than Lessee, when such attachment, execution, distraint, judicial seizure or other process of law shall not be released, dismissed or stayed within 90 days.

13.1.3. An attempted or purported assignment, sublease, transfer, conveyance, mortgage, grant of security interest, hypothecation or other encumbrance of all or any part of Lessee's rights or interests under this Agreement or in the Premises in violation of Article XVI.

13.1.4. Vacation or abandonment of the Premises or of possession of the Premises, except in conjunction with the exercise by Lessee of any express right of Lessee to terminate this Agreement.

13.1.5. The failure by Lessee to pay any amount when due and payable hereunder, where such failure to pay continues for 10 days following the date that such amount was due.

13.1.6. Any failure by Lessee to maintain the required insurance or any other violation of a provision of Lessee's insurance obligations.

13.1.7. The failure by Lessee to obtain and/or maintain in effect all licenses, permits, approvals, authorizations and registrations required by applicable laws in connection with the conduct of Lessee's business.

13.1.8. The failure by Lessee to comply with Lessor's Rules and Regulations within 30 days of Lessee's receipt of the notice.

13.1.9. Any violation by Lessee of the Noise Abatement Rules; provided, however, that Lessee may cure any such default within 24 hours after written notice by Lessor to Lessee of such default, or, if the cure of such default is not in the opinion of Lessor reasonably susceptible to cure within 24 hours, Lessee may cure such default within 20 days of the delivery of such written notice of default.

13.1.10. Any violation by Lessee or any of its agents or employees of any Hazardous Substances laws, rules, or regulations provided within this Agreement.

13.1.11. The failure by Lessee to provide or replenish the Security Deposit.

13.1.12. (i) The occurrence of any non-curable default in the keeping or performance of any provision of this Agreement to be kept and performed by Lessee other than those described in subsections (a) through (1) of this Section, or (ii) failure to remedy any curable default in the keeping or performance of any other provision of this Agreement to be kept and performed by Lessee other than those described in subsections (a) through (1) of this Section (A) within a period of 30 days after the delivery to Lessee of written notice of such default (or, in the event such curable default is of such a nature as to reasonably require more than 30 days to cure, if Lessee shall fail to commence such cure within such time or thereafter fails diligently to prosecute the same to completion), or (B) immediately in the event of an emergency.

13.1.13. The occurrence and continuation of any default, breach or non-performance by Lessee under this Agreement or any other written agreement between Lessor and Lessee, after giving effect to any applicable grace period, notice requirement or opportunity to cure such default, breach or non-performance.

13.2. Remedies. Upon the occurrence and continuance of any Event of Default by Lessee, Lessor may at any time, upon notice and demand and without limiting the exercise of any other right or remedy which Lessor may have by reason of such default or breach:

13.2.1. Terminate Lessee's right to possession of the Premises by notice to Lessee, in which case this Agreement shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event, Lessor shall be entitled to recover from Lessee:

13.2.1.1. The unpaid amounts (including late charges and interest) payable by Lessee under this Agreement which have accrued to the date of termination; and

13.2.1.2. Any other amount necessary to compensate Lessor for all damages and losses proximately caused by Lessee's failure to perform its obligations under this Agreement including, but not limited to, the cost of recovering possession of the Premises, expenses of reletting (including advertising), brokerage commissions and fees, costs of putting the Premises in good order, condition and repair, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, court costs, all costs for maintaining the Premises, all costs incurred in the appointment of and performance by a receiver to protect the Premises or Lessor's interest under the Agreement and any other reasonable cost.

13.2.2. Pursue any other remedy now or hereafter available to Lessor under the laws of the State, including, without limitation, the remedy provided in Civil Code Section 1951.4, to continue this Agreement in effect and enforce all rights and remedies under this Agreement, including the right to recover amounts payable by Lessee hereunder as it becomes due, even though Lessee has breached this Agreement and abandoned the Premises or failed to take possession of the Premises upon tender thereof by Lessor. In the event Lessee fails to take possession of the Premises and commence payment of amounts payable by Lessee hereunder, Lessor shall have all of the rights and be entitled to recover from Lessee all of the damages described in this Section.

13.2.3. If Lessor terminates this Agreement pursuant to Section 13.1, unless and until removed in accordance with Section 12.2, take exclusive possession of all of Lessee's fixtures, furniture, equipment, improvements, additions, alterations and other personal property on the Premises or other areas of the Airport, and to use the same, without rent or charge, until all defaults are cured, or, at its option, at any time during the term of this Agreement, to require Lessee to forthwith remove to same.

13.3. Waiver. Lessee hereby waives all claims and demands against Lessor for damages or loss arising out of or in connection with any re-entering and taking possession of the Premises, as provided in Section 13.2.3.

13.4. Waiver of Redemption. In the event of the lawful exercise by Lessor of any one or more of its rights and remedies hereunder, Lessee hereby expressly waives any and all rights of redemption or relief from forfeiture under Code of Civil Procedure Section 1174 or 1179, or granted by or under any present or future laws, and further releases Lessor from any and all claims, demands and liabilities by reason of such exercise by Lessor.

13.5. Cumulative Remedies. The various rights and remedies reserved to Lessor herein shall be cumulative, and, except as otherwise provided by law, Lessor may pursue any or all such rights and remedies, whether at the same time or otherwise, and no single right shall be deemed

to be exclusive of any of the other or of any right or remedy allowed by law or in equity. No delay or omission of Lessor to exercise any right or remedy shall be construed as a waiver of any such right or remedy or waiver of any Event of Default.

13.6. Performance of Lessee's Covenants by Lessor. In the event that Lessee at any time fails to make any payment or perform any other act under this Agreement, Lessor shall have the right, but not the obligation, immediately or at any time thereafter, without notice or demand and without waiving any right or releasing Lessee from any obligation to Lessor, to make such payment or perform such other act for the account of Lessee, to the extent Lessor may deem desirable. In connection therewith, Lessor may pay reasonable expenses and employ counsel in instituting, prosecuting or defending any action or proceeding under this Agreement. All sums so paid by Lessor and all expenses incurred in connection therewith, together with interest thereon at the maximum allowable rate by law, shall be payable to Lessor on demand.

13.7. Excuse of Performance by Lessor. Lessor shall be under no obligation to observe or perform any covenant of this Agreement on its part to be observed or performed for the benefit of Lessee, which accrues after the date of any Event of Default by Lessee, unless and until such Event of Default is cured by Lessee or waived by Lessor.

13.8. Default by Lessor. Lessor shall not be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligation for 30 days following the delivery by Lessee to Lessor of written notice specifying the obligation Lessor has failed to perform; provided, however, in the event that the nature of Lessor's obligation is such that more than 30 days are required for its performance, Lessor shall not be deemed to be in default if it shall commence such performance within such 30 day period and thereafter diligently prosecutes the same to completion. In the event of Lessor's default under this Agreement, subject to the notice and cure provisions described above in this Section, Lessee's sole remedy shall be to terminate this Agreement with no further obligation or liability by either party.

ARTICLE XIV Prevention of Use

14.1. Lessee shall have the right to terminate this Agreement upon issuance by any court of competent jurisdiction of any injunction in any way preventing or restraining the use of the Airport or any part thereof for Airport purposes and the remaining in force in such injunction for a period of at least ninety (90) days, or upon the inability of Lessee to use for a period in excess of ninety (90) days the Airport or any of its premises, facilities, rights, licenses, services or privileges leased to Lessee hereunder because of any law or other order, rule, regulation or other action or non-action of the Department of Transportation, or of any other governmental authority, or because of fire, earthquake, other casualty or acts of God or the public enemy.

ARTICLE XV Indemnity and Insurance

15.1. Lessee assumes all risks incident to, or in connection with, its operation at the

Airport and shall be solely responsible for all accidents, death, or injuries to persons, or damage to property caused by its operations at the Airport, and shall further indemnify, protect, defend (with counsel selected by Lessor), and save harmless the Lessor, its officers, employees, and agents from any and all claims, suits, losses or damages for death or injuries to persons or damage to property arising out of the negligent or improper acts or omissions of Lessee, its agents, officers or employees; PROVIDED, however, that this assumption of risk and undertaking shall not apply to claims, suits, losses or damages arising out of the sole negligence of Lessor's officers, employees, agents, or contractors. It is understood that the duty of Lessee to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the Civil Code.

15.2. Acceptance by Lessor of insurance certificates and endorsements required under this Agreement does not relieve Lessee from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Lessee acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

15.3. Lessee agrees to furnish a certificate to Lessor, after approval of same by the City Attorney of Lessor, indicating that Lessee has purchased and is maintaining Airport liability insurance from a company satisfactory to Lessor insuring against:

15.3.1. Legal liability for bodily injuries or death in the minimum sum of Four Million Dollars **(\$4,000,000.00)** for one accident.

15.3.2. Legal liability for damage to property of others in the minimum sum of One Million Dollars **(\$1,000,000.00)**.

15.4. Such certificate shall state that Lessor will be notified at least thirty (30) days before cancellation (except 10 days with respect to non-payment of premium) of the policy or any material change thereof.

15.5. Lessee also shall file a certificate of insurance with Lessor, in a form satisfactory to Lessor, certifying that the Lessee has in force public liability, passenger liability, and property damage insurance for operation of aircraft in amounts not less than One Million Dollars **(\$1,000,000)** for one person, Four Million Dollars **(\$4,000,000)** for one accident, and One Million Dollars **(\$1,000,000)** for property damage. Such certificates shall state that Lessor will be notified at least thirty (30) days before cancellation of the policy (except 10 days with respect to non-payment of premium) or any material change thereof.

15.6. All of the above insurance policies shall contain a contractual liability endorsement recognizing the hold harmless agreement contained in this paragraph and the City of Merced, its officers, employees, volunteers, and agents shall be named as additional insureds under the policies, and that the policies shall stipulate that this insurance will operate as primary insurance for purposes of this Agreement, and that no other insurance effected by Lessor or other named insureds will be called on to cover a loss covered thereunder.

ARTICLE XVI
Assignment or Sublease

16.1. Lessee shall not at any time assign this Agreement or sublet the demised Premises or any part thereof without the prior written consent of Lessor, provided that the foregoing shall not prevent the assignment of the Agreement to any corporation with which Lessee may merge or consolidate or which may succeed the business of Lessee. However, this restriction against assignment shall not operate to prevent Lessee from contracting with any operator of its choice for the performance of any of the ground operations or services the right of performance of which is accorded Lessee hereunder. Any attempted assignment, sublease, transfer, conveyance, mortgage, hypothecation, grant of a security interest in, or other encumbrance in violation of this Section shall be wholly void.

ARTICLE XVII
Licenses, Fees and Taxes

17.1. If Lessee is required to procure any licenses or permits from Lessor, other than such as any be required by the United States of America or the State of California, to authorize or permit Lessee to pursue any of the activities or operations which Lessee is authorized to carry on under this Agreement, Lessee may deduct the cost of such licenses and permits other than those imposed by ordinance and statutes in force at the time of execution of this Agreement, from any Rentals or fees payable to Lessor herein.

17.2. Lessee agrees to pay, without the right to deduct from Rental fees provided for herein, any and all personal property taxes assessed against its property on such leased Premises, such portion of real estate taxes as may be levied against improvements owned by Lessee and erected upon land owned by Lessor, and any tax assessed upon any possessory interest owned by Lessee at the Airport, including the rights in this Agreement.

Article XVIII
Eminent Domain

18.1. Entire or Substantial Taking. In the event that the Premises or any other portion of the Airport, or so much thereof as to make the balance not reasonably adequate for the conduct of Lessee's business of air transportation, shall be taken under the power of eminent domain, this Agreement automatically shall terminate as of the date of the vesting of title in such condemning entity.

18.2. Partial Taking. In the event of any taking under the power of eminent domain which does not result in a termination of this Agreement pursuant to Section 18.1, Lessor and Lessee shall each, at its own expense, promptly restore the remaining portion or the Premises for which they are obligated hereunder to repair to as near its former condition as is reasonably possible, and this Agreement shall continue in full force and effect.

18.3. Awards. Any award for any taking of all or any part of the Premises or any other areas of the Airport under the power of eminent domain shall be the property of Lessor, whether or not such award shall be made as compensation for diminution in value for the taking of the fee. Nothing contained herein, however, shall be deemed to preclude Lessee from obtaining, or giving Lessor any interest in, any award to Lessee for loss of or damage to Lessee's trade fixtures and removable personal property or damages for cessation or interruption of Lessee's business, provided, however, that in determining the value of Lessee's business, all goodwill attributable to the location of the business shall belong to Lessor and Lessee's business shall be valued based solely upon its operating results.

18.4. Condemnation by Lessor. Nothing in this Agreement shall impair, limit or otherwise affect the power of eminent domain of Lessor or the exercise of such power by Lessor.

ARTICLE XIX

Environmental Compliance and Indemnification

19.1. Definitions.

19.1.1. "Contamination" shall mean any spilling, discharging, releasing or disposing of Hazardous Substances on, in, under or about the Airport, or any other contamination or deterioration of groundwater, subsoil or soil in, on, under or originating from the Airport.

19.1.2. "Environmental Law" shall mean any federal, state or local law, statute, ordinance, code, judgment, order or regulation pertaining to the environment, Hazardous Substances, pollutants, occupational safety and health, industrial hygiene or the environmental conditions on, under or about the Airport, and includes, without limitation the following; (i) the Clean Air Act, 42 USCA §§ 7401, et seq. (ii) the Clean Water Act, 33 USCA §§ 1251, et seq.; (iii) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("CERCLA"), 42 U.S.C. §§ 9601, et seq.; (iv) 49 CFR, Sections 173.5 (Transportation of Hazardous Materials); (v) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1986 and Hazardous and Solid Waste amendments of 1984 ("RCRA"), 42 U.S.C. §§ 6901, et seq.; (vi) the Oil Pollution Act of 1990, 33 USCA §§ 2701, et seq.; (vii) the Federal Water Pollution Control Act, 33 U.S.C. §§ 1317, et seq.; (viii) the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code §§ 25249.5 et seq.; (ix) the California Health and Safety Code §§ 25100, 25395.7, 25915, et seq.; (x) the California Water Code §§ 1300, et seq.; (xi) the California Civil Code §§ 3479, et seq.; (xii) Storm Water Discharge Rules, 40 C.F.R. §§ 122.26 and 122.30-37; and (xiii) all other State laws, rules, orders, directives, codes, regulations and judgments, relating to (i) emissions, discharges, releases or threatened releases of Hazardous Substances into the environment (including but not limited to ambient air, surface water, groundwater, land surface or subsurface strata) and (ii) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws may be amended, modified or supplemented from time to time and the regulations and administrative codes applicable thereto.

19.1.3. "Hazardous Substances" shall mean any hazardous or toxic substance, material or waste which is or shall become regulated by any Agency acting in its governmental capacity. The term "Hazardous Substances" includes, without limitation, any material or substance which is (i) defined or listed as a "hazardous waste," "extremely hazardous waste," "restrictive hazardous waste" or "hazardous substance" or considered a waste, condition of pollution or nuisance under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos or asbestos-containing materials; (iv) flammable or explosive substances; (v) mold, mold spores or fractions thereof; and/or (vi) substances designated by any Agency to cause cancer and/or reproductive toxicity.

19.2. Lessee shall not allow or cause the entry of any Hazardous Substances under its control into the Airport storm water drainage system unless authorized by Environmental Law and any procedure set by the Airport regarding storm water discharge. Lessee shall not allow or cause the entry of any unauthorized non-storm water discharge that is under its control into the storm water drainage system of the Airport or into the storm water drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of Lessor for that purpose, and Lessee complies with recommendations made by the State and/or federal Environmental Protection Agency and any policy of the Airport regarding storm water discharge. Lessee shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into such drainage systems prohibited by Environmental Law.

19.3. Lessee shall provide all notices required pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code §§25249, et seq. Lessee shall provide prompt written notice to Lessor within five days of receipt of all written notices of violation of any Environmental Law received by Lessee.

19.4. Environmental Indemnification. To the fullest extent authorized by law, Lessee shall indemnify, defend and hold harmless Lessor Parties and their respective officers and employees, from and against any and all Environmental Law Claims arising out of any actions by Lessee, Lessee's operations at the Airport or any action arising from and which involve any Lessee Party, including the cost of defense arising therefrom, including but not limited to the following:

19.4.1. The Lessee's placing, disposing, allowing or releasing of Hazardous Substances upon or within the Airport including any such claims, demands, liabilities and/or obligations related to Lessee's release of Hazardous Substances on the Airport since the time Lessee first occupied the Airport.

19.4.2. The Lessee's release of Hazardous Substances upon or within the Airport.

19.4.3. The Lessee's violation of any Environmental Law, except that Lessee's obligations under this paragraph shall not extend to known conditions that are, as of the date of this Agreement, remediation conditions that arise from operations of third parties that are not affiliated with Lessee that take place off of the Airport. A party shall be deemed to be affiliated

with Lessee if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of Lessee or if it is controlled by, or under common control with, Lessee.

19.4.4. The Lessee's causing or allowing any discharge into the Airport storm water drainage system that is prohibited by Section 19.2 of this Agreement.

This indemnification includes, without limitation, reasonable attorneys' fees/costs and other costs incurred by Lessor in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any agency because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, Lessee's indemnity obligation shall not apply in the event of any claims for any loss, damage or expense arising from the sole or active negligence or willful misconduct of Lessor or agents, servants or independent contractors who are directly responsible to Lessor.

In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the Lessee shall, at the request of Lessor, represent the indemnitee with qualified counsel that Lessor determines, in its sole and exclusive discretion, is acceptable, unless Lessor, at its sole and exclusive discretion, undertakes legal representation, in which event the Lessee shall reimburse Lessor for the reasonable costs incurred by it in defending such lawsuit or administrative proceeding, including reasonable attorneys' fees, expert and consultant's fees, and investigative and court costs.

In the event that a monetary judgment is awarded against Lessor and the Lessee because of the concurrent negligence of Lessor and the Lessee or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Lessor and Lessee agree that neither party shall request a jury apportionment.

The rights and obligations of the parties hereto set forth in this Article shall survive the termination of this Agreement.

19.5. Disclosure. Lessee shall keep sufficient records such that, within 15 days of Lessor's written request, Lessee shall submit to Lessor the following documents: (i) an inventory or list of all compounds or products that contain Hazardous Substances which were used, stored or disposed of by each Lessee Party on or about the Airport during the prior year, (ii) all Material Safety Data Sheets for such compounds or products containing Hazardous Substances, (iii) an estimate of the quantity or volume of such products or compounds used, stored or disposed of on or about the Airport during the prior year, and (iv) copies of all hazardous waste manifests for wastes generated on the Airport and sent offsite for treatment, storage, disposal or recycling.

19.5.1. Delivery of Documentation. Lessee shall deliver to Lessor true and correct copies of the following documents related to compliance with Environmental Laws concurrently with the receipt from or submission to an Agency: (i) permit applications; (ii) permits and approvals; (iii) notices of violations of Environmental Laws and Lessee's responses

thereto; (iv) environmental assessments, and (v) any other documents related to compliance with Environmental Laws that Lessor may reasonably request from time to time.

19.5.2. Notice. If any Lessee Party is required by Law to give notice to any Agency about any Contamination, Lessee shall immediately give notice of such Contamination to Lessor, which shall be confirmed by written notice not later than the next business day. This obligation to notify Lessor shall also extend to any personal injuries or property damage to third parties resulting directly or indirectly from such Contamination. If Lessee becomes aware of the presence of or use of any Hazardous Substances not authorized in accordance with the terms of this Agreement, or of any Contamination not subject to the notification provisions of the first sentence of this Section, Lessee shall immediately give written notice of such condition to Lessor to the extent required by California Health and Safety Code Section 25359.7.

19.6. Annual Site Investigation. Without limiting its other rights with respect to the Premises, Lessor shall have the right, but not the obligation, to conduct annually an environmental inspection and assessment of the Airport during each year of the term of this Agreement, and to utilize the services of an environmental consultant or consulting firm for such inspection and assessment. Lessee shall pay its share (as determined by Lessor) of the reasonable cost of each such annual inspection of the Airport. If the environmental inspection and assessment of the Airport discloses the existence of any Lessee Contamination, Lessee shall take any and all action as provided in Section 19.2. In the event that Lessor elects not to conduct an annual environmental inspection and assessment, or if Lessor's environmental inspection and assessment fails to discover or disclose any Lessee's Contamination, Lessee shall not be excused from performing its obligations or relieved from liability to Lessor under this Article.

ARTICLE XX

Notices

20.1. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth in this Article, or at such other address as such party may provide to the other party in writing from time to time. Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by e-mail, telex, telegram or telecopier, upon the sender's receipt of an electronically generated confirmation of delivery; provided that such electronic communication is sent on a business day during business hours, (c) if given by registered or certified mail, return receipt requested, when deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail or (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to such overnight courier.

All written notices to Lessee required by this Agreement shall be addressed as follows:

Corporate Flight Management, Inc.
d/b/a Contour Airlines

Attention: Ben Munson, President
808 Blue Angel Way
Smyrna, TN 37167

All written notices to Lessor required by this Agreement shall be addressed as follows:

City Clerk
City of Merced
678 West 18th Street
Merced, California 95340

with a copy to:

City Attorney
City of Merced
678 W. 18th Street
Merced, California 95340

ARTICLE XXI
Attorney and Collection Fees

21.1. In the event that suit or arbitration shall be brought by Lessee or Lessor to enforce any provision of this Agreement, or for any unlawful detainer of the leased premises, for the recovery of any Rental fees or charges due under the provisions of this Agreement, or for any breach by Lessee or Lessor of any condition, term or covenant herein contained, the prevailing party in such suit or arbitration shall be entitled to recover costs, reasonable attorney's fees, and costs of suit together with any other costs of collection of enforcement, whether incurred prior or subsequent to commencement of legal action, as fixed by the court or the arbitrator.

ARTICLE XXII
Waiver

22.1. In the event that either Lessor or Lessee shall at any time or times waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or any other covenant, condition or obligation. Lessor's consent to any act by Lessee requiring Lessor's consent shall not be deemed to render unnecessary the obtaining of Lessor's consent to any subsequent act by Lessee, whether or not similar to the act so consented. The subsequent acceptance by Lessor of any amount due from Lessee hereunder shall not be deemed to be a waiver of any preceding breach or Event of Default by Lessee of any provision of this Agreement, other than the failure of Lessee to pay the particular amount so accepted, regardless of the Lessor's knowledge of such preceding breach at the time of acceptance of such amount. No waiver on the part of Lessor with respect to any provision of this Agreement shall be effective unless such waiver is in writing.

ARTICLE XXIII
Governing Law; Venue

23.1. This Agreement and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this Agreement shall be held exclusively in a state court in the County of Merced.

ARTICLE XXIV
Amendment

24.1. This Agreement shall not be amended, modified, or otherwise changed unless in writing and signed by both parties hereto.

ARTICLE XXV
Integration; Entire Agreement

25.1. This Agreement constitutes the entire understanding and agreement of the parties and supersedes all previous and/or contemporaneous understandings or agreements between the parties with respect to all or any part of the subject matter hereof.

ARTICLE XXVI
Non-Liability of Individuals

26.1. No commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or because of any breach thereof or because of its or their execution or attempted execution.

ARTICLE XXVII
Relationship Between Parties

27.1. Nothing contained in this Agreement shall be construed to create the relationship of principal and agent, partnership, joint venture or any other relationship between the parties hereto, other than the relationship of landlord and tenant and licensor and licensee. Neither Lessor nor Lessee are the legal representatives or agents of the other party for any purpose whatsoever and neither party shall have the power or authority to assume or create, in writing or otherwise, any obligation or responsibility of any kind, express or implied, to transact business, to make any warranty or otherwise to act in any manner in the name of or on behalf of the other party. This Agreement shall not be construed as constituting or creating a partnership between Lessor and Lessee or as creating any other form of legal association between Lessor and Lessee which would impose liability upon one party for the act or the failure to act of the other party.

ARTICLE XXVIII
Authority to Execute

28.1. The person or persons executing this Agreement on behalf of each party hereto warrants and represents that he/she/they has/have the authority to execute this Agreement on behalf of their entity and has/have the authority to bind their party to the performance of its obligations hereunder.

ARTICLE XXIX
Counterparts

29.1. This Agreement may be executed in one or more counterparts with each counterpart being deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterparts executed by the other parties hereto are in the physical possession of the party or parties seeking enforcement thereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

LESSOR:

CITY OF MERCED, a Charter Municipal Corporation

By: _____
Name: Scott McBride
Title: City Manager
Date: _____

LESSEE:

CORPORATE FLIGHT MANAGEMENT, INC. D/B/A CONTOUR AIRLINES, a Tennessee Corporation

By: _____
Name: [Insert]
Title: [Insert]
Date: _____

ATTEST:

By: _____
Name: [Insert]
Title: City Clerk
Date: _____

By: _____
Name: [Insert]
Title: [Insert]
Date: _____

APPROVED AS TO FORM:

By: _____
Name: Craig J. Cornwell
Title: City Attorney
Date: _____

EXHIBIT A
(Depiction of Premises)

EXHIBIT B
(Federal Requirements)

1. General Civil Rights Provisions

A. In all its activities within the scope of its airport program, Tenant agrees to comply with pertinent statutes, Executive Orders, and such rules as identified in Title VI List of Pertinent Nondiscrimination Acts and Authorities to ensure that no person shall, on the grounds of race, color, national origin (including limited English proficiency), creed, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance.

B. This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.

C. If Tenant transfers its obligation to another, the transferee is obligated in the same manner as Tenant. This provision obligates Tenant for the period during which the property is owned, used or possessed by Tenant and the airport remains obligated to the Federal Aviation Administration.

2. Civil Rights – Title VI Assurance

A. During the performance of this contract, Tenant, for itself, its assignees, and successors in interest (hereinafter referred to as the “Tenant”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

1. Title VI of the Civil Rights Act of 1964 (42 USC § 2000d et seq., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);

2. 49 CFR part 21 (Non-discrimination in Federally-Assisted programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964) including amendments thereto;

3. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 USC § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);

4. Section 504 of the Rehabilitation Act of 1973 (29 USC § 794 et seq.), as amended (prohibits discrimination on the basis of disability); and 49 CFR part 27 (Nondiscrimination on the Basis of Disability in Programs or Activities Receiving Federal Financial Assistance);

5. The Age Discrimination Act of 1975, as amended (42 USC § 6101 et seq.) (prohibits discrimination on the basis of age);

6. Airport and Airway Improvement Act of 1982 (49 USC § 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);

7. The Civil Rights Restoration Act of 1987 (PL 100-259) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and Tenants, whether such programs or activities are Federally funded or not);

8. Titles II and III of the Americans with Disabilities Act of 1990 (42 USC § 12101, et seq) (prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities) as implemented by U.S. Department of Transportation regulations at 49 CFR parts 37 and 38;

9. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC § 1681, et seq).

B. During the performance of this contract, Tenant, for itself, its assignees, and successors in interest (hereinafter referred to as the “Tenant”), agrees as follows:

1. Compliance with Regulations: Tenant will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.

2. Nondiscrimination: Tenant, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, national origin (including limited English proficiency), creed, sex, age, or disability in the selection and retention of subcontractors, including procurements of materials and leases of equipment. Tenant will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR part 21 including amendments thereto.

3. Solicitations for Subcontracts, including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding or negotiation made by Tenant for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by Tenant of Tenant’s obligations under this contract and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.

4. Information and Reports: Tenant will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be

determined by the Sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a Tenant is in the exclusive possession of another who fails or refuses to furnish the information, Tenant will so certify to the Sponsor or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance: In the event of a Tenant's noncompliance with the non-discrimination provisions of this contract, the Sponsor will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

- a. Withholding payments to Tenant under the contract until Tenant complies; and/or
- b. Cancelling, terminating, or suspending a contract, in whole or in part.

6. Incorporation of Provisions: Tenant will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations, and directives issued pursuant thereto. Tenant will take action with respect to any subcontract or procurement as the Sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if Tenant becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, Tenant may request the Sponsor to enter into any litigation to protect the interests of the Sponsor. In addition, Tenant may request the United States to enter into the litigation to protect the interests of the United States.

3. Transfer of Real Property Acquired or Improved Under the Airport Improvement Program

A. Tenant for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that:

1. In the event facilities are constructed, maintained, or otherwise operated on the property described in this lease for a purpose for which a Federal Aviation Administration activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, Tenant will maintain and operate such facilities and services in compliance with all requirements imposed by the Nondiscrimination Acts and Regulations listed in the Title VI List of Pertinent Nondiscrimination Acts and Authorities (as may be amended) such that no person on the grounds of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of such facilities.

B. In the event of breach of any of the above Nondiscrimination covenants, the Authority will have the right to terminate the Lease and to enter, re-enter, and repossess such lands and facilities thereon, and hold the same as if the Lease had never been made or issued.

4. Construction/Use/Access to Real Property Acquired Under the Airport Improvement Program

A. Tenant for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Tenant will use the premises in compliance with all other requirements imposed by or pursuant to the Title VI List of Pertinent Nondiscrimination Acts and Authorities.

B. In the event of breach of any of the above Nondiscrimination covenants, the Authority will have the right to terminate the Lease and to enter, re-enter, and repossess such lands and facilities thereon, and hold the same as if the Lease had never been made or issued.

EXHIBIT C
(FAA Grant Agreement Assurances - General)

(Attached.)

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, 23, 25, 30, 32, 33, 34, 37, and 40 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 Exclusive Rights and 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

The Sponsor 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 Grant. Performance under this agreement shall be governed by and in compliance with the following requirements, as applicable, to the type of organization of the Sponsor and any applicable sub-recipients. The applicable provisions to this agreement include, but are not limited to, the following:

FEDERAL LEGISLATION

- a. 49 U.S.C. subtitle VII, as amended.
- b. Davis-Bacon Act, as amended — 40 U.S.C. §§ 3141-3144, 3146, and 3147, 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, 42 U.S.C. 4601, et seq.^{1, 2}
- f. National Historic Preservation Act of 1966 – Section 106 – 54 U.S.C. § 306108.¹
- g. Archeological and Historic Preservation Act of 1974 – 54 U.S.C. § 312501, et seq.¹
- h. Native Americans Grave Repatriation Act – 25 U.S.C. § 3001, et seq.
- i. Clean Air Act, P.L. 90-148, as amended – 42 U.S.C. § 7401, et seq.
- j. Coastal Zone Management Act, P.L. 92-583, as amended – 16 U.S.C. § 1451, et seq.
- k. Flood Disaster Protection Act of 1973 – Section 102(a) - 42 U.S.C. § 4012a.¹
- l. 49 U.S.C. § 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.) (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, as amended – 42 U.S.C. § 4151, et seq.¹
- s. Powerplant and Industrial Fuel Use Act of 1978 – Section 403 – 42 U.S.C. § 8373.¹
- t. Contract Work Hours and Safety Standards Act – 40 U.S.C. § 3701, 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 – 16 U.S.C. § 1271, et seq.
- 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. §§ 8101 through 8105.
- z. The Federal Funding Accountability and Transparency Act of 2006, as amended (P.L. 109-282, as amended by section 6202 of P.L. 110-252).
- aa. Civil Rights Restoration Act of 1987, P.L. 100-259.
- bb. Infrastructure Investment and Jobs Act, P.L. 117-58, Title VIII.
- cc. Build America, Buy America Act, P.L. 117-58, Title IX.
- dd. Endangered Species Act – 16 U.S.C. 1531, et seq.
- ee. Title IX of the Education Amendments of 1972, as amended – 20 U.S.C. 1681–1683 and 1685–1687.
- ff. Drug Abuse Office and Treatment Act of 1972, as amended – 21 U.S.C. 1101, et seq.
- gg. Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970, P.L. 91-616, as amended – 42 U.S.C. § 4541, et seq.
- hh. Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970, P.L. 91-616, as amended – 42 U.S.C. § 4541, et seq.
- ii. Appropriated Funds to Influence Certain Federal Contracting and Financial Transactions – 31 U.S.C. § 1352.

EXECUTIVE ORDERS

- a. Executive Order 11990 – Protection of Wetlands
- b. Executive Order 11988 – Floodplain Management
- c. Executive Order 12372 – Intergovernmental Review of Federal Programs
- d. Executive Order 12699 – Seismic Safety of Federal and Federally Assisted New Building Construction¹
- e. Executive Order 14005 – Ensuring the Future is Made in all of America by All of America’s Workers
- f. Executive Order 14149 – Restoring Freedom of Speech and Ending Federal Censorship
- g. Executive Order 14151 – Ending Radical and Wasteful Government DEI Programs and Preferencing
- h. Executive Order 14154 – Unleashing American Energy
- i. Executive Order 14168 – Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government
- j. Executive Order 14173 – Ending Illegal Discrimination and Restoring Merit-Based Opportunity

FEDERAL REGULATIONS

- a. 2 CFR Part 180 – OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement).
- b. 2 CFR Part 200 and 1201 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.^{3, 4, 5}
- c. 2 CFR Part 1200 – Nonprocurement Suspension and Debarment.
- d. 14 CFR Part 13 – Investigative and Enforcement Procedures.
- e. 14 CFR Part 16 – Rules of Practice for Federally-Assisted Airport Enforcement Proceedings.
- f. 14 CFR Part 150 – Airport Noise Compatibility Planning.
- g. 28 CFR Part 35 – Nondiscrimination on the Basis of Disability in State and Local Government Services.
- h. 28 CFR § 50.3 – U.S. Department of Justice Guidelines for the Enforcement of Title VI of the Civil Rights Act of 1964.
- i. 29 CFR Part 1 – Procedures for Predetermination of Wage Rates.¹
- j. 29 CFR Part 3 – Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States.¹
- k. 29 CFR Part 5 – Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction (Also Labor Standards Provisions Applicable to Nonconstruction Contracts Subject to the Contract Work Hours and Safety Standards Act).¹
- l. 41 CFR Part 60 – Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and Federally-assisted contracting requirements).¹
- 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 Financial Assistance Programs.
- r. 49 CFR Part 27 – Nondiscrimination on the Basis of Disability in Programs or Activities Receiving 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 38 – Americans with Disabilities Act (ADA) Accessibility Specifications for Transportation Vehicles.
- x. 49 CFR Part 41 – Seismic Safety.

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 2 CFR Part 200 contains requirements for State and Local Governments receiving Federal assistance. Any requirement levied upon State and Local Governments by this regulation shall apply where applicable to private sponsors receiving Federal assistance under Title 49, United States Code.
- ⁴ Cost principles established in 2 CFR Part 200 subpart E must be used as guidelines for determining the eligibility of specific types of expenses.
- ⁵ Audit requirements established in 2 CFR Part 200 subpart F are the guidelines for audits.

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.

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. Subject to 49 U.S.C. 47107(a)(16) and (x), 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 ensure that the airport will be operated and maintained in accordance with Title 49, United States Code, the regulations and the terms, conditions and assurances in this Grant Agreement and shall ensure 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-Management.

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 49 U.S.C. 44706, 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 under 40 U.S.C. 3141-3144, 3146, and 3147, Public Building, Property, and Works), 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 49 U.S.C. 47112. 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 pilots 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 49 U.S.C. 47102), if the FAA determines the airport sponsor meets the requirements set forth in Section 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 49 U.S.C. 47107.

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 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. The airport owner or operator will maintain a current 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 non-aviation 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.
- b. Subject to subsection 49 U.S.C. 47107(x), the Secretary will review and approve or disapprove the plan and any revision or modification of the plan before the plan, revision, or modification takes effect.
- c. The owner or operator will not make or allow any alteration in the airport or any of its facilities unless the alteration—
 1. is outside the scope of the Secretary's review and approval authority as set forth in subsection (x); or
 2. complies with the portions of the plan approved by the Secretary.
- d. When the airport owner or operator makes a change or alteration in the airport or the facilities 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 its replacement to a site acceptable to the Secretary and of restoring the property or its replacement to the level of safety, utility, efficiency, and cost of operation that existed before the alteration was made, 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, color, and national origin (including limited English proficiency) in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d to 2000d-4); creed and sex per 49 U.S.C. 47123 and related requirements; age per the Age Discrimination Act of 1975 and related requirements; or disability per the Americans with Disabilities Act of 1990 and related requirements, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in any program and 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 49 CFR 21.23(b) and 21.23(e), 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 (**[Selection Criteria: Sponsor Name]**), in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d to 2000d-4) and the Regulations, hereby notifies all bidders or offerors that it will affirmatively ensure that for any contract entered into pursuant to this advertisement, all businesses will be afforded full and fair opportunity to submit bids in response to this invitation and no businesses will be discriminated against on the grounds of

race, color, national origin (including limited English proficiency), creed, sex, age, or disability 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 Department of Transportation (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 (including limited English proficiency), creed, sex, age, or disability 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 49 U.S.C. 47117(e);

3. Reinvestment in an approved airport development project that is eligible for grant funding under 49 U.S.C. 47114, 47115, or 47117;
4. Transfer to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport; or
5. Payment 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, 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 49 U.S.C. 47117(e);
 3. Reinvestment in an approved airport development project that is eligible for grant funding under 49 U.S.C. 47114, 47115, or 47117;
 4. Transfer to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport; or
 5. Payment 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.

If any phase of such project has received Federal funds under Chapter 471 subchapter 1 of Title 49 U.S.C., 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 in the same manner as a contract for architectural and engineering services is negotiated under Chapter 11 of Title 40 U.S.C., 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 any project funded under an Airport Improvement Program Grant in accordance with policies, standards, and specifications approved by the Secretary including, but not limited to, [current FAA Advisory Circulars for AIP projects](#) as of [Selection Criteria: Project Application Date].

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 of 49 CFR Part 24 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 Disadvantaged Business Enterprise (DBE) and Airport Concessions Disadvantaged Business Enterprise (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 1986 (31 U.S.C. §§ 3801-3809, 3812).

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 49 U.S.C. § 47102) 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.

40. Access to Leaded Aviation Gasoline

- a. If 100-octane low lead aviation gasoline (100LL) was made available at an airport, at any time during calendar year 2022, an airport owner or operator may not restrict or prohibit the sale of, or self-fueling with 100-octane low lead aviation gasoline.
- b. This requirement remains until the earlier of December 31, 2030, or the date on which the airport or any retail fuel seller at the airport makes available an unleaded aviation gasoline that has been authorized for use by the FAA as a replacement for 100-octane low lead aviation gasoline for use in nearly all piston-engine aircraft and engine models; and meets either an industry consensus standard or other standard that facilitates the safe use, production, and distribution of such unleaded aviation gasoline, as determined appropriate by the FAA.
- c. An airport owner or operator understands and agrees, that any violation of this grant assurance is subject to civil penalties as provided for in 49 U.S.C. § 46301(a)(8).